



MEXARREND®

Corporate Presentation
September 2019

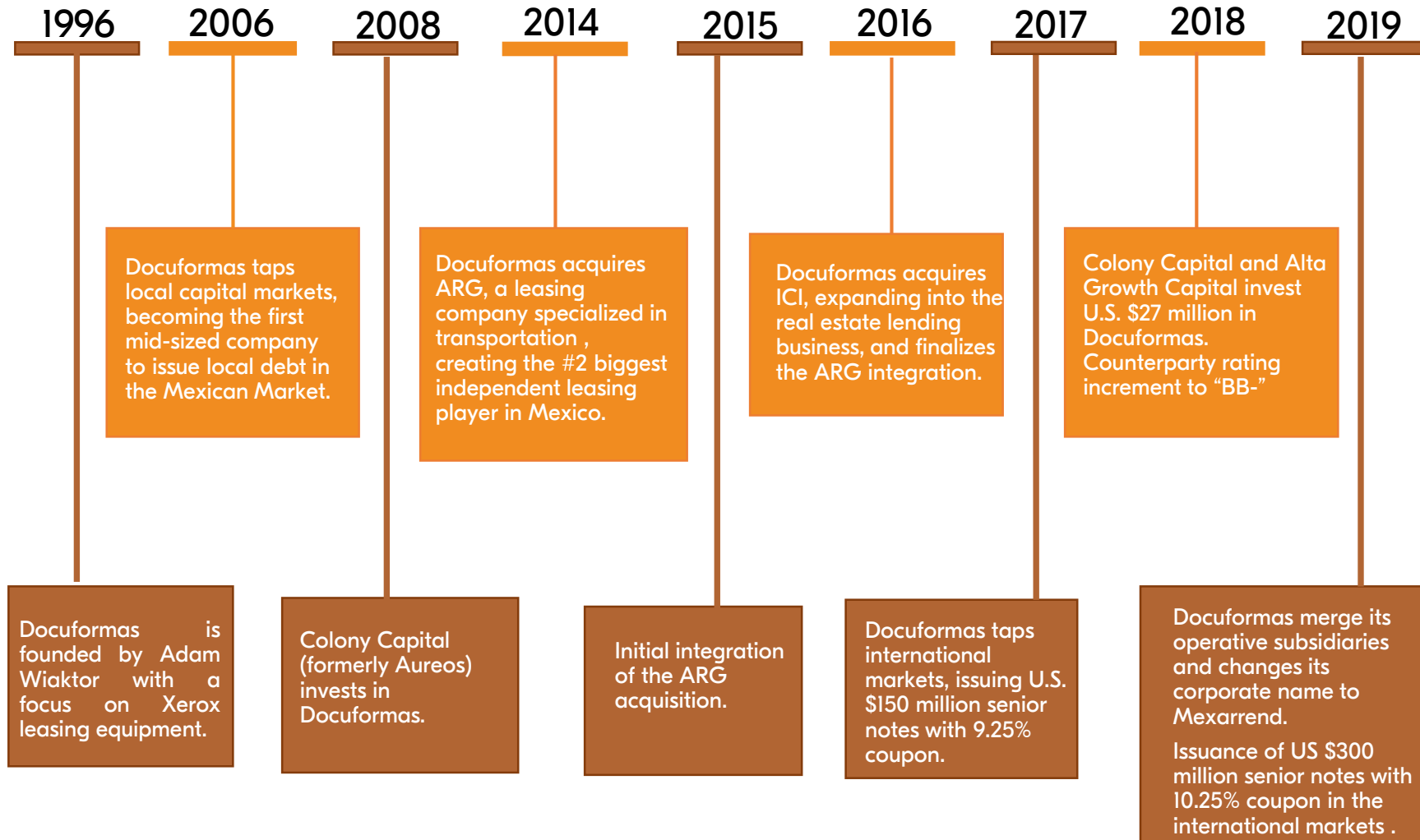


Disclaimer

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).

Mexarrends' Key Milestones



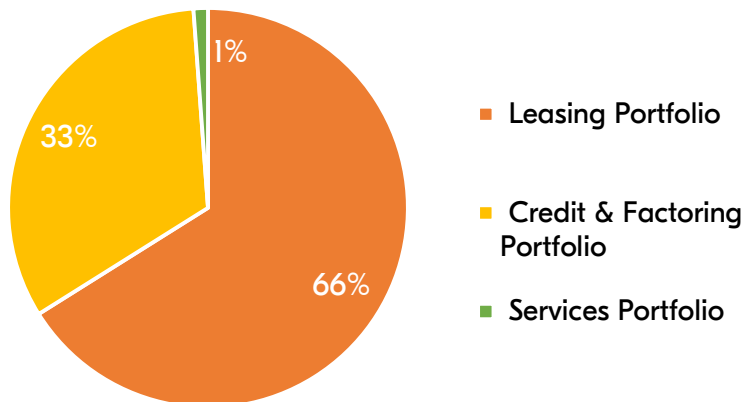


Mexarrend at a Glance

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.

Portfolio Breakdown

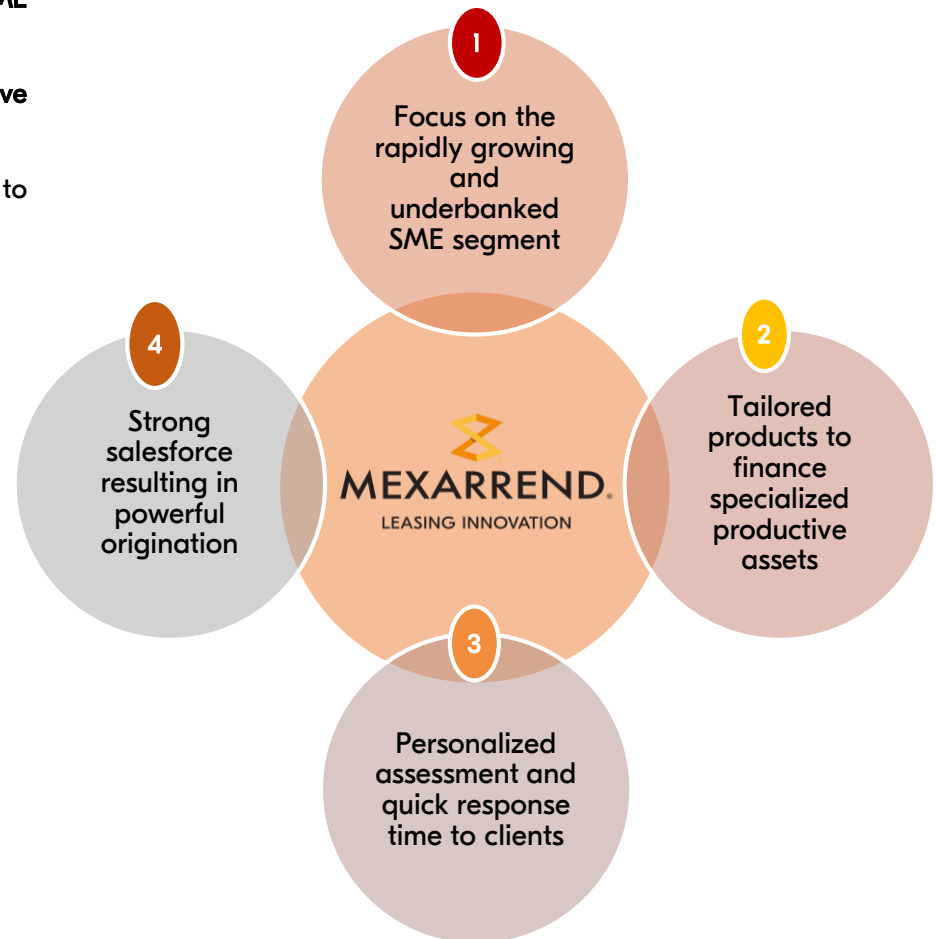


<i>Ps\$MM</i>	2016	2017	2018	9M19
Total Portfolio	3,883	4,413	5,625	7,805
Total Assets	4,383	6,134	7,188	10,922
Stockholders' Equity	663	797	1,435	1,282
Financial Debt	2,856	4,443	5,028	8,601
Capitalization (SE / Total Portfolio)	17.1%	18.1%	25.5%	16.4%
Capitalization (SE / Total Assets)	15.1%	13.0%	20.0%	11.7%
Net Income	181	134	167	(97)
ROAA	4.6%	2.5%	2.5%	-1.5%
ROAE	29.2%	18.4%	15.0%	-11.1%
Credit Rating	B+	B+	BB-	BB-

Mexarrend at a Glance

Competitive Advantages:

- 1 We target the rapidly growing and under-banked **SME** segment.
- 2 Tailored products to finance **specialized productive assets**.
- 3 Personalized assessment and **quick response time** to clients.



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



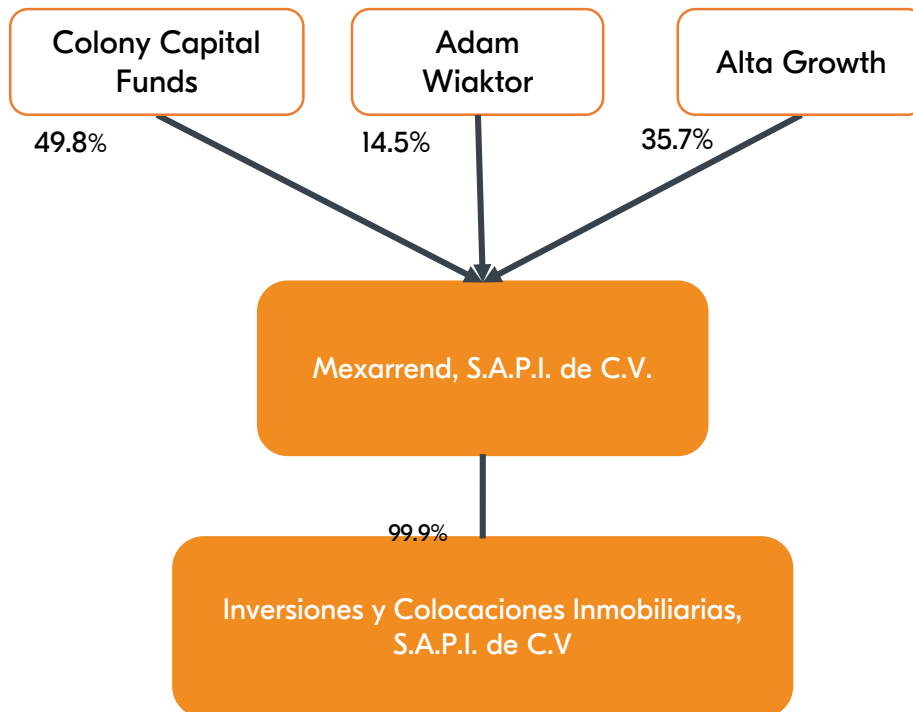
- The industry is characterized by "barriers to scaling" rather than barriers to entry, where players' **lack of access to financing** stands out.

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.





Corporate Structure and Capital Injection

Corporate Structure



- ✓ Mexarrend received U.S. \$27 million in new equity.
- ✓ Mr. Adam Wiaktor will continue at Mexarrend as a shareholder, and member of the Board.
- ✓ CEO, Alejandro Monzo since January 2018
- ✓ New CFO, Abelardo Loscos

Well-Designed and Flexible Product Offering

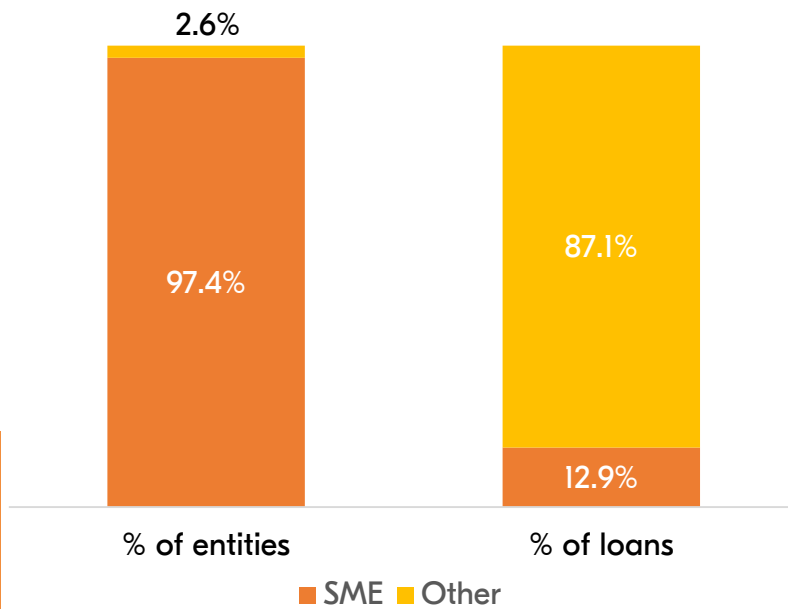
 Leasing	Capital	<ul style="list-style-type: none"> Product lease with option to purchase at the end of the term. 	24-36 months
	Equipment	<ul style="list-style-type: none"> Product lease without option to purchase at end of the term. 	MX \$1-40mm
	Real Estate	<ul style="list-style-type: none"> Sale and lease back of real estate assets. 	5-7 years MX \$15-60mm
 Renting		<ul style="list-style-type: none"> Equipment leasing with supplies, service and maintenance. 	12-36 months MX \$1-10mm
 Factoring		<ul style="list-style-type: none"> Discounting A/R and provision of vendor-financing and revolving credit lines. 	30-60 days MX \$1-20mm
 Financing	Cash	<ul style="list-style-type: none"> Secured and unsecured cash loans as non-asset-based lending. 	24-36 months
	Equipment	<ul style="list-style-type: none"> Purchase and resale or lease of equipment with financing. Equipment serves as collateral. 	MX \$1-40mm

Underserved Mexican SME Market

Financing the Mexican SMEs is an attractive opportunity with significant growth potential.

Underserved Mexican SMEs

SME entities (% of entities in 2015) and SME loan participation (% of loans in 2016)

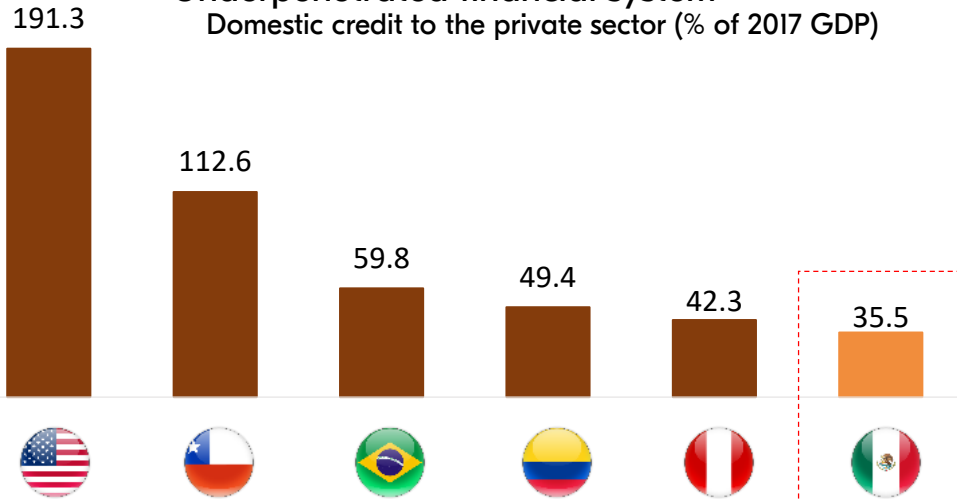


Characteristics of our clients

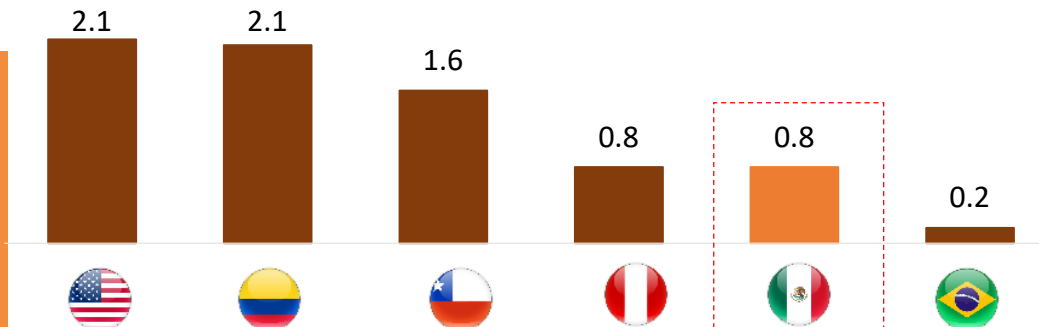
- Underbanked.
- Not price sensitive.
- Receptive to good service, including:
 - Approval speed.
 - Flexibility around customized solutions.
- Drawn to:
 - Simpler documentation.
 - No covenants.
 - Tax shield provided by lease payments.

Underserved Mexican SMEs

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



Opportunity for financing, particularly in the leasing space
% leasing volume (as of 2017 GDP)



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.

Powerful and Effective Go-to-Market Model

Client knowledge drives credit quality and recurring business

- Salesperson responsibilities:

Origination

Relationship Management

Collection Process

- Clients per Business Unit is limited to 30, and potential credit risks are spotted early on through communication with clients at least once a month.
- Incentive-based compensation.
- ~60% of lease approval cases correspond to recurring clients.
- Adversity to government risk through geographic diversification.

Geographic reach extends beyond physical presence

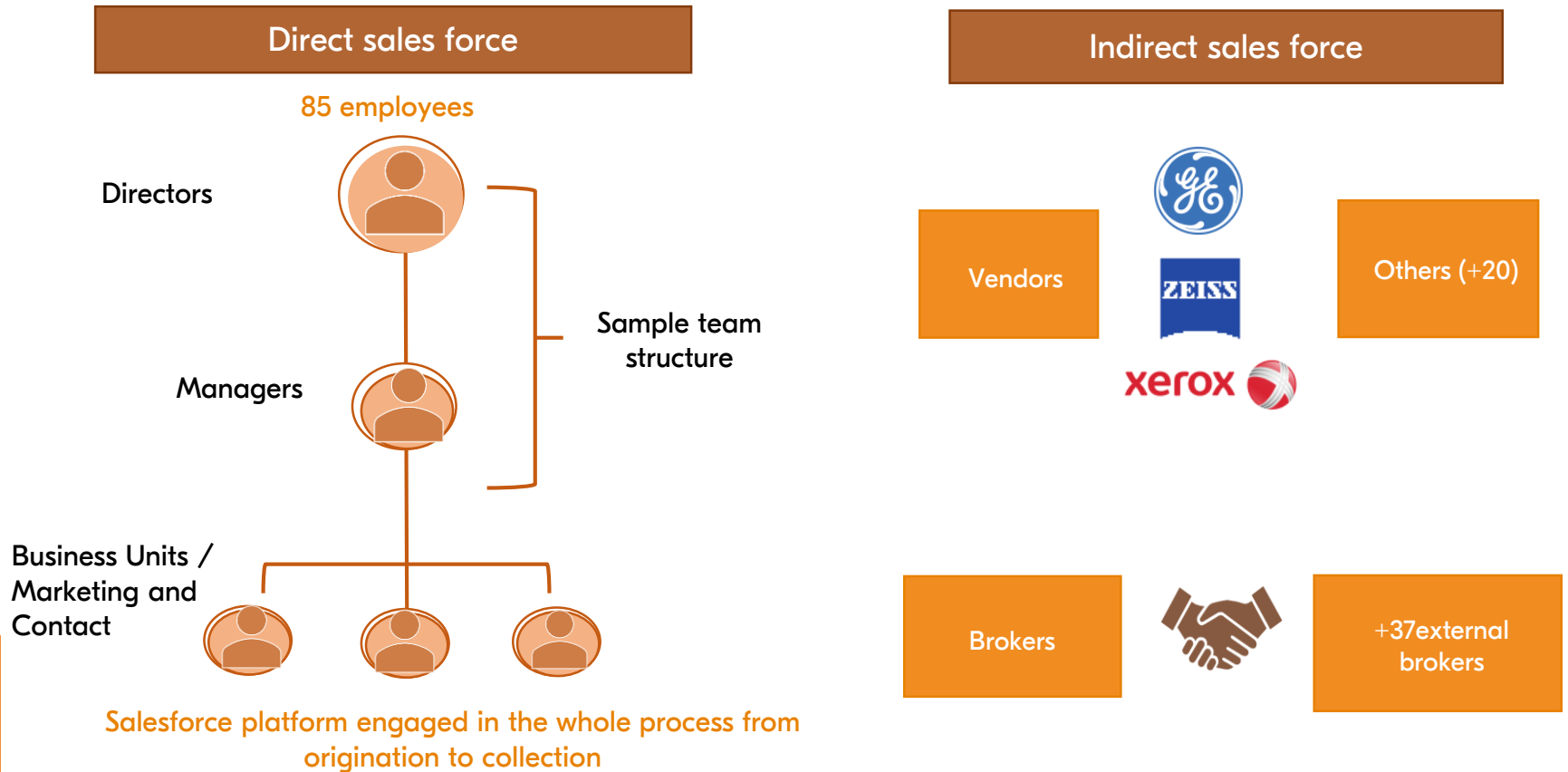
Portfolio Presence

Presence in 30 states, over 93% of the country.



Effective Direct and Indirect Sales Forces

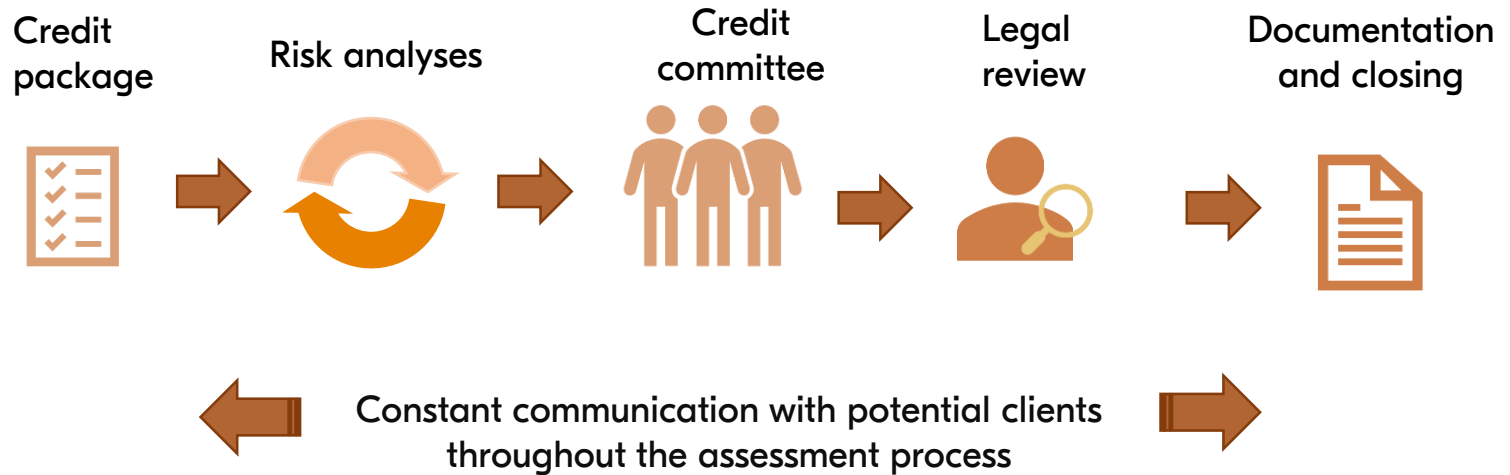
Strong team on the ground



Sales force made up of 120+ professionals.

Fast and Disciplined Credit Approval

Credit approval process



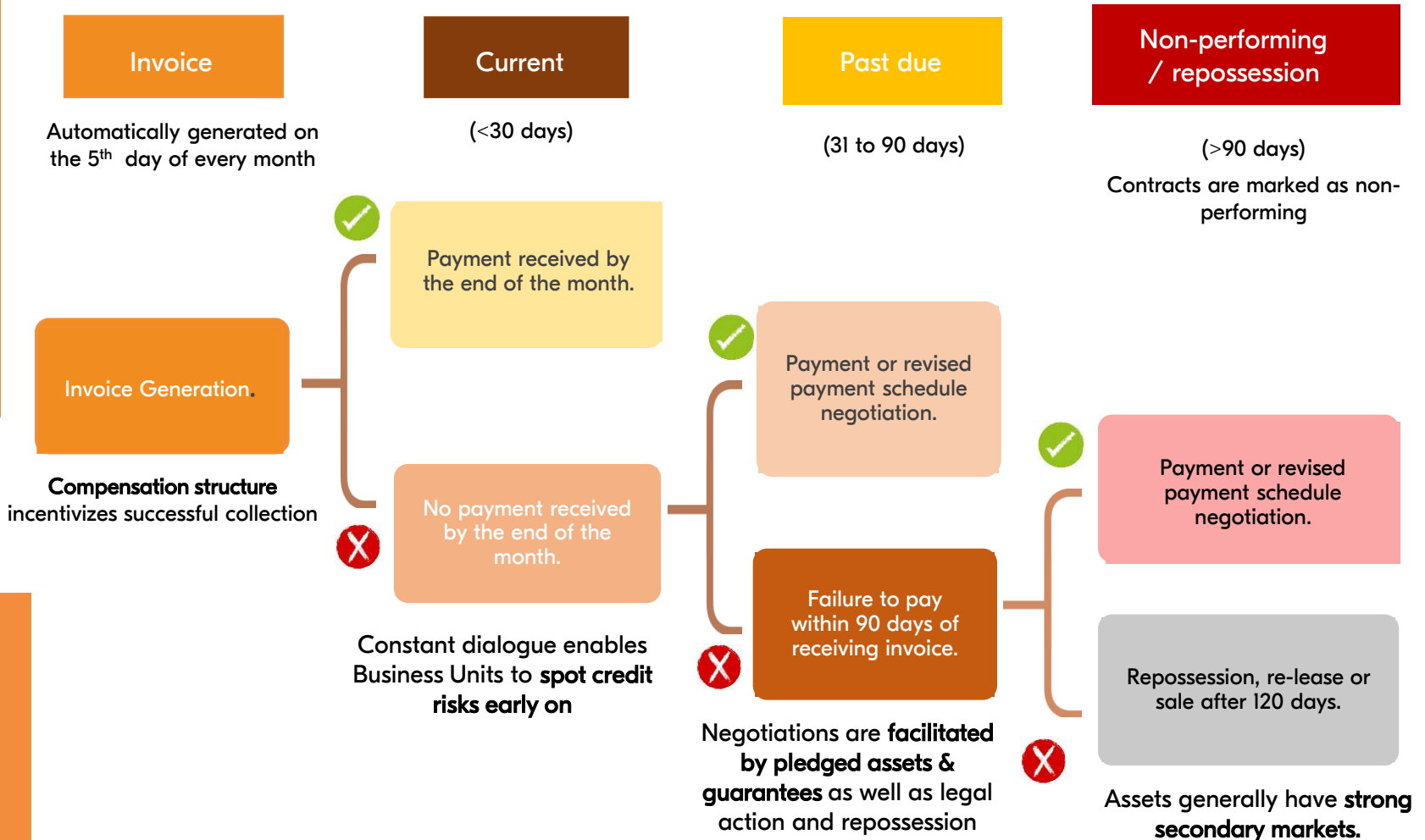
- Credit process enables turnaround times of 5 to 15 business days¹, significantly faster than a traditional bank.
- Independent members strengthen the Credit Committee.
- The Company follows strict risk assessment processes incorporating quantitative and qualitative parameters.

Note:

¹Turnaround time measures days of processes for which Docuformas' is responsible.

Efficient Collection Process

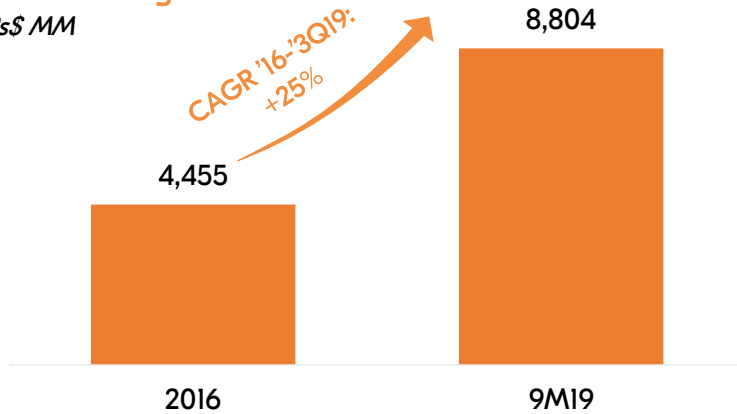
The collection process is greatly facilitated by Mexarrend maintaining ownership of leased assets.



Origination and Top-Line Growth

Net Earning Assets

Ps\$ MM

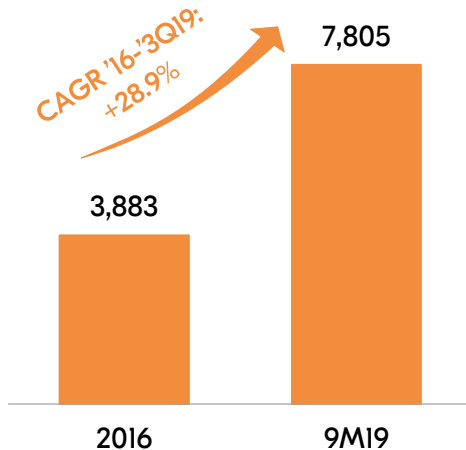


Consistent top line growth year over year since its inception ,due to:

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

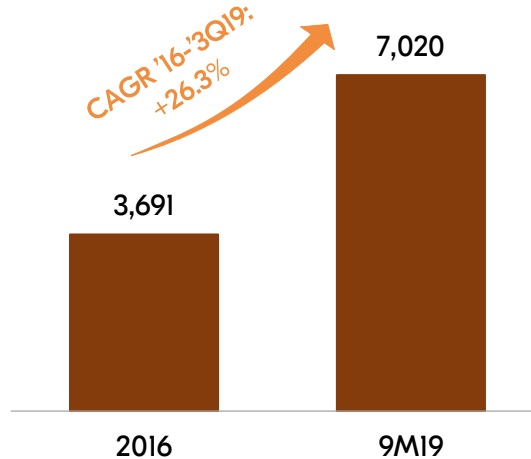
Total Portfolio

Ps\$ MM



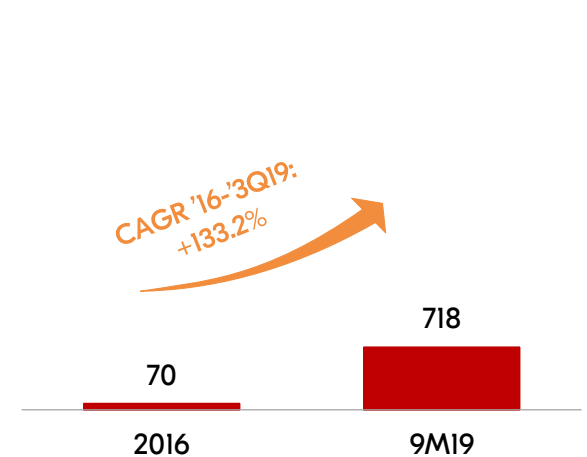
Leasing Portfolio

Ps\$ MM



Credit and Factoring

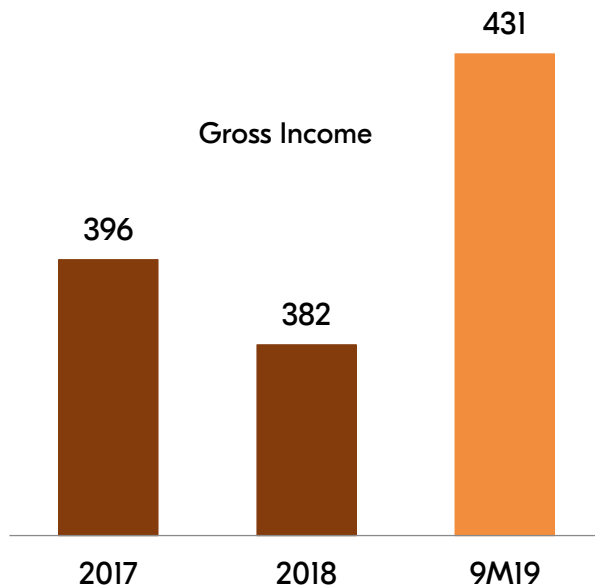
Ps\$ MM



Solid Gross Profit Growth with Positive Bottom-Line

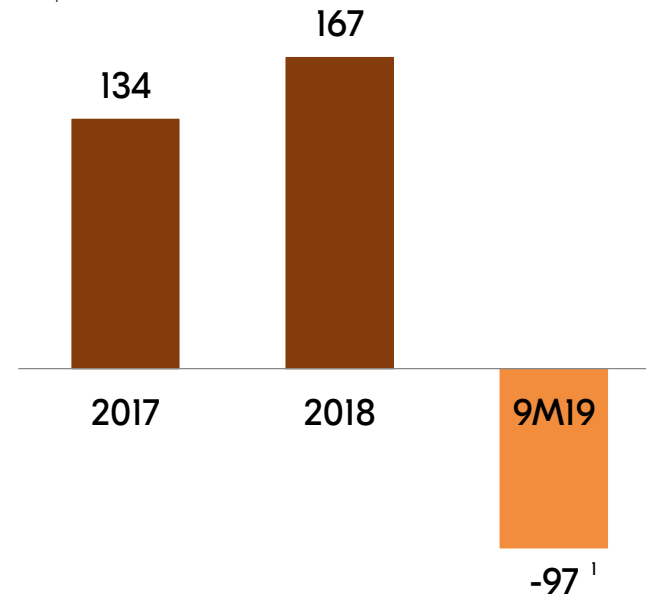
Improving Efficiency

MXN\$mm



Net Income

MXN\$mm



Note:

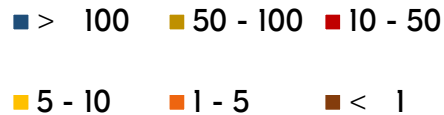
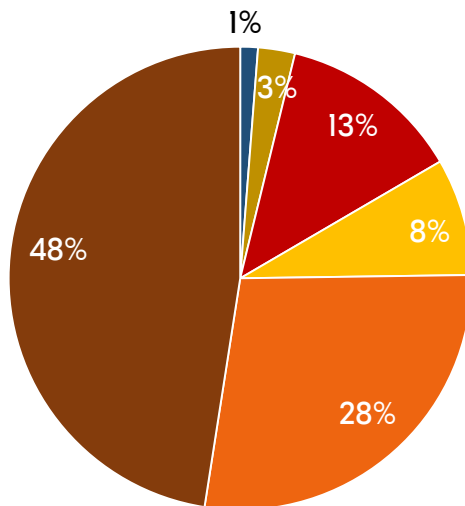
The decrease in net income in 3Q19 was mainly caused by non-recurring items from the 2024 international notes issuance and the partial pre-payment of the 2022 bond. These non-recurring expenses which amounts to \$140 million are due to the following: (i) prepayment of pending expenses related to the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

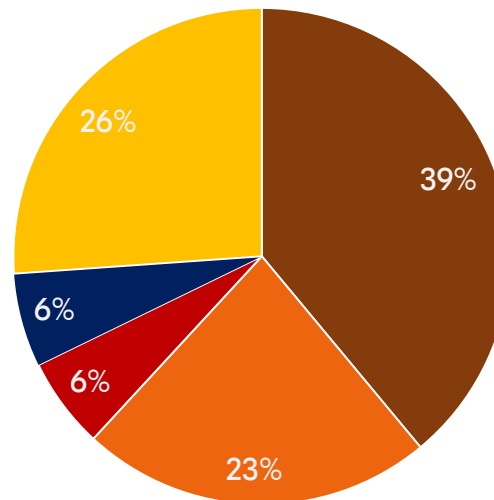
These are non-recurring expenses, since they are not related to the operation of the Company, and were generated by the liability management strategy of Mexarrend.

Diversified Portfolio Across Clients and Industries

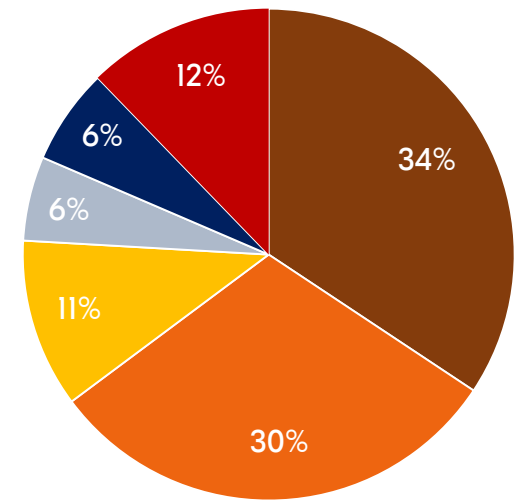
Portfolio distribution by ticket size



Portfolio Distribution by Zone



Portfolio Distribution by Sector

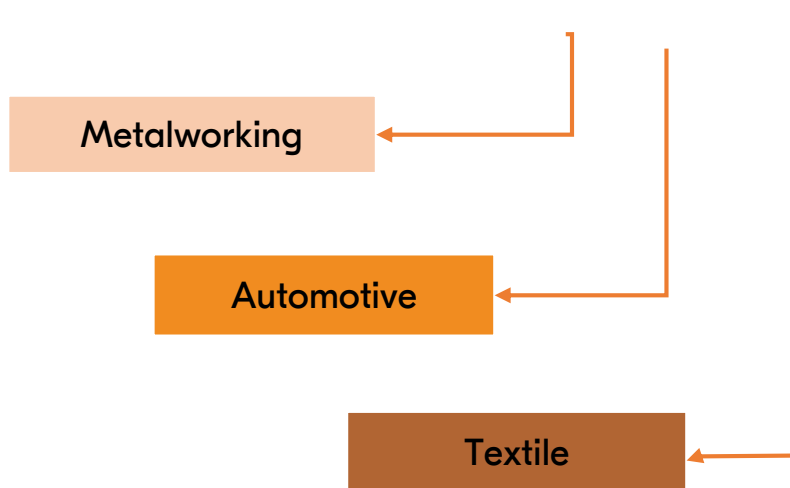


Strong Clients and strong Pipeline

>200 Tier 1 and Tier 2 exporting customers represent 21% of our diversified Portfolio

Ticket Size (\$ Million)	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%

3 key exporting industries

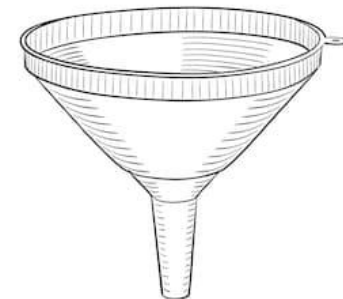


Internal Sales Department, Loyal vendors and brokers... ensure solid portfolio pipeline



MEXARREND' PIPELINE

U.S. 200 million possible portfolio pipeline

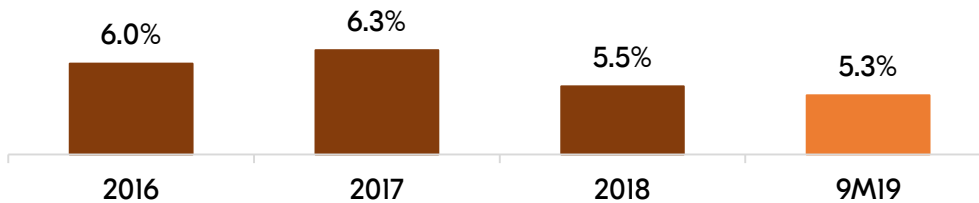


U.S. 75 million approved transactions... of which U.S. 15 million are export-related

Robust Asset Quality

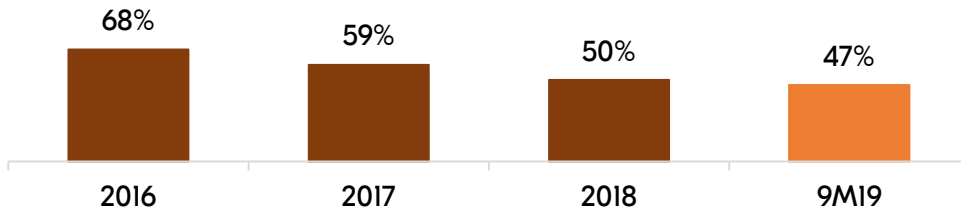
Ratio of non-performing leases (%)

Non-performing lease portfolio¹ / total portfolio



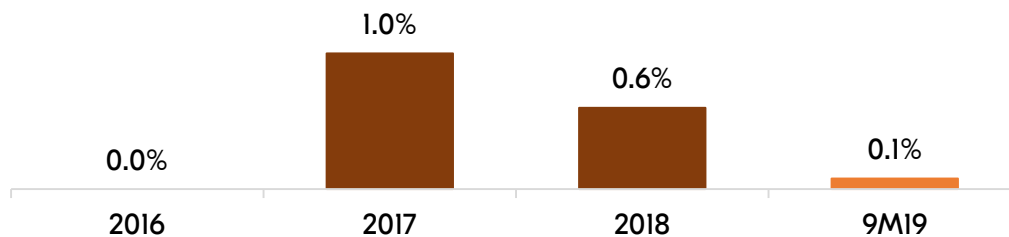
Coverage ratio (%)

Ending reserves / Non-performing lease portfolio¹



Write-offs (% of portfolio)

Write-offs / Total portfolio



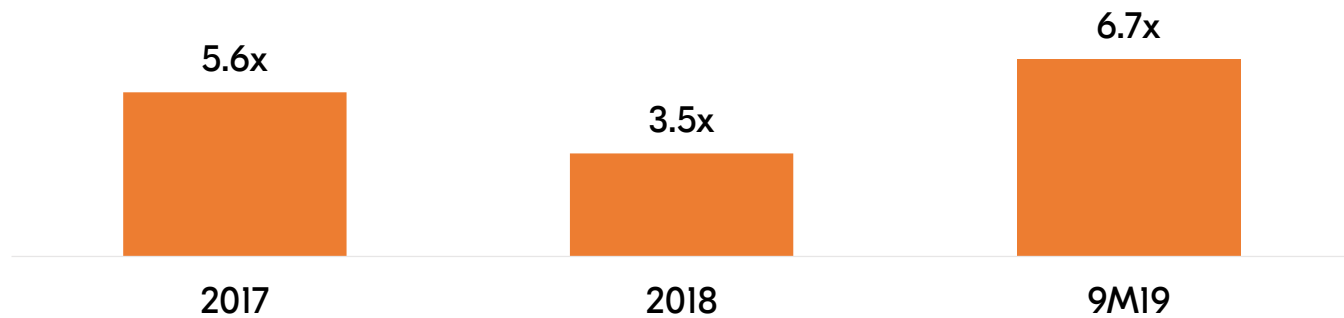
Mitigants

- 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.

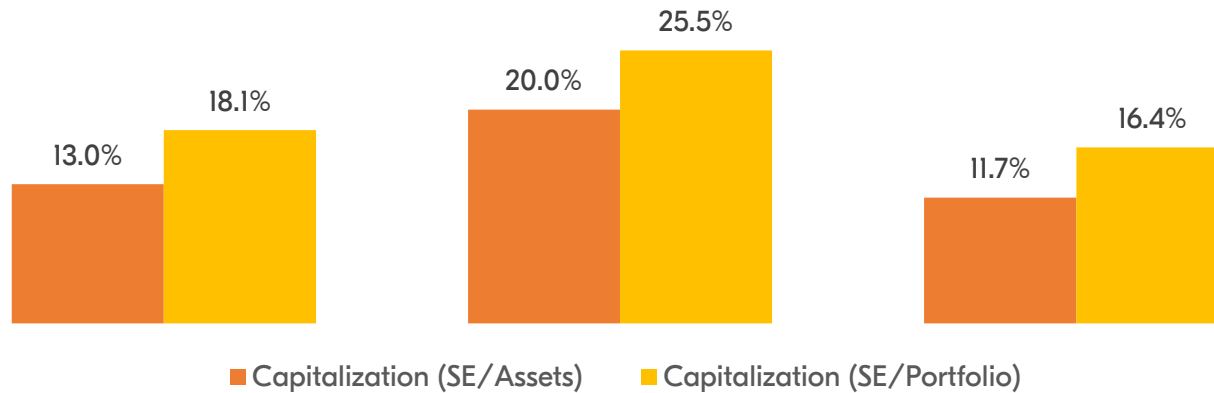
Strong Balance Sheet

Disciplined Leverage

(Total financial debt / total shareholders equity)



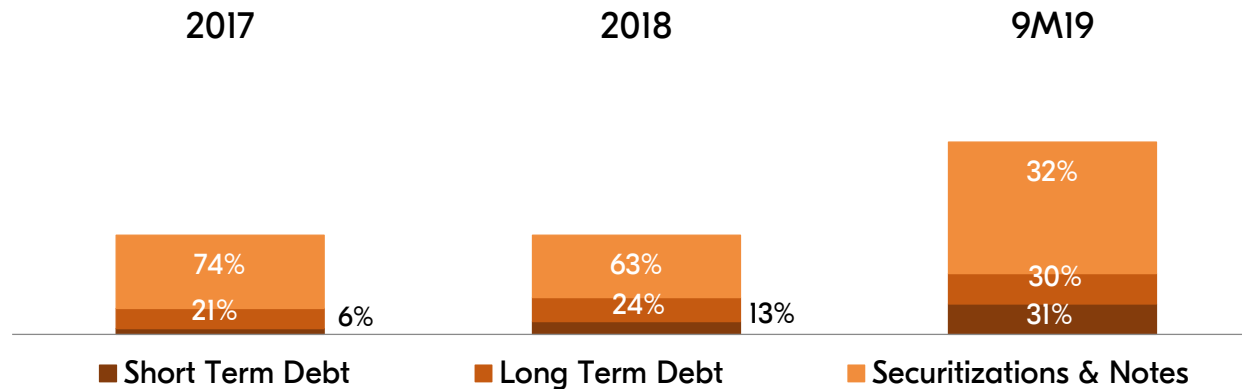
Capitalization Ratio



Well-Diversified Sources of Funding and Adequate Run-off

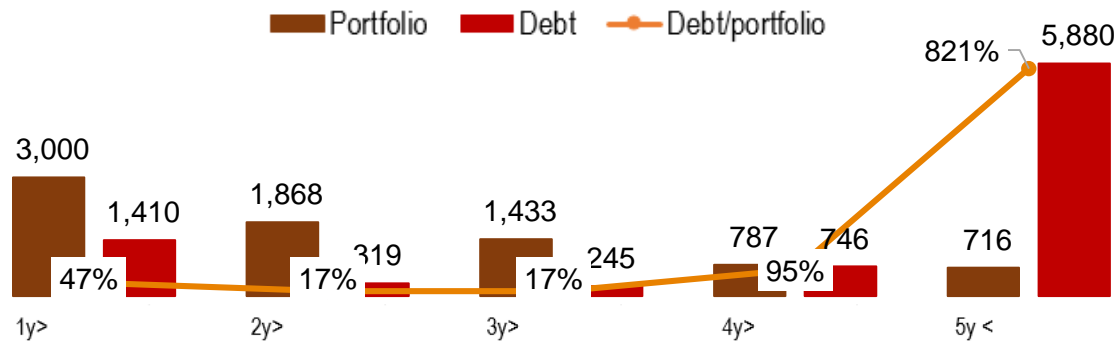
Well-diversified Sources of Funding

Financial debt (MX\$mmm)



Current Debt & Portfolio Profile

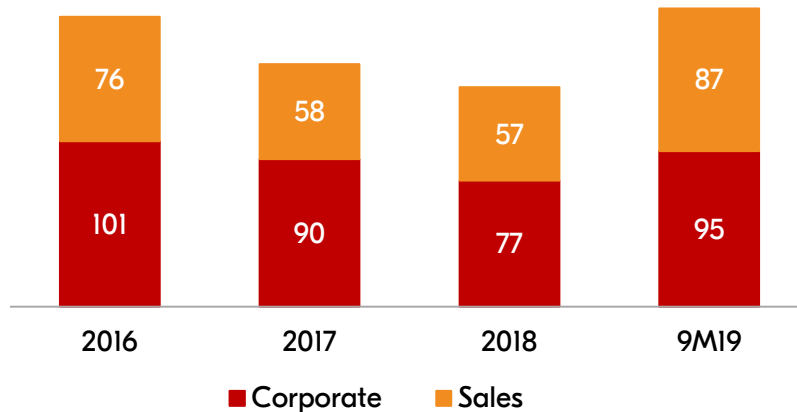
Ps\$ MM



High Levels of Operational Efficiency

Workforce has been optimized following the ARG acquisition

Headcount evolution (# of employees)



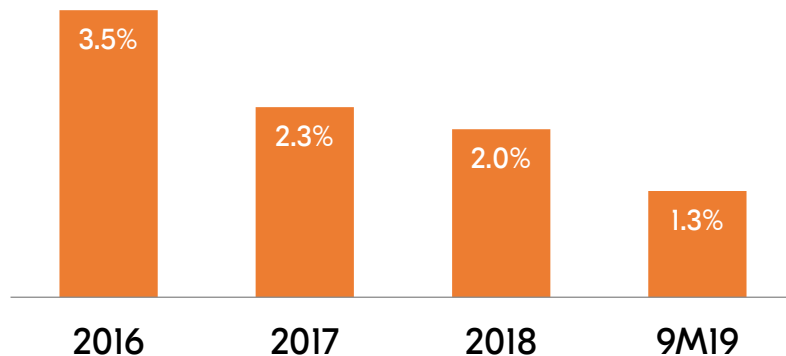
The sales force operates under a variable compensation structure

Sales Force Incentives Aligned with Origination Quality

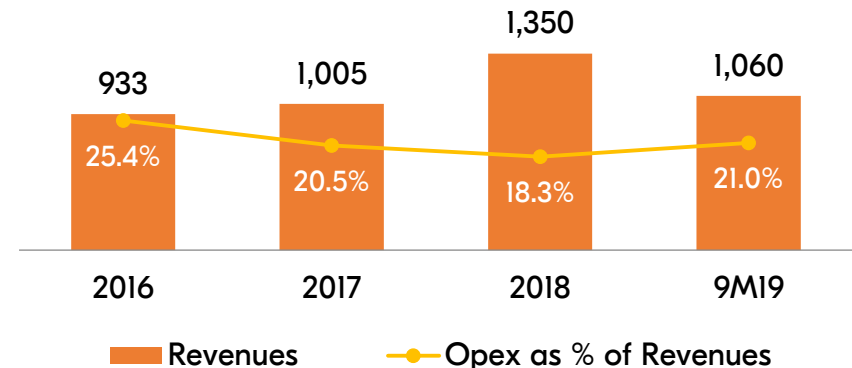
- Business units are in charge of the collection process as well as origination
 - Compensation structure aligns incentives
- Incentive-based compensation structure:
 - Sales person receives full commission at the moment the sale is closed
 - Clawback mechanism if the loan / lease non-perform within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

Strong levels of operational efficiency have historically been achieved

Administrative expenses / total assets (%)



Efficiency ratio (%)¹



Experienced Management Backed by High Profile and Committed Shareholders

Complemented by a Robust Corporate Governance Policy

- Experienced Management Team

	Name	Position	Years of Experience	Years at Mexarrend
	Alejandro Monzó	Chief Executive Officer	21	4 ⁽¹⁾
	Abelardo Loscos	Chief Financial Officer	21	-
	Eduardo Limón	Investor Relations Officer and Funding Director	29	14
Senior Management	Héctor Esquivel	Finance Director	33	4
	Ricardo Saavedra	Marketing & Product Director	20	1
	César Valdivia	Human Resources Director	14	1
	Juan Mendoza	Chief Technology Officer	26	1
	Antonio Bañuelos	Director of Credit	23	14
	Patricia Barrera	General Counsel	20	6
	Alejandro Pacheco	Structuring Director	27	7
	Erika Nuñez	Processes Director	18	7
Sales	Danilo Sarrelangué	Sales Director	23	20
	Carlos Durán	Sales Director	24	8

Management team with an average of more than 23 years of experience

- Highly Qualified and Renowned Board of Directors with Strong Investors





Investor Relations Contact Information

Contact Information

For more information visit

www.mexarrend.mx

or contact:

Eduardo Limón

Investors Relation Officer

+52 (55) 4324 3434

eduardo.limon@mexarrend.mx

Mariana Mangas

Investors Relation Deputy Director

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

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	9M19
Total Revenues	933	1,005	1,350	1,060
Cost of Revenues	402	609	968	629
Gross Profit	531	396	382	431
%	57%	39%	28%	41%
Operating Expenses	237	206	247	226
Net Income	181	134	167	-97
%				
Operating Metrics (in millions of pesos)	2016	2017	2018	9M19
Total Portfolio	3,883	4,413	5,625	7,805
Leasing Portfolio	3,691	4,033	4,775	7,020
Credit and Factoring Portfolio	70	290	784	718
Services Portfolio	122	89	65	67
NPL	6.0%	6.3%	5.5%	5.3%
Operating Lease	572	738	911	999
Net Earning Assets (NEA)	4,455	5,152	6,536	8,804
Financial Indicators	2016	2017	2018	9M19
R O A A (annualized)	4.6%	2.5%	2.5%	-1.50%
R O A E (annualized)	29.2%	18.4%	15.0%	-11.10%
Financial Debt / Stockholders' Equity	4.3	5.6	3.5	6.7
Net Financial Debt / Stockholders' Equity	3.7	3.9	2.8	4.4
Capitalization (Stockholders' Equity/ Total Assets)	15.1%	13.0%	20.0%	11.7%
Stockholder' Equity/ Total Portfolio	17.1%	18.1%	25.5%	16.4%
Leasing Portfolio / Total Portfolio	95.1%	91.4%	84.9%	89.9%
Total Portfolio / Financial Debt	1.4	1.0	1.1	0.9
Total Portfolio / Net Financial Debt	1.6	1.4	1.4	1.4
Current Assets/ Current Liabilities	1.1	2.9	2.5	2.4
Financial Debt (MXN\$m)	2,856	4,443	5,028	8,601
Net Financial Debt (MXN\$m)	2,427	3,135	3,958	5,669

Income Statement

	2016	2017	2018	9M19
REVENUES				
Interest on capital leases	558	563	702	741
Equipment financing	170	296	432	50
Operating leases	196	145	216	269
Factoring	9	1	0	0
Total income	933	1,005	1,350	1,060
COSTS				
Interest expense	214	351	554	442
Equipment financing	88	151	317	51
Depreciation of assets under operating leases	100	107	98	136
Total costs	402	609	968	629
GROSS INCOME	531	396	382	431
Selling expenses	22	17	56	38
Administrative expenses	153	142	147	142
Allowance for loan losses	63	48	44	46
Operating expenses	237	206	247	226
OPERATING INCOME	293	190	135	205
Other (income) expenses, net	(0)	(2)	9	
Interest income	(2)	(88)	(10)	(78)
Interest expenses	50	58	49	153
Net exchange loss (profit)	9	135	(8)	132
Valuation of derivative financial instruments	(5)	10	(44)	(121)
Comprehensive financing result	52	114	(13)	313
INCOME BEFORE INCOME TAXES	242	77	138	(108)
Income taxes	61	(56)	(28)	(11)
NET INCOME	181	134	167	(97)

Balance sheet (Assets)

ASSETS	2016	2017	2018	9M19
Current Assets				
Cash and cash equivalents	429	1,308	1,070	2,932
Accounts receivable	1,545	1,115	1,690	2,031
Allowance for loan losses	-	164	153	193
Taxes due from	116	107	186	224
Sundry debtors	22	27	3	12
Related parties due from	19	3	35	47
Other assets	37	65	34	47
Inventory	-	-	-	11
Total current assets	2,168	2,789	3,171	5,496
Non-current assets				
Property-furniture and equipment - net	651	870	1,067	1,440
Long-term receivable	1,300	2,131	2,507	3,423
Other assets	81	169	199	220
Derivative financial instruments	19	10	75	110
Goodwill	164	165	169	232
Total non-current assets	2,215	3,345	4,017	5,426
Total assets	4,383	6,134	7,188	10,922

Balance sheet (Liabilities and Stockholders' Equity)

LIABILITIES	2016	2017	2018	9M19
Current liabilities				
Current portion of long-term debt	1,254	256	688	1,369
Accounts payable	94	163	26	135
Sundry creditors	283	381	517	737
Due to related parties	273	75	9	6
Income taxes and other taxes payable	49	94	49	9
Total current liabilities	1,953	969	1,289	2,256
Non-current liabilities				
Long-term debt	1,602	4,187	4,340	7,231
Deferred income tax	165	181	124	153
Derivative financial instruments	-	-	-	-
Total non-current liabilities	1,767	4,368	4,464	7,385
Total liabilities	3,720	5,337	5,753	9,641
STOCKHOLDERS' EQUITY & RESERVES				
Capital stock	281	281	1,323	1,323
Retained earnings	201	382	13	180
Valuation of derivative financial instruments	-	-	- 68	-123
Current year net income	181	134	167	-97
Total Stockholders' equity and reserves	663	797	1,435	1,282
Total liabilities and stockholders' equity and reserves	4,383	6,134	7,188	10,924

