



MEXARREND®

LEASING INNOVATION

Mexarrend Third Quarter 2019 Earnings Report

Mexico City, November 13, 2019 — Mexarrend, S.A.P.I. de C.V. ("Mexarrend" or the "Company"), today announced its unaudited consolidated financial results for the third quarter of 2019 "3Q19" and nine-month period "9M19" ending September 30, 2019. All accounting figures have been prepared in accordance with International Financial Reporting Standards ("IFRS") and presented in Mexican Pesos ("\$").

CONFERENCE CALL DETAILS

Date: Thursday, November 14, 2019
Time: 10:30am (Mexico time) /
11:30am (ET)
Conference ID: 13696272
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Financial Highlights 3Q19 / 9Q19

- ❖ Total revenue in 3Q19 was \$387 million, flat versus 3Q18. For 9M19, total revenue was \$1.06 billion vs \$1.03 billion for 9M18, an increase of 3%. This low, single digit increase was due to the intentional decrease in equipment financing in 9M19, a segment where income is recognized in advance due to the nature of the product. Sales in this business unit decreased from \$403 million in 9M18 to \$50 million in 9M19 and reached only \$4 million in 3Q19.
- ❖ Interest income on capital leases increased by 87.0% in the quarter and 72.3% in 9M19 compared to the previous year, demonstrating the strength in product placement. Operating leases increased significantly, posting a 68.8% growth in the quarter.
- ❖ Cost of sales decreased by 9.1% in the quarter and 9.0% over the accumulated period, mainly due to lower activity in the equipment financing business line.
- ❖ As a result, gross profit increased by 18.5% from \$124 million in 3Q18 to \$147 million in 3Q19. For 9M19, gross profit increased by 30.6% or \$101 million compared to 9M18. The growth in gross profit reflects the scalability of our business model and should keep improving in the future.
- ❖ The increase in the portfolio size, and cost and expense efficiencies, led to positive earnings trends. In 3Q19, operating income grew by 37.7% and operating margin increased from 13.7% in 3Q18 to 18.6% in 3Q19. For 9M19 operating profit grew by 51.4% and the margin expanded from 13.5% to 19.3%, more than 600 basis points.
- ❖ In 3Q19 the company reported a net loss of \$150 million compared to a net profit of \$70 million during the same period last year. The decrease in profit during 3Q19 is due to one-off expenses caused by the partial pre-payment of the 2022 bond, which amounted to \$140 million pesos in this quarter. There was also a negative carry effect from the low yield on the as yet undeployed resources obtained with the new issuance. For 9M19, there was a net loss of \$97 million compared to a net profit of \$172 million in 9M18.

- ❖ Total portfolio reached \$7.8 billion as of September 30, 2019, an increase of \$1.9 billion or 31.9% compared to the same period in 2018, whilst the real estate portfolio increased by 50% to \$999 million. This reflects our succesful strategy in identifying new clients for our portfolio.
- ❖ Total assets at the end of the period were \$10.9 billion compared to \$6.8 billion at the end of September 2018, a 60.9% increase largely explained by the additional cash obtained from the issuance of the bond. Non-performing loans remained stable at 5.3% despite the current economic environment reflecting our prudent leasing strategy.
- ❖ Financial debt increased by \$4.3 billion, reflecting an increase in the Company's leverage from 4.1x at the end of September 2018 to 6.7x at the end of September 2019 as a result of the bond issuance in July. However, the Company has a cash balance of \$2.9 billion, corresponding to the proceeds from the bond, that will be deployed in the coming months, positioning us for growth and consolidation in the coming years.

Recent Events

Successful Tender Offer

On July 8, 2019, Docuformas, now Mexarrend, announced a tender offer for its international notes expiring in 2022. The tender offer was well received with an 80% success rate (99% of which was submitted before the expiration date). With the resources obtained, on July 29, 2019, Mexarrend prepaid US \$120 million of said bond.

New International Bond Issuance

On July 19, Docuformas, now Mexarrend, announced the successful issuance of its international bond for a sum of \$300 million, with a 10.25% coupon, maturing on July 24, 2024. This offer had a significant subscription rate due to the financial strength of the Company and its favorable growth outlook. The proceeds were used to partially prepay the 2022 bond, bring forward the payment of short-term debts and to finance the growth of our portfolio.

With regards to this new bond, which was issued to international markets in July, issuance related expenses will be amortized over the life of the instrument. The bond issuance, both the principal and the coupon, is 100% hedged against exchange rate fluctuations, for the lifetime of the bond.

Merger between Docuformas and its Subsidiaries

On November 1, 2019, the merger between Docuformas and its subsidiaries, Analistas de Recursos Globales, S.A.P.I. de C.V., ARG Fleet Management, S.A.P.I. de C.V., Rentas y Remolques de México, S.A. de C.V., Mexarrend, S.A. de C.V., and Compañía Mexicana de Arrendaciones, S.A. de C.V. (jointly, the “Subsidiaries”), as merged companies, (the “Merger”) took place. This will improve the operating efficiency of the merged entity.

Change of Name to Mexarrend

The change of name from Docuformas to “Mexarrend, S.A.P.I. de C.V.” became effective on the same date as the merger. Our shareholder and financial structure will not be affected or modified. Backed by the strength, reputation and history of Docuformas, we seek to transform the brand into Mexarrend and usher in a new era for the Company, with still faster growth but continued rigor in structuring and risk processes. We also seek to be closer to our customers, transmitting the same values that we have been sharing successfully with the market for more than 20 years.

In addition, Mexarrend, the name of the independent leasing company that was recently acquired, better reflects the essence of the Company - leasing in Mexico, compared to the previous name, Docuformas.

Financial and Operating Summary

in million pesos

Financial Metrics (in million pesos)	3Q18	3Q19	Var.%	9M18	9M19	Var.%
Total Revenues	388	387	0%	1,028	1,060	3%
Cost of Revenues	264	240	-9%	698	629	-10%
Gross Profit	124	147	19%	330	431	31%
Gross Margin (%)	32%	38%	19%	32%	41%	
Operating expenses	71	75	6%	191	226	18%
Operating income	53	72	36%	139	205	49%
Operating Margin (%)	14%	19%		14%	19%	
Comprehensive Financing Result	-34	99	NA	-75	173	NA
Non-recurring items		140			140	
Income before income taxes	87	-167	NA	214	-108	NA
Income taxes	17	-17	NA	42	-11	
Net income	70	-150	NA	172	-97	NA
Net Income Margin %	18%	-39%	NA	17%	-9%	NA

Operating Metrics (in million pesos)	9M18	9M19	Var.%
Total Portfolio	5,915	7,805	32%
Leasing Portfolio	5,169	7,020	36%
Credit & Factoring Portfolio	677	718	6%
Services Portfolio	69	67	-3%
Non Performing Loans	5.50%	5.30%	-20bps
Real Estate Portfolio	666	999	50%
Net Earning Assets	6,581	8,804	34%

Financial Ratios	9M18	9M19	Var.%
R O A A (annualized)	4.10%	-1.50%	-560bps
R O A E (annualized)	25.00%	-11.10%	-361bps
Financial Debt / Stockholders' Equity	4.1	6.7	2.6x
Capitalization (Stockholders' Equity / Total Assets)	15.60%	11.70%	-390bps
Stockholder' Equity / Total Portfolio	18.00%	16.40%	-160bps
Leasing Portfolio / Total Portfolio	87.40%	89.90%	250bps
Total Portfolio / Financial Debt	1.4	0.9	-0.5x
Current Assets / Current Liabilities	2.5	2.4	-0.1x

Comments from the CEO

The results of the third quarter demonstrate the resilience of our business model, as we achieved solid operating results in an uncertain environment in the country. Compared to 2018, total revenues increased 3% to \$1.1 billion pesos in 9M19, and total assets grew 61% to reach \$10.0 billion pesos. Operating income increased 37.7% from 3Q19/3Q18 or 50% on a cumulative nine-month basis, underlining the operating leverage and cost control we have achieved. Additionally, non-performing loans remained at a stable 5.3%, demonstrating our prudent origination strategy.

Net income and the financial ratios of the quarter were affected by non-recurring expenses derived from the issuance of the 2024 international notes and the partial prepayment of the 2022 bond, as well as a negative carry effect from higher than normal cash levels on the balance sheet. However, these are extraordinary events and will not be reflected in the following quarters.

On November 1, the merger between Docuformas and its subsidiaries took place, as well as the change in our corporate name to Mexarrend S.A.P.I. de C.V. This does not change the shareholder and financial structure but is linked to our strategy of innovation and modernization. We are investing in technology and internal processes in order to provide efficient solutions to our clients, as well as achieving greater operational leverage that will translate into better profit margins and stability for our bondholders.

In line with these changes, and as announced on October 2, Abelardo Loscos joined the Company as Chief Financial Officer. With his experience in the sector, Abelardo will focus on achieving controlled growth with strict risk and cost control.

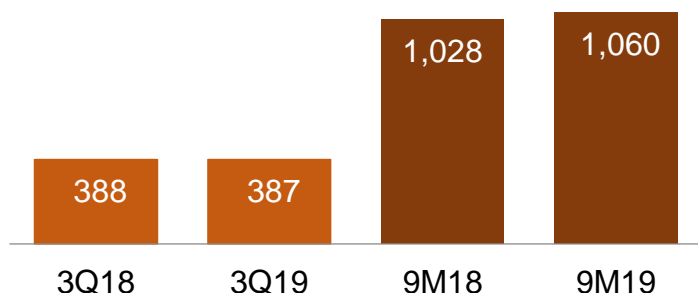
The second half of 2019 has been of great strategic importance for Mexarrend. After the issuance of the bond on July 19 for \$300 million dollars, we go into the end of 2019 and 2020 with a strong cash position, no upcoming major amortizations and robust capital ratios. We are optimistic regarding 2020 given the strength of our business model and our healthy financial position. We are convinced, as shown in the past, that uncertain economic times will bring attractive opportunities in the sector; as we are already beginning to see, demand for our products should increase.

Alejandro Monzó
CEO of Mexarrend

Income Statement

In million pesos

Revenues



Total Revenues

Total revenues were \$ 1.06 billion in 9M19 versus \$1,03 billion in 9M18, an increase of 3%.

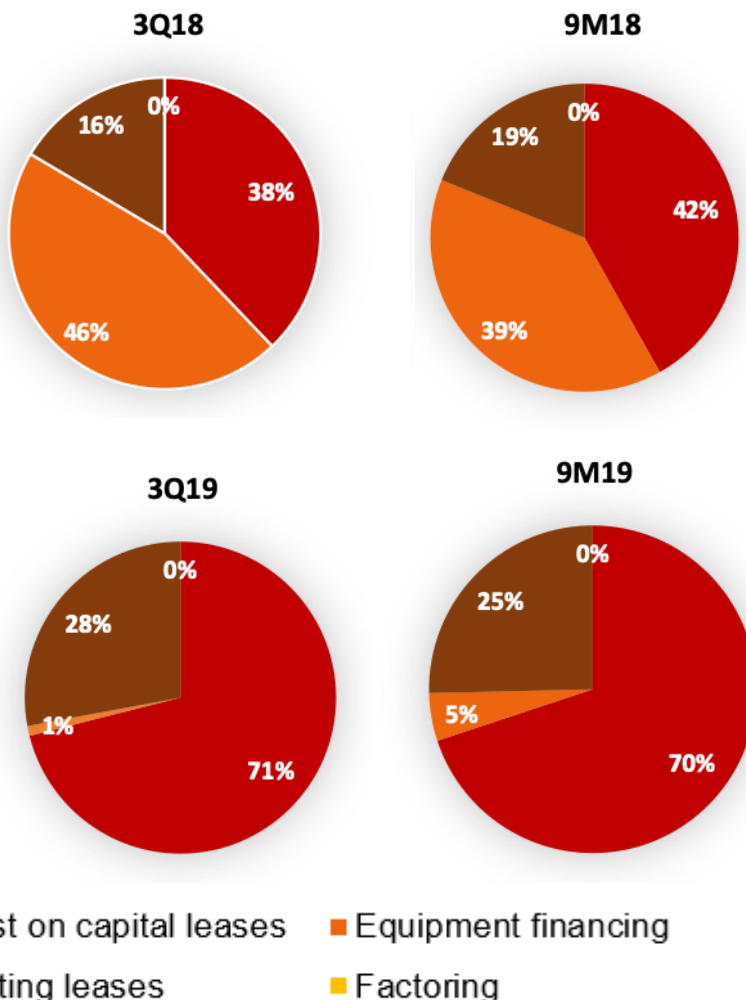
Revenues in 3Q19 remained stable when compared to 3Q18, mainly due to the decision to decrease the share of equipment financing in our portfolio, which was offset by a strong growth in other business lines.

Revenue by Product Line

Interest income on capital leases increased 87.0% in the quarter and 71.9% in 9M19 compared to the previous year, reaching \$741 million.

Operating leases reported a significant 68.8% growth compared to the same quarter of last year.

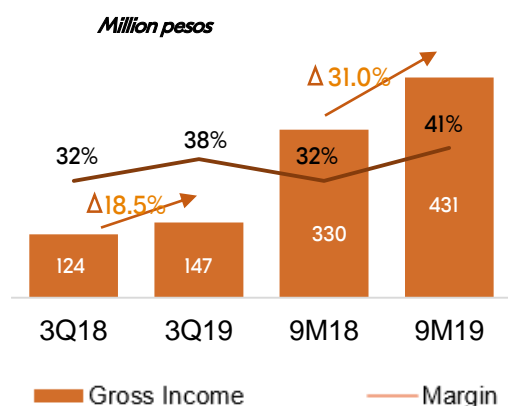
In the third quarter, equipment financing decreased significantly, mainly due to our commercial department's grater focus on capital leasing and operating leasing, and fell to just \$4 million pesos revenue in the period.



Cost of Revenues

Cost of sales decreased 9.0% when compared to 3Q18, from \$264 million to \$240 million. Comparing the accumulated figures as of the end of September, there was a decrease of 9.9%, mainly due to a decrease in equipment financing, benefits from having larger scale, and an increase in pricing power.

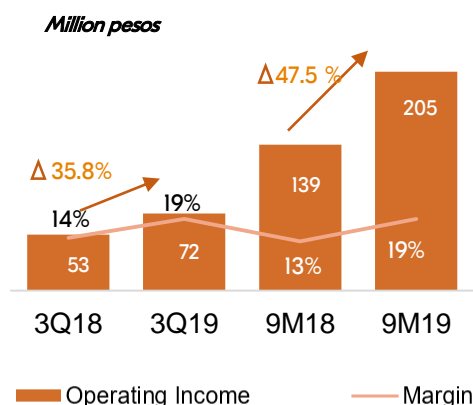
Gross Profit



Gross profit continues to strengthen through an increase in revenues and a decrease in costs, positively impacting profit and its corresponding margin.

In 3Q19, gross profit was \$147 million, an increase of 18.5% or \$23 million compared to 3Q18. For the 9M19 period, gross profit increased \$101 million or 31.0% compared to 9M18. Gross margin during the same period increased from 32.0% to 40.7%.

Operating Income



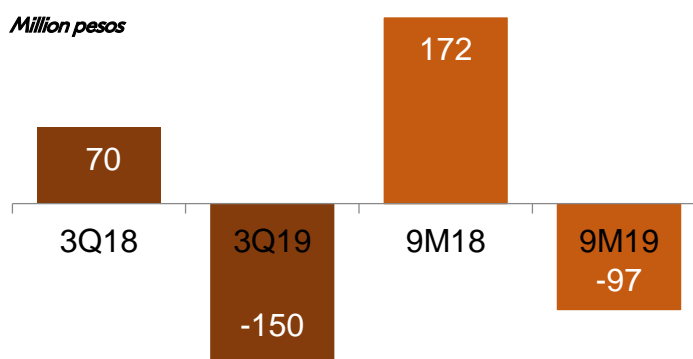
Operating results show a positive trend as a result of the increase in the portfolio and cost and expense efficiency. In 3Q19, operating income grew 37.7% and operating margin increased from 13.7% in 3Q18 to 18.9% in 3Q19. For 9M19 growth was 47.5% and the operating margin expanded from 13.51% to 19.3%, exceeding 600 basis points.

This is a result of a cost control policy in the Company and demonstrates its operating leverage, since its structure is prepared to absorb the portfolio growth.

Comprehensive Financing Result

The Company's comprehensive financing result had non-recurring impacts in 3Q19, from the issuance of the 2024 international notes and the tender offer for the 2022 notes. These effects impact the Company's results as an expense, with an accounting effect, but do not affect the cash flow of the Company.

Net Income



For 9M19, there was a net loss of \$97 million compared to a \$172 million profit for the same period of last year. In 3Q19 the net loss was \$150 million vs a \$70 million profit during the same period of last year.

The decrease in net income in 3Q19 was mainly caused by non-recurring items from the 2024 international notes issuance and the partial prepayment of the 2022 bond. These non-recurring expenses which amount to \$140 million are due to the following: (i) prepayment of pending expenses related to the 2022 bond issuance (\$74 million) and (ii) the execution of the unwind of proportional hedges of the 2022 bond (\$66 million).

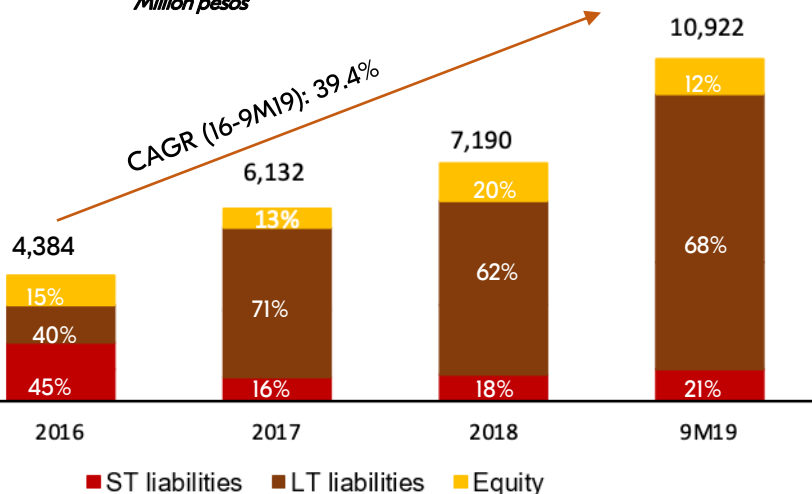
In addition, there is an effect due to the negative carry of approximately \$75 million from additional resources obtained from the bond issuance not yet deployed.

These are non-recurring expenses, since they are not related to the operation of the Company, and were generated by the liability management strategy of Mexarrend.

Balance Sheet Analysis

Million pesos

CAGR (16-9M19): 39.4%

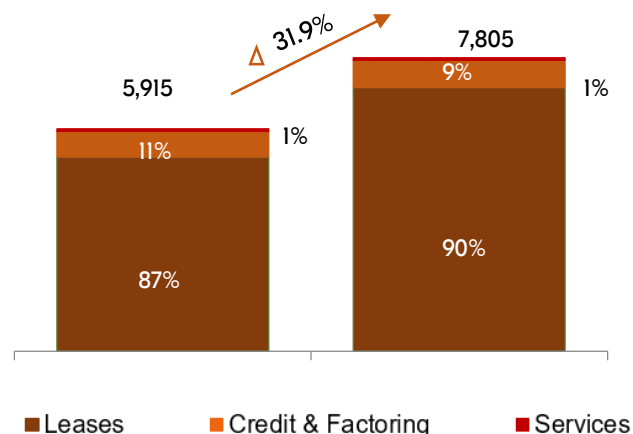


Portfolio by business line

Million pesos

9M18

9M19



Balance Sheet & Portfolio by Business Line

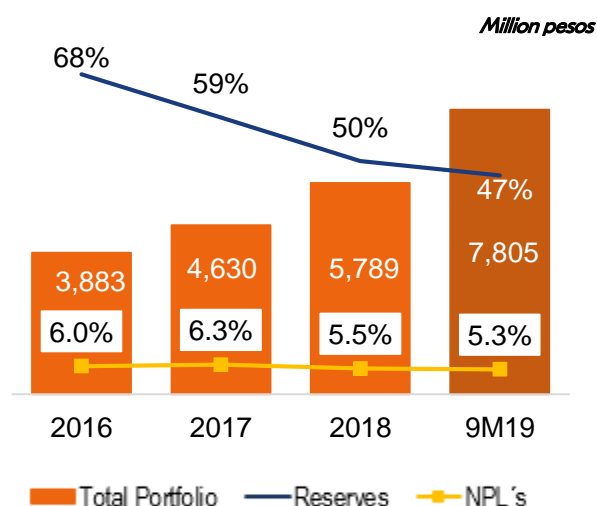
Total assets as of September 30, 2019 increased \$3.7 billion compared to the same period of last year, an increase of 60.7%, reaching \$10.9 billion.

Total liabilities grew 68.1% to \$9.6 billion, with a greater increase in long-term liabilities, which were up 69.9%, explained by the issuance of the new bond. This gives the Company an adequate debt profile for the next 5 years.

At the end of September 2019, total portfolio grew 31.9% to \$7.8 billion, which indicates a larger origination, in line with the Company's strategy of structuring financial solutions that generate value based on its clients' assets.

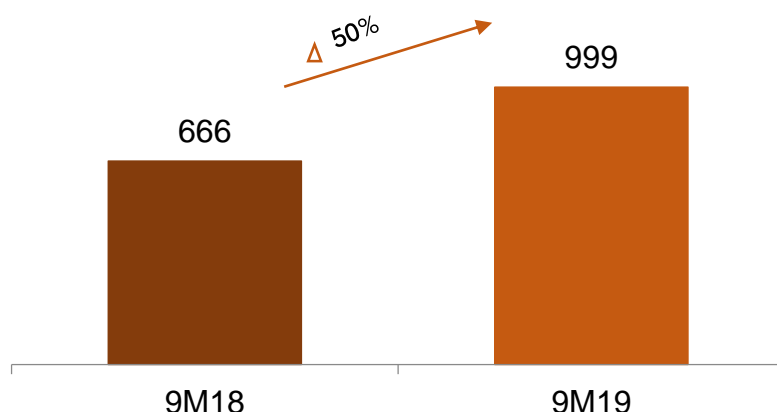
Non-Performing Loans ("NPLs")

Non-performing loans as of September 2019 were \$410 million or 5.3% of the total portfolio, an improvement compared to September 2018 (5.5%) and year-end 2017 (6.3%). The loss reserve stood at \$193 million, 47% of the NPL amount. The loss reserve decreased compared to 2017, following the IFRS 9 accountability adjustment. Mexarrend ended 3Q19 with a strong balance sheet, reaching a Total Portfolio/Financial Debt ratio of 0.9x vs. 1.4x in 3Q18.



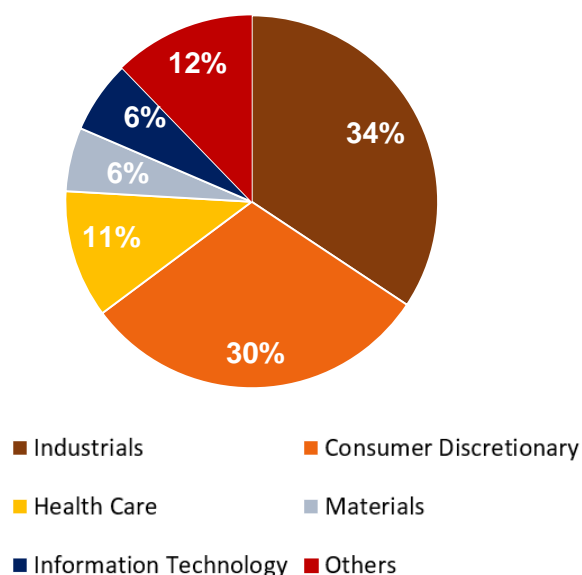
Real Estate Assets

As of September 30, 2019, real estate assets reached \$999 million compared to \$666 million as of September 30, 2018, representing a 50% growth, as a result of the development of the real estate lease product.



Million pesos

Portfolio by Industry

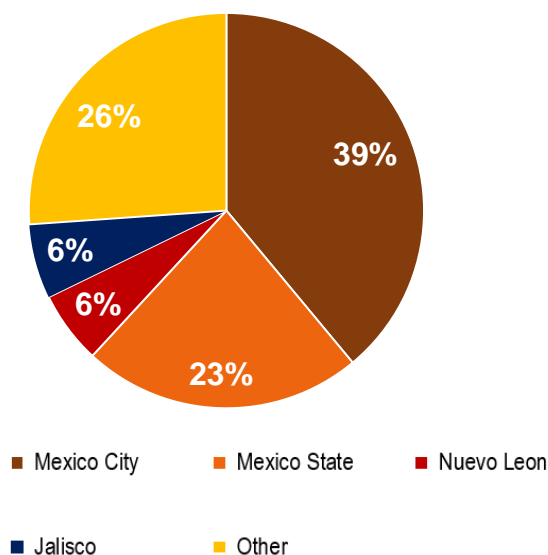


We have a diversified portfolio throughout the main industries of the country. The graph shows the industries according to the Global Standard Industrial Classification ("GICS"), which is shown in greater detail on the next page.

Portfolio by Region

A relevant percentage of Mexarrend's customers are located in Mexico City and its metropolitan area, which includes the State of Mexico.

Our sales team has been developing the customer portfolio throughout the country from our headquarters, and now we have a representation office in Monterrey to better serve the northern region of the country.



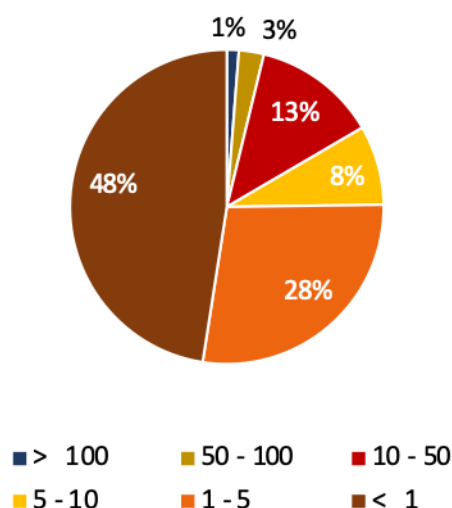
Client Composition of the Mexarrend Portfolio

In 3Q18, Mexarrend incorporated the Global Industrial Classification Standard to classify its existing customer portfolio. As a result, a more detailed analysis of the portfolio is presented below (as of September 2019).

Million pesos

Sector	3Q18 \$	3Q19	3Q18 %	3Q19	Industry	3Q18 \$	3Q19	3Q18 %	3Q19
Industrial	1,987	2,679	34%	34.3%	Capital Goods	684	1171	12%	15.0%
					Commercial & Professional Services	467	615	8%	7.9%
					Transportation	836	893	14%	11.4%
Consumer Discretionary	1,463	2,379	25%	30.5%	Automobiles & Components	127	113	2%	1.5%
					Consumer Durables & Apparel	443	1044	7%	13.4%
					Consumer Services	392	423	7%	5.4%
					Media	177	354	3%	4.5%
					Retailing	324	444	5%	5.7%
Health Care	772	867	13%	11%	Healthcare Equipment & Services	759	835	13%	10.7%
					Pharmaceuticals, Biotechnology & Life Sciences	13	31	0%	0.4%
Materials	526	433	9%	5.5%	Materials	526	433	9%	5.5%
Information Technology	465	492	8%	6.3%	Software & Services	417	458	7%	5.9%
					Technology Hardware & Equipment	47	34	1%	0.4%
					Semiconductors & Semiconductor Equipment	1	0	0%	0.0%
Others	701	955	12%	12%	Telecommunication Services	294	234	5%	3.0%
					Food, Beverage & Tobacco	184	212	3%	2.7%
					Real Estate	95	180	2%	2.3%
					Diversified Financials	48	131	1%	1.7%
					Food & Staples Retailing	47	165	1%	2.1%
					Insurance	25	19	0%	0.2%
					Energy	6	8	0%	0.1%
					Utilities	1		0%	0.0%
					Banks	1	1	0%	0.0%
					Household & Personal Products	0	5	0%	0.1%
Total	5,914	7,804	100%			5,914	7,804	100%	100%

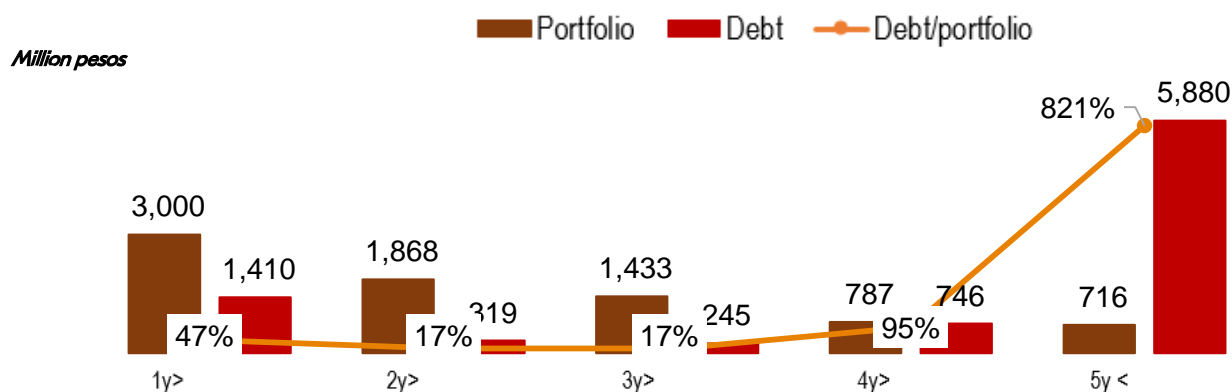
Portfolio distribution by ticket size



Transaction Size	N° Clients	%
> 100	11	1%
50 - 100	23	3%
10 - 50	114	13%
5 - 10	73	8%
1 - 5	247	28%
< 1	424	48%
TOTAL	892	100%

Mexarrend operates under strict credit policies aligned with its priority of maintaining a high portfolio quality. It is important to mention that 97% of customers have transaction contracts of less than \$50 million, thus maintaining a low level of concentration per customer.

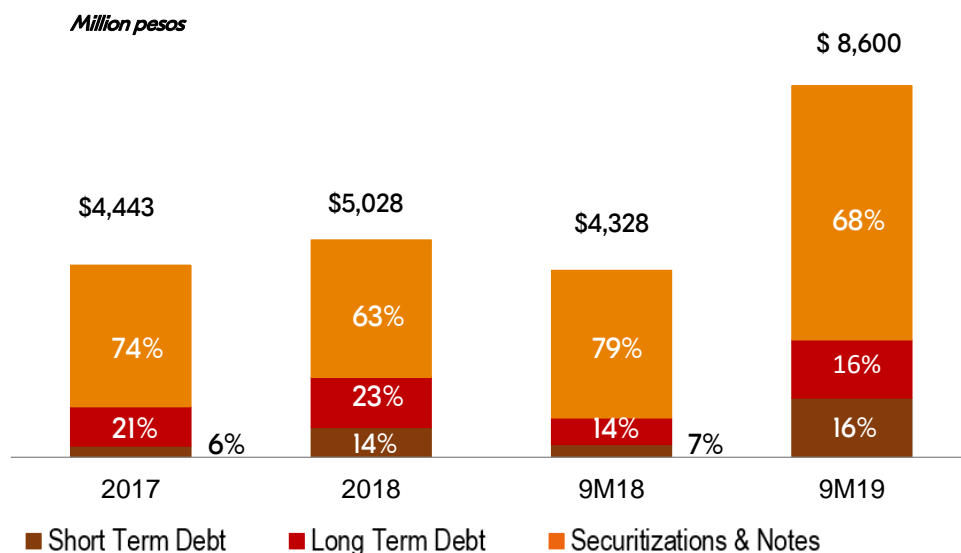
Portfolio vs Financial debt



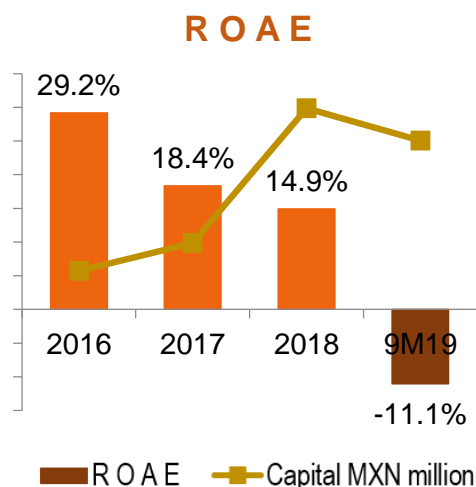
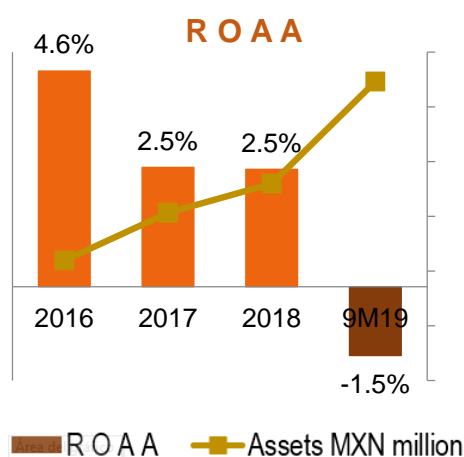
The total settlement of Mexarrend's portfolio in the next 5 years is \$7.8 billion, which compares favorably with the total amortization of the Company's net financial debt of \$5.7 billion. This shows adequate coverage and strength in the balance sheet.

With the issuance of the bond in July 2019, debt amortizations for the coming years were significantly reduced, this being one of the key reasons behind the issuance. Mexarrend is committed to managing liabilities in an active manner, seeking the best cost and term conditions in the markets.

Portfolio and Financial Debt Run-off (ST, LT and 2024 International Notes)



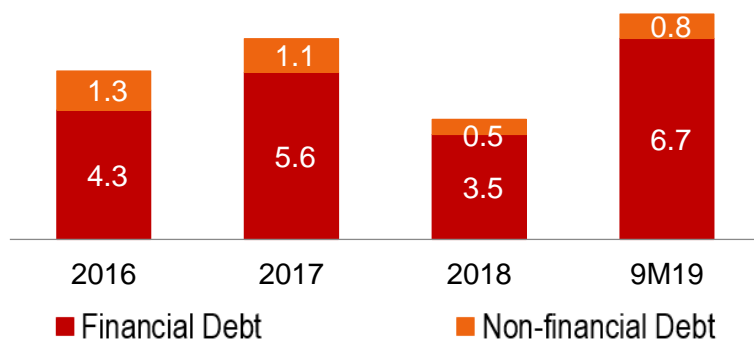
Financial Indicators



In 9M19, ROAA and ROAE were -1.5% and -11.1%, respectively, a decrease compared to the same periods of 2018 and 2017, which is mainly explained by the non-recurrent expenses related to the prepayment of the 2022 notes and issuance of the 2024 bond. If we normalize these results, net of extraordinary effects, ROAA is 1.7% and ROAE 11.8%, both lower than those of 2017 and 2018 due to increases in the asset and equity base, as a result of recent contributions related to the funding of the Company.

Million pesos

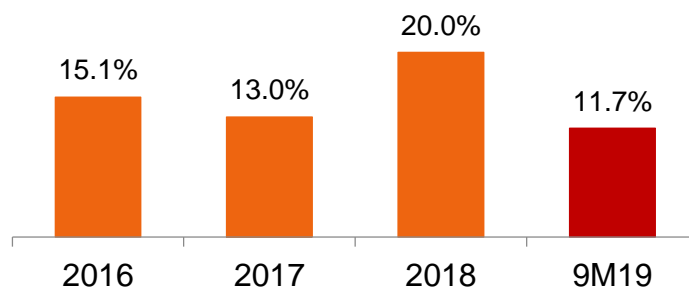
Leverage Ratio



The leverage ratio as of 9M19 was 6.7x for financial debt (4.4x considering net financial debt) mainly explained by the 2024 bond issuance.

The capitalization ratio was 11.7% in 9M19, negatively impacted given that resources from the international bond are in the process of being deployed and profits have not been reflected in the balance sheet.

Capitalization Ratio



Global Credit Rating

	2017	3Q19
S&P Global	B+	BB-
Fitch Ratings	B+	BB-

S&P Global

FitchRatings

Local

	2017	3Q19
HR Rating	HR A-	HR A-

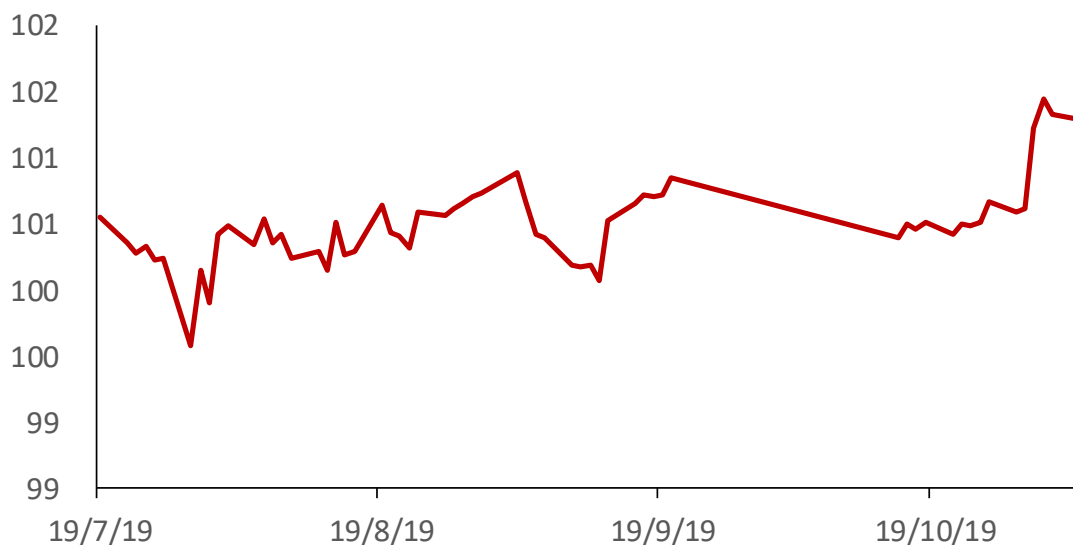


Sustainability

As part of the Docuformas', now Mexarrend's, value creation plan, the best sustainability and corporate governance practices are being incorporated in the organization. A detailed plan has been designed to move forward in these subjects in the coming quarters, committed to the development of Mexico through support to small and medium-sized enterprises of the country. In this section we will report these advances in future reports.

Bond Performance (BMV: DOCUFOR)

Performance of the bond issued in July 2019 for US\$300 million with a 5-year term and a coupon of 10.250% is shown below.



Source: Bloomberg as of the closing of the market on November 8th, 2019.

Reading Mexarrend's Financial Statements

Key components of Mexarrend's Income Statement and Balance Sheet

Total Revenues

- **Interest on capital leases** → includes interest earned on capital lease payments and portfolio sales.
- **Equipment financing** → equipment financed under installment plan, includes both the interest and the principal.
- **Operating leases** → includes (i) the rental revenue from ICI's lease of real estate property, (ii) rental income associated with the operating lease business of ARG and (iii) the fees for certain maintenance and insurance services.
- **Factoring** → interest from factoring.

Costs

- **Interest expense** → includes the funding costs for the assets leased under all of our capital, operating leases and transportation services (renting) and other related services.
- **Equipment financing expense** → which include the costs of equipment that is purchased as part of our equipment financing business.
- **Depreciation of assets under operating leases** → depreciation of the Real Estate asset being rented by ICI and the depreciation of all the operating lease equipment leased by ARG as part of its renting business.

Balance Sheet (assets)

- **Accounts receivable** → the net investment in leases.
- **Other assets** → Mostly security deposits.
- **Property-furniture and equipment – net** → includes the properties from the Real Estate business derived from ICI and other equipment of the Company.

Balance Sheet (liabilities)

- **Current portion of long-term debt** → includes only the principal payment during 1 year of the long - term financial debt.
- **Sundry creditors** → VAT provision and other items.
- **Long – term debt** → includes only the principal payment over 1 year of the financial debt.

Consolidated Statement of Profit And Loss

As of September 30, 2019

Million pesos

REVENUES	3Q18	3Q19	9M18	9M19
Interest on capital leases	147	275	431	741
Equipment financing	177	4	403	50
Operating leases	64	108	194	269
Factoring	0	0	0	0
Total Income	388	387	1,028	1,060
COSTS				
Interest expense	133	171	387	442
Equipment financing	109	0	255	51
Depreciation of assets under operating leases	22	69	56	136
Total costs	264	240	698	629
GROSS INCOME	124	147	330	431
Selling expenses	7	5	20	38
Administrative expenses	47	55	129	142
Provision for loan losses	17	15	42	46
Operating expenses	71	75	191	226
OPERATING INCOME	53	72	139	205
Interest income	(8)	(51)	(20)	(78)
Interest expenses	14	96	38	153
Net exchange loss (profit)	(152)	213	(127)	132
Valuation of derivative financial instruments	112	(246)	34	(121)
Non-recurring items		227		227
Comprehensive financing result	(34)	239	(75)	313
INCOME BEFORE INCOME TAXES	87	(167)	214	(108)
Income taxes	17	(17)	42	(11)
NET INCOME	70	(150)	172	(97)

Balance Sheet

As of September 30, 2019

Million pesos

ASSETS	9M18	9M19
Current Assets		
Cash and cash equivalents	578	2,932
Accounts receivable	2,423	2,031
Allowance for loan losses	183	193
Taxes due	159	224
Sundry debtors	41	12
Related parties due from	5	47
Other assets	39	47
Inventory	11	11
Total current assets	3,439	5,496
Non-current assets		
Property-furniture and equipment - net	989	1,440
Long-term receivables	2,035	3,423
Other assets	170	220
Derivative financial instruments	0	110
Goodwill	165	232
Total non-current assets	3,359	5,426
Total assets	6,798	10,922
LIABILITIES		
Current liabilities		
Current portion of long-term debt	296	1,369
Accounts payable	144	135
Sundry creditors	878	737
Due to related parties	30	6
Income taxes and other taxes payable	42	9
Total current liabilities	1,390	2,256
Non-current liabilities		
Long-term debt	4,032	7,231
Deferred income tax	133	153
Derivative financial instruments	181	0
Total non-current liabilities	4,346	7,384
Total liabilities	5,736	9,640
STOCKHOLDERS' EQUITY & RESERVES		
Capital stock	855	1,323
Retained earnings	194	180
Valuation of derivative financial instruments	-159	-123
Current year net income	172	-97
Total Stockholders' equity and reserves	1,062	1,282
Total liabilities and stockholders' equity and reserves	6,798	10,922



MEXARREND®

LEASING INNOVATION

About Mexarrend

Mexarrend S.A.P.I. de C.V. has grown to be one of the largest independent leasing companies in Mexico in the last 21 years. The Company specializes in offering financing solutions to rapidly-growing and underserved small and medium-sized enterprises (SMEs) for the acquisition of productive assets and equipment to support growth. Mexarrend provides reliable and competitive funding sources through its six main business lines: capital leasing, operating leases, transportation services, factoring, cash financing and equipment financing.

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