

mabe

CONTROLADORA MABE 4Q21 RESULTS



MABE REPORTS A 7% INCREASE IN SALES AND 12% IN VOLUME.

Mexico City, February 04, 2022 – Controladora Mabe S.A. de C.V. (“Mabe” or “the Company”) reports its results for the fourth quarter of 2021 (“4Q21”). 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 4Q21

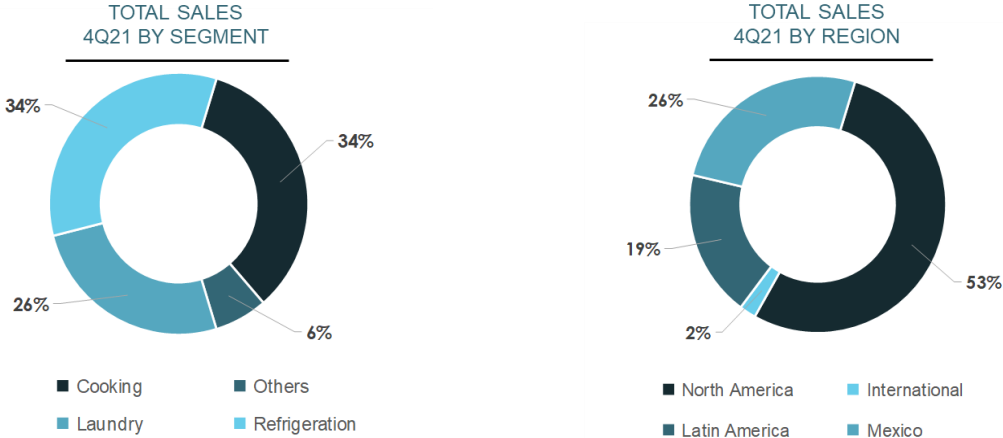
- **Sales** increased **6.9%** vs 4Q20, due to an improvement in price and mix in all markets.
- **EBITDA** generation for the 4Q21 was **US\$123 MM**, which translates into an **EBITDA margin of 10.8%**
- **Volume and Sales** in FY21 grew at double-digit rates 16% and 25% respectively vs LY, driven by Canada, Mexico and LATAM.
- Strong **EBITDA** FY increase of 21.2% vs last year.
- **Net Debt** with an improvement of **US\$37 MM** from **US\$373 MM** to **US\$336 MM**
- Outstanding **Net leverage** of **0.8** times and a **Net interest coverage** of **11.1** times

CONCEPT	4Q21	4Q20	Δ VS 2020
Sales	1,133	1,060	6.9%
% SG&A	13.8%	13.4%	0.3%
EBITDAR	130	138	(5.7%)
EBITDAR Margin	11.4%	13.0%	
CapEx	186	31	

* 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 **34%**, refrigeration **34%**, laundry **26%**, and global products **6%**.

Regarding the product demand, Mabe improved sales by **7%** in the fourth quarter vs 4Q20, as a result of price increase and better mix in all products.

During the fourth quarter, US sales accounted for **43%** of Mabe's total sales. Canada's participation was **10%** and **26%** for Mexico. Regarding LATAM, its contribution accounted for **19%** and **2%** for Mabe International.

In the US, we experienced a **11.5%** sales increase in the fourth quarter vs 2020. Cooking rose **22%**, Refrigeration **6%** and Laundry **3%**.

In Canada, Mabe's sales were flat vs the same quarter last year. However, the industry volumes declined 11% in the fourth quarter vs last year. For the FY, sales grew **15%** vs the previous year; Mabe was not affected by the slowdown, as it is leveraged by the increase in price and mix.

In Mexico, sales had a 13% growth vs 2020, driven by an increase of prices of more than 19%. The lines with the highest sales growth vs previous year were global products, laundry and refrigeration.

In Central America, sales decreased **16%** compared to the fourth quarter of last year; overall, it was a quarter marked by transition in our selling prices. The focus was on defending the regions profitability. Honduras grew 4% despite the upward adjustments in prices, improving its profitability 2.2% vs LY. Costa Rica, Guatemala, El Salvador, Honduras, Nicaragua & Panama decelerated vs the dynamics of previous months, due to price increases.

The Dominican Republic experienced an **18%** drop in sales in the last quarter vs. previous year. This reduction was caused by a supply disruptions due to an overload at ports of Colombia, and a decline in sales of cooking products, as a result of a slowdown of sales business to business.

In the Andean region, during the fourth quarter, our sales experienced a **4%** reduction vs the same quarter last year. This was mainly driven by Ecuador and Peru which was facing a decrease in sales of **42%** and **8%** respectively. On the other hand, Chile grew **26%**, gaining **2%** market share in the country. Finally, Colombian sales grew **15%**.

In Argentina, results for the fourth quarter maintained a positive trend. Volume increased **3%** vs the fourth quarter of the previous year. Sales rose **31%** vs fourth quarter of the previous year, reflecting our leadership in refrigeration with a **29%** market share.

Finally, our International business, which represents **2%** of Mabe's total sales was **8%** lower than in the fourth quarter of 2020, with strong growth in Laundry.

- The Americas decreased **6%**, mainly driven by Puerto Rico.
- Mercosur had an increase of **37%** supported by the refrigeration and laundry businesses,
- Middle East had another strong quarter with sales **72%** above prior year, due to a significant improvement in the laundry business.
- Asia contracted **34%**. The Philippines, which is the main market in this region, continues to be affected by the pandemic. We expect a recovery in 2022.

COGS AND GROSS MARGIN:

Cost of goods sold for **4Q21** reached **US\$905MM**, representing a **11% increase** compared to COGS in **4Q20**.

Our gross profit was lower during **4Q21**, reaching **US\$228 MM** vs **US\$242 MM** in **4Q20**. Gross margin for **4Q21** was **20%**.

OPERATING EXPENSES:

Our **SG&A** for **4Q21** was **US\$156MM**. The SG&A during the quarter as a percentage of sales was **13.8%**, compared to **13.4%** last year.

The increase in value is for several factors that include the reestablishment of marketing expenses to pre-pandemic levels. On the fixed expenses side, there was an increase over last year, as employees received full compensation, including payroll increases. In 2020 we had a **10%** cut in payroll.

OPERATING PROFIT AND EBITDAR:

Operating profit decreased from **US\$100MM** in 4Q20 to **US\$72MM** in 4Q21. ***EBITDAR** totaled **US\$130MM**, showing a decrease of **6%** when compared to 4Q20. The **EBITDAR** margin dropped from **13%** to **11.4%**.

Likewise, we are currently exploring different options to reduce space rentals, as remote work became the standard for all administrative employees in Mabe.

The above-mentioned decrease was small, as we had a favorable impact supported by decisive actions in pricing and reduced promotions to offset raw material and freight cost pressures.

*EBITDAR consider IFRS 16

COST OF FINANCING:

Our net interest and commission expenses showed an improvement of **14%**, resulting in **US\$10MM**, mainly due to the interest expenses reduction.

BALANCE SHEET

CASH:

We maintained a solid cash on hand of **US\$279MM** in **4Q21**. The cash requirement was less than the same period of the previous year.

WORKING CAPITAL:

We had a positive working capital of **US\$219MM** in 4Q21. This result responded to the following: first, our **accounts receivables** decreased **US\$142MM**. Second, we had an increase of **US\$21MM** in **inventories**, driven by lower sales demand. Finally, our **account payables** increased by **US\$98MM**.

CAPEX:

CapEx for the fourth quarter 2021 was **US\$186MM** vs **US\$31MM** for fourth quarter 2020. We allocated **4%** for maintenance and **96%** towards new projects.

We dispersed funds as follows:

- We purchased Alladio company in Argentina with our cash in hand. We fully pay the investment in December 2021. It is noteworthy that Alladio's results were not consolidated at the end of 2021. Mabe only included the investment in the balance sheet
- For Laundry products, we have new Product Development which is our Top Load Dryer for the premium market. Export to GE, started in fourth quarter LY
- Commercial laundry and dryer to export to GE, will be produced in 4Q 2022
- For Refrigeration, we are investing in new products for the US, Canada & LATAM which includes the low impact on environment on refrigerant R600. We also invested in a new production line for LATAM products.
- For our Cooking business, we are investing in renovating 30" for LATAM, which is called Halia.
- We continue working on automation and capacity increase for our three big plants in Mexico

DEBT STRUCTURE:

At the end of 4Q21, the **Gross debt** reached **US\$615**. The **average life** of our debt is **6.8 years**.

Net debt contracted **10%**, from **US\$373MM** to **US\$336MM** in 4Q21. Net leverage at 4Q21 was **0.80x** and Net Interest Coverage stood at **11.1x**, well within our covenants. The best ratios in the company's history for a fourth quarter.

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

US\$MM	4Q21	4Q20	Δ VS 2020
Gross Debt	615	686	(10%)
Net Debt	336	373	(10%)
Short-Term Debt	40	38	3%
Long-Term Debt	575	648	(11%)
Net Debt/EBITDA	0.8x	1.1x	(0.3x)

Annex

Consolidated Condensed Income Statement (Unaudited)

US\$MM	4Q21	4Q20	FY 21	FY 20
Net Sales	1,133	1,060	4,101	3,273
COGS	905	818	3,317	2,610
Gross Income	228	242	784	664
SG&A	156	142	499	422
Operating Income	72	100	285	242
Net Interest (Income) / Expense	9	10	42	45
Commissions	1	1	3	3
FX (Gain) / Loss	(3)	(39)	(11)	(48)
Net Financing Cost	7	(28)	34	(1)
Participation in Subsidiaries	(1)	(1)	(0)	(3)
Income / (Loss) Before Income Tax	65	126	250	240
Income Tax Expense	16	42	71	68
Consolidated Net Income / (Loss)	48	84	179	171

Consolidated Condensed Balance Sheet (Unaudited)

US\$MM	4Q21	4Q20
ASSETS		
Current Assets		
Cash and Cash Equivalents	279	313
Accounts Receivables, net	360	364
Tax Receivables	161	129
Inventories, net	503	301
Total Current Assets	1,303	1,106
Net PP&E	1,016	842
Goodwill	210	210
Asset for Leases L.P.	47	64
Deferred Taxes	30	88
Other Assets, net	663	513
Total Assets	3,271	2,823
LIABILITIES		
Current Liabilities		
Current Maturities of LT Debt & ST Debt	40	38
Notes and Accounts Payables to Suppliers	1,314	1,033
Other Accounts Payables and Accrued Liabilities	151	110
ST Liabilities for Leases	16	24
Income Tax Payable	102	117
Total Current Liabilities	1,623	1,323
Long-Term Debt	575	648
Employee Retirement Obligations	32	39
Financial Instruments	0	30
LT Liabilities for Leases	33	43
Other LT Liabilities	28	30
Total Liabilities	2,292	2,113
Total Equity	981	710
Total	3,271	2,823

Consolidated Condensed Statement of Cash Flows (Unaudited)

US\$MM	Full Year 2021	Full Year 2020
Operating activities:		
Income before income taxes	251	242
<i>Items related to investing activities:</i>		
Depreciation and amortization	165	138
(Gain) / loss on sale of fixed assets	(0)	1
Employee Benefit	(1)	4
Leases IFRS 16	(28)	(27)
Share of net gain (loss) of associates	(0)	(3)
Items related to financing activities:		
Interest income	(8)	(10)
Interest expense	52	58
Exchange fluctuation	(11)	(48)
	420	355
(Increase) decrease:		
Accounts receivable	3	(45)
Inventories	(202)	9
Increase (decrease):		
Notes and accounts payable to suppliers	281	33
Other payables and accrued liabilities	11	5
Income taxes	(109)	(48)
Net cash flow provided by operating activities	405	310
Investing activities:		
Acquisitions of property, plant and equipment	(78)	(50)
Acquisitions other assets	(201)	(57)
Net cash flow used in investing activities	(279)	(107)
(Decrease) / increase in cash to apply to financing activities	126	203
Financing activities:		
Borrowings	508	728
Payment of debt	(580)	(767)
Interest paid	(49)	(55)
Interest collected	8	10
Dividend payment	(24)	(24)
Net cash flow provided by / (used in) financing activities	(137)	(108)
Adjustment to cash flows due to exchange rate fluctuations	(23)	(30)
Net increase / (decrease) in cash and cash equivalents	(34)	66
Cash and cash equivalents at beginning of year	313	247
Cash and cash equivalents at end of period	279	313

CONFERENCE CALL

Date:

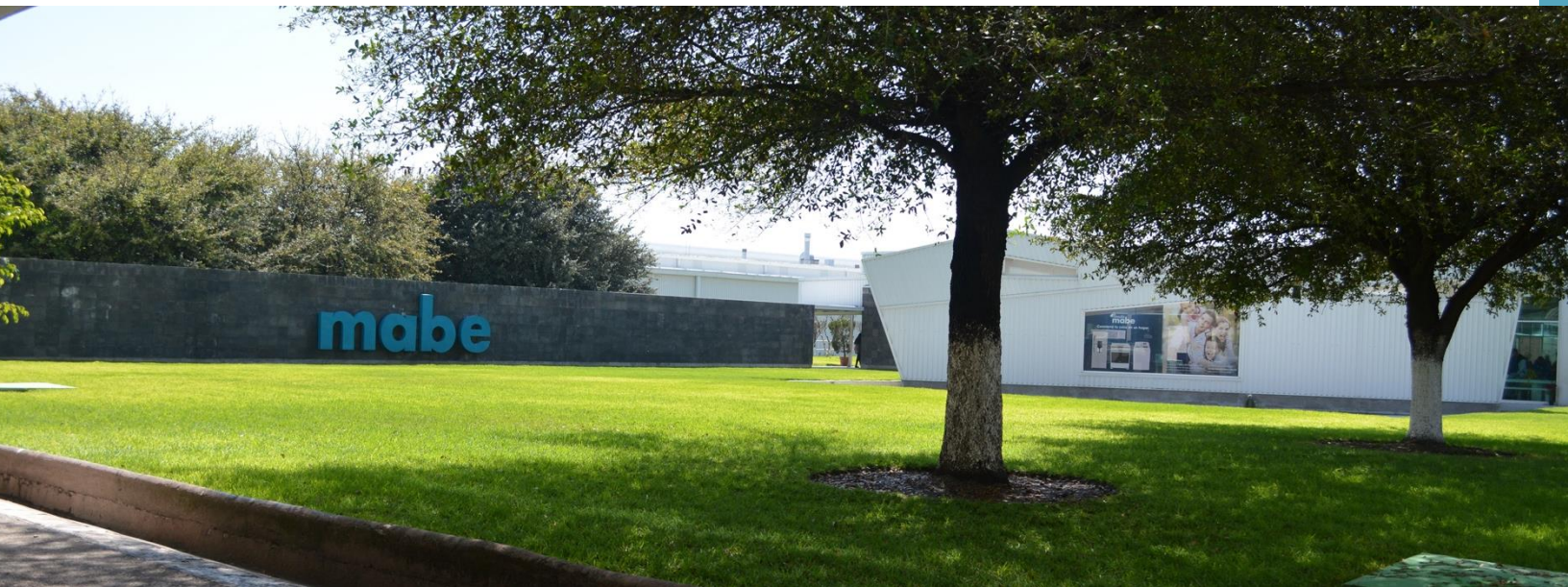
Friday, February 4th, 2022
9:00 AM – Mexico City Time
10:00 AM – New York Time

Please register in advance for this webinar:

https://us02web.zoom.us/webinar/register/WN_KP2mFg3AQm2jiD86jto2Yg

Speakers:

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



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COMMENTS ON OUR FINANCIAL STATEMENTS

This Press Release contains our unaudited condensed consolidated financial statements as of December 31st, 2021 and December 31st, 2020. 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.

