

**mabe**

**Q4, 2015**

## Q4, 2015 Results

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

During the fourth quarter of 2015, Mabe delivered a very solid top line performance despite FX volatility, compensated by smart pricing. Sales grew 3% at a constant exchange rate vs last year, however, Mabe's net sales in fourth quarter of 2015 were US\$ 767 million, 8% below the same period of 2014. Mabe continued being favored by positive trends in the US Market. Mexico's domestic market had an increase in local currency of 11% vs same period of last year. Central America markets had strong results compared to Q4 2014 with an increase in local currency of 5%. Exports outside of the Americas suffered a decrease vs same period of last year.

Additionally, Mabe reported a significant improvement in net income FY of 46% to reach an amount of US\$ 71 million. In fourth quarter 2015 operating profit was US\$79 million with a positive impact of 9% and in FY was US\$200 million with an improvement of 14% vs. 2014, this result was driven by pricing actions and tight management of costs and expenses. One of our accomplishments in 2015 was our FY EBITDA margin; at 10.7% which is a record EBITDA margin for Mabe and was driven by commodity trends and SG&A efficiencies.



US\$ Millions	Q4 2015	% vs LY B/(W)	FY 2015	% vs LY B/(W)
Net Sales	767	(8)	2,747	(5)
Operating Profit	79	9	200	14
EBITDA	104	6	295	6
Net Interest Expense	17	(4)	66	6
Net Income	41	(20)	71	46
Net Leverage*	2.51x	0.21x	2.51x	0.21x
Net Worth	438	4	438	4
Net Interest Coverage Ratio **	4.50x	0.49x	4.50x	0.49x
Capex	31	4	94	(8)
Unit Sales ('000s)	2,990	(2)	10,366	1

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

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

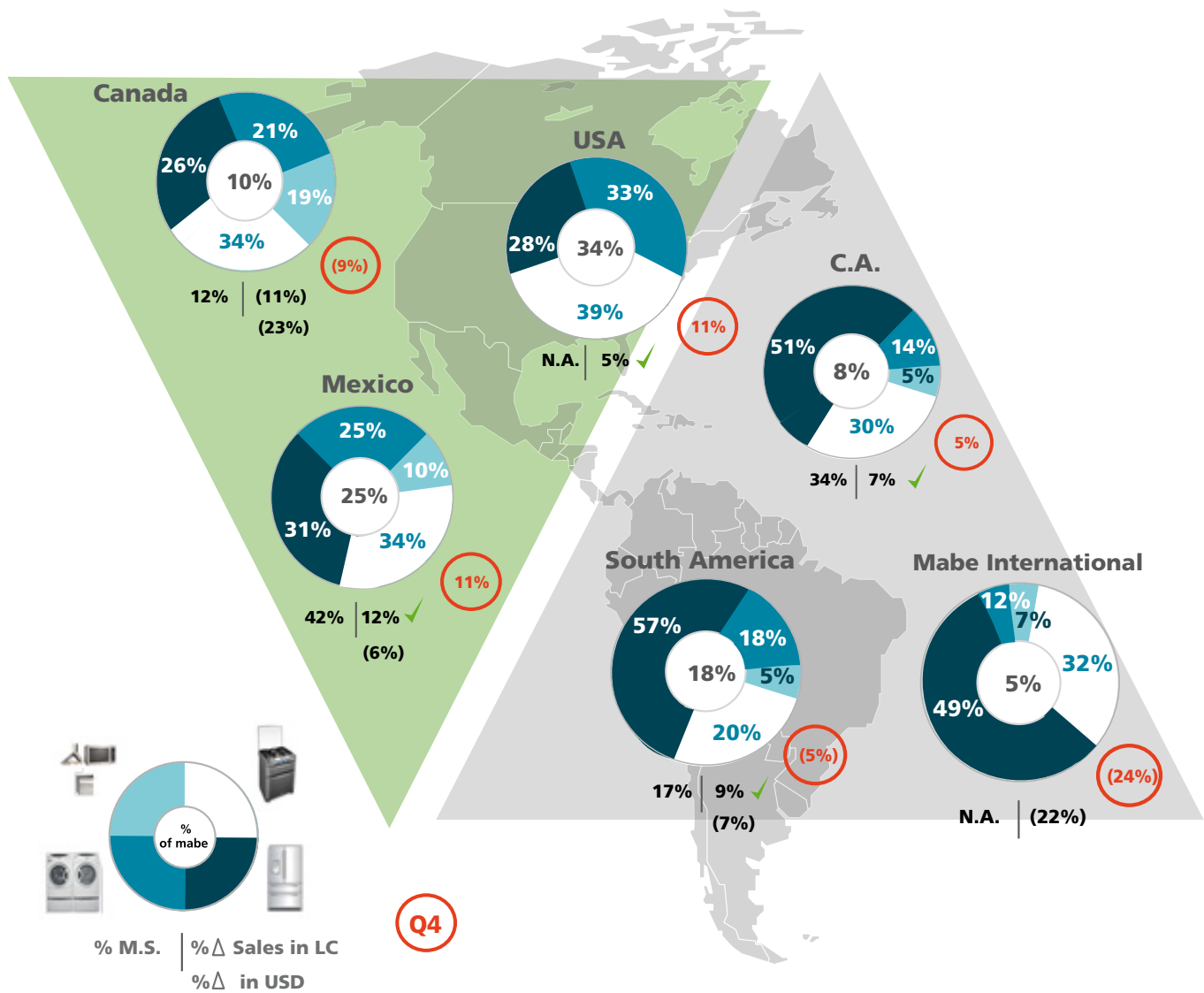
## Results of operations ended on December 31<sup>st</sup>, 2015 (Unaudited)

### Net sales:

Top line results during Q4 2015 were US\$767 million an 8% decrease compared to Q4 2014. At a constant exchange rate, sales for Q4 would have totaled \$856 MM or an increase of 3% vs last year. Units sold during the quarter were virtually flat vs 2014. Cooking products were down 6%, laundry had an increase of 6% and refrigeration is 3% above last year.

Exports to the US had a solid growth with an 11% increase vs fourth quarter 2014 and 5% increase vs FY 2014, US sales represented 34% of total Mabe sales. For the full year of 2015 sales in local currency for our regions were as follows: Canada was affected by devaluation and market contraction which were partially offset with a heavy pricing strategy having a decrease of 11%, Mexico domestic market results are 12% higher than last year, Central America region delivered very solid results representing 8% of total Mabe sales and showing a 7% increase in USD vs last year and South America increased 9% vs last year. Exports outside the Americas had a decrease of 22% in USD mainly affected by the decrease in oil prices and world economic volatility.

### FY 2015 Market Share and Sales by Region



### Contribution Margin:

The contribution margin for Q4 2015 was US\$164 million or 8% more than in Q4 2014 driven by savings in variable costs and expenses. Contribution margin represented 21% of sales, an increase of 300 basis points vs. prior year.

### Fixed Costs and Expenses:

Fixed costs and expenses increased 8% compared to Q4 2014 standing at US\$85 million which represents 11% of net sales vs 10% of Q4 2014. For FY results we had an improvement of 7% compared to 2014, and US\$317 million which represents 11.6% of net sales, vs. 11.8% on FY 2014; this represents an improvement of 26 basis points in FY 2015.

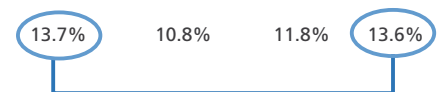
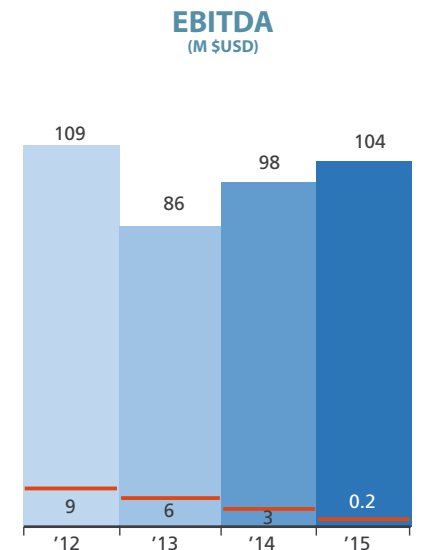
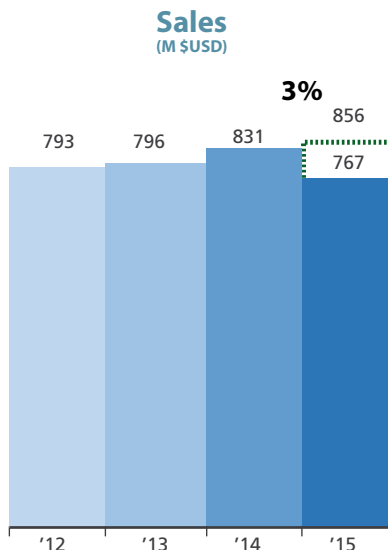
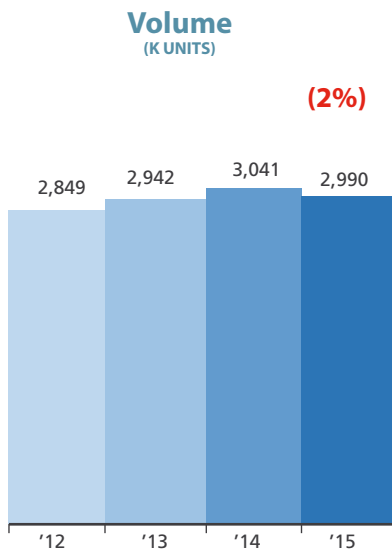
### Operating Profit and EBITDA:

Operating profit was US\$79 million in Q4 2015, an increase of 9% compared to Q4 2014. Operating profit margin was up 161 basis points to reach 10.3%. EBITDA was US\$104 million in Q4 2015 and US\$295 million on a FY basis, 6% higher than the same period of last year in both cases. If we exclude Venezuela results, Q4 and FY EBITDA would have been 9% and 11% better than a year ago respectively. EBITDA margin stood at 13.6% for Q4 and 10.7% for FY, driven by commodity trends and SG&A efficiencies.

## Volumes ('000 units), Sales (US\$ million) and EBITDA Margin (%)

### Q4 2015

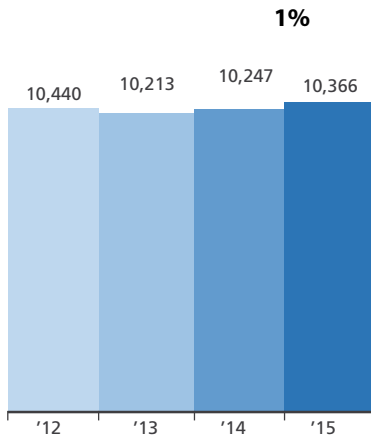
%VS LY	
Q4 '15	6
Q4 '15 X VEN	9



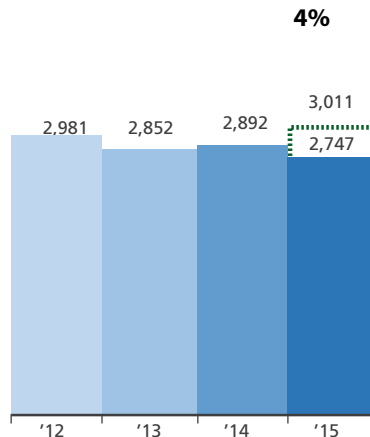
**FY 2015**

%VS LY	
FY '15	6
FY X VEN	11

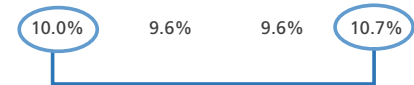
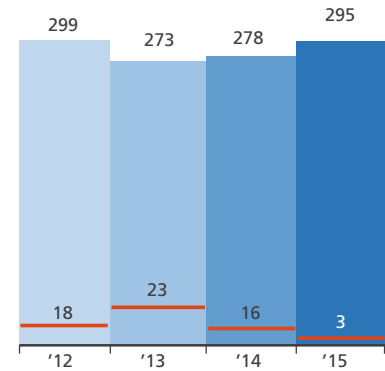
**Volume**  
(K UNITS)



**Sales**  
(M \$USD)



**EBITDA**  
(M \$USD)



**Cost of Financing:**

Net comprehensive financing cost decreased 34% in the fourth quarter of 2015 to a total of US\$20 million. Net interest expense and commissions were US\$18 million. Foreign exchange loss during Q4 2015 was US\$1 million vs US\$12 million on 2014. Full year net comprehensive financing cost stood at US\$91 million representing 7% improvement vs 2014.

**Restructuring Charges:**

Restructuring expenses were US\$16 million for Q4 2015, and were US\$31 million for FY 2015. These expenses are related to the fixed assets cost and severance payments.

**Capex:**

We invested \$31 million USD for Q4 and \$94 million US dollars for FY 2015 on CAPEX, of which approximately 20% was on Maintenance and the difference in new product development projects. In 2015 Mabe key developments were focused on laundry and refrigeration categories.

**Working Capital:**

As of the end of fourth quarter 2015 Mabe's working capital was US\$-22 million. This represents an impact of US\$18 million compared with December 2014. The breakdown is as follows: Accounts receivable decreased 7% or US\$22 million, to US\$318 million; Inventories increased US\$14 million to US\$294 million in order to increase our service levels in our markets; and Accounts payable decreased 4% or US\$27 million, to US\$634 million. Our accounts payable and accounts receivables had a major translation impact given the devaluations in the different countries where we operate.

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

	Q4		FY	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Net Sales</b>	<b>767</b>	<b>831</b>	<b>2,747</b>	<b>2,892</b>
Variable costs and expenses	<u>603</u>	<u>680</u>	<u>2,231</u>	<u>2,376</u>
<b>Contribution Margin</b>	<b>164</b>	<b>151</b>	<b>516</b>	<b>516</b>
Fixed costs and expenses	<u>85</u>	<u>79</u>	<u>317</u>	<u>342</u>
<b>Operating profit</b>	<b>79</b>	<b>72</b>	<b>200</b>	<b>175</b>
Interest (income)/expense, net	17	16	66	69
Commissions	1	1	4	6
Exchange (gain)/(loss)	<u>1</u>	<u>12</u>	<u>22</u>	<u>22</u>
<b>Net comprehensive financing cost</b>	<b>20</b>	<b>30</b>	<b>91</b>	<b>98</b>
Restructuring & other charges	<u>16</u>	<u>(3)</u>	<u>31</u>	<u>27</u>
<b>Income/(loss) before provisions for income tax</b>	<b>44</b>	<b>45</b>	<b>78</b>	<b>50</b>
Provisions for income tax expense	<u>3</u>	<u>(5)</u>	<u>7</u>	<u>2</u>
<b>Income/(loss) after provisions for income tax</b>	<b>41</b>	<b>51</b>	<b>71</b>	<b>48</b>
<b>Consolidated net income / (loss)</b>	<b>41</b>	<b>51</b>	<b>71</b>	<b>48</b>

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

	December 31 <sup>st</sup> <u>2015</u>	December 31 <sup>st</sup> <u>2014</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and temporary investments	41	70
Accounts receivable– net	318	341
Tax receivables	98	152
Inventories – net	294	280
Prepaid expenses	<u>7</u>	<u>8</u>
<b>Total current assets</b>	<b>757</b>	<b>851</b>
Property, plant and equipment, net	837	836
Goodwill	210	212
Other assets, net	<u>275</u>	<u>279</u>
<b>Total assets</b>	<b><u>2,079</u></b>	<b><u>2,178</u></b>
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities:</b>		
Bank loans and short term debt	0	96
Notes and accounts payable to suppliers	634	661
Other accounts payable and accrued liabilities	<u>65</u>	<u>98</u>
<b>Total current liabilities</b>	<b>698</b>	<b>855</b>
Long-term debt	781	730
Employee retirement obligations	30	33
Financial Instruments	18	34
Other long-term liabilities	<u>113</u>	<u>105</u>
<b>Total liabilities</b>	<b><u>1,641</u></b>	<b><u>1,756</u></b>
<b>Total stockholders' equity</b>	<b><u>438</u></b>	<b><u>422</u></b>
<b>Total</b>	<b><u><u>2,079</u></u></b>	<b><u><u>2,178</u></u></b>

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## COMMENTS ON OUR FINANCIAL STATEMENTS:

This Press Release contains our unaudited condensed consolidated financial statements as of December 31<sup>st</sup>, 2015 and December 31<sup>st</sup>, 2014. Since January 1<sup>st</sup>, 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 1<sup>st</sup>, 2012, our financial statements are reported in accordance with the International Financial Reporting Standards, referred to as "IFRS". Before January 1<sup>st</sup>, 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.