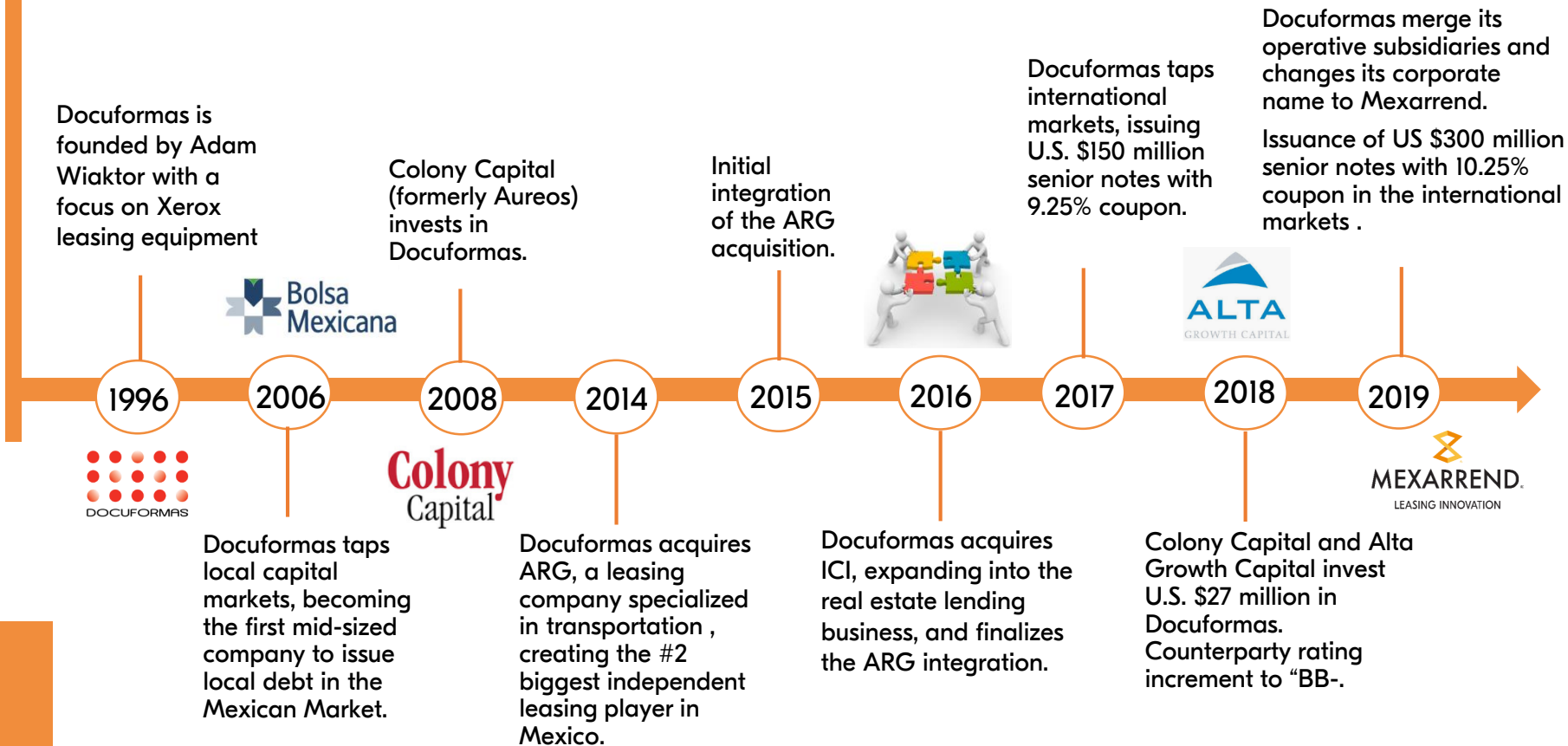




# MEXARREND®

Corporate Presentation  
December 2019

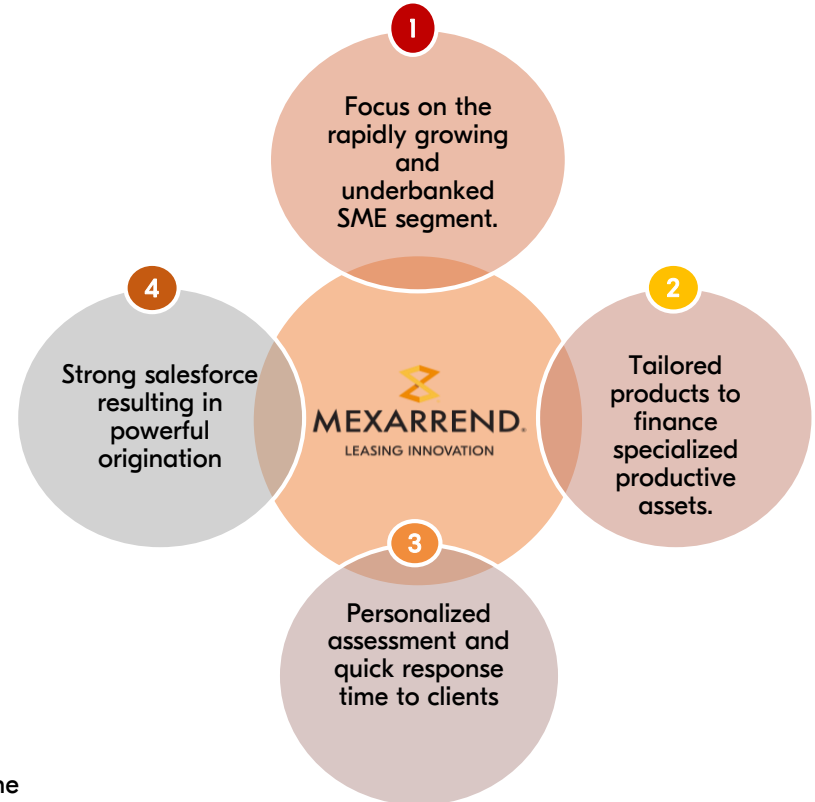
## Mexarrends' Key Milestones



## Mexarrend at a Glance

### Competitive Advantages

- Leading independent leasing company in Mexico, providing specialized financing including leases, loans and factoring.
- Experienced management team, focused on profitable growth, robust risk management and compliance with high governance standards.
- We target the rapidly growing and under-banked SME segment.
- Tailored products to finance specialized productive assets.
- Personalized assessment and quick response time to clients.



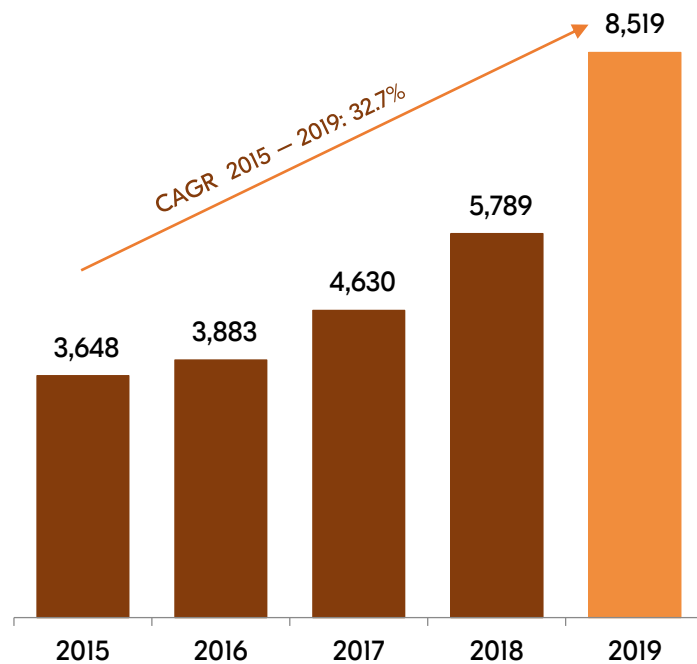
### Portfolio Presence



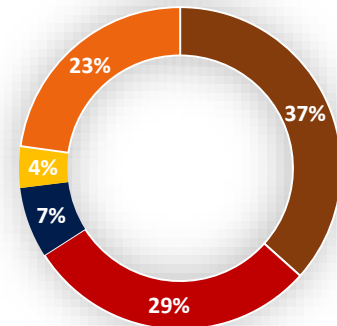
- Geographic reach extends beyond physical presence
- Presence in 30 states, over 93% of the country.

## Diversified Portfolio Across Clients and Industries

Total Portfolio

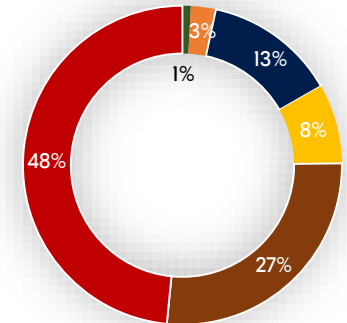


Distribution by Zone



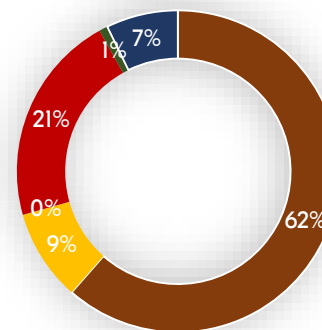
- Mexico City
- Mexico State
- Nuevo Leon
- Jalisco
- Other

Distribution by ticket size



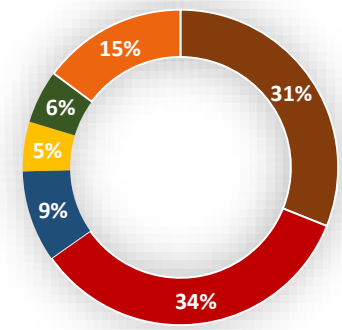
- > 100
- 50 - 100
- 10 - 50
- 5 - 10
- 1 - 5
- < 1

Distribution by Product



- Leasing
- Factoring
- Renting
- Credit
- Loan
- Real Estate

Distribution by Sector



- Industrials
- Consumer Discretionary
- Health Care
- Materials
- Information Technology
- Others

## Leading and Established Leasing Specialist

1. Diverse product strategy.



2. Rapid origination.



3. Diversified portfolio.



4. Efficient operating platform.



5. Prudent leverage policy.



6. Consistent revenue growth & profitability.



7. Highly experienced team.



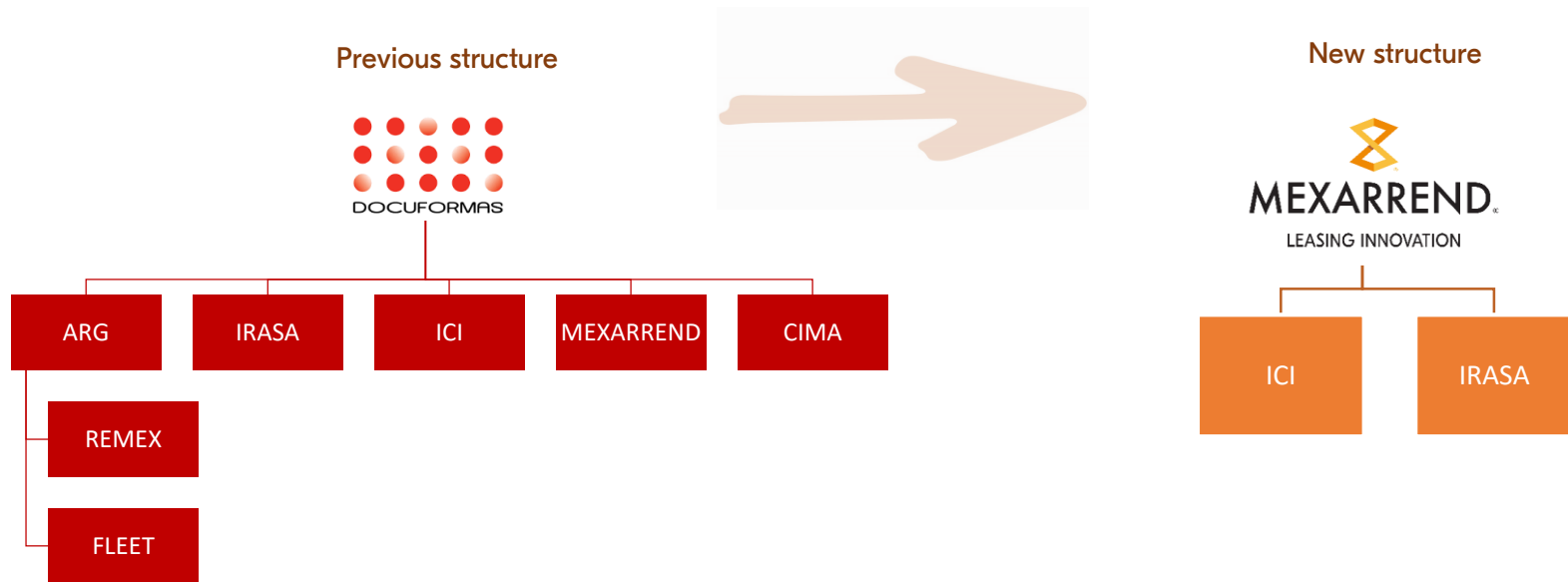
- The industry is characterized by "barriers to scaling" rather than barriers to entry, where players' lack of access to financing stands out.

### A differentiated and established platform

- 22 years of experience meeting the needs of SMEs in Mexico.
- Tailor-made systems and technology.
- Mix of third-party and in-house IT solutions.
- Robust and efficient origination and collections processes.
- Purchasing power with equipment manufacturers, dealers and suppliers.
- Access to multiple, reliable and competitive funding sources.
- Focus on employee development.

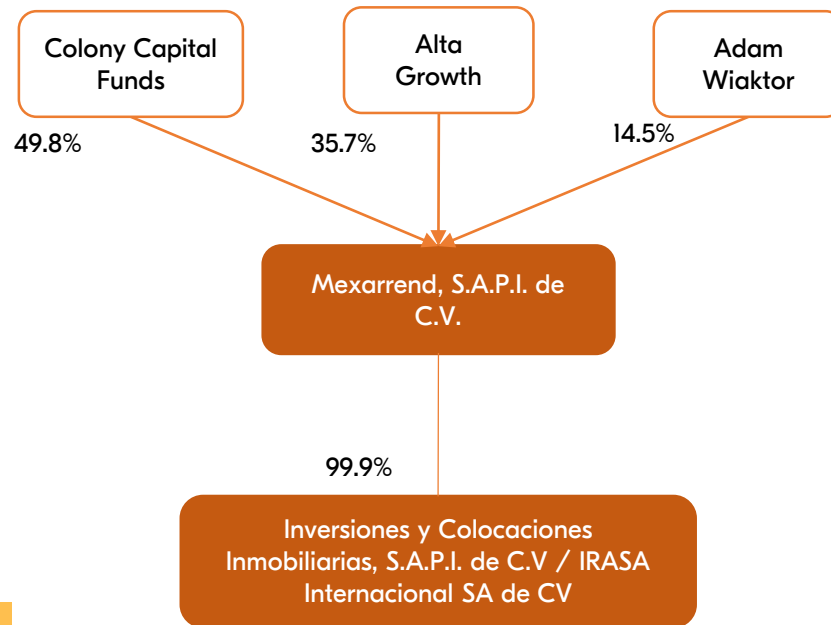
## Merger and brand change

- The change of image seeks to leverage on the reputation that Docuformas has in the market, but seeking to improve our products and processes, adapting the best practices in the market.
- The merger process was carried out to simplify the corporate structure of the company, once the integration of the acquisitions made in the last year.



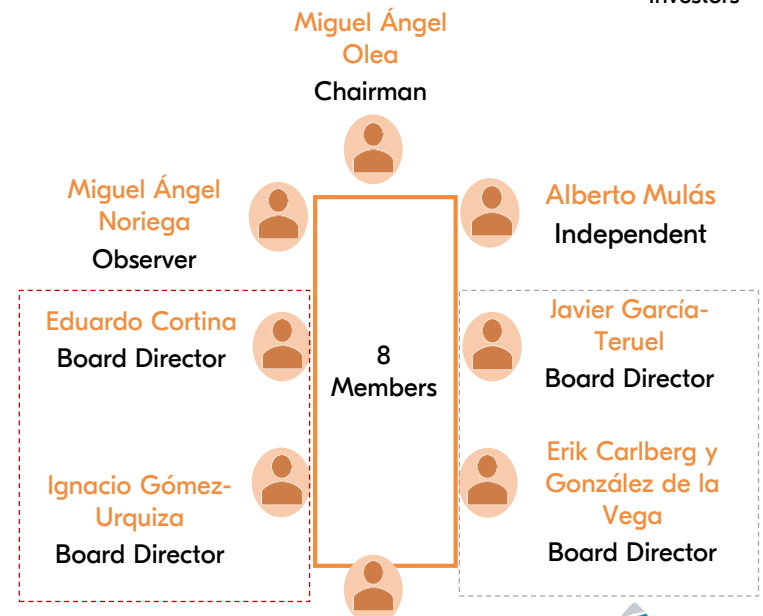
# Corporate Structure and Experienced Management Backed by High Profile and Committed Shareholders.

## Corporate Structure



- At the end of 2018, a capital injection of US \$ 27 million was received.
- New management team, Alejandro Monzo (CEO) and Abelardo Loscos (CFO).
- Adam Wiaktor remains a shareholder and board member.

- Highly Qualified and Renowned Board of Directors with Strong Investors



**ColonyCapital**

- ✓ US international investment firm
- ✓ Over 27 years of practical investment experience
- ✓ US\$43 Bn of Assets Under Management

**Adam Wiaktor**  
Board Director & Special Advisor

**ALTA**  
GROWTH CAPITAL

- ✓ Mexican middle market Private Equity fund
- ✓ Over 10 years of investment experience
- ✓ ~US\$350 MM of Assets Under Management

## Well-Designed and Flexible Product Offering



### Leasing

#### Capital

- Product lease with option to purchase at the end of the term.

24-36 months

MX \$1-40mm

#### Equipment

- Product lease without option to purchase at end of the term.

#### Real Estate

- Sale and lease back of real estate assets.

5-7 years

MX \$15-60mm



### Renting

- Equipment leasing with supplies, service and maintenance.

12-36 months

MX \$1-10mm



### Factoring

- Discounting A/R and provision of vendor-financing and revolving credit lines.

30-60 days

MX \$1-20mm

#### Cash

- Secured and unsecured cash loans as non-asset-based lending.



### Financing

#### Equipment

- Purchase and resale or lease of equipment with financing. Equipment serves as collateral.

24-36 months

MX \$1-40mm

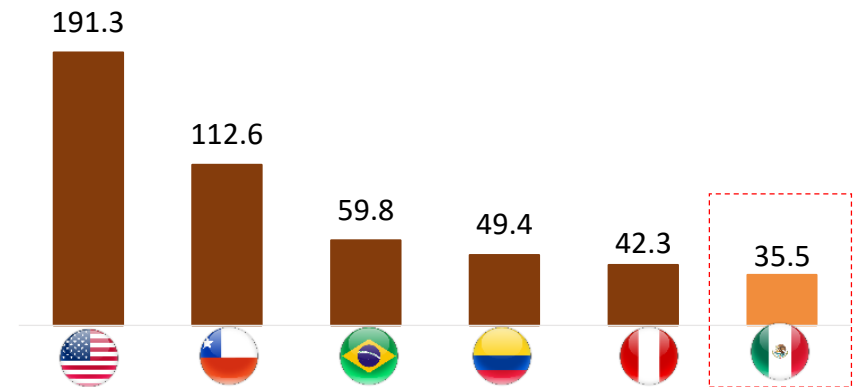


## Underserved Mexican SMEs

### Why are SME clients underbanked?

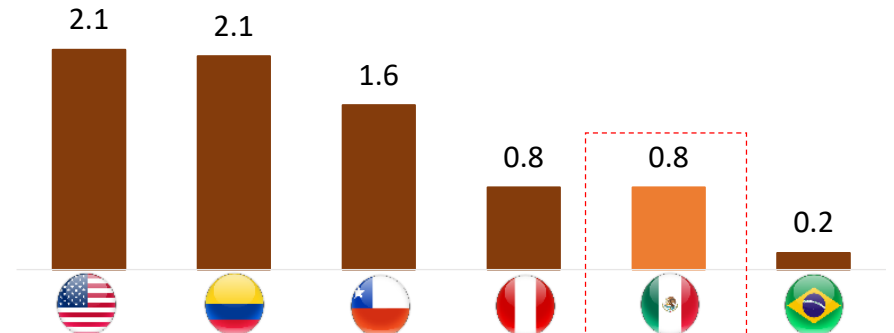
- Banks are not set up to cater to SMEs' needs.
- Banks have heavy fixed cost structures that make SMEs unattractive clients due to smaller "ticket size".
- Banks' reputational and legal risk burden makes KYC\* requirements onerous.
- Banks have stricter reserve and capitalization requirements.

Domestic credit to the private sector (% of 2017 GDP)

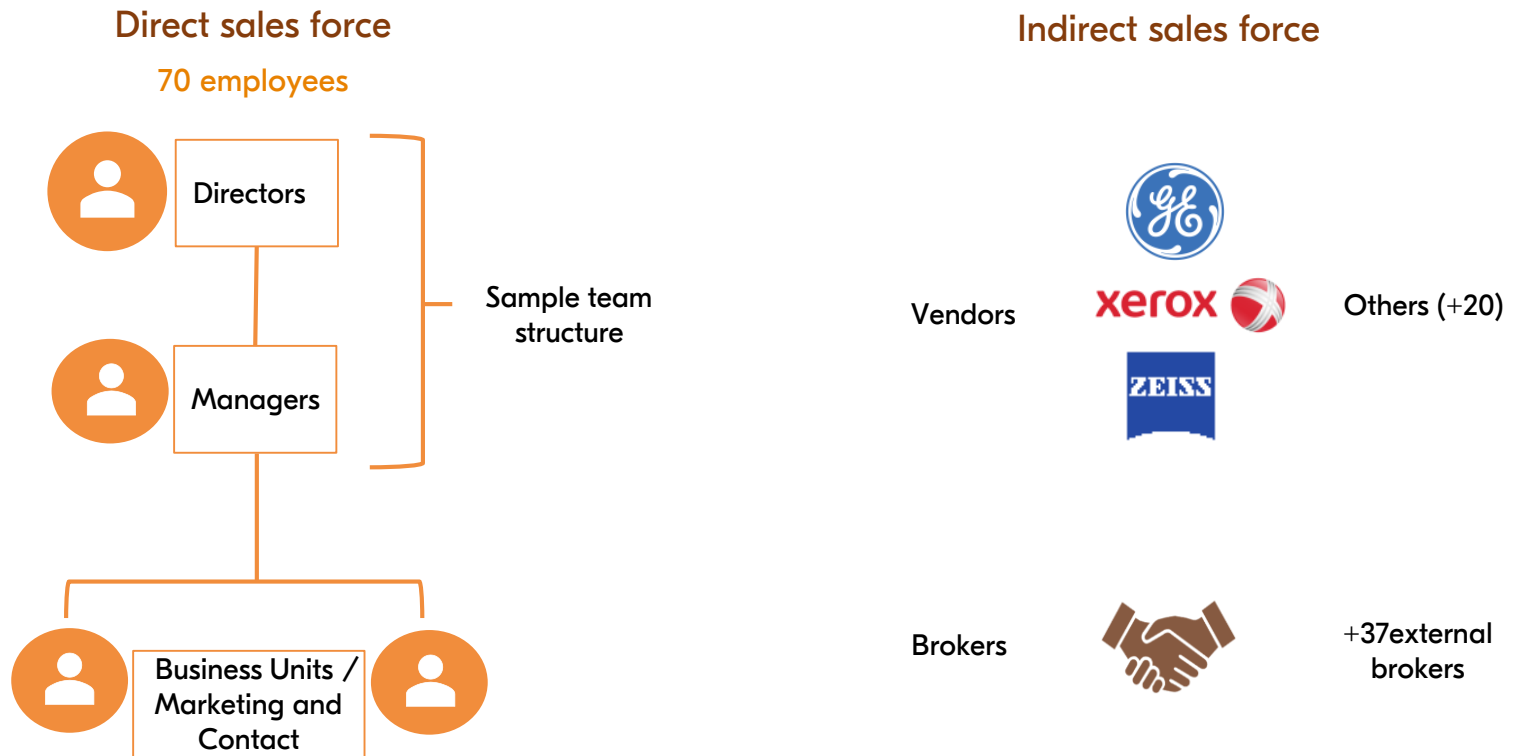


### Opportunity for financing, particularly in the leasing space

% leasing volume (as of 2017 GDP)



## Effective Direct and Indirect Sales Forces



Salesforce platform engaged in the whole process from origination to collection

Sales force made up of 120+ professionals.

## Fast and Disciplined Credit Approval

### Credit approval process

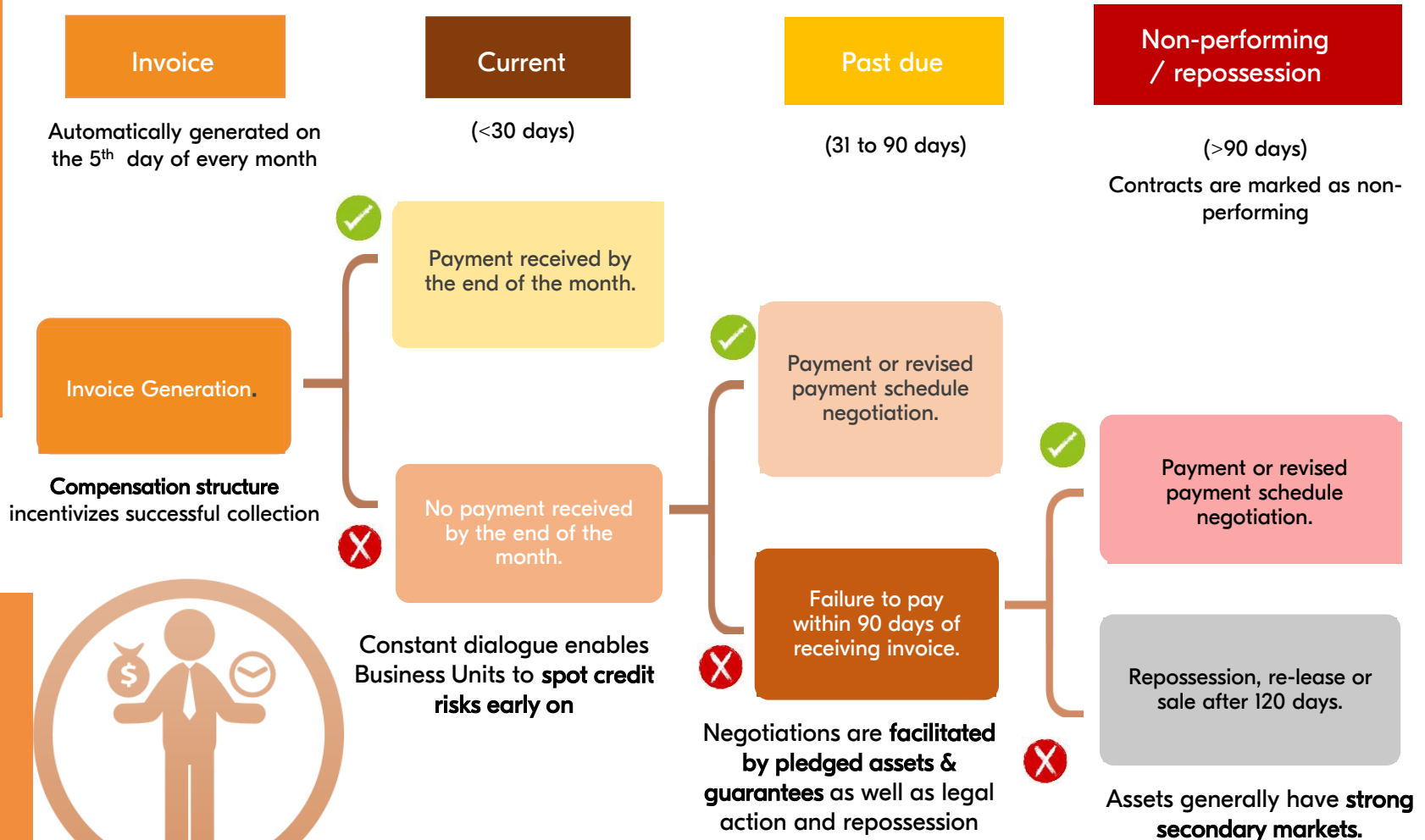


← Constant communication with potential clients throughout the assessment process →

- Credit process enables turnaround times of 5 to 15 business days, significantly faster than a traditional bank.
- Independent members strengthen the Credit Committee.
- The Company follows strict risk assessment processes incorporating quantitative and qualitative parameters.

## Efficient Collection Process

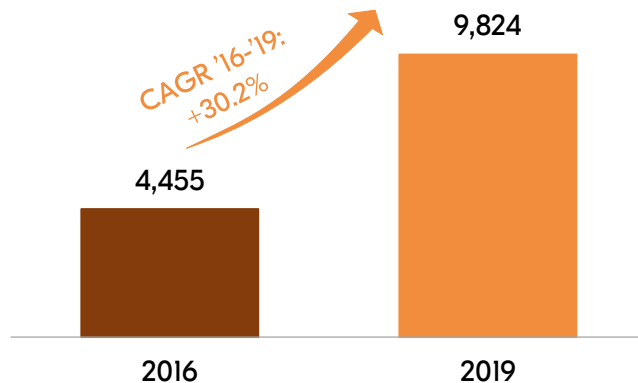
The collection process is greatly facilitated by Mexarrend maintaining ownership of leased assets.



## Origination and Top-Line Growth

### Net Earning Assets

Pes\$ MM

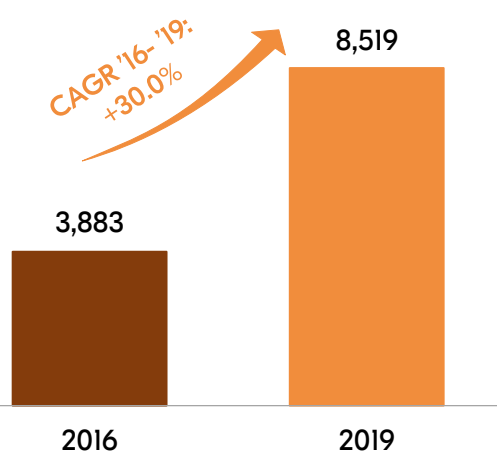


*Consistent* top line growth year over year since its inception, due to:

- ✓ *Specific* target market
- ✓ *Competitive* go to market strategy
- ✓ *Strong* corporate practices
- ✓ *Experienced* management

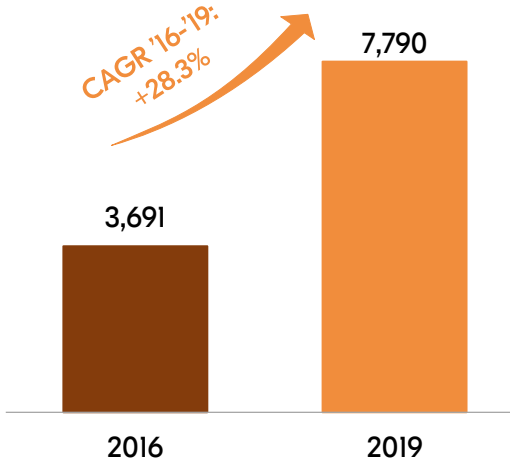
### Total Portfolio

Pes\$ MM



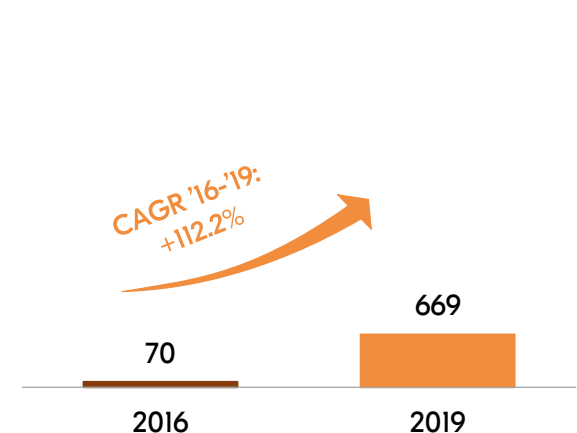
### Leasing Portfolio

Pes\$ MM



### Credit and Factoring

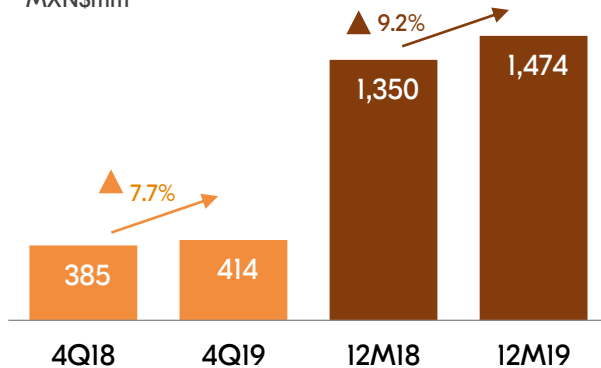
Pes\$ MM



## Solid Gross Profit Growth with Positive Bottom-Line

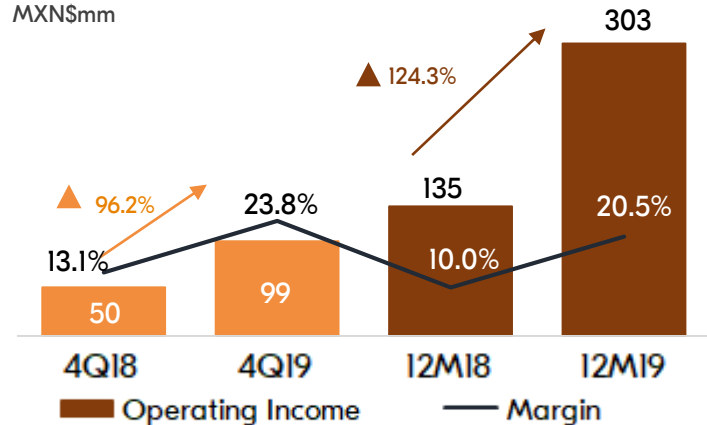
Net Income

MXN\$m



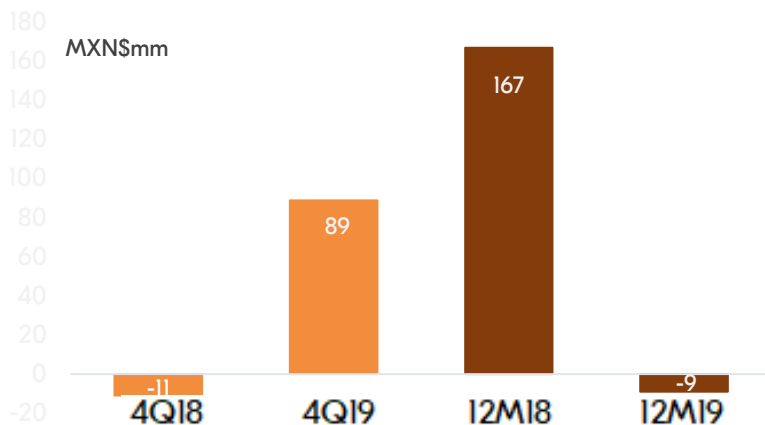
Operating Income

MXN\$m

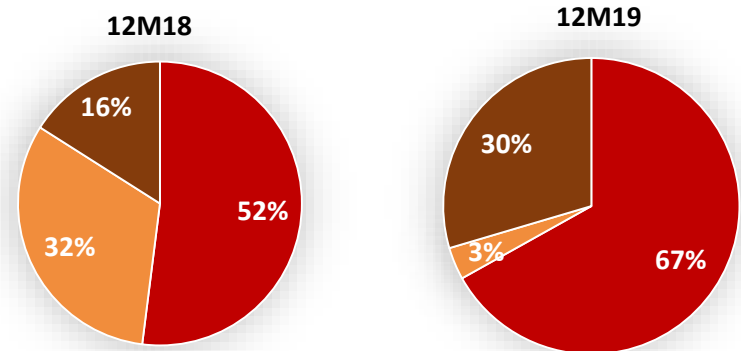


Net Profit

MXN\$m



Revenue by Business Line



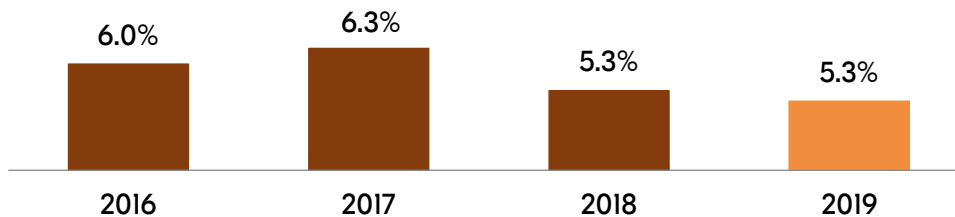
The decrease in net income in 2019 originated mainly in 3Q19 due to non-recurring impacts on results, derived from the issuance of 2024 international notes and the partial cancellation of the 2022 bond. (i) acceleration of the amortization of expenses pending the issuance of the 2022 bond (\$ 74 million); (ii) the unwind execution of the proportional coverage of the 2022 bond (\$ 66 million).

- Interest on capital leases
- Equipment financing
- Operating leases

## Robust Asset Quality

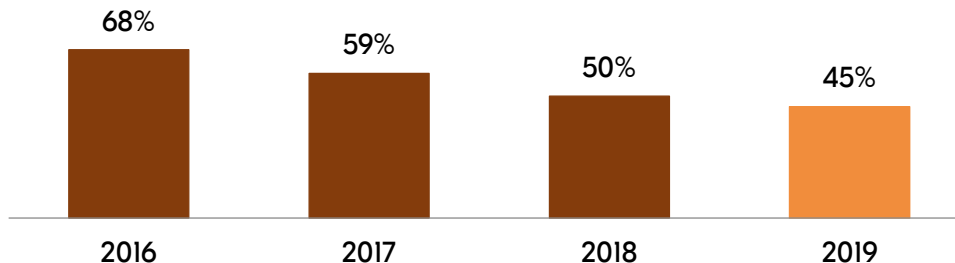
### Ratio of non-performing leases (%)

Non-performing lease portfolio<sup>1</sup> / total portfolio



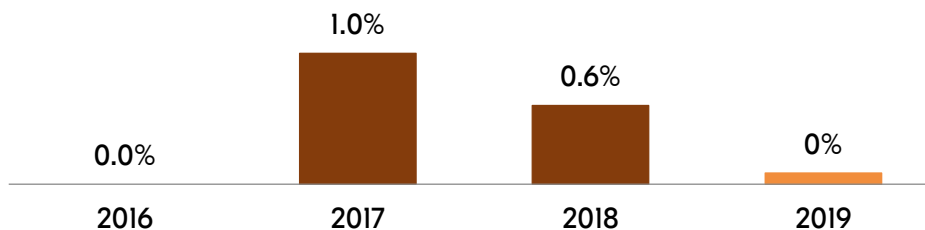
### Coverage ratio (%)

Ending reserves / Non-performing lease portfolio<sup>1</sup>



### Write-offs (% of portfolio)

Write-offs / Total portfolio



### Mitigants

- Focus on productive assets minimizes the risk of non-payment.
- Strong secondary market for productive assets.
- Collateral is executable and disposable.
  - The Company maintains insurance policies covering 100% of its underlying assets.
- Guarantees on assets minimize “real loss”, reinforced by a conservative approach to NPLs.

## Strong Balance Sheet

	2017	4T19
S&P Global	B+	BB-
Fitch Ratings	B+	BB-
Local	2017	4T19
HR Rating	HR A-	HR A-
Fitch	BBB+	BBB+

**S&P Global**

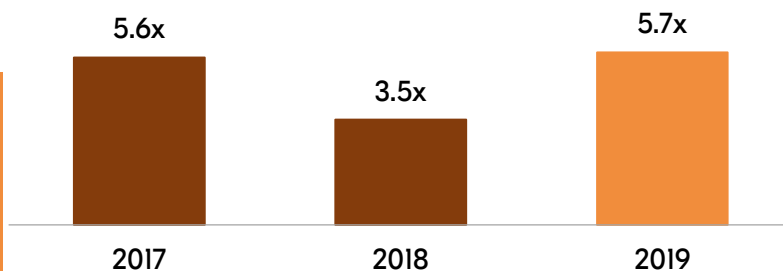
**FitchRatings**



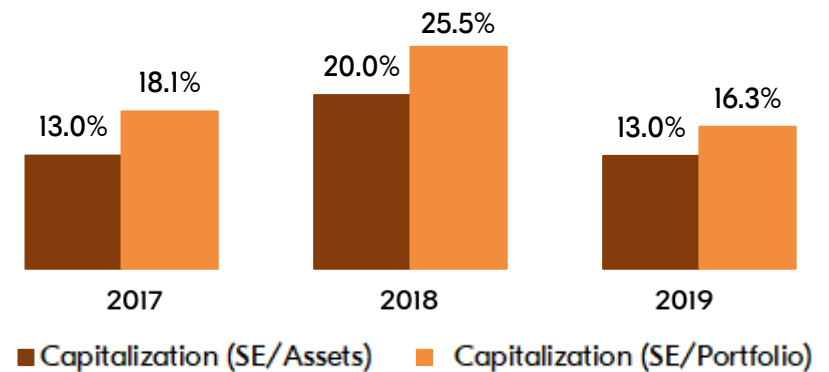
- Solid balance, backed by conservative leverage levels

### Disciplined Leverage

(Total financial debt / total shareholders equity)

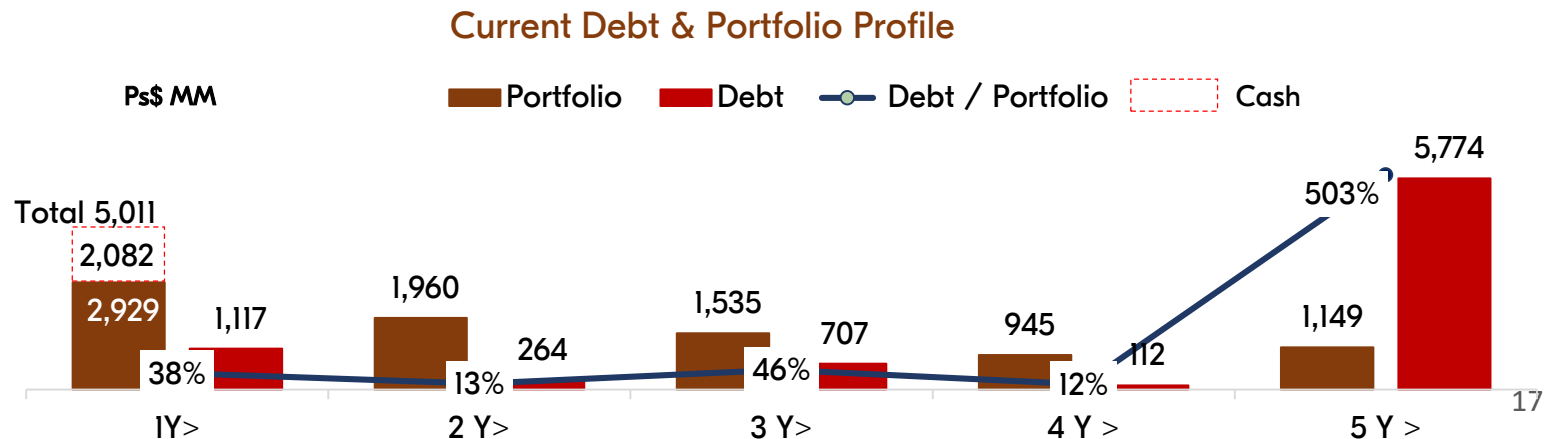
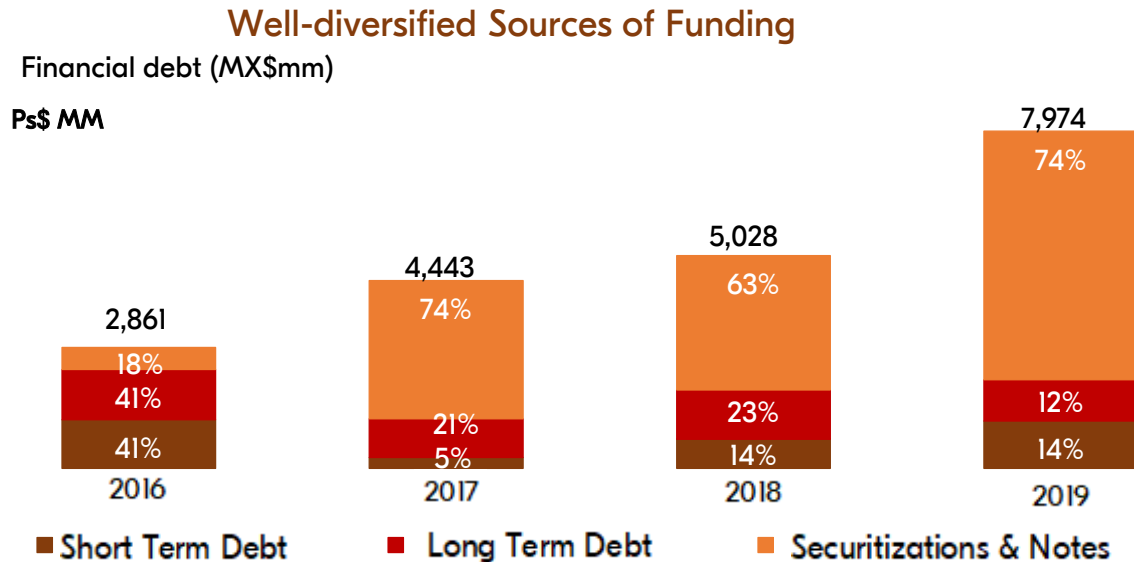


### Capitalization Ratio



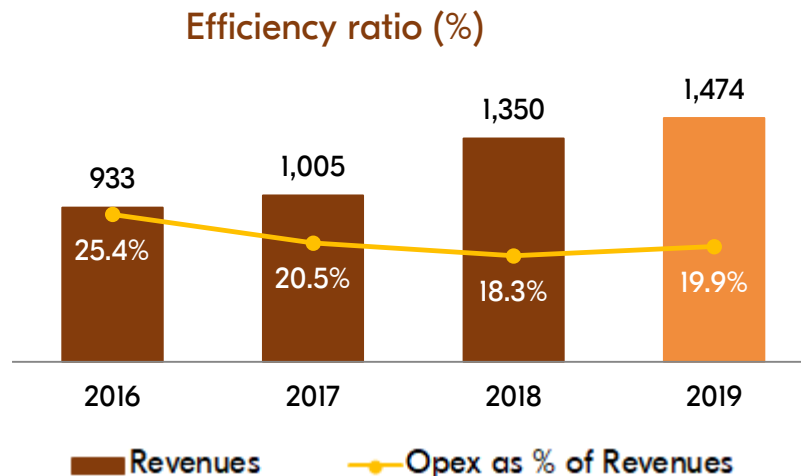
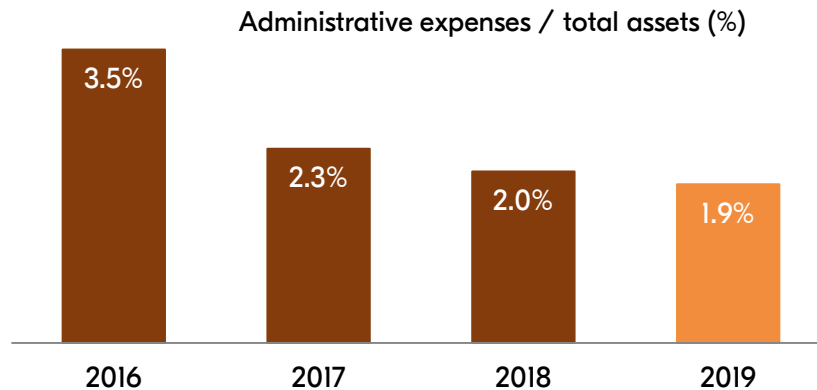


## Well-Diversified Sources of Funding and Adequate Run-off



## High Levels of Operational Efficiency

Strong levels of operational efficiency have historically been achieved



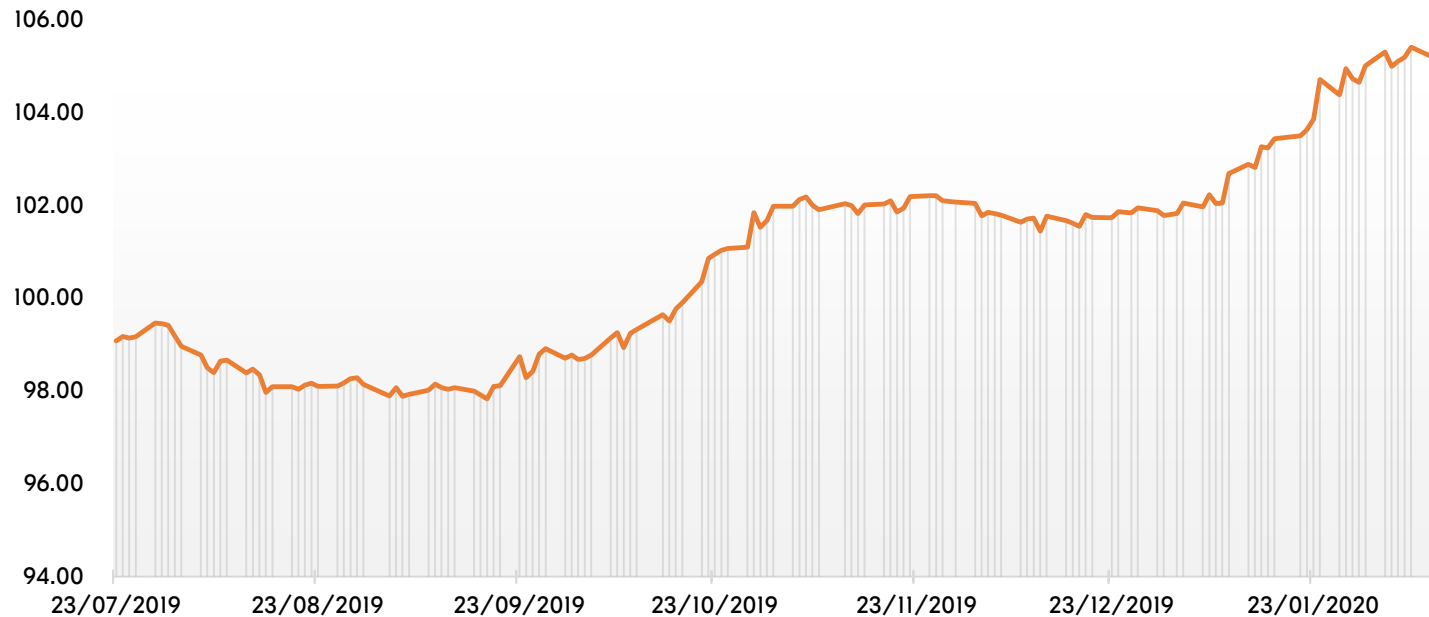
The sales force operates under a variable compensation structure

Sales Force Incentives Aligned with Origination Quality

- Business units are in charge of the collection process as well as origination
  - Compensation structure aligns incentives
- Incentive-based compensation structure:
  - Sales person receives full commission at the moment the sale is closed
  - Clawback mechanism if the loan / lease non-perform within the next 12 months

## Bond Performance (BMV: DOCUFOR)

The following shows the performance of the bond issued in July 2019 at a term of 5 years (2024) for US \$ 300 million and a coupon of 10,250%.



*Source: Bloomberg with information at the close of the market on February 21, 2020*

## Investor Relations Contact Information

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### Contact Information

For more information visit

[www.mexarrend.mx](http://www.mexarrend.mx)

or contact:

#### Eduardo Limón

Investors Relation Officer

+52 (55) 4324 3434

[eduardo.limon@mexarrend.mx](mailto:eduardo.limon@mexarrend.mx)

#### Mariana Mangas

Investors Relation Deputy Director

+52 (55) 5148 3600 / (55) 9178 6370

[ri@mexarrend.mx](mailto:ri@mexarrend.mx)

#### Miranda Investor Relations

Ana María Ybarra Corcuera

+52 1 (55) 3660 4037

[ana.ybarra@miranda-ir.com](mailto:ana.ybarra@miranda-ir.com)

# Financial Summary

## Financial and Operating Summary

Financials Metrics (in millions of pesos)	2016	2017	2018	2019
Total Revenues	933	1,005	1,350	1,474
Cost of Revenues	402	609	968	879
Gross Profit	531	396	382	594
Gross Margin (%)	57%	39%	28%	40%
Operating Expenses	237	206	247	293
Operating Income	293	190	135	303
Operating Margin (%)	19%	13%	10%	21%
Net Income	181	134	167	-9
Net Margin (%)	19%	13%	12%	-1%
Operating Metrics (in millions of pesos)	2016	2017	2018	2019
Total Portfolio	3,883	4,413	5,789	8,519
Leasing Portfolio	3,691	4,033	4,939	7,790
Credit and Factoring Portfolio	70	290	784	669
Services Portfolio	122	89	65	60
NPL	6.0%	6.3%	5.3%	5.3%
Operating Lease	572	738	723	1,305
Net Earning Assets (NEA)	4,455	5,152	6,512	9,824
Financial Indicators	2016	2017	2018	2019
R O A A (annualized)	4.6%	2.5%	2.5%	-0.1%
R O A E (annualized)	29.2%	18.4%	14.9%	-0.6%
Financial Debt / Stockholders' Equity	4.3	5.6	3.5	5.7
Net Financial Debt / Stockholders' Equity	3.7	3.9	2.8	4.2
Capitalization (Stockholders' Equity / Total Assets)	15.1%	13.0%	20.0%	13.0%
Stockholder' Equity / Total Portfolio	17.1%	18.1%	25.5%	16.3%
Leasing Portfolio / Total Portfolio	95.1%	91.4%	85.3%	91.4%
Total Portfolio / Financial Debt	1.4	1.0	1.2	1.1
Total Portfolio / Net Financial Debt	1.6	1.4	1.4	1.4
Current Assets / Current Liabilities	1.1	2.9	2.5	2.2
Financial Debt (MXN\$mm)	2,856	4,443	5,028	7,974
Net Financial Debt (MXN\$mm)	2,427	3,135	3,958	5,892

# Income Statement

REVENUES	2016	2017	2018	2019
Interest on capital leases	558	563	702	986
Equipment financing	170	296	432	51
Operating leases	196	145	216	436
Factoring	9	1	0	0
Total income	933	1,005	1,350	1,474
 COSTS				
Interest expense	214	351	554	641
Equipment financing	88	151	317	33
Depreciation of assets under operating leases	100	107	98	205
Total costs	402	609	968	879
 GROSS INCOME	531	396	382	595
Selling expenses	22	17	56	31
Administrative expenses	153	142	147	202
Allowance for loan losses	63	48	44	60
Operating expenses	237	206	247	292
OPERATING INCOME	293	190	135	302
Other (income) expenses, net	(0)	(2)	9	4
 Interest income	(2)	(88)	(10)	(118)
Interest expenses	50	58	49	283
Net exchange loss (profit)	9	135	(8)	(136)
Valuation of derivative financial instruments	(5)	10	(44)	85
Comprehensive financing result	52	114	(13)	374
INCOME BEFORE INCOME TAXES	242	77	138	(76)
Income taxes	61	(56)	(28)	(67)
NET INCOME	181	134	167	(9)

## Balance sheet (Assets)

ASSETS	2016	2017	2018	2019
Current Assets				
Cash and cash equivalents	429	1,308	1,070	2,082
Accounts receivable	1,545	1,115	1,996	2,702
Allowance for loan losses	-	164	-153	205
Taxes due from	116	107	186	221
Sundry debtors	22	27	3	19
Related parties due from	19	3	35	-
Other assets	37	65	34	70
Inventory	-	-	-	-
Total current assets	2,168	2,789	3,171	4,890
Non-current assets				
Long-term receivable	651	870	1,142	1,814
Other assets	1,300	2,131	2,507	3,568
Derivative financial instruments	81	169	55	-
Intangible assets	19	10	75	241
Deferred taxes	164	165	170	140
Total non-current assets	2,215	3,345	4,019	5,825
Total assets	4,383	6,134	7,190	10,715



## Balance sheet (Assets)

LIABILITIES	2016	2017	2018	2019
Current liabilities				
Current portion of long-term debt	1,254	256	688	1,117
Accounts payable	94	163	26	40
Sundry creditors	283	381	518	1,020
Due to related parties	273	75	9	6
Income taxes and other taxes payable	49	94	49	-
Total current liabilities	1,953	969	1,290	2,181
Non-current liabilities				
Long-term debt	1,602	4,187	4,340	6,857
Deferred income tax	165	181	125	152
Derivative financial instruments	-	-	-	136
Total non-current liabilities	1,767	4,368	4,465	7,145
Total liabilities	3,720	5,337	5,755	9,325
STOCKHOLDERS' EQUITY & RESERVES				
Capital stock	281	281	1,323	1,323
Retained earnings	201	382	13	180
Valuation of derivative financial instruments	-	-	68	105
Current year net income	181	134	167	9
Total Stockholders' equity and reserves	663	797	1,435	1,389
Total liabilities and stockholders' equity and reserves	4,383	6,134	7,190	10,715

## Disclaimer

This document may contain certain forward-looking statements. These statements are non-historical facts, and they are based on the current vision of the Management of Docuformas S.A.P.I. De C.V. for future economic circumstances, the conditions of the industry, the performance of the Company and its financial results. The terms "anticipated", "believe", "estimate", "expect", "plan" and other similar terms related to the Company, are solely intended to identify estimates or predictions. The statements relating to the implementation of the main operational and financial strategies and plans of investment of equity, the direction of future operations and the factors or trends that affect the financial condition, the liquidity or the operating results of the Company are examples of such statements. Such statements reflect the current expectations of the management and are subject to various risks and uncertainties. There is no guarantee that the expected events, trends or results will occur. The statements are based on several suppositions and factors, including economic general conditions and market conditions, industry conditions and various factors of operation. Any change in such suppositions or factors may cause the actual results to differ from expectations.

All figures are expressed in Mexican Pesos unless otherwise stated, and were prepared in accordance with the requirements from the National Banking and Securities Commission (CNBV). Figures for year ended 2015, 2016, 2017 and 2018 were assessed by independent auditors Galaz, Yamazaki, Ruiz Urquiza, S.C. (Members of Deloitte Touche Tohmatsu Limited).