



**mabe**

**2Q22 RESULTS**

**CONTROLADORA MABE**

## MABE REPORTS A 10% INCREASE IN SALES.

Mexico City, July 29<sup>th</sup>, 2022 – Controladora Mabe S.A. de C.V. (“Mabe” or “the Company”) reports its results for the second quarter of 2022 (“2Q22”). 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 2Q22

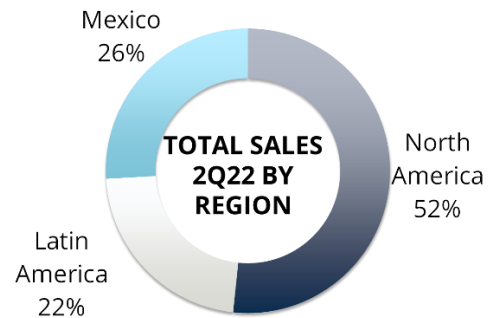
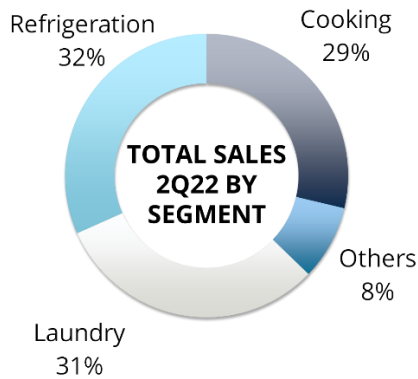
1. **Sales** increased **10%** vs 2Q21, due to an improvement in price and mix driven by US, Canada, Mexico and Argentina.
2. **EBITDA** generation for 2Q22 was **US\$117 MM**, which translates into an **EBITDA margin of 10.3%**.
3. **Net Debt** to EBITDA ratio (LTM) at **0.9** times and a Net interest coverage of **12.3** times.
4. Positive **Free Cash Flow** generation for the quarter.

CONCEPT	2Q22	2Q21	Δ VS 2022
Volume	3,158	3,487	(9.4%)
Sales	1,137	1,030	10.4%
% SG&A	12.2%	11.6%	0.7 bps
EBITDAR	124	121	2.7%
EBITDAR Margin	10.9%	11.7%	
CapEx	24	28	
Net Debt	426	398	7%
Net Leverage *	0.9x	0.9x	
Net Interest Coverage *	12.3x	10.9x	

\* 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 **29%**, refrigeration **32%**, laundry **31%**, and other products **8%**.

Regarding the product demand, Mabe improved sales by **10%** in 2Q22 vs 2Q21, because of price increase and better mix in all products.

During 2Q22, US sales accounted for **42%** of Mabe's total sales. Canada's participation was **10%** and **26%** for Mexico that includes our international business. Regarding LATAM, its contribution accounted for **22%** including Mabe Cordoba's figures (our new business in Argentina).

In the US, we experienced a **9%** sales increase in 2Q22 vs 2Q21. Cooking rose **9%**, Refrigeration **15%** and Laundry **2%**.

In Canada, Mabe's sales increased **1%** in 2Q22 vs 2Q21; the main driver was 11% price/mix improvement. The higher products sold were Ranges with an **11%**.

In Mexico, sales had a **2%** growth in 2Q22 vs 2Q21, driven by an increase of prices of 19%. Customers are becoming cautious with their inventories and are managing their working capital in a contracted market. Promotional dynamics were intense during the Mother's Day season; however, despite the market downturn, we managed to maintain market share percentages across all our product lines.

In Central America, sales decreased **14%** compared to 2Q21. The quarter was marked by a slowdown in the consumption of home appliances and market declines. Guatemala is the only country that maintained an optimal level of sales in the region. El Salvador was affected

by the state of exception implemented by the government to fight against crime; although customer income has not been affected, they are not spending. Honduras also showed a trend of sell-out slowdown. Finally in Costa Rica, our customers are preparing for the Mother's Day season, making restrained purchases, affected by a devaluation not seen in a long time.

The Dominican Republic experienced a **20%** increase in sales in 2Q22 vs 2Q21.

In the Andean region, we continued to face a slowdown in market demand, due to political and social instability during the 2Q22. Sales reduction has been mainly driven by Chile and Peru. However, in Colombia, our sales grew by 15% vs those of the previous year. As in previous months, devaluations in some markets and cost pressures persisted. Increases in raw materials and freights have been partially offset by our pricing strategies executed either last year or early 2022. We faced additional exchange rate pressure this quarter, primarily in Costa Rica, Canada, Colombia, Chile and Argentina. Our expense control and smart spending strategies have allowed us to keep our expense ratio around the target, even with our lower top line.

Argentina had a strong 2Q22 in its two core businesses, laundry and refrigeration. Laundry volume increased **23%** and sales **46%** vs those of the same quarter last year. We were able to improve the profitability equation, we are working to regularize the working capital of this new company and bring it to the terms we operate in Mabe Argentina. In refrigeration, which is a more competitive segment, we had a 28% sales growth. Consumption during the quarter was strong.

## COGS AND GROSS MARGIN:

**Cost of goods sold** for **2Q22** reached **US\$928MM**, representing a **12% increase** compared to COGS in **2Q21**; however, our **gross profit** was higher during **2Q22**, reaching **US\$209MM** vs **US\$201MM** in **2Q21**. Gross margin for **2Q22** was **18%**.

## OPERATING EXPENSES:

Our **SG&A** for **2Q22** was **US\$139MM**. The SG&A during the quarter as a percentage of sales was **12.2%**, compared to **11.6%** last year.

## OPERATING PROFIT AND EBITDAR:

**Operating profit** decreased from **US\$82MM** in 2Q21 to **US\$70MM** in 2Q22. **EBITDAR** totaled **US\$124MM**, showing an increase of **3%** when compared to 2Q21. The **EBITDAR** margin dropped from 11.7% to 10.9%.

## COST OF FINANCING:

Our net interest showed a decrease of 11% and commission expenses showed an increase of **116%**, resulting in **US\$14MM**.

## Balance Sheet

### CASH:

We maintained a solid cash on hand of **US\$144MM** in **2Q22**. The cash requirement was less than the same period of the previous year.

### WORKING CAPITAL:

We had a positive working capital of **US\$9MM** in 2Q22 which is standard for this quarter. This result responded to the following: first, our **accounts receivables** increased **US\$41MM**. Second, we had an increase of **US\$16MM** in **inventories**. Finally, our **accounts payables** were up **US\$66MM**.

### CAPEX:

**CapEx** for 2Q22 was **US\$24MM** vs **US\$28MM** for 2Q21. We allocated **55%** for maintenance and **45%** towards new projects.

We dispersed funds as follows:

- For Laundry products, we continue investing in the Commercial S2, which is a product to be exported to GE. We will start production in 4Q 2022. We start production of High-End laundry center
- 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 & New bottom freezer for LATAM (300Lts)
- We are in the ramp of a new line for small refrigeration for LATAM (250Lts and below)
- For our Cooking business we are also in the ramp up of a new line of our 30" range for LATAM markets
- We continue investing in automation to eliminate bottlenecks in all our plants

## DEBT STRUCTURE:

At the end of 2Q22, the **Gross debt** reached **US\$570MM**. The **average life** of our debt is **6.1 years**.

Net debt increased **7%**, from **US\$398MM** to **US\$426MM** in 2Q22. Net leverage at 2Q22 was **0.9x** and Net Interest Coverage stood at **12.3x**, well within our covenants.

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

US\$MM	2Q22	2Q21	Δ VS 2022
<b>Gross Debt</b>	570	639	(11%)
<b>Net Debt</b>	426	398	7%
<b>Short-Term Debt</b>	28	44	(37%)
<b>Long-Term Debt</b>	542	595	(9%)
<b>Net Debt/EBITDA</b>	0.9x	0.9x	(0.27x )

## Annex

### Consolidated Condensed Income Statement (Unaudited)

US\$MM	2Q22	2Q21	YTD22	YTD21
Net Sales	1,137	1,030	2,190	1,886
COGS	928	829	1,802	1,524
<b>Gross Income</b>	<b>209</b>	<b>201</b>	<b>388</b>	<b>362</b>
SG&A	139	119	254	224
<b>Operating Income</b>	<b>70</b>	<b>82</b>	<b>134</b>	<b>138</b>
Net Interest (Income) / Expense	10	11	21	22
Commissions	1	1	2	1
FX (Gain) / Loss	3	(8)	1	(4)
<b>Net Financing Cost</b>	<b>14</b>	<b>4</b>	<b>24</b>	<b>19</b>
Participation in Subsidiaries	0	0	0	0
<b>Income / (Loss) Before Income Tax</b>	<b>56</b>	<b>78</b>	<b>111</b>	<b>119</b>
Income Tax Expense	18	23	33	34
<b>Consolidated Net Income / (Loss)</b>	<b>39</b>	<b>55</b>	<b>78</b>	<b>85</b>

## Consolidated Condensed Balance Sheet (Unaudited)

US\$MM	2Q22	2Q21
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	144	241
Accounts Receivables, net	465	415
Tax Receivables	155	154
Inventories, net	593	441
<b>Total Current Assets</b>	<b>1,357</b>	<b>1,251</b>
Net PP&E	1,035	845
Goodwill	242	210
Asset for Leases L.P.	66	56
Deferred Taxes	28	78
Other Assets, net	551	519
<b>Total Assets</b>	<b>3,279</b>	<b>2,959</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Current Maturities of LT Debt & ST Debt	28	44
Notes and Accounts Payables to Suppliers	1,314	1,131
Other Accounts Payables and Accrued Liabilities	160	169
ST Liabilities for Leases	12	13
Income Tax Payable	79	94
<b>Total Current Liabilities</b>	<b>1,594</b>	<b>1,450</b>
Long-Term Debt	542	595
Employee Retirement Obligations	38	43
Financial Instruments	0	5
LT Liabilities for Leases	56	46
Other LT Liabilities	27	26
<b>Total Liabilities</b>	<b>2,256</b>	<b>2,164</b>
<b>Total Equity</b>	<b>1,022</b>	<b>794</b>
<b>Total</b>	<b>3,279</b>	<b>2,959</b>



## Consolidated Condensed Statement of Cash Flows (Unaudited)

US\$MM	2Q22	2Q21
<b>Operating activities:</b>		
Income before income taxes	110	119
<b>Items related to investing activities:</b>		
Depreciation and amortization	100	76
(Gain) / loss on sale of fixed assets	1	(0)
Employee Benefit	4	3
Leases IFRS 16	(14)	(14)
<b>Items related to financing activities:</b>		
Interest income	(5)	(2)
Interest expense	28	26
Exchange fluctuation	1	(4)
	226	204
<b>(Increase) decrease:</b>		
Accounts receivable	(54)	(51)
Inventories	(71)	(140)
<b>Increase (decrease):</b>		
Notes and accounts payable to suppliers	(18)	98
Other payables and accrued liabilities	12	36
Income taxes	(65)	(73)
<b>Net cash flow provided by operating activities</b>	<b>29</b>	<b>74</b>
<b>Investing activities:</b>		
Acquisitions of property, plant and equipment	(6)	(26)
Acquisitions other assets	(63)	(31)
<b>Net cash flow used in investing activities</b>	<b>(69)</b>	<b>(57)</b>
<b>(Decrease) / increase in cash to apply to financing activities</b>	<b>(40)</b>	<b>17</b>
<b>Financing activities:</b>		
Borrowings	300	435
Payment of debt	(352)	(482)
Interest paid	(17)	(24)
Interest collected	5	2
Dividend payment	(15)	(12)
<b>Net cash flow provided by / (used in) financing activities</b>	<b>(79)</b>	<b>(81)</b>
Adjustment to cash flows due to exchange rate fluctuations	(18)	(8)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(137)</b>	<b>(72)</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>144</b>	<b>241</b>

# CONFERENCE CALL

## DATE

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

## SPEAKERS

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\\_chqp8fkuSlqj\\_3AOCLqVg](https://us02web.zoom.us/webinar/register/WN_chqp8fkuSlqj_3AOCLqVg)

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



## CONTACT

### **JOSÉ CALVILLO**

CFO

Phone: +52-55-1100-3712

E-mail: [jose.calvillo@mabe.com.mx](mailto:jose.calvillo@mabe.com.mx)

### **MAURICIO GIL**

Finance Director

Phone: +52-55-1100-3718

E-mail: [mauricio.gil@mabe.com.mx](mailto:mauricio.gil@mabe.com.mx)

### **FLORENCIA DE LA FUENTE**

Corporate Treasury & Investors Relations Manager

Phone: +52-55-11-00-37-30

E-mail: [florencia.de\\_la\\_fuente@mabe.com.mx](mailto:florencia.de_la_fuente@mabe.com.mx)

### **RICARDO ESQUER**

Investors Relations Manager

Phone: +52-55-9178-8100

E-mail: [ricardo.esquer@mabe.com.mx](mailto:ricardo.esquer@mabe.com.mx)



## 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 consolidated figures for 2022 include the new investment in Argentina executed in December 2021. The consolidated figures for 2021 do not include such investment.

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.