Cuando tu hogar funciona,
todo funciona.

CONTROLADORA MABE
2Q19 EARNINGS RELEASE

MABE REPORTS A 5% INCREASE IN NET REVENUES IN 2Q19 AND 8% GROWTH FOR 6M19

Mexico City, August 8, 2019 – Controladora Mabe S.A. de C.V. ("Mabe" or "the Company") reports its results for the second quarter of 2019 ("2Q19") and first half of 2019 ("6M19"). 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 2Q19 VS 2Q18

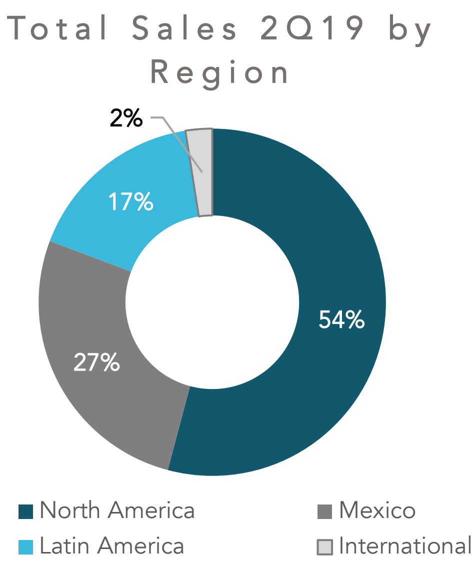
- **Net revenues** in 2Q19 reached **US$844MM**, growing **5%** versus the same quarter of 2018, for 6M19 sales rose **8%** to **US$1,545MM** from US$1,428MM in 6M18.
- In 2Q19 the **US and Canada** contributed with **43% and 10%** respectively compared to 40% and 11% in 2Q18. **Combined sales** increased **12%** compared to last year. YTD sales for the US and Canada rose **20%** to **US$863MM.**
- **Mexico** generated **27%** of Mabe's revenues and showed an increase versus 2Q18 of **7%.**
- Sales in **Latin America** continued to show weakness and scaled back **9%**.
- In 2Q19 **International business** reported a **25% decrease** in sales compared to the previous year.
- EBITDA for **2Q19 retracted 16% to US$67MM**; on a YTD basis, EBITDA **grew 8%** to **US$112MM.**
- **Total debt** decreased **9%** from US$856MM in 2Q18 to **US$781MM** as of 2Q19.
- **Net debt** decreased by **5%**, from US$722MM in 2Q18 to **US$686MM** in 2Q19.

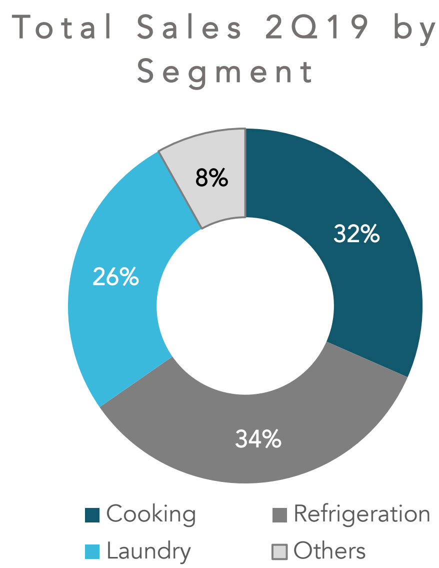
CONCEPT	2Q19	2Q18	Δ VS 2018
Sales	844	801	*5%*
EBITDA	67	80	*(16%)*
EBITDA Margin	8%	10%	*(210 bp)*
EBITDAR	73	85	*(14%)*
EBITDAR Margin	9%	10%	*(100 bp)*
CapEx	22	26	*(14%)*
Net Debt	686	722	*(5%)*
Net Leverage[1]	2.6x	3.1x	*(0.5x)*
Net Interest Coverage[1]	4.6x	2.9x	*1.7x*

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

Income Statement

SALES:





	NORTH AMERICA	MEXICO	LATIN AMERICA	INTERNATIONAL	TOTAL
Sales Change vs 2Q18	12%	7%	(9%)	(25%)	5%
SALES BY SEGMENT	**NORTH AMERICA**	**MEXICO**	**LATIN AMERICA**	**INTERNATIONAL**	**TOTAL**
Cooking	35%	27%	25%	42%	32%
Refrigeration	30%	34%	47%	28%	34%
Laundry	31%	24%	18%	17%	26%
Others	4%	16%	10%	13%	8%

Total sales increased 5**%,** reaching **US$844MM** in 2Q19.

North America contributed with **54% of total sales, increasing 12%** when compared to 2Q18. Our **sales from exports** to the US **increased 15%** vs last year with an **8% growth in volume**.

Mexico represented **27%** of total sales of 2Q19, showing a **7% increase**.

Latin America had negative quarterly results, having **contracted 9%**, when compared to 2Q18 results, and contributed with **17% of Mabe's total revenues**. Revenues in Central America dropped 15% for the most part due to the fierce competition and new players in the Dominican Republic. The Andean markets reported mixed results, with overall sales posting 2% decline when compared to 2Q18. For example, in Peru revenues rose 25% and in Ecuador 9%. In contrast, revenues in Colombia contracted 12% as did Chile by 14%. The results in Argentina remain weak due to the sustained devaluation of the Argentine peso, high inflation, high interest rates for consumer credit and the recessionary nature of this market.

As for our **International** business, revenues showed a **decrease of 25%** compared to 2Q18. We were adversely impacted by the Ramadan season in the Middle East and South East Asia.
Total sales distribution: refrigeration **34%**, cooking **32%**, laundry **26%**, and global products **8%**.

COGS AND GROSS MARGIN:

Cost of goods sold for 2Q19 reached **US$688MM**, marking an **8% rise** when compared to COGS for the equivalent in 2018; for 6M19 COGS totaled **US$1,270MM** showing a **10% increase** against 6M18.
Consequently, our **gross profit** was lower during both 2Q19 and 6M19 when compared to those same periods of 2018, reaching **US$156MM**, and US$275MM, respectively. Gross margin for 2Q19 was 200bps lower at **19%** when compared to 2Q18 and for 6M19 our margin was **18%**.

OPERATING EXPENSES:

Our **SG&A** for 2Q19 stood at **US$120MM**, compared to US$115MM in 2Q18.

OPERATING PROFIT AND EBITDA:

Operating profit decreased from US$49MM in 2Q18 to **US$36MM** in 2Q19. **EBITDAR** totaled **US$73MM**, showing a **14%** decrease when compared to 2Q18.

COST OF FINANCING:

Our **net financial expense** contracted 47% from US$25MM in 2Q18 to **US$13MM** during 2Q19, this is a reflection of our lower debt levels and improved cost of debt. For 6M19 this expense showed a 24% reduction from US$37MM to **US$28MM.**

Balance Sheet

CAPEX:

During the quarter, **capital expenditures** reached **US$22MM**, falling **14%** compared to 2Q18. For the first half of 2019 capital expenditures topped **US$51MM**, showing an **11%** decline when compared to the first half of 2018. Out of total year to date CapEx, **38%** was allocated towards maintenance purposes and **62%** for discretionary objectives. CapEx was distributed as follows:

- **Laundry** – we invested in the new Top Load washer which we will launch later in 2019, in laundry center regulatory and energy compliance which we have named Centauro E*, in manufacturing automation in our Saltillo facility and finally we also increased our capacity for dryer production.
- **Refrigeration** – we invested in side-by-side I-Series fridge and our low cost 36-inch bottom freezer, in the R600 coolant adaptation, we increased capacity in Celaya and for that same Celaya plant, we increased automation.
- **Cooking** – we developed the Monogram 20-inch ProRange and we increased capacity in our San Luis facility and upgraded the line for the GE Café brand. The GE Café line has a restaurant inspired appearance and features for people who love to cook and entertain.

DEBT STRUCTURE:

US$MM	2Q19	2Q18	Δ %
Gross Debt	781	856	*(9%)*
Net Debt	686	722	*(5%)*
Short-Term Debt	161	116	*39%*
Long-Term Debt	619	740	*(16%)*
Net Debt/EBITDA	2.6x	3.1x	*(0.5x)*

At the close of 2Q19 **Gross debt** reached **US$786**. **Long-term debt was US$619MM** and represented **79% of the total debt**. The **average life** of our debt is **6.2 years**, with an **average interest rate of 5.84%**. Currency mix is **92.9%** in USD, **5.0%** in CAD, **2.0%** in COP and the remaining **0.2%** in ARS.

During the course of 2Q19, we signed a **US$150MM** commitment with four of our banks paying **L+1.40%** on a quarterly basis. On June 18th, we drew-down **US$54MM**, with which we fully prepaid our MXN Club Loan. New loan will begin to amortize in January 2020. The remaining **US$96MM** will be used to refinance our 2019 Notes upon maturity.

On a **net debt** basis, we closed the second quarter of 2019 with a total of **US$686MM**, resulting in a **net leverage to EBITDA ratio of 2.6x**, well below our covenant of 3.5x.

Other Corporate Events

IFRS 16 became effective January 1st, 2019. With this new accounting standard, all operating leases must be considered debt. Additionally, we will see effects on P&L, Cash Flow Statement, and Balance Sheet. It is worth noting, however, that there will be no restatements for 2018 or earlier periods. Despite this new standard, we have agreed with our banks to amend our definitions for EBITDA and Net Debt, in a way in which our covenants will not be measured considering IFRS 16.

For more information on the actual effects of IFRS 16 please refer to “Annex: IFRS 16”.

Annex

Consolidated Condensed Income Statement (Unaudited)

US$MM	2Q19	2Q18	Δ%	6M19	6M18	Δ%
Net Sales	844	801	*5%*	1,545	1,428	*8%*
COGS	688	636	*8%*	1,270	1,151	*10%*
Gross Income	**156**	**165**	***5%***	**275**	**277**	***(1%)***
SG&A	120	115	*4%*	220	223	*(1%)*
Operating Income	**36**	**49**	***(26%)***	**55**	**53**	***3%***
Net Interest (Income) / Expense	16	21	*(21%)*	33	42	*(21%)*
Commissions	1	1	*0%*	2	1	*15%*
FX (Gain) / Loss	(4)	4	*N/A*	(7)	(7)	*N/A*
Net Financing Cost	**13**	**25**	***(47%)***	**28**	**37**	***(24%)***
Participation in Subsidiaries	(0)	-	*N/A*	1	-	*N/A*
Income / (Loss) Before Income Tax	**23**	**25**	***(6%)***	**27**	**16**	***65%***
Income Tax Expense	9	2	*348%*	11	3	*296%*
Consolidated Net Income / (Loss)	**14**	**23**	***(38%)***	**16**	**14**	***18%***

Consolidated Condensed Balance Sheet (Unaudited)

US$MM	2Q19	2Q18	Δ%
Assets			
Current Assets			
Cash and Cash Equivalents	95	134	(29%)
Accounts Receivables, net	362	342	6%
Tax Receivables	103	42	144%
Inventories, net	327	315	4%
Total Current Assets	*886*	*833*	*6%*
Net PP&E	876	867	1%
Goodwill	210	210	N/A
Asset for Leases L.P.	86	0	N/A
Deferred Taxes	93	83	12%
Financial Instruments	0	5	N/A
Other Assets, net	408	378	8%
Total Assets	*2,559*	*2,376*	*8%*
Liabilities			
Current Liabilities			
Current Maturities of LT Debt & ST Debt	161	116	39%
Notes and Accounts Payables to Suppliers	909	804	13%
Other Accounts Payables and Accrued Liabilities	123	120	2%
ST Liabilities for Leases	9	0	N/A
Income Tax Payable	58	11	444%
Total Current Liabilities	*1,260*	*1,051*	*20%*
Long-Term Debt	619	740	(16%)
Employee Retirement Obligations	26	28	(10%)
Financial Instruments	5	0	N/A
LT Liabilities for Leases	78	0	N/A
Other LT Liabilities	34	45	(24%)
Total Liabilities	*2,022*	*1,865*	*8%*
Total Equity	*537*	*511*	*5%*
Total	2,559	2,376	8%

Consolidated Condensed Statement of Cash Flows (Unaudited)

	Year to June 2019	Year to June 2018	Δ%
Operating activities:			
Income before income taxes	27.2	16.5	*65%*
Items related to investing activities:			
Depreciation and amortization	68.9	53.0	*30%*
(Gain) / loss on sale of fixed assets	0.0	0.1	*(84%)*
Employee Benefit	1.9	(0.2)	*N/A*
Impairment of trade and other receivables			
Leases IFRS16	0.7	-	*N/A*
Items related to financing activities:			
Interest income	(1.8)	(1.5)	*19%*
Interest expense	37.0	45.2	*(18%)*
Exchange fluctuation	(7.0)	(6.7)	*5%*
(Increase) Decrease:			
Accounts receivable	(63.4)	34.7	*N/A*
Inventories	27.4	5.6	*390%*
Increase (Decrease):			
Notes and accounts payable to suppliers	(78.0)	(90.7)	*(14%)*
Other payables and accrued liabilities	(27.5)	(23.3)	*18%*
Income taxes	(21.3)	(16.1)	*32%*
Direct employee benefits and employee benefits			
Net cash flow provided by operating activities	**(36.0)**	**16.6**	***(317%)***
Investing activities:			
Acquisitions of property, plant and equipment	(34.0)	(18.4)	*84%*
Sale of fixed assets	-	-	
Derivative financial instruments payment	-	-	
Acquisitions other assets	(17.4)	(39.1)	*(55%)*
Net cash flow used in investing activities	**(51.4)**	**(57.5)**	***(11%)***
(Decrease) / Increase in cash to apply to financing activities	**(87.4)**	**(41.0)**	***113%***
Financing activities:			
Borrowings	1,384.0	874.6	*58%*
Payment of debt	(1,375.0)	(796.3)	*73%*
Interest paid	(36.9)	(43.8)	*(16%)*
Interest collected	1.8	1.5	*19%*
Dividend payment	(9.9)	-	*N/A*
Pension plan contribution	-	-	*N/A*
Net cash flow provided by / (used in) financing activities	**(35.8)**	**36.0**	***N/A***
Adjustment to cash flows due to exchange rate fluctuations	2.0	(1.6)	*N/A*
Net Increase / (Decrease) in cash and cash equivalents	**(121.2)**	**(6.5)**	***1,759%***
Cash and cash equivalents at beginning of year	215.8	140.4	*54%*
Cash and cash equivalents at end of period	**94.6**	**133.9**	***(29%)***

IFRS 16

Income Statement	w/o IFRS 2Q19	IFRS 16 Changes	w IFRS 2Q19 Proforma
Sales	844.2	-	844.2
COGS	682.4	*5.4*	687.8
SG&A	125.6	*(5.7)*	119.8
D&A	29.4	*5.4*	34.8
Operating profit	36.2		36.5
EBITDA	67.5		73.2
Financing cost	12.1	*1.1*	13.2
Net profit	14.8	*(0.7)*	14.0
Balance Sheet			
LT Asset Leases	-	*86.1*	86.1
Total Assets	**2,473.1**		**2,559.3**
ST Liability Leases	-	*8.6*	8.6
Current Liabilities	**1,251.7**		**1,260.3**
LT Liability Leases	-	*78.2*	78.2
Total Liabilities	**1,935.5**		**2,022.4**
Covenants Calculations			
Net debt	685.9	*86.8*	772.7
Interests LTM	57.6	*2.0*	59.6
EBITDA LTM	262.3	*11.0*	273.3
Net debt / EBITDA	**2.61x**		**2.83x**
EBITDA / Interests	**4.56x**		**4.59x**

CONFERENCE CALL

Date:

Tuesday, August 6th, 2019

8:30 AM – Mexico City Time

9:30 AM – New York Time

Speakers:

José Calvillo, CFO

Daniela Garza, Treasury and IR

To join the call please dial:

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

Toll / International 1-201-689-8562

Conference ID: 13692418

CONTACT

JOSÉ CALVILLO

CFO

Phone: +52-55-1100-3712

E-mail: jose.calvillo@mabe.com.mx

MAURICIO GIL ROCHA

Corporate Treasury Director

Phone: +52-55-1100-3716

E-mail: mauricio.gil@mabe.com.mx

DANIELA GARZA

Corporate Treasury Manager

Phone: +52-55-1100-3757

E-mail: daniela.garza@mabe.com.mx

LAURA ALVIZO

Treasury & Investors Relations Jr. Manager

Phone: +52-55-9178-8268

E-mail: laura.alvizo@mabe.com.mx

COMMENTS ON OUR FINANCIAL STATEMENTS:

This Press Release contains our unaudited condensed consolidated financial statements as of June 30th, 2019 and June 30th, 2018. 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.

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.