First Quarter 2018 Results

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UNIFIN 1Q18 Earnings Conference Call

Date: Friday, April 20, 2018
Time: 10:00 a.m. Eastern Time / 9:00 a.m. Mexico City Time
Presenting for UNIFIN:
Mr. Sergio Camacho - Chief Financial Officer
Mr. David Pernas – Head of IR & Corporate Finance

1-877-830-2576 (U.S. participants)
1-785-424-1726 (International participants)
Conference ID: UNIFIN

UNIFIN Reports 55.3% increase in Net Income Reaching Ps. 471 million in 1Q18 Nominal Financial Margin rose 49.1% Y-O-Y

Mexico City, April 19, 2018 - **UNIFIN Financiera, S.A.B. de C.V. SOFOM, E.N.R. ("UNIFIN" or "the Company") (BMV: UNIFIN)**, announces its results for the first quarter ("1Q18"). All figures presented throughout this document are expressed in millions of Mexican pesos (Ps.). Financial information has been prepared in accordance with the accounting criteria of the Mexican National Banking and Securities Commission ("CNBV") and filed with the Mexican Stock Exchange ("BMV").

1Q18 Highlights

- **Total Revenues** increased **62.4%** to **Ps. 4,387 million** in 1Q18.
- **Nominal financial margin** increased by **49.1%** y-o-y.
- **OPEX improved** to **6.1%** in 1Q18 vs. **7.2%** at the close of 1Q17. **Efficiency ratio** was **28.5%**.
- **Operating income** increased **51.0%** reaching **Ps. 623 million** at the close of the quarter.
- **Net income** rose **55.3%** in 1Q18, reaching **Ps. 471 million**.
- As of March 31 2018, **total loan portfolio** reached **Ps. 44,919 million**, up **44.8%** y-o-y.
- **Net fixed assets** and **total assets** increased **38.0%** and **33.0%**, respectively, at the close of 1Q18.
- **NPL ratio** represented **0.78%** of the **total loan portfolio**.

Financial and Operating Summary

Financial metrics	1Q18	1Q17	Var. %
Total revenues	4,387	2,701	62.4%
Interest, depreciation & other expenses	(3,437)	(2,064)	66.5%
Nominal financial margin	950	637	49.1%
Financial margin	21.6%	23.6%	
Administrative and promotional expenses	(266)	(195)	36.8%
Opex (% of total revenues)	6.1%	7.2%	
Operating income	623	413	51.0%
Net income	471	303	55.3%
Net income margin[1]	10.7%	11.2%	
Operating metrics	**1Q18**	**1Q17**	**Var. %**
Total portfolio	44,919	31,014	44.8%
Leasing portfolio	36,876	22,929	60.8%
Factoring portfolio	2,158	2,719	(20.6%)
Auto loans & others	5,885	5,366	9.7%
NPL ratio	0.78%	0.69%	
Return/Leverage	**1Q18**	**1Q17**	
ROAA	3.7%	3.3%	
ROAE	26.5%	24.5%	
Capitalization (equity/assets)	18.7%	12.3%	
Capitalization (equity/assets) excl. MTM	20.0%	12.2%	
Total leverage (excl. ABS)	2.9	5.0	
Financial leverage (excl. ABS)	2.4	3.8	

[1]Calculated as % of total revenues

Message from the CEO:

Despite a more favorable macroeconomic outlook compared with what we had at the close of 2017, the first quarter of 2018 registered a slow start that recovered throughout the end of the quarter. This is mainly due to the outcome of positive reports regarding a successful NAFTA renegotiation that is expected to be confirmed in the following weeks. Additionally, Moody's Investors Service (Moody's) recently upgraded its national sovereign debt perspective from 'negative' to 'stable'. During this quarter, the Mexican Central Bank took monetary policy measures that raised the interest rate by 25 basis points. In the coming months we are expecting some volatility and uncertainty in the local market due to the Mexican election process, which will culminate in July.

At UNIFIN, we strive to maintain high standards of prudent decision-making for which we are recognized. Furthermore, we continue to uphold strict expense control policies, which have rendered extraordinary results in terms of operating efficiency. As such, we continue delivering strong and stable results, including: a 62.4% increase in total revenues compared to the same period of the previous year, a 49.1% increase in the nominal financial margin and a higher operating and net income of 51.0% and 55.3%, respectively. The Company's total assets reached Ps. 57,369 million, an increase of 33.0%.

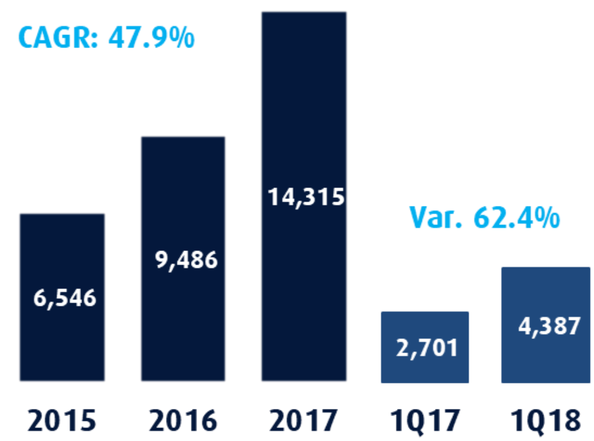
The Company has continued to apply a long-term debt strategy as well as covered its capital requirements for 2018. As a consequence, and as explained in the 4Q17 earnings release, the issuances (Subordinated Perpetual Notes for US $250 million and the Senior Notes due 2026 for US$300 million) enhanced the Company's capital structure and its maturity profile which at the end of 1Q18 was 62 months compared to our portfolio maturity of 38 months. As a part of this strategy, on March 9, the Company successfully completed the full pay down of the securitization UNFINCB15 for a total amount of Ps. 2,000 million. With regards to the aforementioned, we consider these types of actions imperative for UNIFIN. In order to prepare the Company for any additional interest rate hikes that could take place, at the close of the first quarter 97.8% of the Company's total financial liabilities are at a fixed interest rate.

In conclusion, we are pleased with the first quarter results and we will maintain our commitment to consolidate the Company in the market and support the growth of Mexico and its SMEs

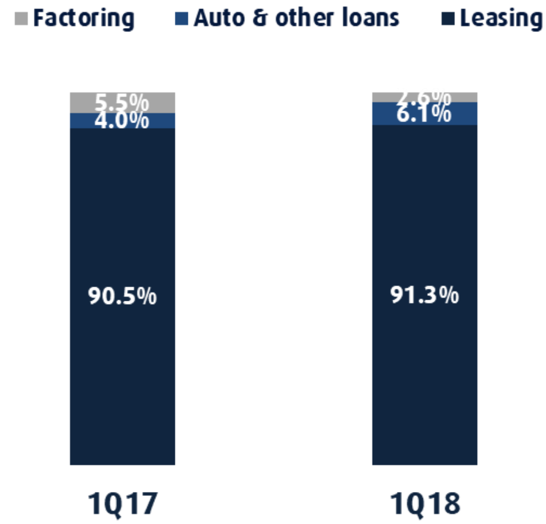
Luis Barroso, CEO

Income Statement

Total Revenue



Revenue Distribution



Total revenue consists of i) operating lease income, ii) interest income, primarily derived from factoring and auto loans, and iii) other lease benefits, mainly generated from asset sales at the end of each leasing contract.

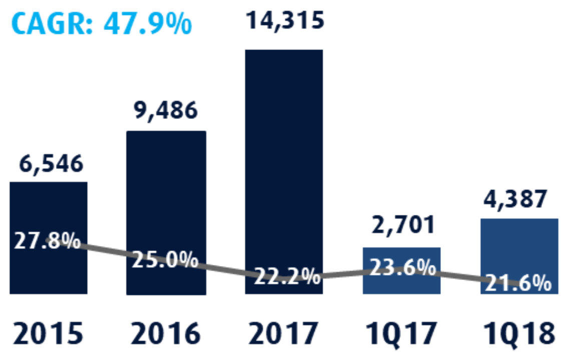
Total revenue increased 62.4% in 1Q18 to Ps. 4,387 million compared to Ps. 2,701 million in 1Q17. During 1Q18, operating lease income reached Ps. 3,332 million, a 43.2% increase versus 1Q17. Interest income reached Ps. 594 million, an increase of 101.4%. Other lease benefits during 1Q18 were Ps. 460 million.

Depreciation of assets under operating lease during 1Q18 was Ps. 1,796 million, a 53.1% increase compared to 1Q17. This increase was directly related to leasing portfolio growth.

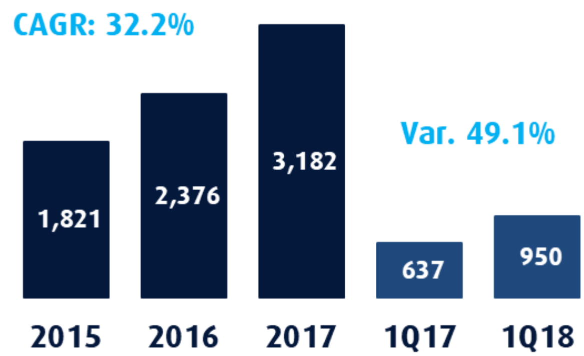
Interest expense rose 60.8% during 1Q18 to Ps. 1,217 million. The increase was partially explained by the larger base of our financial liabilities that support the Company's growth. At the close of the quarter, 97.8% of the outstanding debt is denominated in fixed rates.

Cost of Funding and Interest Expense	1Q17	1Q18	Var.
Cost of Funding	8.85%	9.89%	104 bps
Breakdown:			
Interest rate growth			17 bps
Increase due to extension of our debt maturity			87 bps
Interest Expense (Ps. million)	756	1,217	461
Breakdown:			
Interest rate growth			13
Increase due incremental debt			448

Financial Margin as % of Total Revenues

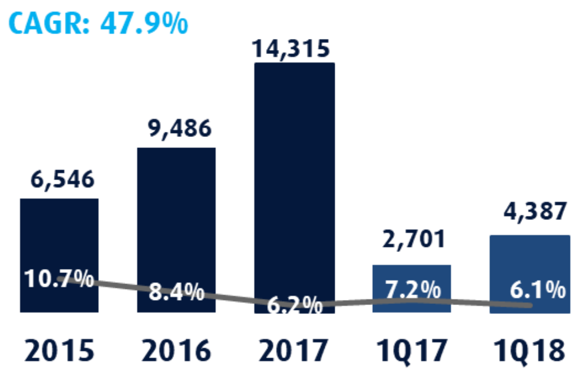


Nominal Financial Margin

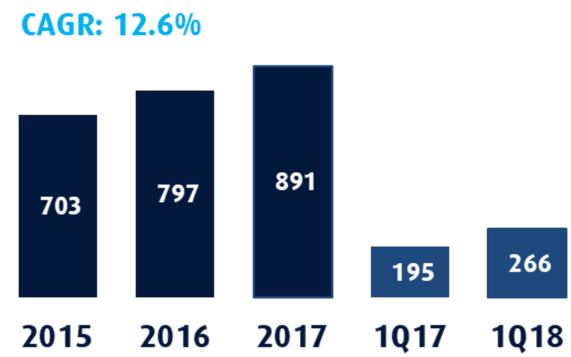


Nominal financial margin rose a 49.1% year-over-year. This increase was due to higher revenue growth vis-à-vis the increase of the Company's expenses. During 1Q18, the financial margin as percentage of total revenues was 21.6%.

Total Revenues and OPEX



Administrative and Promotional Expenses

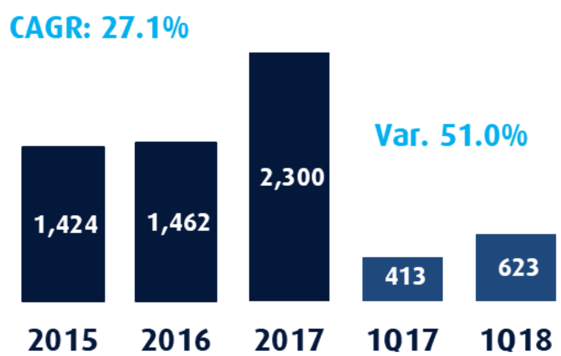


Administrative & promotional expenses were Ps. 266 million in 1Q18. OPEX, as a percentage of total revenues, improved from 7.2% during 1Q17 to 6.1% in 1Q18. These figures were benefited by our continuous cost-control policies and an improvement in our efficiency.

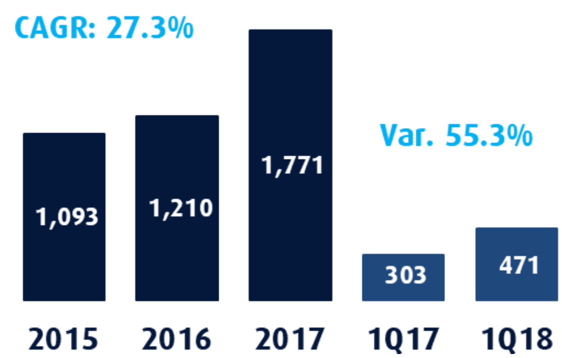
Operating income reached Ps. 623 million during 1Q18, a 51.0% increase compared to 1Q17. The result was due to the Company's revenue growth and efforts to maximize our operating leverage.

Consolidated net income reached Ps. 471 million during 1Q18, a 55.3% increase; this was due to higher margins and operating efficiencies, resulting in improved profitability.

Operating Income

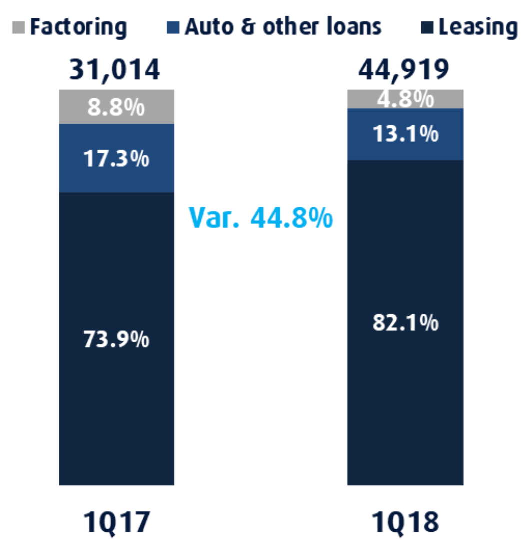


Net Income

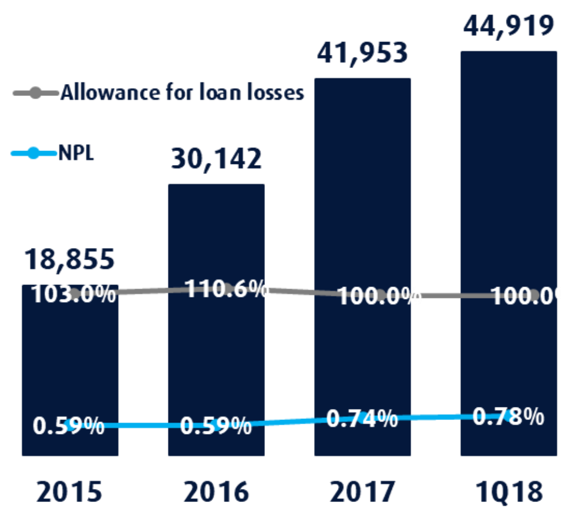


Balance Sheet

Portfolio Composition



NPL as % of Total Portfolio



Total loan portfolio is comprised of: i) the loan portfolio (Ps. 5,490 million), plus ii) leasing accounts receivable and other loans (Ps. 4,686 million) reported under other accounts receivable, and iii) memorandum accounts (Ps. 34,742 million), which are comprised of future rentals of the operating lease portfolio. As a result, total loan portfolio was Ps. 44,919 million in 1Q18, a 44.8% increase year-over-year.

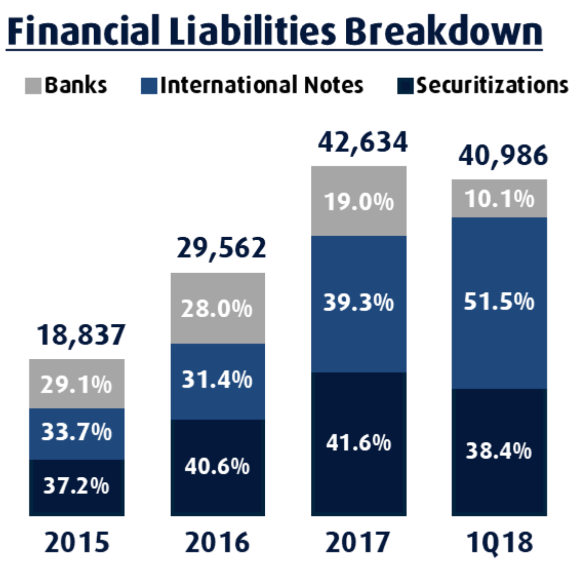
Past due loan portfolio was Ps. 352 million. Of which; Ps. 126 million were related to the factoring and auto loans business, plus Ps. 226 million were from the operating leasing portfolio (which were registered in other accounts receivable). The non-performing loan ratio ("NPL") (calculated as past due loan portfolio/total loan portfolio) was 0.78% at the close of 1Q18. The allowance for loan losses coverage for the Company's NPL's was 100.0% as of 1Q18.

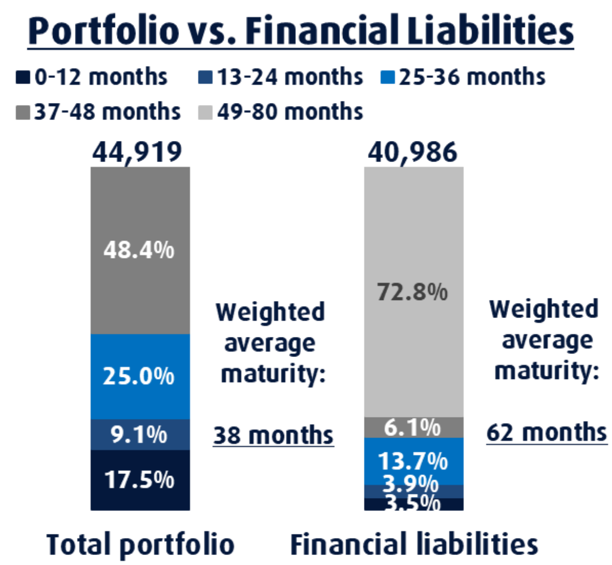
Portfolio Composition

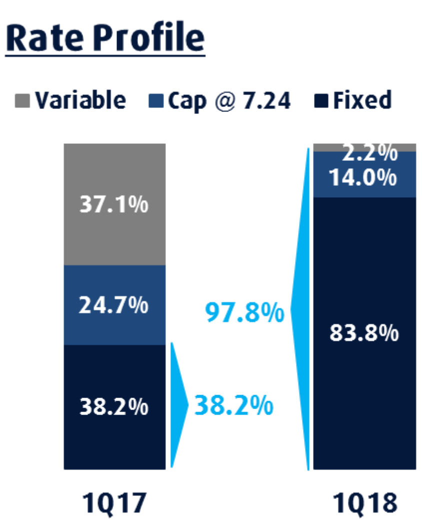
Portfolio Composition	1Q18	1Q17	Var. %
Leasing, factoring, auto loans & others	10,177	9,329	9.1%
Memorandum accounts	34,742	21,685	60.2%
Total	**44,919**	**31,014**	**44.8%**

Total assets as of March 31, 2018, were Ps. 57,369 million, a 33.0% increase compared to the close of March 2017. This was mainly due to growth of the total net portfolio, net fixed assets, and cash and equivalents.

Financial liabilities rose 31.2% to Ps. 41,348 million (including Ps. 362 million of accrued interest) at the end of the period. This increase was mainly attributed to the growth of operations year-over-year.







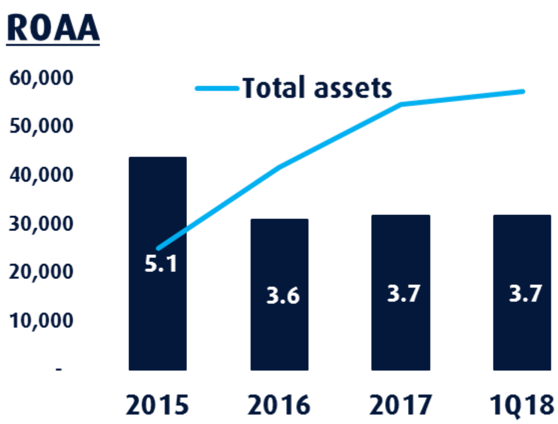
The Company´s debt maturity reached a weighted average of 62 months at the close of 1Q18. As of March 31, 2018, 97.8% of total debt was fixed vs. 38.2% in 1Q17, thereby mitigating most of the impact from rising interest rates.

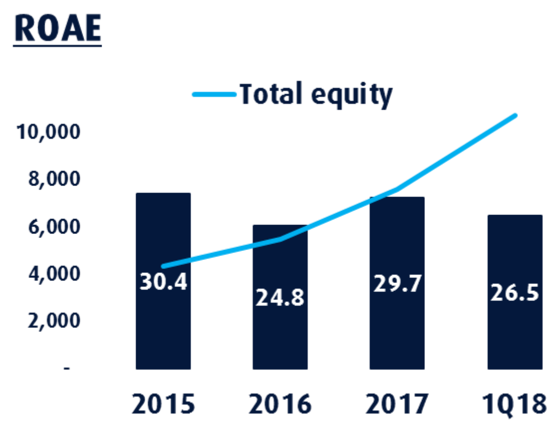
Total liabilities reached Ps. 46,648 million at the close of 1Q18, a 23.3% increase compared to 1Q17.

Subordinated obligations by the close of January 2018, the Company completed its first Subordinated Perpetual Note transaction, which for accounting purposes it will be recorded entirely as equity. Therefore, the coupons will be treated as dividend payments and they will not be recognized in the income statement. In relation to the Company's covenants and financial obligations, these will abide by the accounting treatment of the Notes. This Capital infusion, will allow the Company to sustain a healthy growth, as the Balance Sheet has been significantly enhanced. Rating agencies (S&P & Fitch) for their internal capitalization analysis only give partial equity treatment to this instrument.

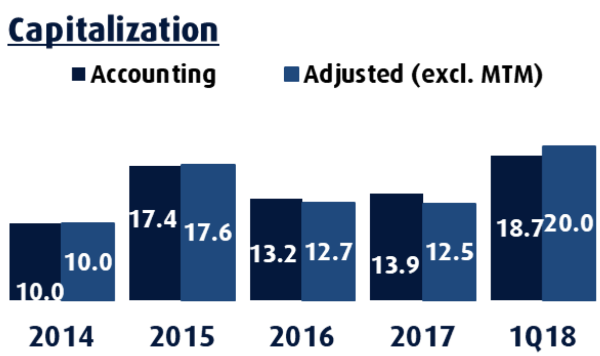
Stockholders' equity increased by 101.7% to Ps. 10,721 million in 1Q18 from Ps. 5,316 million at the close of 1Q17. This increase was explained by the capital infusion related to the Subordinated Perpetual Notes issued by the Company in January 2018, in addition to the net income generated during the period. This number was partially offset by the negative effect of the MTM valuation of the hedging derivative financial instruments but continue with a very healthy and solid 18.7% capitalization ratio.

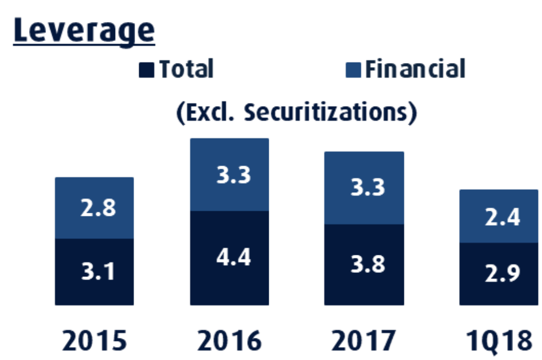
Financial Ratios





Return on average assets ("ROAA") at the close of 1Q18 was 3.7%. Return on average equity ("ROAE") was 26.5% for 1Q18. The decreased in ROAE is explained by the capital enhancement made by the Company at the beginning of the year for Ps. 4,531 million. Despite this, the ROAE continues being very attractive.





UNIFIN's financial leverage ratio (financial liabilities excluding securitizations/shareholders' equity) was 2.4x at the close of 1Q18. The Company's total leverage ratio (total liabilities excluding securitizations/shareholders' equity) at the close of 1Q18 was 2.9x compared to 5.0x during the same period of 2017.

Summary by Business Line

Leasing	1Q18	1Q17	Var. %
Origination volume	6,740	3,728	80.8%
Portfolio balance	36,876	22,929	60.8%
Weighted average maturity (months)	38		
Number of clients	4,366		

Factoring	1Q18	1Q17	Var. %
Origination volume	2,021	2,740	(26.2%)
Portfolio balance	2,158	2,719	(20.6%)
Weighted average maturity (days)	95		
Number of clients	1,101		

Auto loans	1Q18	1Q17	Var. %
Origination volume	337	405	(16.8%)
Portfolio balance	1,907	1,789	6.6%
Weighted average maturity (months)	33		
Number of clients	2,114		

Leasing origination increased 80.8% in 1Q18 year-over-year. The leasing portfolio balance grew 60.8% year-over-year, reaching Ps. 36,876 million at the close of 1Q18.

Factoring volume fell 26.2% in 1Q18 year-over-year. The factoring portfolio balance was Ps. 2,158 million at the close of 1Q18. The decrease in the Factoring portfolio is related to a more conservative approach towards new originations.

Auto loans decreased its operating volume by 16.8% year-over-year compared to 1Q17. The auto loan and other loans portfolio balance increased by 9.7% reaching Ps. 5,885 million, compared to Ps. 5,366 million reported at the close of 1Q17.

Analyst Coverage

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Credit Suisse	Marcelo Telles	Equity	marcelo.telles@credit-suisse.com	1-212-325-5133
NAU Securities	Iñigo Vega	Equity	inigovega@nau-securities.com	44-207-947-517
Scotiabank	Jason Mollin	Equity	jason.mollin@scotiabank.com	1-212-225-5039
UBS	Frederic De Mariz	Equity	frederic.de-mariz@ubs.com	55-11-3513-6511
Credit Suisse	Jamie Nicholson	Debt	jaime.nicholson@credit-suisse.com	1-212-538-6769
Mizuho	Soummo Mukherjee	Debt	soummo.mukherjee@us.mizuho-sc.com	1-212-205-7716
Morgan Stanley	John Haugh	Debt	john.haugh@morganstanley.com	1-212-761-5547

About UNIFIN

UNIFIN is the leading independent Mexican leasing company, operating as a non-banking financial services company, specializing in three main business lines: operating leasing, factoring and auto and other lending. Through UNIFIN's leasing business line, its core business line, the Company offers operating leases for all types of equipment and machinery, various types of transportation vehicles (including cars, trucks, helicopters, airplanes and other vessels) and other assets in a variety of industries. Through its factoring business line, UNIFIN provides liquidity and financing solutions to its customers by purchasing or discounting accounts receivable and by providing vendor financing. UNIFIN's auto loans business line is focused on financing the acquisition of new and used vehicles.

Income Statement

Figures in Ps. million	1Q18	1Q17	Var. %
Operating lease income	3,332	2,326	43.2%
Interest income	594	295	101.4%
Other lease benefits	460	79	478.6%
Total revenue	**4,387**	**2,701**	**62.4%**
Depreciation of assets under lease	(1,796)	(1,261)	42.5%
Interest expense	(1,217)	(756)	60.8%
Other lease expenses	(424)	(47)	805.3%
Total expenses	**(3,437)**	**(2,064)**	**66.5%**
Nominal financial margin	**950**	**637**	**49.1%**
Allowance for loan losses	(45)	(25)	80.0%
Financial margin adjusted for credit risk	**905**	**612**	**47.8%**
Commissions and fees (paid) - Net	(16)	(18)	15.1%
Financial intermediation results	0	0	0.0%
Other operating income - Net	1	14	(95.4%)
Admin. and promotional expenses	(266)	(195)	36.8%
Operating income	**623**	**413**	**51.0%**
Current income tax	(218)	(197)	10.7%
Deferred income tax	67	87	(23.3%)
Income tax expense	(151)	(110)	37.7%
Equity methods/subsidiaries	(1)	0	(100.0%)
Net income	**471**	**303**	**55.3%**

Balance Sheet

Figures in Ps. million	1Q18	1Q17	Var. %
Assets			
Cash & cash equivalents	5,587	1,736	221.9%
Derivatives with hedging purposes	1,114	2,766	(59.7%)
Performing loan portfolio	5,364	5,867	(8.6%)
Past due loan portfolio	126	6	1,850.9%
Loan portfolio	5,490	5,874	(6.5%)
Allowance for loan losses	(126)	(14)	(769.0%)
Loan portfolio - Net	5,364	5,859	(8.4%)
Other accounts receivable	5,976	4,570	30.8%
Foreclosed assets	506	167	202.4%
Property, machinery & equipment - Net	34,871	25,268	38.0%
Other permanent investments	103	39	163.5%
Deferred charges & advanced payments	2,123	1,443	47.1%
Other long-term assets	7	31	(76.2%)
Deferred income taxes	1,719	1,270	35.3%
Total other assets	3,848	2,744	40.3%
Total assets	57,369	43,148	33.0%
Liabilities and Stockholders' equity			
Short term interest	341	110	210.3%
Securitizations	15,750	11,250	40.0%
International Notes	21,094	8,470	149.1%
Total debt securities	37,185	19,830	87.5%
Short term bank borrowings & loans	1,460	6,914	(78.9%)
Long term bank borrowings & loans	2,703	4,783	(43.5%)
Total bank borrowings & loans	4,163	11,697	(64.4%)
Income tax payable	400	165	142.9%
Sundry creditors	3,499	4,949	(29.3%)
Other accounts payable	675	680	(0.7%)
Deferred credits	726	512	41.8%
Total other accounts payable	5,300	6,305	(15.9%)
Total liabilities	46,648	37,832	23.3%
Stockholders' Equity			
Capital stock	2,894	2,896	(0.1%)
Subordinated obligations	4,531	0	
Capital reserves	188	186	1.2%
Valuation of hedging derivatives	(924)	84	(1,205.3%)
Retained earnings	3,561	1,848	92.7%
Net income for the year	471	303	55.3%
Total stockholders' equity	10,721	5,316	101.7%
Total liabilities & stockholders' equity	57,369	43,148	33.0%
Memorandum accounts			
Contractual lease rentals to be accrued held in trust	20,707	17,710	16.9%
Contractual lease rentals to be accrued	14,035	3,975	253.1%
Total memorandum accounts	34,742	21,685	60.2%

Annex 1 – Financial Liabilities (Ps. million)

International Notes	Outstanding	Maturity	Rate	Currency	S&P / Fitch / HR
UNIFIN 7.250 2023	400	Sep-23	Fixed	USD	BB / BB / BBB-
UNIFIN 7.000 2025	450	Jan-25	Fixed	USD	BB / BB / BBB-
UNIFIN 7.125 2026	300	Feb-26	Fixed	USD	BB / BB / BBB-
Total*	**1,150**				

Securitization	Outstanding	Maturity	Rate	Currency	Rating
Private Scotiabank	2,250	Nov-18	Variable[1]	MXN	mxAAAS&P / HRAAA[2]
UFINCB15	2,000	Sep-20	Variable[1]	MXN	mxAAAS&P / HRAAA[2]
UFINCB16	2,500	Feb-21	Variable[1]	MXN	mxAAAS&P / HRAAA[2]
UNFINCB16	1,250	Sep-21	Variable[1]	MXN	mxAAAS&P / HRAAA[2]
UNFINCB16-2	1,250	Sep-21	Fixed	MXN	mxAAAS&P / HRAAA[2]
UNFINCB17	1,500	Mar-22	Variable[1]	MXN	mxAAAS&P / HRAAA[2]
UNFINCB17-2	1,500	Mar-22	Fixed	MXN	mxAAAS&P / HRAAA[2]
UNFINCB17-3	2,500	Sep-22	Variable[1]	MXN	mxAAAS&P / HRAAA[2]
UNFINCB17-4	1,000	Sep-22	Fixed	MXN	mxAAAS&P / HRAAA[2]
Total	**15,750**				

Bank Credit Lines	Outstanding
Bank lines	4,140
Total*	**4,140**

[1] Hedged
[2] Local
*Interest not included

Annex 2 – Share Repurchase Program

Share Repurchase Program	Acquired	Sold
2015	**1,108,450**	**755,533**
2016	**3,425,547**	**2,887,312**
1Q17	1,176,266	94,565
2Q17	1,038,840	122,896
3Q17	-	22,593
4Q17	274,576	199,900
Total 2017	**2,489,682**	**439,954**
1Q18	95,941	-
Total 2018	**95,941**	**-**
Total	**7,119,620**	**4,082,799**
Balance as of March 31, 2018.	**3,036,821**	