



**mabe**

**1Q22 RESULTS**

**CONTROLADORA MABE**

## MABE REPORTS A 23% INCREASE IN SALES

Mexico City, April 29<sup>th</sup>, 2022 – Controladora Mabe S.A. de C.V. (“Mabe” or “the Company”) reports its results for the first quarter of 2022 (“1Q22”). The results are expressed in US dollars (US\$) unless stated otherwise. The Financial Statements have been prepared according to the requirements established by IFRS.

### HIGHLIGHTS 1Q22

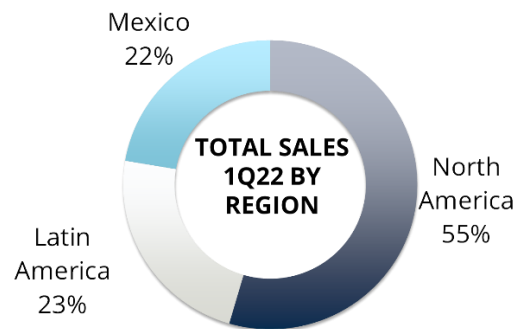
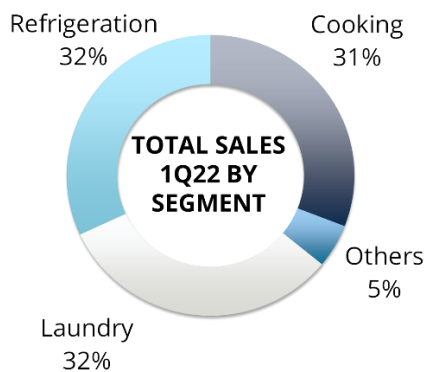
- Sales increased **23%** vs 1Q21, due to an improvement in price and mix in all markets.
- **EBITDA** generation for the 1Q22 was **US\$108 MM**, which translates into an **EBITDA margin of 10.3%**
- Strong **EBITDA** 1Q22 increase of 20 bps vs 1Q21.
- **Net Debt** with an improvement of **US\$23 MM** from **US\$467 MM** to **US\$444 MM**
- Outstanding Net leverage of **0.99 times** and a Net interest coverage of **11.75 times**

CONCEPT	1Q22	1Q21	Δ VS 2022
Volume	2,988	3,031	(1%)
Sales	1,053	856	23%
% SG&A	10.9%	12.3%	(1.3 pp)
EBITDAR	115	94	23%
EBITDAR Margin	10.9%	11.0%	
CapEx	45	29	
Net Debt	444	467	(5%)
Net Leverage *	0.99x	1.21x	
Net Interest Coverage *	11.75x	9.2x	

\* Calculations do not consider IFRS 16, which affects the way leasing assets and liabilities are reported in the Balance Sheet.

# INCOME STATEMENT

## SALES



**Total Mabe sales were distributed as follows:** cooking products **31%**, refrigeration **32%**, laundry **32%**, and other products **5%**.

Regarding the product demand, Mabe improved sales by **23%** in the 1Q22 vs 1Q21, as a result of price increase and better mix in all products.

During 1Q22, US sales accounted for **45%** of Mabe's total sales. Canada's participation was **10%** and **22%** for Mexico. Regarding LATAM, its contribution accounted for **23%** including Mabe Cordoba's figures (our new business in Argentina).

In the US, we experienced a **33%** sales increase in the 1Q22 vs 1Q21. Cooking rose **28%**, Refrigeration **35%** and Laundry **37%**.

In Canada, Mabe's sales increased **6%** in the 1Q22 vs 1Q21; the main driver was +14% price/mix improvement. The higher products increase were Range and Laundry with a **24%** and a **5%** respectively.

In Mexico, sales had a **6%** growth in 1Q22 vs 1Q21, driven by an increase of prices. Commodity and freight inflation were greater than **20%**. The lines with the highest sales growth versus previous year were other products and laundry.

In Central America, sales decreased **7%** compared to 1Q21; overall, it was a quarter characterized by transition in our selling prices. The focus was on defending the regions

profitability. Costa Rica grew **3%** versus last year. All other countries had problems with the inventory that the retailer held at the end of 2021. Retailers decided to purchase more products before price increases. Adjustments were made in our competitive offer through greater promotion. We are expecting a better sell in from our Distributors.

The Dominican Republic experienced a **3%** increase in sales in 1Q22 vs 1Q21. This was a result of a good business performance in local chains that took us to 2019 levels; a behavior that we understand to be more in line with what we should expect.

In the Andean region, during the 1Q22, we are facing a slowdown in the market demand, however the impact has been different in each country. Our net sales have decreased 8% vs 1Q21.

Argentina had a strong 1Q22 in its two core businesses, laundry and refrigeration. The **304%** volume growth vs 1Q21 was produced mainly by the incorporation of our new business in Argentina, "Mabe Codoba" In the refrigeration segment sales grew **32%**.

## COGS AND GROSS MARGIN:

**Cost of goods sold** for **1Q22** reached **US\$874MM**, representing a **26% increase** compared to COGS in **1Q21**; however, our **gross profit** was higher during **1Q22**, reaching **US\$179 MM** vs **US\$162 MM** in **1Q21**. Gross margin for **1Q22** was **17%**.

## OPERATING EXPENSES:

Our **SG&A** for **1Q22** was **US\$115MM**. The SG&A during the quarter as a percentage of sales was **10.9%**, compared to **12.3%** last year. A higher per unit price allowed us for better absorption. We will keep looking in expense discipline.

## OPERATING PROFIT AND EBITDAR:

**Operating profit** increased from **US\$57MM** in 1Q21 to **US\$64MM** in 1Q22. **\*EBITDAR** totaled **US\$115MM**, showing an increase of **23%** when compared to 1Q21. The **EBITDAR** margin was virtually flat vs 1Q21.

We capitalized our improved logistics model to reduce freights expenses versus last year, and we reduced bad debt reserves. In fixed expenses, we rose in line with local inflation, but below top line growth, allowing for a reduction as percentage of sales. Travel expenses remain reduced to minimum. We are maintaining the efficiency gained during the previous quarters across our operations

## COST OF FINANCING:

Our net interest showed a decrease of 3% and commission expenses showed an increase of **39%**, resulting in **US\$10MM**.

## Balance Sheet

### CASH:

We maintained a solid cash on hand of **US\$137MM** in **1Q22**. The cash requirement was less than the same period of the previous year.

### WORKING CAPITAL:

We had a negative working capital of **US\$169MM** in 1Q22 which is standard for this quarter. This result responded to the following: first, our **accounts receivables** increased **US\$12MM**. Second, we had an increase of **US\$55MM** in **inventories**, for the “Mother’s Day” season in most of LATAM countries, including Mexico. Finally, our **account payables** deleveraged **US\$102MM**.

### CAPEX:

**CapEx** for 1Q22 was **US\$45MM** vs **US\$29MM** for 1Q21. We allocated **67%** for maintenance and **33%** towards new projects.

We dispersed funds as follows:

- For Laundry products, we started production in 4Q21 of a new Low-Cost Premium Top Load Dryer that goes to the US market.

- For Refrigeration, we are investing in a new product with the following characteristics: Conversion to low impact on environment refrigerant R600 for the US, Canada & LATAM and New bottom freezer for LATAM.
- For our Cooking business, we are investing in Halia which is a renovation of our 30" range for LATAM markets.
- The biggest trench in investments went to automation and capacity increase in our 3 big plants in Mexico: in Saltillo for Laundry products, in Celaya for Refrigeration products and in San Luis for Cooking products.

## DEBT STRUCTURE:

At the end of 1Q22, the **Gross debt** reached **US\$581**. The **average life** of our debt is **6 years**.

Net debt contracted **5%**, from **US\$467MM** to **US\$444MM** in 1Q22. Net leverage at 1Q22 was **0.99x** and Net Interest Coverage stood at **11.75x**, well within our covenants. The best ratios in the company's history for a first quarter.

These covenants have been calculated without considering the effects of IFRS16.

US\$MM	1Q22	1Q21	Δ VS 2022
<b>Gross Debt</b>	581	648	(10%)
<b>Net Debt</b>	444	467	(5%)
<b>Short-Term Debt</b>	31	44	(30%)
<b>Long-Term Debt</b>	551	604	(9%)
<b>Net Debt/EBITDA</b>	0.99x	1.21x	(0.27x)

## Annex

### Consolidated Condensed Income Statement (Unaudited)

US\$MM	1Q22	1Q21	Δ VS 2022
Net Sales	1,053	856	23%
COGS	874	695	26%
<b>Gross Income</b>	<b>179</b>	<b>162</b>	<b>11%</b>
SG&A	115	105	10%
<b>Operating Income</b>	<b>64</b>	<b>57</b>	<b>13%</b>
Net Interest (Income) / Expense	11	11	(3%)
Commissions	1	1	39%
FX (Gain) / Loss	(1)	4	(137%)
<b>Net Financing Cost</b>	<b>10</b>	<b>15</b>	<b>(33%)</b>
Participation in Subsidiaries	0	0	N/A
<b>Income / (Loss) Before Income Tax</b>	<b>54</b>	<b>41</b>	<b>N/A</b>
Income Tax Expense	15	12	N/A
<b>Consolidated Net Income / (Loss)</b>	<b>39</b>	<b>30</b>	<b>N/A</b>

## Consolidated Condensed Balance Sheet (Unaudited)

US\$MM	1Q22	1Q21
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	137	181
Accounts Receivables, net	423	387
Tax Receivables	119	147
Inventories, net	576	357
<b>Total Current Assets</b>	<b>1,256</b>	<b>1,071</b>
Net PP&E	1,064	823
Goodwill	229	210
Asset for Leases L.P.	58	59
Deferred Taxes	25	84
Other Assets, net	552	534
<b>Total Assets</b>	<b>3,184</b>	<b>2,779</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Current Maturities of LT Debt & ST Debt	31	44
Notes and Accounts Payables to Suppliers	1,231	990
Other Accounts Payables and Accrued Liabilities	181	164
ST Liabilities for Leases	15	18
Income Tax Payable	57	109
<b>Total Current Liabilities</b>	<b>1,513</b>	<b>1,324</b>
Long-Term Debt	551	604
Employee Retirement Obligations	34	39
Financial Instruments	8	8
LT Liabilities for Leases	46	43
Other LT Liabilities	33	25
<b>Total Liabilities</b>	<b>2,186</b>	<b>2,044</b>
<b>Total Equity</b>	<b>998</b>	<b>736</b>
<b>Total</b>	<b>3,184</b>	<b>2,779</b>



## Consolidated Condensed Statement of Cash Flows (Unaudited)

US\$MM	1Q22	1Q21
<b>Operating activities:</b>		
Income before income taxes	54	41
<b>Items related to investing activities:</b>		
Depreciation and amortization	50	37
(Gain) / loss on sale of fixed assets	1	(0)
Employee Benefit	3	1
Leases IFRS 16	(7)	(7)
Share of net gain (loss) of associates	0	0
<b>Items related to financing activities:</b>		
Interest income	(3)	(1)
Interest expense	15	13
Exchange fluctuation	(1)	4
	111	88
<b>(Increase) decrease:</b>		
Accounts receivable	(12)	(23)
Inventories	(55)	(56)
<b>Increase (decrease):</b>		
Notes and accounts payable to suppliers	(102)	(43)
Other payables and accrued liabilities	48	27
Income taxes	(32)	(34)
<b>Net cash flow provided by operating activities</b>	<b>(42)</b>	<b>(41)</b>
<b>Investing activities:</b>		
Acquisitions of property, plant and equipment	(13)	6
Acquisitions other assets	(31)	(34)
<b>Net cash flow used in investing activities</b>	<b>(45)</b>	<b>(29)</b>
<b>(Decrease) / increase in cash to apply to financing activities</b>	<b>(87)</b>	<b>(70)</b>
<b>Financing activities:</b>		
Borrowings	172	268
Payment of debt	(212)	(306)
Interest paid	(5)	(4)
Interest collected	3	1
Dividend payment	(7)	(6)
<b>Net cash flow provided by / (used in) financing activities</b>	<b>(50)</b>	<b>(47)</b>
Adjustment to cash flows due to exchange rate fluctuations	(8)	(15)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(145)</b>	<b>(132)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>282</b>	<b>313</b>
<b>Cash and cash equivalents at end of period</b>	<b>137</b>	<b>181</b>

# CONFERENCE CALL

## DATE

Friday, April 29th, 2022  
9:00 AM - Mexico City Time  
10:00 AM - New York Time

## MABE REPRESENTATIVES

José Calvillo, CFO  
Mauricio Gil, Finance Director  
Florencia de la Fuente, Treasury and IR Manager

## Please register in advance for this webinar:

[https://us02web.zoom.us/webinar/register/WN\\_zzuo2a04Tf22DDQ9N6NT3Q](https://us02web.zoom.us/webinar/register/WN_zzuo2a04Tf22DDQ9N6NT3Q)

After registering, you will receive a confirmation email containing the details required to join the webinar.



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## COMMENTS ON OUR FINANCIAL STATEMENTS

This Press Release contains our unaudited condensed consolidated financial statements as of March 31<sup>st</sup>, 2022 and March 31<sup>st</sup>, 2021. Figures for 2021 included in the presentation are audited, therefore they may change vs preliminary figures released on February 4, 2022. **The main change in the consolidated figures is that Argentina's investment is allocated to each line of the balance sheet. In the preliminary figures, the full investment in Argentina was included in the "investment in subsidiaries lines".**

In 2021, several Mexican companies were merged. As a result of such merger Mabe international will be consolidated in the Mexican results. 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.

IFRS 16 became effective January 1st, 2019, this new standard affects the way leasing assets and liabilities are reported in the Balance Sheet and Profit & Loss Statement.

In the P&L leases expenses no longer be an operating expense and is recognized as depreciation and interest expense separately, which has a positive impact on EBITDA and increase in depreciation and financial costs.

All financial information, including its calculations and data, are deemed to be accurate, but accuracy is not guaranteed, therefore, they are not guaranteed by Mabe or its affiliates and subsidiaries. Past performance is not an indicator whatsoever of future results.

## 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.