

mabe

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todo funciona.

CONTROLADORA MABE
4Q20 PRESS RELEASE



RESULTS 4Q20

MABE REPORTS A 19% INCREASE IN SALES AND 15% IN VOLUME. EBITDA GROWTH OF 26% IN 4Q20 VS 4Q19

Mexico City, February 5, 2021 – Controladora Mabe S.A. de C.V. (“Mabe” or “the Company”) reports its results for the fourth quarter of 2020 (“4Q2020”) and Full Year 2020 (“FY20”). 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 4Q20 and FY20

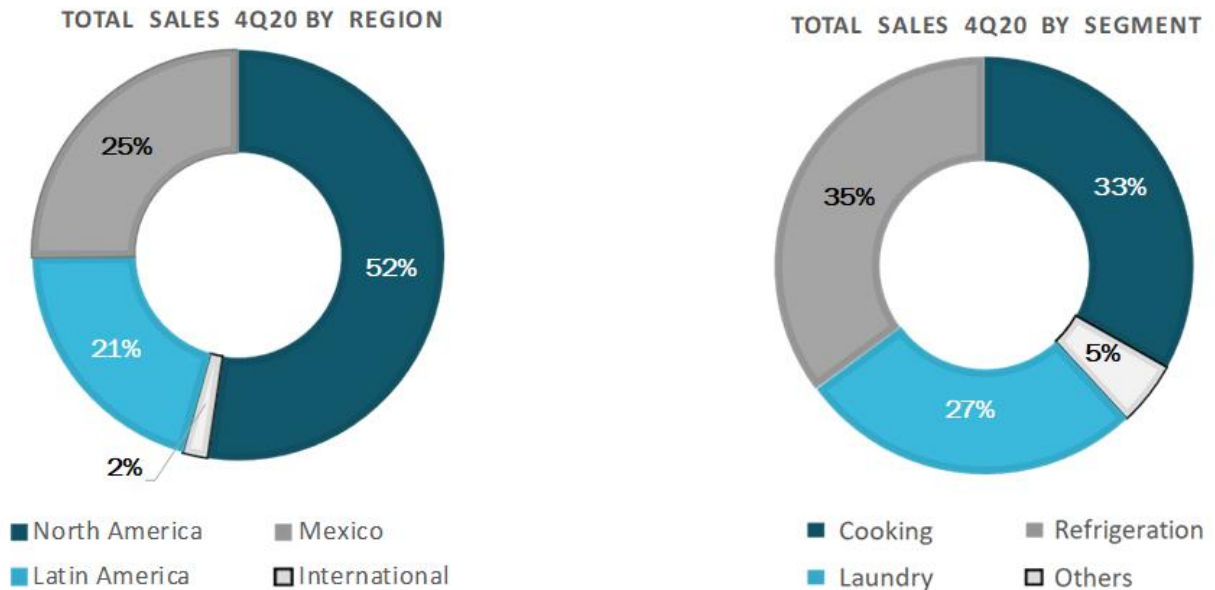
- **Volume and sales** increased **15%** and **19%** respectively vs 4Q19, driven by the rebound in demand.
- **Volume and sales** in FY20 were flat Vs. last year
- Outstanding **EBITDA** growth of **26%** Q/Q and **20%** Y/Y
- **EBITDA margin** stood at **12%** in 4Q and **11%** in FY
- Positive **cash flow** generation in the quarter and FY
- **Net Debt** had an improvement of **US\$105 MM** from **US\$478 MM** to **US\$373 MM**

CONCEPT	4Q20	4Q19	Δ VS 2019
Sales	1,060	892	19%
EBITDAR	138	115	20%
EBITDAR Margin	13.0%	12.9%	11bps
CapEx	31	24	29%
Net Debt	373	478	(22%)
Net Leverage *	1.06x	1.62x	(0.6x)
Net Interest Coverage *	8.64x	5.27x	3.4x

* 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: cooking products **33%**, refrigeration **35%**, laundry **27%**, and global products **5%**.

During the fourth quarter, US sales accounted for **41%** of Mabe’s total sales vs **40%** in the fourth quarter 2019. Canada participation remained at **11%**.

Mexico sales had a participation of **25%** in 2020 vs **28%** in 2019. LATAM Participation in 2019 was **19%** versus **21%** in 2020.

In the US, we experienced a **22%** sales increase during the fourth quarter of 2020 vs 2019. GE Appliances had another great quarter across all sales channels. We are doing a great job working at full capacity in all factories to reduce all pending orders, despite COVID-19 issues with supply chain and workforce restrictions, taking advantage of lack of product supply from competitors.

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All product lines had positive sales trends; Range increased **35%**, Refrigeration **22%**, and Laundry **10%** vs the same quarter of 2019.

In Canada, the fourth quarter of 2020 continued to be very strong, with demand outpacing product supply. The industry grew **19%** during the first two months of the quarter. Mabe beat its competitors by growing **26%** during the same period. For the full quarter, sales grew **21%** versus prior year, driven by a strong performance in Laundry and Refrigeration, which increased **29%** and **35%**, respectively.

In Mexico, sales increased **6%** during the fourth quarter 2020 vs the same period of 2019. These increments in net sales were mainly due to an improvement in price and mix. Given the incremental demand in the market, Mabe focused on product categories of greater profitability and price. Further, Mabe had an outstanding performance in "El Buen Fin" which is similar to the black Friday in the US, mainly in National Stores, which had a **12%** sales growth.

In Central America, the fourth quarter set the billing record over the last 5 years; mainly driven by Guatemala, Honduras, and El Salvador.

In the case of the Dominican Republic, during the fourth quarter, we maintained the same level of the prior year, after turning around the operation compared to that in the previous quarters. This was achieved despite the supply impact from Asian suppliers.

In the Andean region, we achieved a great last fourth quarter, resulting in a **27%** sales growth vs. last year. Sales improvement was leveraged by the recovery of the economic activity and by the governments' economic stimulus to counteract the effects of the outbreak in Colombia, Chile and Peru. In Colombia, for example, the government implemented a "VAT-free shopping day" in November, which had a major positive impact in consumption. Likewise, in Chile, the **10%** pension funds release had a very positive impact on white goods demand.

In Argentina, during the fourth quarter, we were able to make the most of the market opportunities. We achieved a **103%** volume increase vs previous year, recovering market share in refrigeration and gaining in cooking. Product availability, and a quick adjustment of our plant, gave us the chance to gain market share from our competitors. We recovered floor space with our main retailers, the e-commerce volume increased, and we grew among medium-sized customers outside Buenos Aires. In terms of sales, we grew **101%** compared to the same quarter of last year, driven by constructive pricing dynamics.

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Finally, our International business, which represents **2%** of Mabe's total sales, continued to struggle with the pandemic; this was the most impacted business in 2020, mainly in the Philippines, Middle East & Paraguay, where Covid 19 hit hardest. However, from the last quarter on, we have been able to partially recover in most of the international business markets.

For the fourth quarter, total sales were **14%** above those in the same quarter of 2019, driven by:

- A Caribbean growth of **75%**.
- A Mercosur growth of **11%**, mainly driven by Bolivia.
- A European growth of **51%**.
- An Asian reduction of **61%**. The Philippines, which is Mabe's main market in Asia, went into lockdown since February, and this continued during the year.
- A Middle East reduction of **46%**; the region was severely affected by the pandemic.

COGS AND GROSS MARGIN:

Cost of goods sold for 4Q20 reached **US\$818MM**, representing a **16% increase** compared to COGS in 4Q19. As mentioned before, we had a **19%** increase in sales vs 4Q19.

Our **gross profit** was higher during 4Q20 reaching **US\$186MM vs US\$151MM** in 4Q19. Gross margin for 4Q20 was **20%**. This margin is the result of a good price and mix, and a cost reduction of the commodities.

Cost of goods sold for 4Q20 reached **US\$818MM**, representing a **16% increase** compared to COGS in 4Q19. For **FY20** COGS totaled **US\$2,610MM** showing a **2%** decrease against **FY19**.

Consequently, our **gross profit** was higher during both **4Q20** and **FY20** when compared to those same periods of **2019**, reaching **US\$242MM**, and **US\$664MM**, respectively. Gross margin for **4Q20** was **156bps higher** at **23%** when compared to **4Q19** and for **FY20** our margin was **20%**. The grew margin was a consequence of the right price management, commodities price reduction and **SG&A** efficiencies.

OPERATING EXPENSES:

Our **SG&A** for **4Q20** was **US\$142MM**. The SG&A during the quarter as a percentage of sales was **13.4%**. SG&A for **FY2020** stood at **US\$422MM**. The SG&A for **FY2020** as a percentage of sales was **12.9%**, which is a very competitive number in this type of industry. We were able to reduce this percentage by **1%** compared with **2019** numbers.

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OPERATING PROFIT AND EBITDAR:

Operating profit grew from **US\$72MM** in 4Q19 to **US\$100MM** in 4Q20. ***EBITDAR** totaled **US\$138MM**, showing a **20%** increase when compared to 4Q19.

Operating profit rose **41%** to **US\$242MM** in 2020, aided by a stable SG&A. Meanwhile, ***EBITDAR** totaled **US\$379MM**, showing a **17%** rise when compared to 2019. Our ***EBITDAR** margin rose from **9.8%** to **11.6%** compared to last year's.

We had a favorable impact supported by the reduction of commodities costs and the implementation of exceptional decisive actions:

- Employees contributed with a **10%** payroll cut during the months of May, June & July, salary increases were cancelled for the year, travel expenses were sharply reduced as well as other expenses helped us to reduce fix expenses by **US\$11.8MM**.
- Commercial expenses such as marketing and point of sale expenses were held to the bare minimum, and this help us to reduce variable expenses by **US\$7.4MM**.

**Consider IFRS 16*

COST OF FINANCING:

Our net financial expense showed an improvement of **39%**, resulting in **US\$5MM**, mainly due to the interest expenses reduction.

During the **4Q2020** the **net financial cost** was a gain of **US\$28MM** vs an expense of **US\$4MM** in the same quarter of **2019**, this is a reflection of our lower debt levels, improved cost of debt and exchange gain. For **FY20**, this income was **US\$1MM** vs an expense of **US\$41MM** in **FY19**.

Balance Sheet

CASH:

Our financial decisions at the very beginning of the pandemic, to prioritize cash generation and its preservation, have supported our solid results, managing to maintain positive levels of free cash flow.

We maintained a solid cash on hand of **US\$313MM**. We generated **US\$105MM** cash flow during the fourth quarter; hence, we lowered the debt by **22%**, from **US\$478MM** in fourth quarter 2019 to **US\$373MM**.

WORKING CAPITAL:

We had a Working capital of **US\$142MM** in 4Q20, this result responded to the following: first, our **accounts receivables** increased **US\$27MM**, driven by the sales seasonality. Second, we had an incremental of **US\$57MM** in inventories. Finally, our **account payables leveraged US\$226MM**.

CAPEX:

CapEx for fourth quarter 2020 was **US\$31MM** vs **US\$24MM** for fourth quarter 2019. The additional **CapEx** was used in our main manufacturing sites to attain the production and ensure we were ready to satisfy the high demand expected in the first months of 2021 and rebuild depleted inventory

We deployed funds as follows:

- For Laundry products, we have developed a new Product:
 - A new commercial dryer for the US. Its production will begin in the first quarter 2021.
- For Refrigeration, we are investing in new products with the following characteristics:
 - Conversion to low impact on environment refrigerant R600 for the US & Canada.
 - New bottom freezers for LATAM.
- For our Cooking business, we are investing in a new product:
 - The Monogram 20-inch ProRange.

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In addition, we are still working in the automation of our biggest manufacturing plants in Mexico, those producing laundry, refrigeration, and cooking products, and in increasing their capacity.

The CapEx for FY20 had an increase of **US\$12MM** from **US\$95MM** in FY2019 to **US\$107MM**.

DEBT STRUCTURE:

US\$MM	4Q20	4Q19	Δ %
Gross Debt	686	725	(5%)
Net Debt	373	478	(22%)
Short-Term Debt	38	38	0%
Long-Term Debt	648	687	(6%)
Net Debt/EBITDA	1.06x	1.62x	(0.6x)

At the end of 4Q20, the **Gross debt** reached **US\$686**. The **average life** of our debt is **6.3 years**.

Net debt contracted **22%**, from **US\$478MM** to **US\$373MM** in 4Q20. Net leverage at 4Q20 was **1.06X** and Net Interest Coverage stood at **8.64X**, well within our covenants. The best ratios for the company in more than a decade. These covenants have been calculated without considering the effects of IFRS16.

Annex

Consolidated Condensed Income Statement (Unaudited)

US\$MM	4Q20	4Q19	Δ%	FY20	FY19	Δ%
Net Sales	1,060	892	19%	3,273	3,284	(0%)
COGS	818	702	16%	2,610	2,667	(2%)
Gross Income	242	190	27%	664	617	7%
SG&A	142	118	21%	422	446	(5%)
Operating Income	100	72	38%	242	171	41%
Net Interest (Income) / Expense	10	13	(20%)	45	61	(27%)
Commissions	1	1	3%	3	3	(21%)
FX (Gain) / Loss	(39)	(10)	N/A	(48)	(24)	1
Net Financing Cost	(28)	4	(841%)	(1)	41	(102%)
Participation in Subsidiaries	(1)	1	N/A	(3)	2	N/A
Income / (Loss) Before Income Tax	126	69	82%	240	132	81%
Income Tax Expense	42	10	332%	68	26	160%
Consolidated Net Income / (Loss)	84	60	41%	171	106	62%

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Consolidated Condensed Balance Sheet (Unaudited)

US\$MM	FY20	FY19
Assets		
Current Assets		
Cash and Cash Equivalents	313	247
Accounts Receivables, net	362	317
Tax Receivables	129	112
Inventories, net	301	309
Total Current Assets	1,104	985
Net PP&E	842	851
Goodwill	210	210
Asset for Leases L.P.	64	85
Deferred Taxes	88	94
Other Assets, net	515	468
Total Assets	2,823	2,694
Liabilities		
Current Liabilities		
Current Maturities of LT Debt & ST Debt	38	38
Notes and Accounts Payables to Suppliers	1,033	998
Other Accounts Payables and Accrued Liabilities	110	106
ST Liabilities for Leases	24	23
Income Tax Payable	117	86
Total Current Liabilities	1,323	1,251
Long-Term Debt	648	687
Employee Retirement Obligations	39	29
Financial Instruments	30	8
LT Liabilities for Leases	43	64
Other LT Liabilities	30	39
Total Liabilities	2,113	2,079
Total Equity	710	616
Total	2,823	2,694

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Consolidated Condensed Statement of Cash Flows (Unaudited)

US\$MM	Full Year 2020	Full Year 2019
Operating activities:		
Income before income taxes	242	131
<i>Items related to investing activities:</i>		
Depreciation and amortization	138	145
(Gain) / loss on sale of fixed assets	1	0
Employee Benefit	4	1
Leases IFRS 16	(27)	(28)
Share of net gain (loss) of associates	(3)	2
Inflationary effect	0	2
Items related to financing activities:		
Interest income	(10)	(5)
Interest expense	58	70
Exchange fluctuation	(48)	(24)
	355	294
(Increase) decrease:		
Accounts receivable	(45)	(19)
Inventories	9	46
Increase (decrease):		
Notes and accounts payable to suppliers	33	11
Other payables and accrued liabilities	5	(58)
Income taxes	(48)	(20)
Net cash flow provided by operating activities	310	254
Investing activities:		
Acquisitions of property, plant and equipment	(50)	(47)
Acquisitions other assets	(57)	(48)
Net cash flow used in investing activities	(107)	(95)
(Decrease) / increase in cash to apply to financing activities	203	159
Financing activities:		
Borrowings	728	1,919
Payment of debt	(767)	(1,966)
Interest paid	(55)	(69)
Interest collected	10	5
Dividend payment	(24)	(20)
Net cash flow provided by / (used in) financing activities	(108)	(130)
Adjustment to cash flows due to exchange rate fluctuations	(30)	2
Net increase / (decrease) in cash and cash equivalents	66	32
Cash and cash equivalents at beginning of year	247	216
Cash and cash equivalents at end of period	313	247

CONFERENCE CALL

Date:

Friday, February 5th, 2021

8:30 AM – Mexico City Time

9:30 AM – New York Time

Speakers:

Egil Larsson, CEO

José Calvillo, CFO

Laura Alvizo, Treasury and IR

To join the call please dial:

Toll-Free (US) +1-877-407-0789

Toll / International 1-201-689-8562

Conference ID: 13715270

Replay:

Toll Free 1-844-512-2921

Toll / International 1-412-317-6671

Start Date: 02/05/21 at 12:30 pm Eastern Time

End Date: 02/12/21 at 11:59 pm Eastern Time

Replay Pin Number: 13715270

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COMMENTS ON OUR FINANCIAL STATEMENTS:

This Press Release contains our unaudited condensed consolidated financial statements as of December 31st, 2020 and December 31st, 2019. 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.

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.