

mabe

Q2, 2016

Q2, 2016 Results

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

During the second quarter of 2016, Mabe delivered a solid top line performance in local currencies compensating part of the FX devaluation.

In USD Mabe's net sales were US\$ 701 million, only 1% below the same period of 2015 and sales grew 8% at a constant exchange rate vs Q2 2015. EBITDA for Q2 was US\$64 MM a decrease of 12% vs. 2015 with an EBITDA Margin of 9.2%. The EBITDA margin was affected by strong dollar and was 103 bps less than one year ago, however we are committed to maintain our margins above 9%.

Additionally we have a healthy debt maturity profile with no major maturities in the next 2 years.



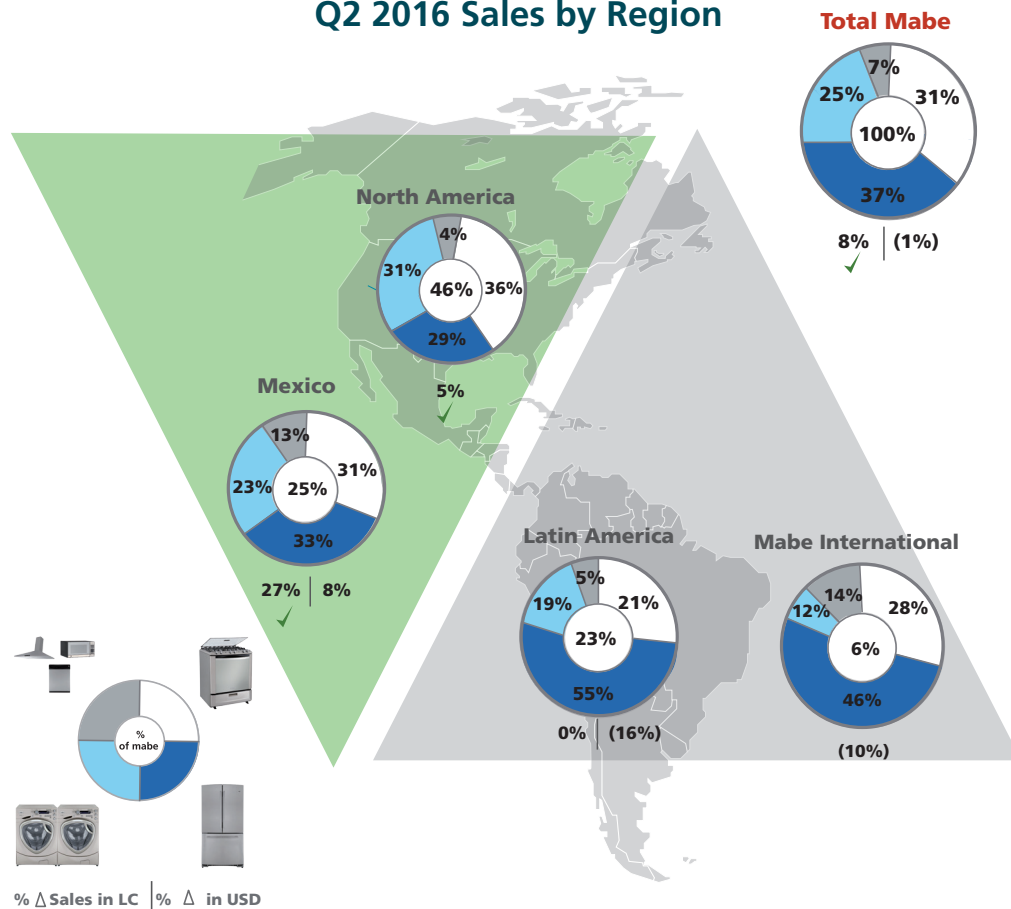
US\$Millions	Q2 2016	Q2 2015	Δ vs 2015
Net Sales	701	709	(1)%
Unit Sales ('00s)	2,825	2,602	9%
Operating Profit	40	52	(22)%
EBITDA	64	72	(12)%
Net Interest Expense	18	16	10%
Net Income	19	23	(15)%
Net Debt	759	752	1%
Net Leverage*	2.6x	2.6x	0x
Net Interest Coverage **	4.2x	4.5x	(0.3x)
Capex	26	22	21%
Net Worth	422	427	(1)%

(*) Net leverage = Net debt / LTM EBITDA

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

Results of operations ended on June, 2016 (Unaudited)

Q2 2016 Sales by Region



Net sales:

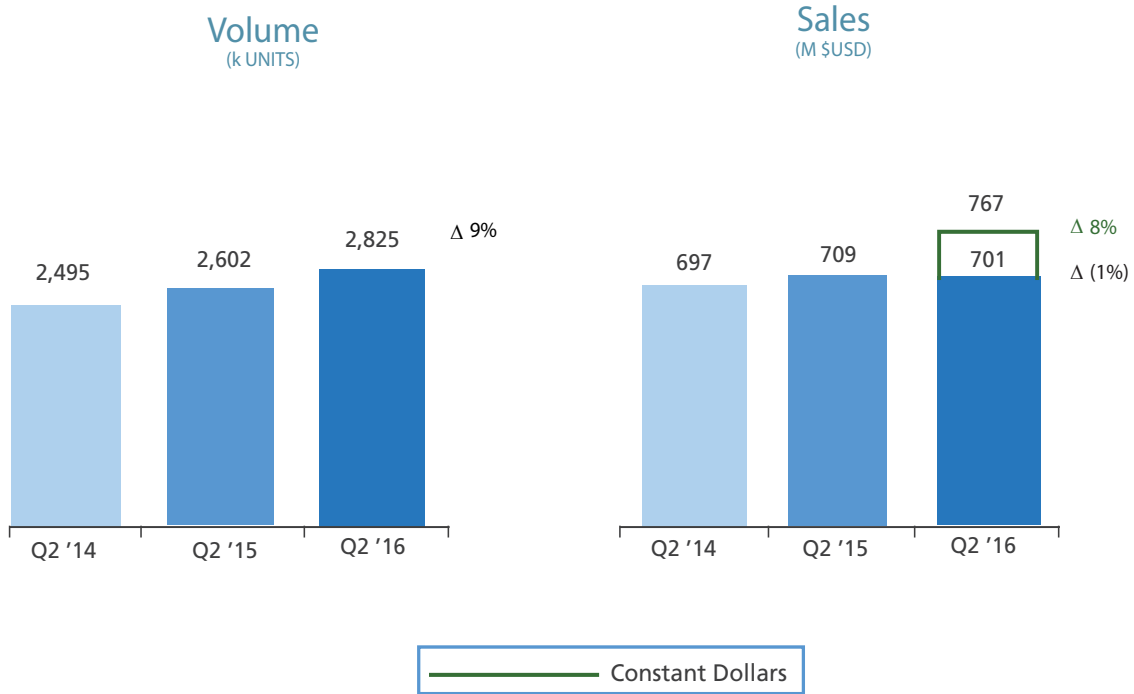
Top line results during Q2 2016 were US\$701 million a 1% decrease compared to Q2 2015. At a constant exchange rate, sales for Q2 would have totaled \$767 MM or an increase of 8% vs last year. Units sold during the quarter increased 9% vs 2015. Laundry products were 11% better, refrigeration was 10% above the second quarter of last year and cooking products were 5% higher. Global products such as microwaves, hoods, air conditioning, heaters, etc. increased 10%.

The North America region increased 5% in USD vs Q2 2015. Our exports to the US increased 4% vs. last year, recovering the 1st quarter decrease due to the changes in Saltillo's facility. Despite the Canadian devaluation Mabe has been able to increase its sales in Canada by 8% in USD vs Q2 2015.

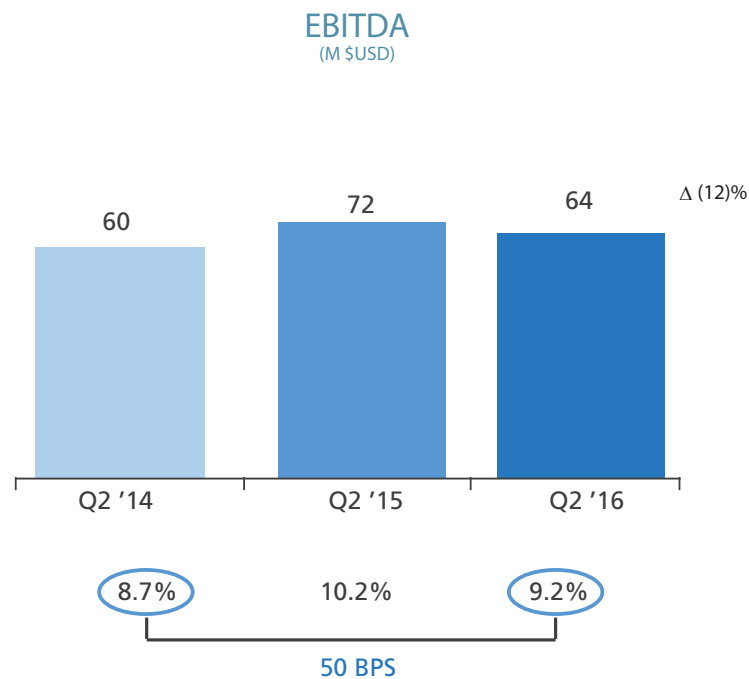
Mexico represented 25% of Mabe sales during Q2 2016. Mexico private consumption has remained solid, allowing Mabe to increase by 27% vs last year. Despite Mexico currency devaluation Mabe has been able to deliver an 8% increase in USD vs 2015.

Latin America region had a decrease of 16% in USD vs the 2nd quarter of 2015 Argentina and Colombia were the most affected by devaluation. Both countries finished the quarter with strong growths in \$LC vs last year. In Argentina we are adjusting not only the production but also our inventories to fit the market demand. Peru and Ecuador's sales were below last year due to the contraction of their markets. Chile has been reducing volume but focusing in profitability. Central America sales had a 7% decrease vs Q2 2015.

Q2 2014 - 2016



Q2 2014 - 2016



Contribution Margin:

The contribution margin for Q2 2016 was US\$118 million, 8% below vs Q2 2015. Contribution margin represented 17% of sales.

Fixed Costs and Expenses:

Fixed costs and expenses increased 2% compared to Q2 2015 standing at US\$77 million, which represents 11% of net sales.

Operating Profit and EBITDA:

Currency translation effect impacted our results and we have not been able to translate the FX increase to our markets fast enough. Operating profit was US\$40 million in Q2 2016, a decrease of 22% compared to Q2 2015. EBITDA was US\$64 million in Q2 2016, 12% less than the same period of last year. EBITDA margin stood at 9.2%, 103 bps less than one year ago, however we are committed to maintain our margins above 9%.

Cost of Financing:

Net comprehensive financing cost stood at US\$13 million. Net interest expense and commissions were US\$19 million. Foreign exchange gain during Q2 2016 was US\$6 million vs a loss of US\$5 million in 2015.

Restructuring and other Charges:

Restructuring expenses were US\$5 million for Q2 2016. These expenses are severance payments related to the manufacturing footprint strategy.

Capex:

We invested US\$26 million on CAPEX, of which approximately 45% was on maintenance and 55% on new product development projects; these projects were focused on our 3 main products categories: 31% in cooking, 21% in refrigeration and 48% in laundry.

Working Capital:

Mabe had a working capital of US -\$72 million at the end of the 2nd quarter of 2016, this represents an improvement of US\$71 million compared with Q2 2015. We reduced our inventories by US\$3M USD and improved our accounts receivable by US\$69 M USD, part of this reduction was due to the strong devaluation most of our market went through. Our accounts payable were virtually flat vs last year.

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

	Q2	
	<u>2016</u>	<u>2015</u>
Net Sales	701	709
Variable costs and expenses	<u>583</u>	<u>581</u>
Contribution Margin	118	127
Fixed costs and expenses	<u>77</u>	<u>76</u>
Operating profit	40	52
Interest (income)/expense, net	18	16
Commissions	1	1
Exchange (gain)/loss	<u>(6)</u>	<u>5</u>
Net comprehensive financing cost	13	23
Restructuring & other charges	5	1
Income/(loss) before provisions for income tax	22	28
Provisions for income tax expense	<u>3</u>	<u>5</u>
Income/(loss) after provisions for income tax	19	23
Consolidated net income / (loss)	19	23

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

	<u>June</u> <u>2016</u>	<u>June</u> <u>2015</u>
Assets		
Current assets:		
Cash and temporary investments	73	70
Accounts receivable– net	308	377
Tax receivables	100	148
Inventories – net	296	298
Total current assets	<u>777</u>	<u>894</u>
Property, plant and equipment, net	831	826
Goodwill	210	210
Deferred taxes	109	44
Other assets, net	284	277
Total assets	<u><u>2,211</u></u>	<u><u>2,251</u></u>
Liabilities and stockholders' equity		
Current liabilities:		
Bank loans and short term debt	56	138
Notes and accounts payable to suppliers	676	677
Other accounts payable and accrued liabilities	120	114
Income tax payable	58	34
Total current liabilities	<u>910</u>	<u>962</u>
Long-term debt	776	684
Employee retirement obligations	31	32
Financial Instruments	0	33
Deferred Tax	43	65
Other long-term liabilities	28	47
Total liabilities	<u>1,789</u>	<u>1,824</u>
Total stockholders' equity	<u>422</u>	<u>427</u>
Total	<u><u>2,211</u></u>	<u><u>2,251</u></u>

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The following material is submitted by way of general information regarding Controladora Mabe, S.A. de C.V., "Mabe", as it stands to date. Said information is presented in a summarized fashion and is not intended to be comprehensive. Nor does it constitute a recommendation for potential investors. This presentation is strictly confidential and shall not be divulged to any other person.

No representation or guarantee, either expressed or implied, is intentional, and its exactness, precision or comprehensive information herein presented shall not be emphasized. This presentation may contain declarations that express the expectations of management regarding future events or results in lieu of historic events. These forward-looking declarations imply risk and uncertainty that may cause the real results to differ materially from those forecast, and Mabe cannot ensure that said declarations will prove to be correct. These risks and uncertainties include factors related to the Mexican economy, which in turn may show volatility and may be adversely affected by factors pertaining to other countries, related to the business of retail sales, that by its very nature is cyclical and linked to the highly competitive industry of which Mabe is a part and in which it operates.

COMMENTS ON OUR FINANCIAL STATEMENTS:

This Press Release contains our unaudited condensed consolidated financial statements as of June 24th, 2016 and June 26th, 2015. 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.