



Docuformas

Quarterly Report

1Q19

Docuformas Reports 1st Quarter 2019 Results

Mexico City, May 15, 2019 – Docuformas S.A.P.I. de C.V. (“Docuformas” or the “Company”), today announced its unaudited consolidated financial results for the first quarter of 2019 “1Q19” or “3M19” ended March 31, 2019. All figures are expressed in Mexican pesos unless otherwise stated, and were prepared in accordance with requirements from the National Banking and Securities Commission (CNBV).

Key Highlights

- ❖ Total revenues in 1Q19 were \$374 million, \$20 million or 6% more than the \$354 million reported in 1Q18.
- ❖ Cost of revenues increased \$15 million or 6% 1Q19/1Q18 mainly due to higher interest expenses.
- ❖ Gross profit increased \$5 million or 5% from \$109 million in 1Q18 to \$114 million in 1Q19, while gross margin remained stable, at 30% of sales in 1Q19 and 31% in 1Q18.
- ❖ Net income for 3M19 was \$30 million compared to \$116 million same period last year. Both 3M19 and 3M18 net income include FX items which when excluded would have given a net income of \$61 million and \$22 million respectively.
- ❖ The total portfolio grew to \$6,794 million as of March 31, 2019 (including the newly acquired Mexarrend portfolio), up by \$1,832 million or 37% when compared to the same period 2018, while the real estate portfolio increased \$375 million or 73% to \$891 million.
- ❖ The Company’s total assets at 3M19 stood at \$7,983 million versus \$6,108 million in 3M18, an increase of \$1,875 million or 31%.
- ❖ Total liabilities grew by \$1,238 million or 23% in 3M19/3M18, with total short-term liabilities increasing by \$946 million, or 87%, year-over-year to \$2,028 million; long-term liabilities increased \$292 million or 7% during the same period. Financial debt (STD & LTD) increased \$1,315 million, however, the Company’s financial leverage decreased from 5.3x to 3.9x 3M18/3M19, following the recent capital injection.
- ❖ The Company’s overall financial position improved because of the equity injection and the YE 2018 net income, reflected in a 82% increase in Stockholders’ Equity from \$781 million in 3M18 to \$1,418 million in 3M19.

Financial and Operating Summary

Financial Metrics (in millions of pesos)	3M19	3M18	Var.%
Total Revenues	374	354	6%
Cost of Revenues	260	245	6%
Gross Profit	114	109	5%
%	30%	31%	
Operating Expenses	73	53	38%
Other (expenses) income, including CFR* and income taxes	-43	63	-168%
Net Income	30	116	-74%
%	8%	33%	

Operating Metrics (in millions of pesos)	3M19	3M18	Var.%
Total Portfolio	6,794	4,962	37%
<i>Leasing Portfolio</i>	5,905	4,593	29%
<i>Credit & Factoring Portfolio</i>	832	297	180%
<i>Services Portfolio</i>	57	72	-21%
NPL	5.4%	5.8%	-7%

Real Estate Portfolio	891	516	73%
Total Portfolio including Real Estate	7,685	5,478	40%

Financial Indicators	3M19	3M18	Var.%
R O A A (annualized)	1.6%	8.9%	-82%
R O A E (annualized)	10.5%	63.3%	-83%
Financial Debt / Stockholders' Equity	3.9	5.3	-26%
Capitalization (Stockholders' Equity/ Total Assets)	17.8%	12.8%	39%
Stockholder' Equity / Total Portfolio	20.9%	15.7%	33%
Leasing Portfolio / Total Portfolio	86.9%	92.6%	-6%
Total Portfolio / Financial Debt	1.2	1.2	0%
Current Assets / Current Liabilities	1.6	3.0	-46%
Total Financial Debt (in millions of pesos)	5,474	4,159	32%

2018 & 1Q19 Highlights

New Corporate Structure

- ✓ New investment previously reported of US \$27 million was completed during the 3rd and 4th quarters of 2018. Mr. Adam Wiaktor continues as a member of the Board of Directors of Docuformas.

Shareholder	Prior	New
Adam Wiaktor	67.9%	14.5%
Aureos Latin America Fund I and Fondo Aureos Colombia	32.1%	
Fideicomiso Actinver 3279 (Alta Growth Capital Fund)		35.7%
Fideicomiso Deutsche Bank F/1900 (CKD Colony Capital – formerly The Abraaj Group)		24.9%
Abraaj Thames B.V. (Colony Capital – formerly The Abraaj Group)		24.9%
Total	100%	100%

Corporate and bond upgrade by Fitch Ratings and Standard and Poor's

- ✓ The capital injection from the new Shareholders, continued strong corporate governance, a more flexible Shareholders' Agreement and proven business model, ensured an upgrade to "BB-" from "B+" on both global and issue level ratings.

Purchase of Mexarrend and affiliates

- ✓ In January 2019, Docuformas acquired 100% of the shares of two independent leasing companies in Mexico, Mexarrend and Compañía Mexicana de Arrendamiento, solidifying its position as a key leasing player in Latin America. The combined portfolio of these companies amount to ~ MXN \$500 million.

Successful consent solicitation related to the outstanding senior notes

- ✓ In January 2019, Docuformas received consents from majority bond-holders of its Senior Notes due 2022, providing for:
 - ✓ New covenant package allowing for a better mix of secured/unsecured debt while limiting the amount of total Docuformas' leverage.

Appointment of new CEO

- ✓ Following the successful acquisition of Mexarrend, the Board of Directors appointed Alejandro Monzó as the new CEO as of May 7, 2019. Alejandro brings over 20 years of experience in the equipment leasing industry to the company.

Statement from the Chief Executive Officer

We began 2019 with solid results that put us in a strong position to achieve this year's goals. Despite a challenging political outlook, our portfolio increased at an accelerated pace, posting a 37% growth vs 1Q18, mainly driven by our leasing portfolio. Our NPL also improved from 5.8% in the same period of 2018 to 5.4% this quarter.

We are satisfied with the strong balance sheet reported at this quarter-end. Our leverage ratio was 3.9x, compared to 5.3x in 1Q18, our stockholders' equity grew by 82% and our capitalization index improved to 17.8%. The numbers were underpinned by continued organic and profitable growth of the Company, the equity issuance in 2018 and successful execution of our capital deployment strategy.

I am honored to be part of this Company and to be entrusted with its continued success going forward. Notwithstanding the macro-economic and political uncertainty we face in 2019, I am sure plenty of new opportunities will arise. So far, we continue to see healthy demand for our products and we are in line to meet our budget in terms of portfolio growth and origination.

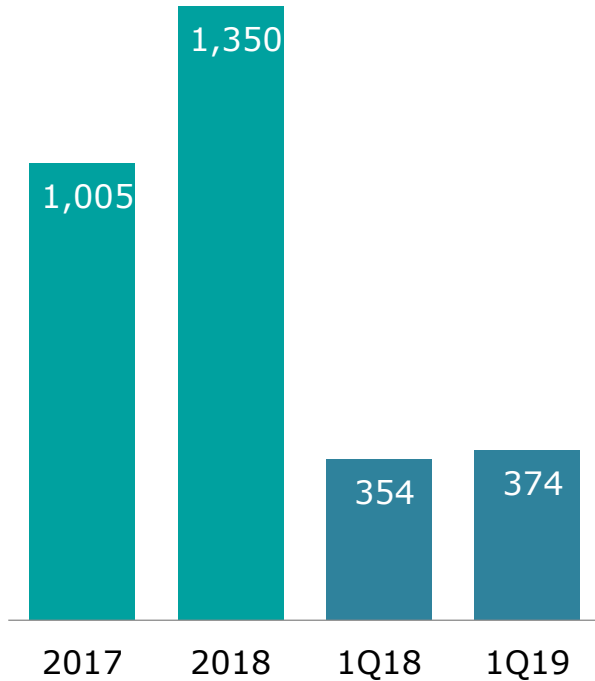
We will continue to focus on growing our portfolio, while maintaining a conservative financial strategy. As in the past, we will seek to improve the profitability of the Company, keep the balance sheet sound and deliver value to our stakeholders and shareholders.

Alejandro Monzó
CEO of Docuformas

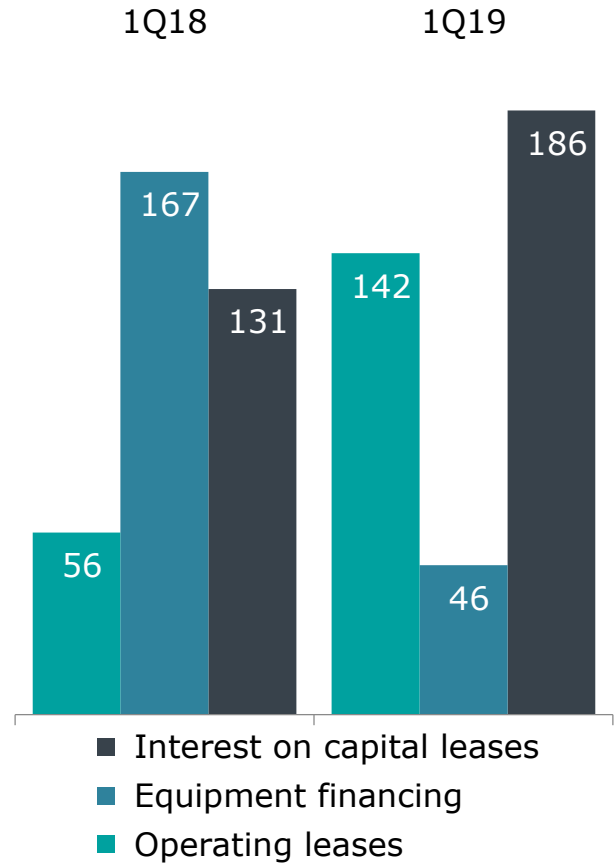
In millions of pesos

Review of the Income Statement

Revenue



Revenue by product line



Total Revenue

Total revenues increased 6%, from \$354 million in 1Q18 to \$374 million in 1Q19, mainly due to strong origination in the quarter, indicating overall growth of the Company's portfolio.

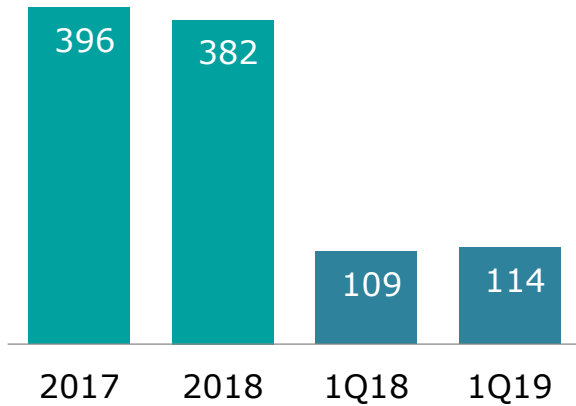
The quarterly revenue by product line also turned in a satisfactory performance in 1Q19.

Cost of Revenues

Cost of revenues increased 6% 1Q19 vs 1Q18 (from \$245 million to \$260 million), mainly due to an overall increase of interest expenses.

In millions of pesos

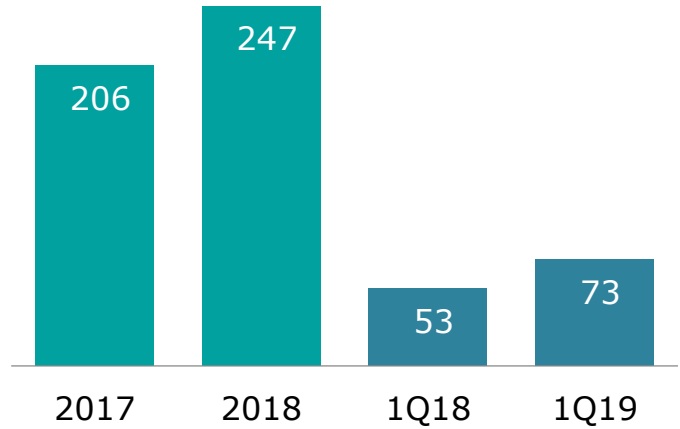
Gross Profit



The increase in revenues of 6% vs increase of costs of 6% 1Q19/1Q18 positively impacted gross profit while maintaining gross margin.

In 1Q19, gross profit was \$114 million, an increase of 5% or \$5 million versus 1Q18; gross margin during the same period remained constant ~30%.

Operating Expenses



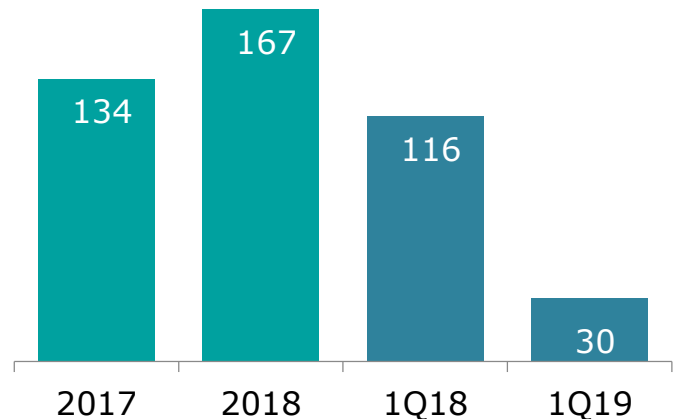
Operating expenses increased 38% in 1Q19 versus 1Q18, from \$53 million to \$73 million, chiefly due to an increase in administrative expenses and an increase of allowance for loan losses.

Comprehensive Financing Result

The comprehensive financing result of the Company went from positive \$95 million in 1Q18 to negative \$22 million in 1Q19, driven mainly by FX items.

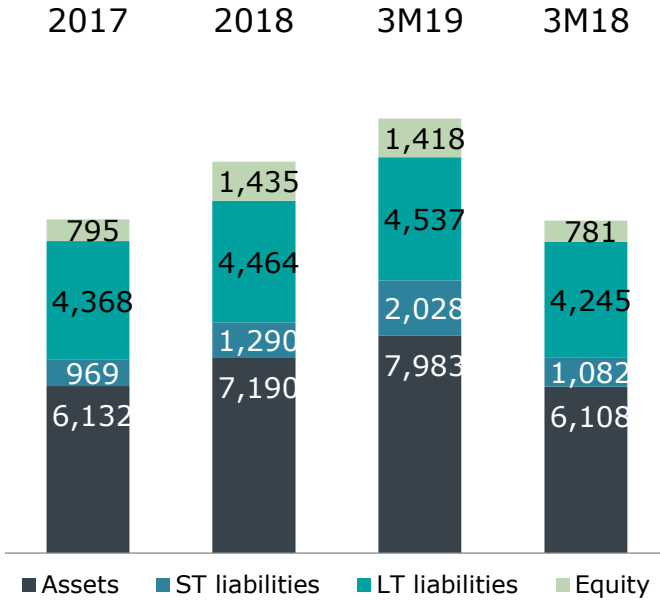
Net Income

1Q19 reported net income of \$30 million versus \$116 million in 1Q18. Net income was driven by FX gains of \$102 million and negative \$21 million for 3M18 and 3M19 respectively.

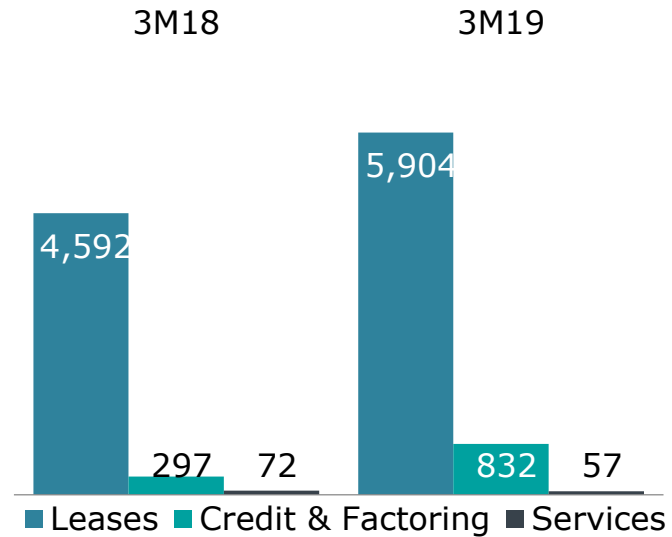


In millions of pesos

Balance Sheet Analysis



Portfolio by business line



Balance Sheet & Portfolio by Business Line

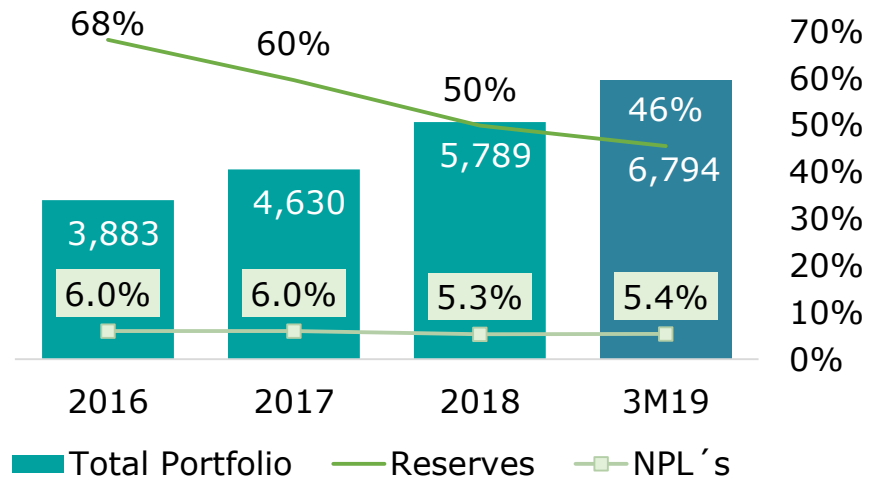
Total assets as of March 31, 2019 vs same period 2018 increased by \$1,875 million or 31% to \$7,983 million; total liabilities grew 23% to \$6,565 million.

Long-term liabilities increased \$292 million or 7%. In terms of tenors, short-term liabilities increased \$946 million from 3M18 to 3M19.

As of 3M19, the total portfolio grew 37% year-over-year to \$6,794 million, indicating stronger origination aided by proceeds from the senior notes issuance.

Non-Performing Leases

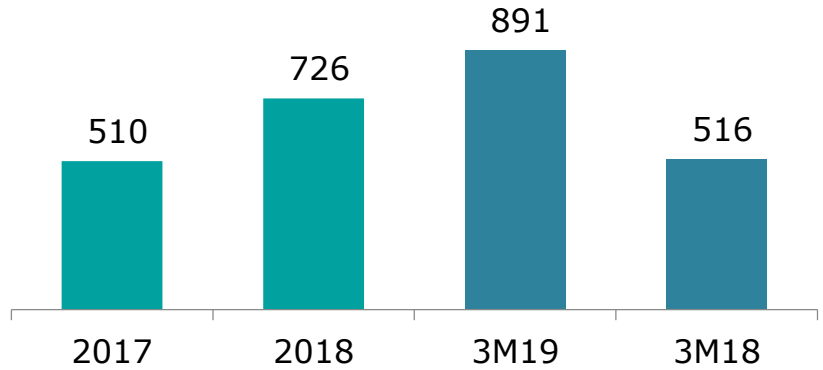
Non-performing loans (NPLs) as of March 31, 2019 stood at \$367 million or 5.4% of the total portfolio, lower than the 5.8% in 3M18 and 6.0% year end 2017; the loss reserve stood at \$167 million, or 46% of the NPL amount. The loss reserve decreased from 2018 following the IFRS 9 accountability adjustment.



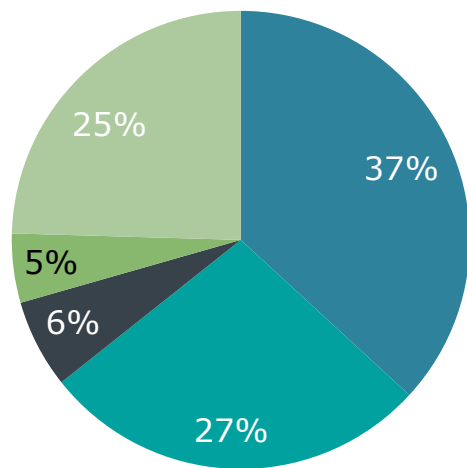
In millions of pesos

Real Estate Assets

As of March 31, 2019, the real estate assets totaled \$891 million, compared to \$516 million on March 31, 2018, an increase of \$375 million, or 73%, owing to a continuing investment in the asset class.

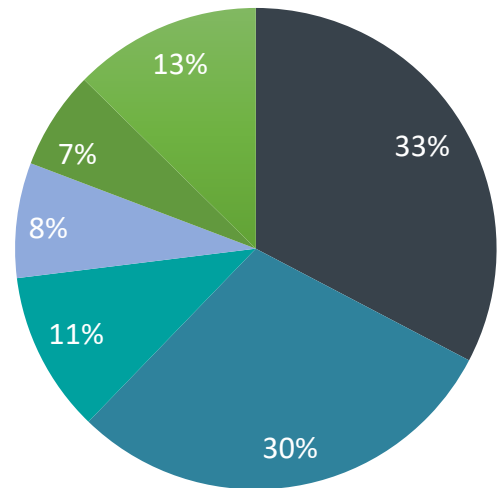


Portfolio by Region and Industry



- Mexico City
- Mexico State
- Nuevo Leon
- Queretaro
- Other

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



The majority of Docuformas' clients are located in Mexico's metropolitan area, which includes Mexico City and the State of Mexico, and most are from the industrial, service and health care industries.

Docuformas' Customers

New industry classification following global standards

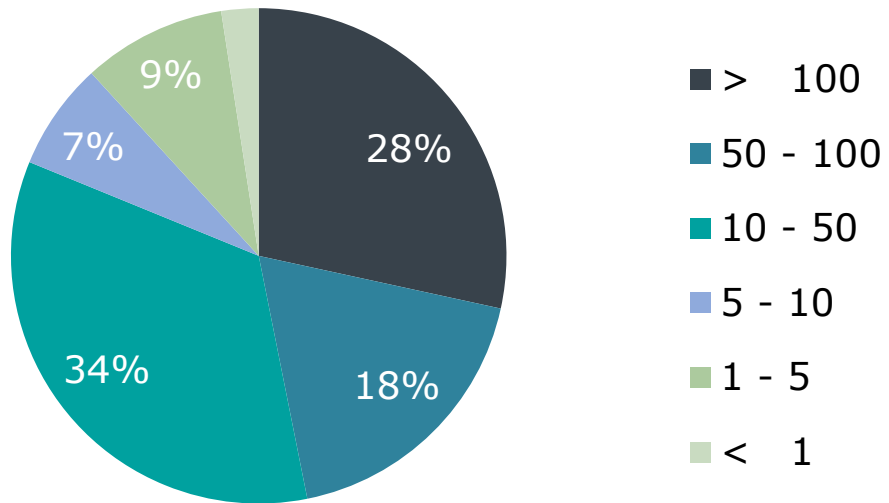
Starting 3Q18, Docuformas incorporated the Global Industry Classification Standard (GICS*) to classify its existing customer portfolio. As such, a more detailed industry analysis of our portfolio is presented below:

In millions of pesos

Sector	\$	%	Industry Group	\$	%
Industrials	2,220	32.68%	Capital Goods	895	13.17%
			Commercial & Professional Services	478	7.04%
			Transportation	847	12.47%
Consumer Discretionary	2,008	29.55%	Automobiles & Components	130	1.91%
			Consumer Durables & Apparel	835	12.29%
			Consumer Services	386	5.68%
			Media	320	4.70%
			Retailing	338	4.97%
Health Care	734	10.81%	Health Care Equipment & Services	703	10.34%
			Pharmaceuticals, Biotechnology & Life Sciences	32	0.47%
Information Technology	449	6.61%	Software & Services	405	5.97%
			Technology Hardware & Equipment	43	0.64%
Others	1,383	20.35%	Materials	525	7.73%
			Telecommunication Services	264	3.88%
			Food & Staples Retailing	157	2.31%
			Food, Beverage & Tobacco	190	2.80%
			Household & Personal Products	6	0.08%
			Banks	1	0.01%
			Diversified Financials	119	1.75%
			Insurance	20	0.29%
			Real Estate	92	1.35%
			Energy	9	0.14%
			Utilities	1	0.01%
Total	6,794	100.00%	Total	6,794	100.00%

*for further information: <https://www.msci.com/gics>

Portfolio distribution by ticket size



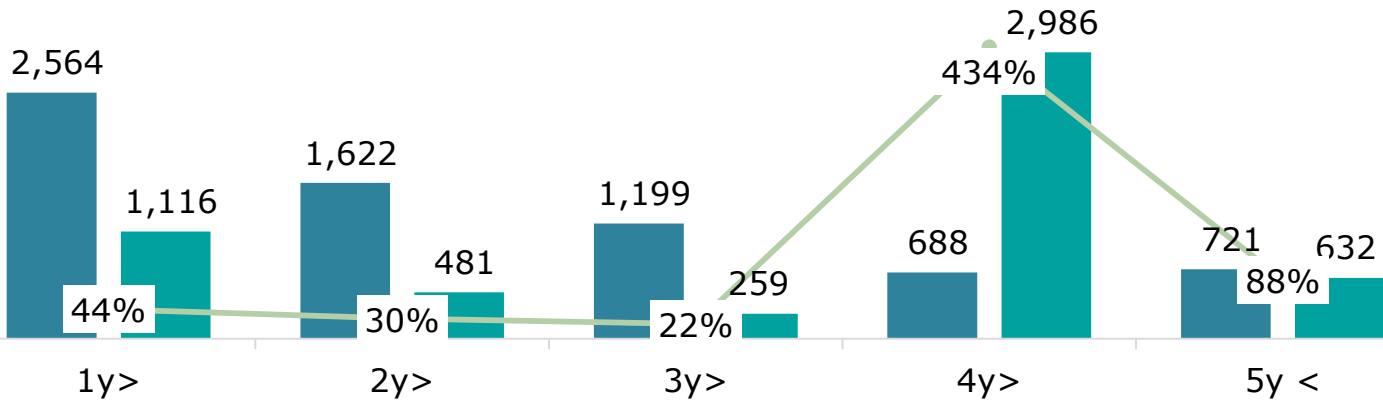
Docuformas operates under strict credit policies in order to achieve its top priority of maintaining the quality of its portfolio. It is important to mention that 97% of its customers represent transaction sizes below \$50 million, thereby maintaining a low level of concentration by client.

Ticket Size (\$ Million)	N° Clients	%
> 100	11	1%
50 - 100	18	2%
10 - 50	105	12%
5 - 10	71	8%
1 - 5	263	28%
< 1	445	49%
TOTAL	913	100%

In millions of pesos

Portfolio and Financial Debt Run-off

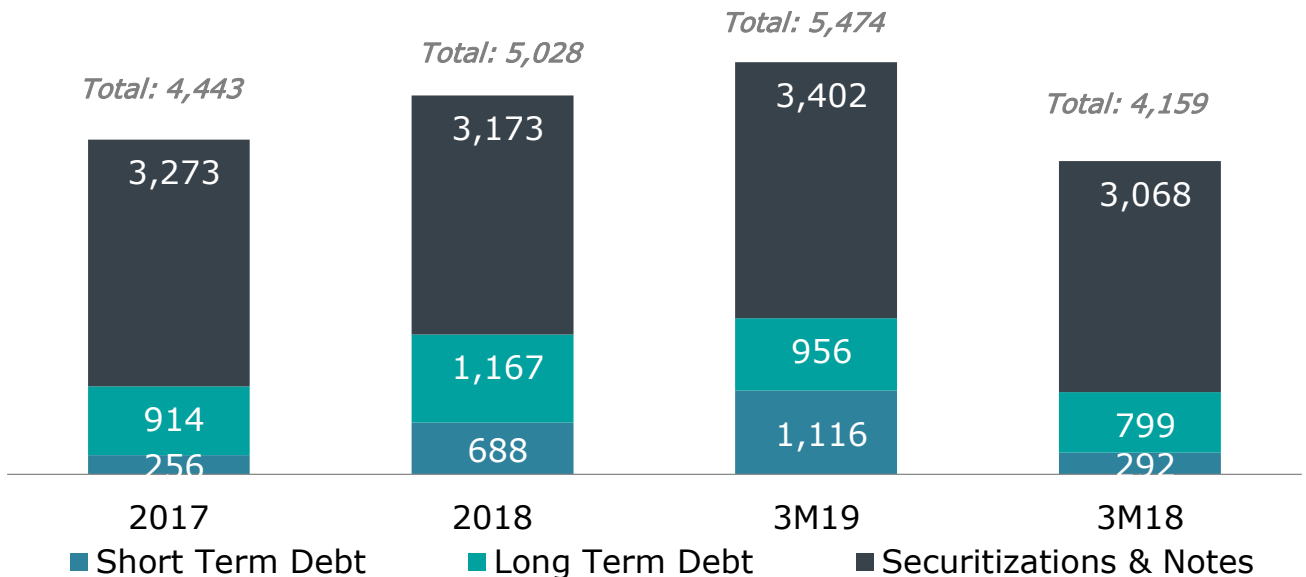
■ Portfolio ■ Debt — Debt/portfolio



Total Docuformas portfolio run-off in the next 5 years is \$6,794 million, which compares favorably to the Company's total financial debt amortization, which amounts to \$5,474 million. Consequently, the portfolio composition and the debt amortization show adequate coverage.

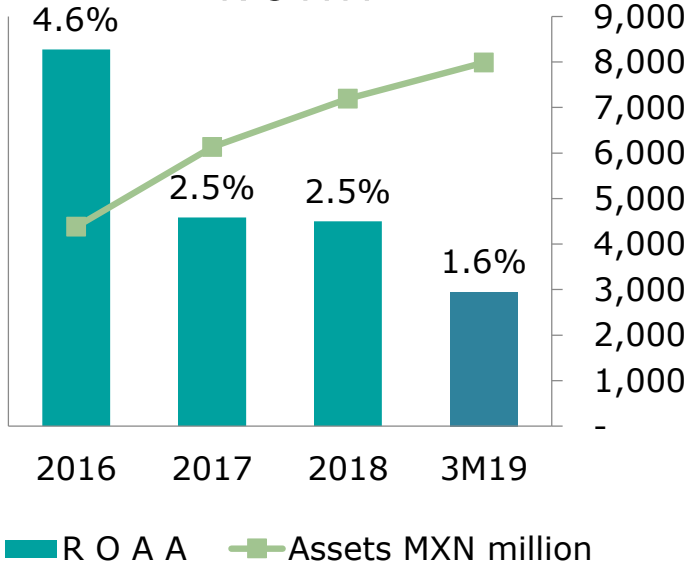
With the issuance of the 2017 bond, financial debt amortizations for the next 4 years were reduced significantly, one of the key reasons behind the issuance of the notes.

Financial debt mix (STD-LTD)

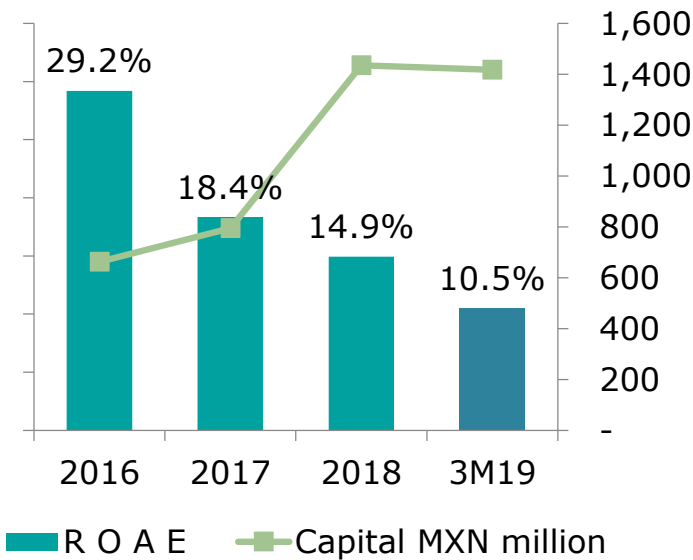


Financial Indicators

ROAA



ROAE

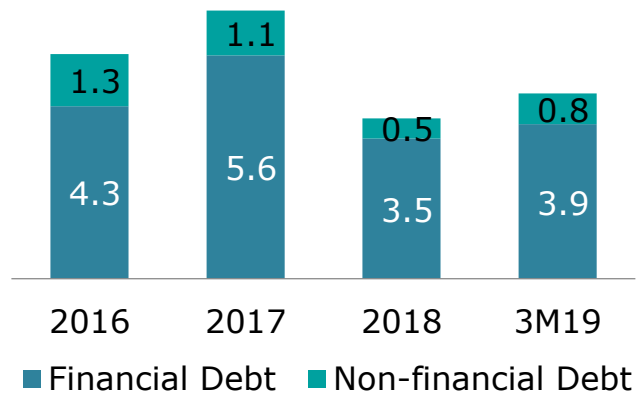


In 3M19, ROAA and ROAE were 1.6% and 10.5%, respectively, a decrease vs same periods 2018 and 2017, mainly due to increases in asset and equity bases for the 2019 and 2018 calculation.

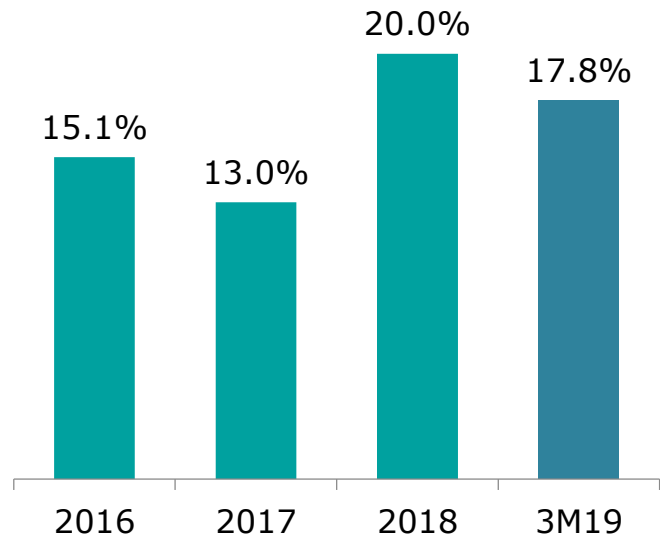
The leverage ratio as of 3M19 was 3.9 for financial debt (4.7 including non-financial debt). Total leverage decreased since YE 2017 largely due to capital injection in 2018.

The capitalization ratio was 17.8% in 3M19, significantly improved vs 12.8% in 3M18 and YE 2017.

Leverage Ratio



Capitalization Ratio



1Q19 Conference Call

DATE	TIME
Thursday May 16, 2019	11:00 am EST
	10:00 am Mexico City Time

1Q19 results will be discussed by:

- Mr. Alejandro Monzó Rosa, CEO
- Mr. Ramón Barreda, Investor Relations Deputy Director

The following executives will also join the call:

- Mr. Adam Wiaktor, Founder and Board Member
- Mr. Héctor Esquivel, Chief Financial Officer
- Mr. Eduardo Limón, Investor Relations Officer

A Q&A session will follow the presentation.

To access the conference call, please dial:

Toll Free: 1-877-407-3982

Toll/International: 1-201-493-6780

Mexico Toll Free: 01-800-522-0034

Conference ID: 13690592

A replay of this call will be available until May 23, 2019 at 11:59 pm ET. To access the replay, please dial:

Toll Free: 1-844-512-2921

Toll/International: 1-412-317-6671

Replay Pin Number: 13690592

Contact Information

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Further information:

- Bloomberg ticker: DOCUFO
- LEI: 549300HM88E943FM9K17
- BMV ticker: DOCUFOR

ABOUT DOCUFORMAS

Docuformas S.A.P.I. de C.V. has grown to be the second largest independent leasing company 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. Docuformas provides reliable and competitive funding sources through its six main business lines: capital leasing, operating leases, transportation services, factoring, cash financing and equipment financing.

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.

Reading Docuformas' Financials

Key components of Docuformas' Income Statement and Balance Sheet

<p>Total revenues</p>	<ul style="list-style-type: none"> • 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.
<p>Costs</p>	<ul style="list-style-type: none"> • 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.
<p>Balance sheet (assets)</p>	<ul style="list-style-type: none"> • 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.
<p>Balance sheet (liabilities)</p>	<ul style="list-style-type: none"> • 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 March 31, 2019

REVENUES	3M19	3M18
Interest on capital leases	186	131
Equipment financing	46	167
Operating leases	142	56
Factoring	0	0
Total income	374	354

COSTS		
Interest expense	151	124
Equipment financing	29	106
Depreciation of assets under operating leases	80	15
Total costs	260	245

GROSS INCOME	114	109
Selling expenses	12	6
Administrative expenses	46	37
Allowance for loan losses	15	10
Operating expenses	73	53

OPERATING INCOME	41	56
Other (income) expenses, net	(14)	0
Interest income	(8)	(6)
Interest expenses	9	13
Net exchange loss (profit)	(48)	(156)
Valuation of derivative financial instruments	69	54
Comprehensive financing result	22	(95)

INCOME BEFORE INCOME TAXES	33	151
Income taxes	3	35
NET INCOME	30	116

Balance Sheet

As of March 31, 2019

ASSETS	3M19	3M18
Current Assets		
Cash and cash equivalents	1,098	978
Accounts receivable	1,688	1,847
Allowance for loan losses	167	166
Taxes due from	212	108
Sundry debtors	23	37
Related parties due from	36	4
Other assets	28	54
Inventory	11	11
Total current assets	3,263	3,205
Non-current assets		
Property-furniture and equipment - net	1,578	808
Long-term receivable	2,692	1,755
Other assets	213	168
Derivatives	3	6
Goodwill	234	166
Total non-current assets	4,720	2,903
Total assets	7,983	6,108

LIABILITIES		
Current liabilities		
Current portion of long-term debt	1,116	292
Accounts payable	75	181
Sundry creditors	794	525
Due to related parties	7	14
Income taxes and other taxes payable	36	70
Total current liabilities	2,028	1,082
Non-current liabilities		
Long-term debt	4,358	3,867
Deferred income tax	179	181
Derivatives	0	197
Total non-current liabilities	4,537	4,245
Total liabilities	6,565	5,327

STOCKHOLDERS' EQUITY & RESERVES		
Capital stock	1,363	281
Retained earnings	139	516
Valuation of derivative financial instruments	-114	-132
Current year net income	30	116
Total Stockholders' equity and reserves	1,418	781
Total liabilities and stockholders' equity and reserves	7,983	6,108