



UNIFIN FINANCIERA S.A.B. DE C.V. SOFOM ENR



First Quarter 2017 Results



UNIFIN

UNIFIN Reports a 29.3% Operating Income Increase Reaching Ps. 413 million in 1Q17. Total Loan Portfolio Rose 50.8% Y-O-Y

Mexico City, April 27, 2017 - **UNIFIN Financiera, S.A.B. de C.V. SOFOM, E.N.R.** (“UNIFIN” or “the Company”) (**BMV: UNIFIN**), announced today its results for the first quarter (“1Q17”) 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”).

1Q17 Highlights

- **Total Revenues** increased **37.6%** to **Ps. 2,701 million** in 1Q17.
- **Nominal financial margin** of **Ps. 637 million** in 1Q17 (**23.6% margin**).
- **OPEX**, as a percentage of total revenues, **improved to 7.2%** in 1Q17 vs. **9.7%** at the close of 1Q16.
- **Operating income** reached **Ps. 413 million**, an increase of **29.3%**.
- **Net income** rose **19.3%** in 1Q17, reaching **Ps. 303 million**.
- As of March 31, 2017, **total loan portfolio** was **Ps. 31,014 million**, up **50.8%** y-o-y.
- **Net fixed assets and total assets** increased **64.6%** and **54.1%**, respectively, at the close of 1Q17.
- On April 10th, UNIFIN successfully issued the largest to date leasing securitization in Mexico in an amount of **Ps. 3,000 million**. This new securitization consisted of two tranches, the first tranche of **Ps. 1,500 million** at a **fixed interest rate** and the second of **Ps. 1,500 million** at a **floating rate**. With this transaction, the Company improved its exposure to floating rates and enhanced its debt maturity profile. It is worth noting that this issuance was oversubscribed over 2 times. The issuance was rated “**mx AAA**” by Standard & Poor’s and “**HR AAA**” by HR Ratings.
- **Significant debt profile enhancement**, while shielding UNIFIN for further interest rate increases and volatility.

Financial and Operating Summary

Financial metrics (Ps. million)	1Q17	1Q16	Var. %
Total revenues	2,701	1,963	37.6%
Interest, depreciation & other expenses	(2,064)	(1,441)	43.2%
Nominal financial margin	637	522	22.1%
Financial margin	23.6%	26.6%	
Administrative and promotional expenses	(195)	(190)	2.4%
Opex (% of total revenues) ¹	7.2%	9.7%	
Operating income	413	319	29.3%
Net income	303	254	19.3%
Net income margin ²	11.2%	13.0%	

¹ Calculated as administrative & promotional expenses over total revenues

² Calculated as net income over total revenues

Operating metrics (Ps. million)	YTD 2017	YTD 2016	Var. %
Total portfolio	31,014	20,566	50.8%
Leasing portfolio	22,929	15,046	52.4%
Factoring portfolio	2,719	2,081	30.7%
Auto loans & others	5,366	3,439	56.0%
NPL ratio	0.69%	0.68%	
Return/Leverage	YTD 2017	YTD 2016	
ROAA	3.3%	4.1%	
ROAE	24.5%	23.4%	
Capitalization (equity/assets)	12.3%	15.5%	
Total leverage (excl. ABS)	5.0	3.2	
Financial leverage (excl. ABS)	3.8	2.6	

Statement from the Chief Executive Officer:

The first quarter of this year started off within an uncertain political and macroeconomic environment in the international markets and Mexico was no exception. However, there has been a clear recovery in Mexico's perceived country risk; the currency has performed strongly while at the same time, new investments in the country have been announced, reaffirming confidence levels. Additionally, the Central Bank of Mexico (Banco de México) has undertaken strong measures, such as the 75- basis points increase in 2017 reference rates. The Company also noticed that customer decision making had favorably progressed during the quarter.

In UNIFIN, we continue to work under the high standards of prudence that have characterized us. During the first quarter, we strengthened our credit and risk management approach across our acceptance and origination process. In addition, we have maintained a strict expense control policy, that has rendered extraordinary results in our operating efficiency. As such, we continue posting good and solid results such as: a **37.6% increase in total revenues** compared to the same period of the previous year, a **22% increase in the nominal financial margin** and **higher operating and net income of 29.3% and 19.3%**, respectively. The Company's **total assets reached Ps. 43,148 million, an increase of 54.1%**, our **total portfolio rose by 50.8%** compared to the previous year, thus maintaining an NPL of only 0.7%. With this, the Company continues demonstrating its remarkable capacity to preserve healthy growth.

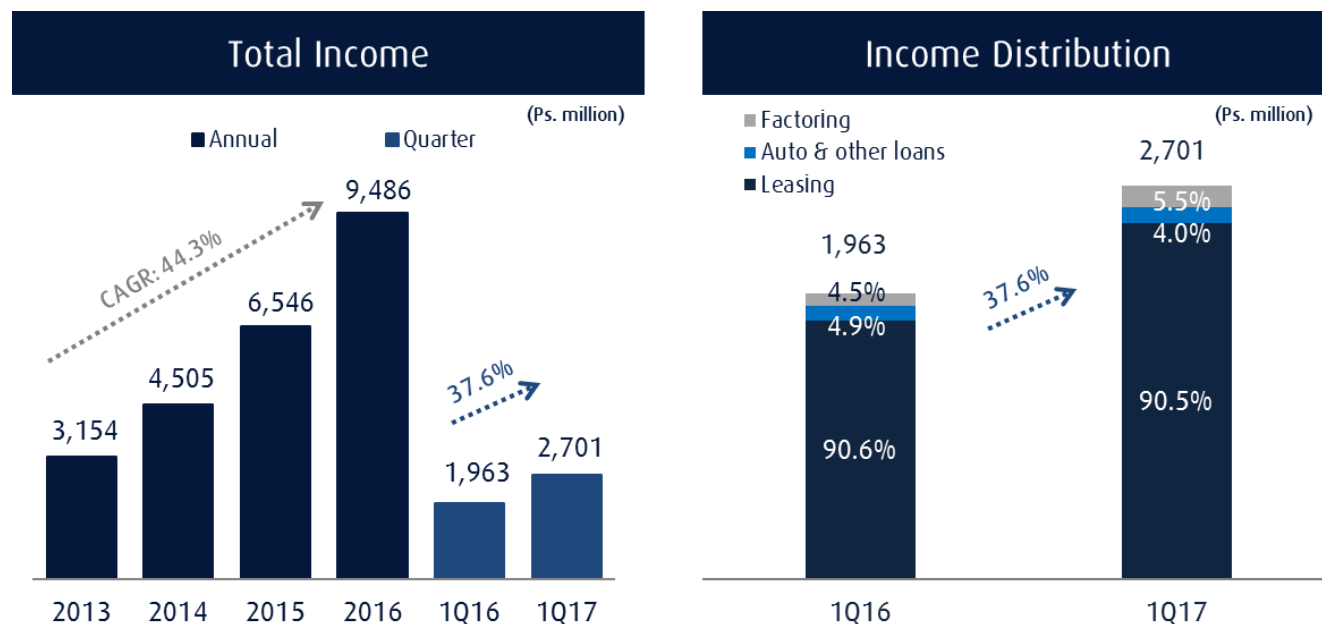
In addition to this, **UNIFIN has continued to enhance its debt profile** by; continuing to issue fixed rate debt, hedging all US-denominated financing and considerably improving the debt maturity profile. As a result of this strategy, our interest expense has been impacted in past months but we are confident this is the right strategy for shielding UNIFIN in the long term.

In the early days of April, **the Company issued the largest leasing portfolio securitization in the Mexican market of Ps. 3,000 million**. The transaction consisted of two tranches, half of the amount Ps. 1,500 million at a fixed rate, and the remainder Ps. 1,500 million at a floating rate. It is important to note that the issuance was oversubscribed over two times, reflecting investor confidence in the Company.

We are pleased with the results despite the challenges faced during the quarter, we are confident that we will continue growing in the Mexican market.

Luis Barroso, CEO of UNIFIN

Discussion of Profit and Loss Statement



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 the leasing contract, insurance fees and commissions.

Total revenue increased 37.6% in 1Q17 to Ps. 2,701 million compared to Ps. 1,963 million in 1Q16. During 1Q17, operating lease income reached Ps. 2,326 million, a 40.8% increase versus 1Q16. Interest income reached Ps. 295 million, an increase of 25.7%.

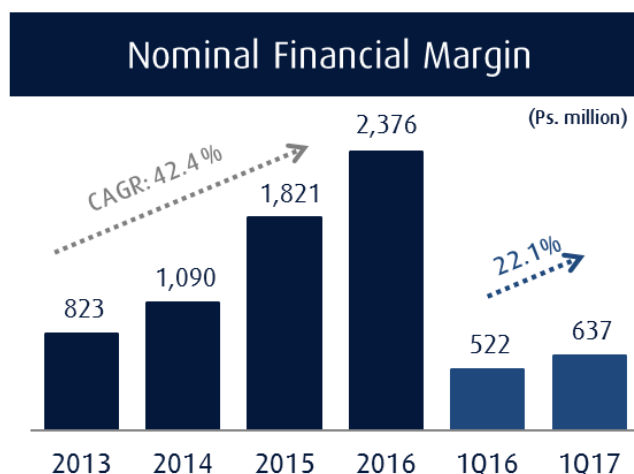
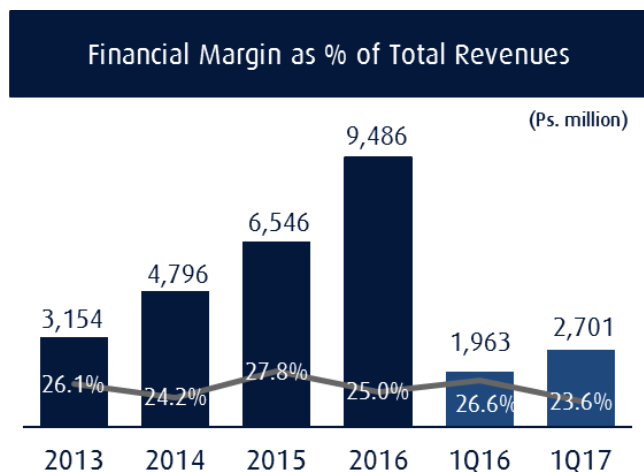
Other lease benefits during 1Q17 were Ps. 79 million, a 5.9% increase year-over-year. The increase was explained by scheduled asset transfers to the lessees at the expiration of the leasing contracts during the period.

Depreciation of assets under lease during 1Q17 was Ps. 1,261 million, a 29.3% increase compared to 1Q16. This increase was directly related to leasing portfolio growth.

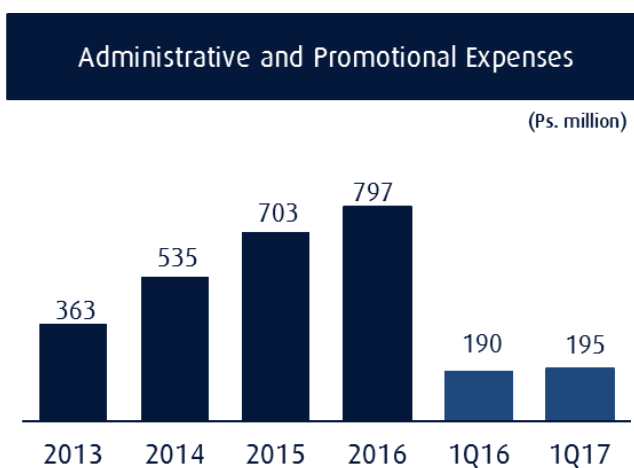
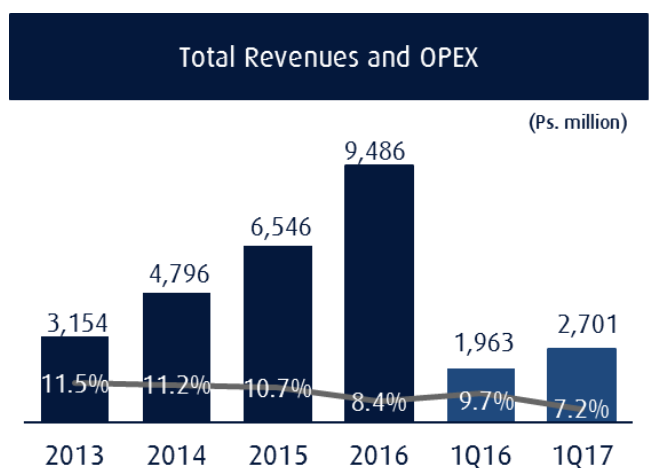
Interest expenses rose 98.8% during 1Q17 to Ps. 756 million. This increase was due to higher financial liabilities that supported growth of the Company's operation volume, as well as increases observed in the reference rates (75 bps) during the period, which accounted approximately 27.0% of the total reported interest expense. The increase is directly related to the Company's prudent risk management approach of its financial debt. Due to debt profile enhancement, the Company hired fixed rate debt that impacted the funding cost in the short-term, however, these initiatives have shielded UNIFIN from eventual volatility in the long-term.

Other leasing expenses, which consist of cost of goods sold for the assets transferred to the lessees at the expiration of the leasing contracts, decreased by 45.1% to Ps. 47 million.

Nominal financial margin, calculated as total revenue minus depreciation of assets under operating lease, interest and other expenses, reached a 22.1% nominal increase year-over-year. This increase was due to the growth in total revenues. During 1Q17, the financial margin as a percentage of total revenues was 23.6%.

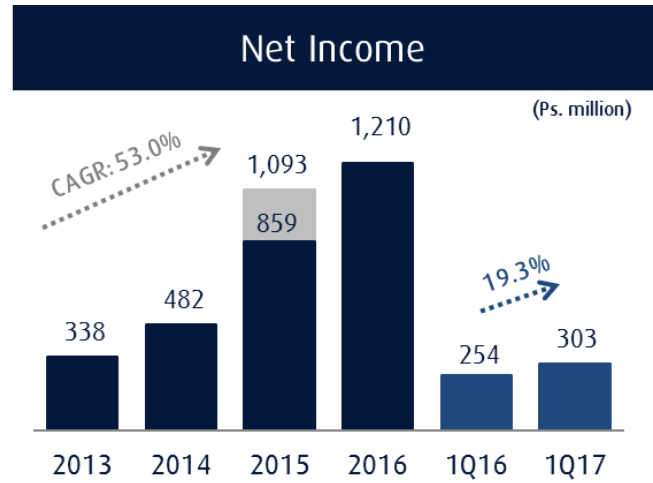
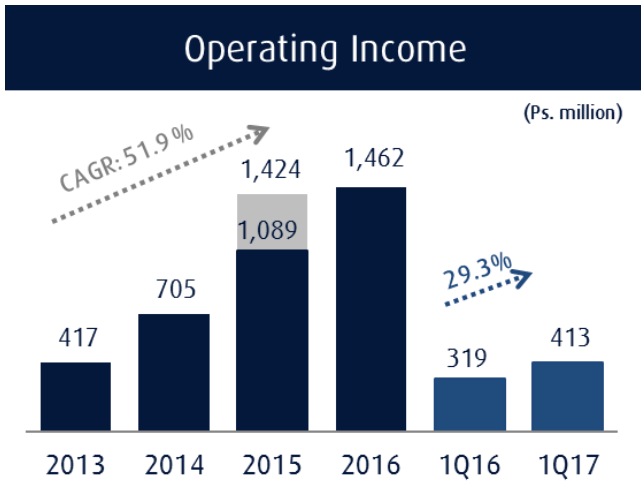


Administrative and promotional expenses increased 2.4%, to Ps. 195 million in 1Q17 compared to 1Q16. Furthermore, as a percentage of total revenues, this figure improved from 9.7% during 1Q16 to 7.2% in 1Q17. Lower administrative and promotional expenses were the result of strict cost control policies, which resulted in a more efficient operating structure for the Company.

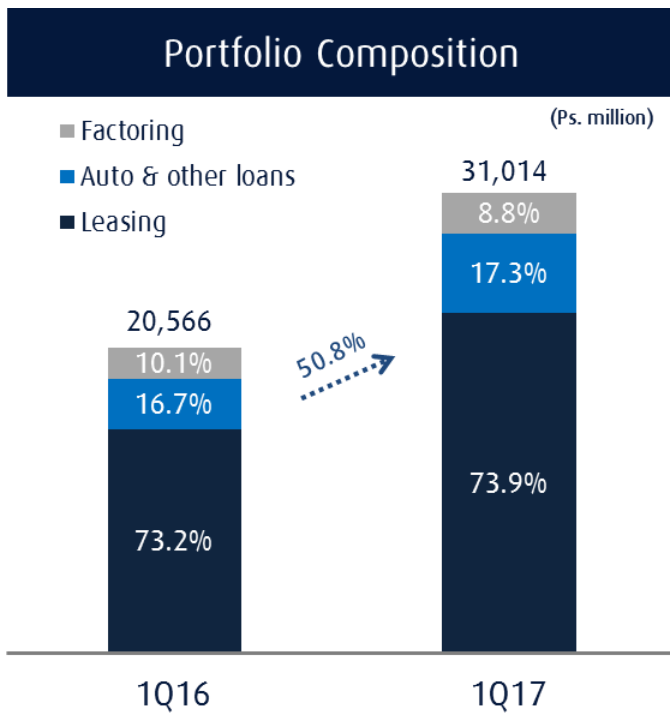


Operating income reached Ps. 413 million during 1Q17, a 29.3% increase compared to 1Q16. This results are explained by the Company's operating efficiency improvement and an increase in the revenues.

Consolidated net income reached Ps. 303 million during 1Q17, a 19.3% increase. This was explained by higher revenues across our portfolio.



Balance Sheet Review



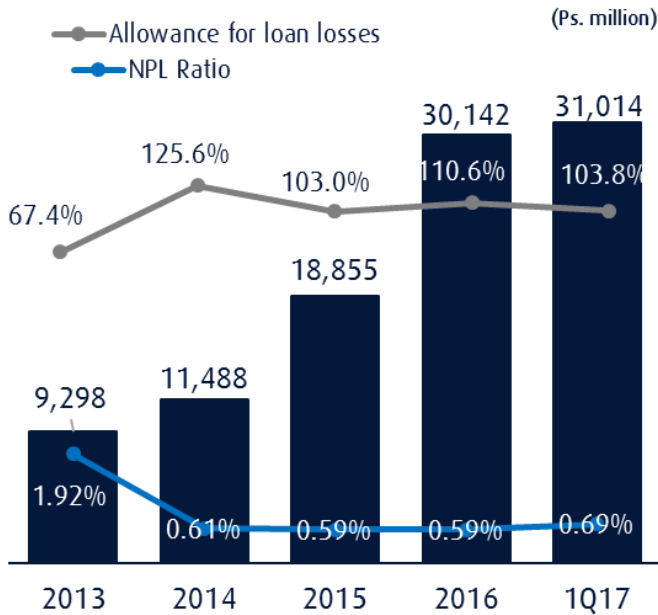
Total loan portfolio is comprised of: i) the current loan portfolio (performing loans plus past-due loan portfolio) and ii) off balance sheet accounts (see *Memorandum Accounts*), which are comprised of future rentals of the Company's operating lease portfolio.

The total loan portfolio reached Ps. 31,014 million in 1Q17, an increase of 50.8% year-over-year. Current loan portfolio (excluding off-balance sheet accounts) was Ps. 9,116 million, non-performing loans were Ps. 213 million and off-balance sheet accounts were Ps. 21,685 million.

Past due loan portfolio was Ps. 213 million. The non-performing loan ("NPL") ratio (equal to past due loan portfolio/total loan portfolio) was 0.7% at the close of 1Q17. The allowance for loan losses coverage for the Company's NPL's was above 100.0% as of 1Q17. It is important to mention that UNIFIN considers financial health to be an utmost priority.

The following chart shows the NPL ratio as percentage of the total loan portfolio and allowance for loan losses as percentage of past-due loan portfolio.

NPL as % of Total Portfolio

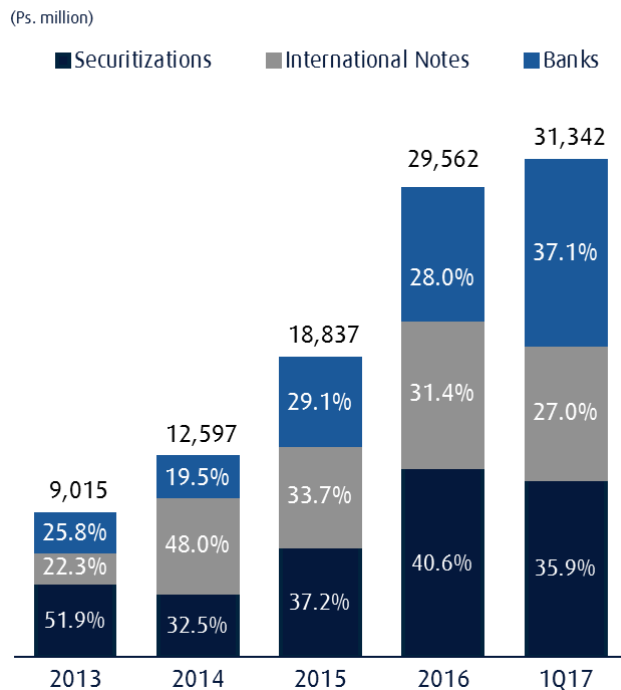


Total assets as of March 31, 2017 were Ps. 43,148 million, a 54.1% increase compared to the end of March 2016. This was mainly due to growth of the total net portfolio and net fixed assets, along with the liquidity and active portion of the derivatives with hedging purposes.

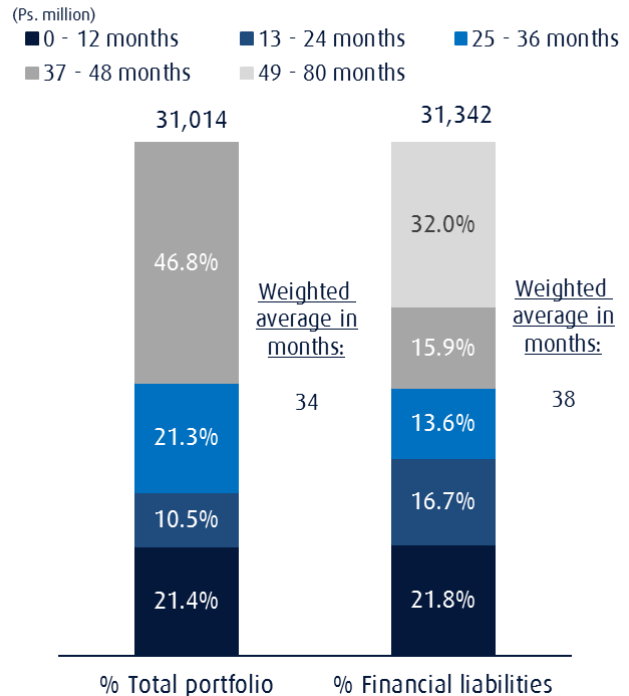
Financial liabilities rose 49.8% to Ps. 31,527 million (including Ps. 185 million of accrued interest) at the end of the period. This increase was mainly attributed to the growth of our assets under operating lease (64.6% Y-O-Y) in conjunction with the depreciation of the Mexican peso (~1.41 pesos per dollar), which affected the Balance Sheet account, related to the Notes issued by the Company.

The Company's debt maturity profile reached a **weighted average of 38 months** at the close of 1Q17. The securitizations of the Company's leasing portfolio are considered non-recourse financing.

Financial Liabilities Breakdown



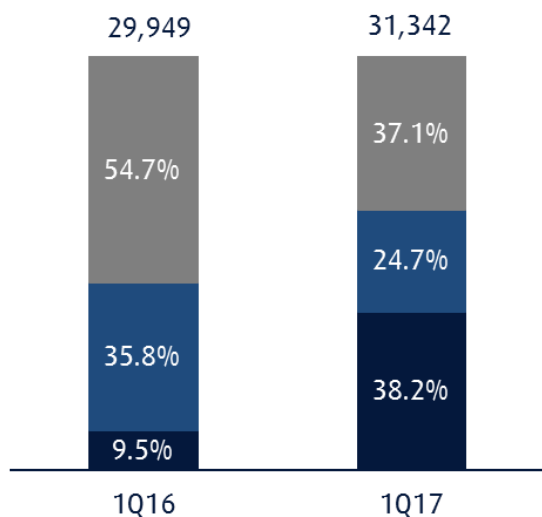
Portfolio vs. Financial Liabilities



Debt profile

(Ps. million)

■ Variable ■ TIIE Caped @ 7.25% ■ Fixed



We have managed to enhance the debt profile of the company, not only by extending the maturity, but by fixing the rates of a substantial amount of our total debt, shown as follows.

As of March, 31st 2017, 38.2% of our total debt is fixed vs. 9.5% in 1Q16, this mitigates any impact over rising reference rates. Additionally, only 37.1% of our debt remains variable, compared to 54.7% in 1Q16.

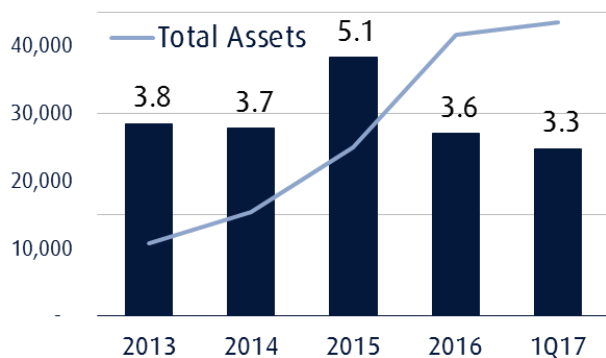
Total liabilities reached Ps. 37,832 million at the close of 1Q17, a 59.9% increase compared to 1Q16. In 1Q17 total liabilities include the provision related to the declared dividend in March.

Stockholders' equity increased by 22.2% to Ps. 5,316 million in 1Q17 from Ps. 4,349 million at the close of 1Q16. This was the result of the Company's ability to generate consistent profits.

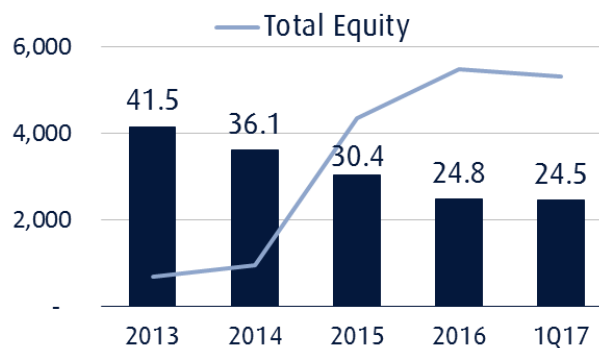
Financial Ratios

Return on average assets ("ROAA") at the close of 1Q17 was 3.3%. Return on average equity ("ROAE") was 24.5% for 1Q17.

ROAA

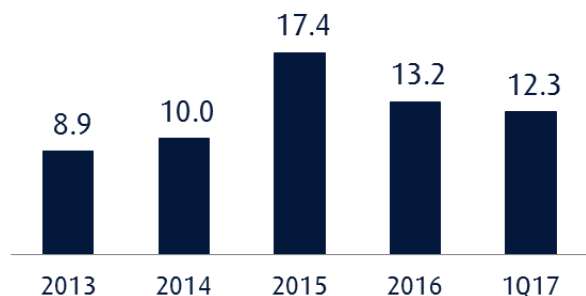


ROAE



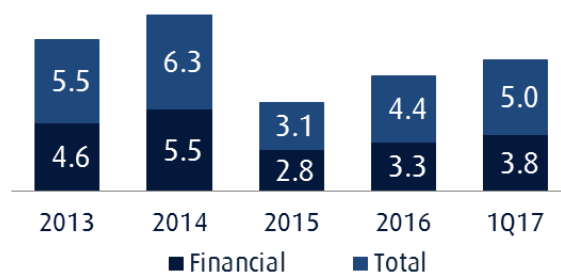
UNIFIN's capitalization ratio (shareholders' equity/total assets) was 12.3% at the close of 1Q17, compared to 13.2% at the close of 2016. These variations are attributed to the growth of the Company's assets directly related to its operation, in addition to the impact of 50 basis points from the declared dividend in March.

Capitalization



Leverage

(Securitizedizations not included)



UNIFIN’s financial leverage ratio (financial liabilities excluding securitizations/shareholders’ equity) was 3.8x at the close of 1Q17, compared to 2.7x at the close of 1Q16. The Company’s total leverage ratio (total liabilities excluding securitizations/shareholders’ equity) at the close of 1Q17 was 5.0x.

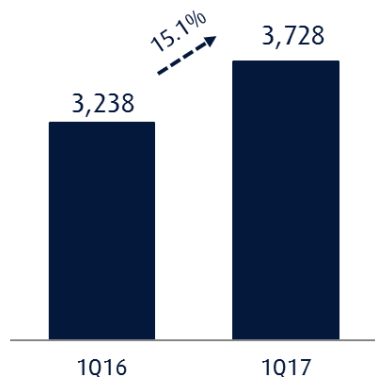
Summary by Business Line

Leasing

	1Q16	1Q17	Var.
Originated	3,238	3,728	15.1%

(Ps. million)

Leasing operation volume

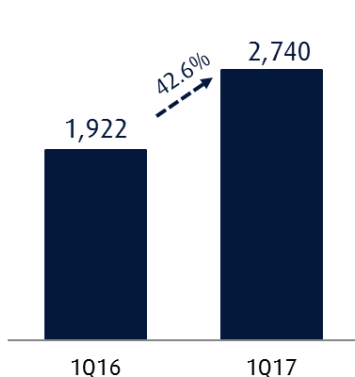


Factoring

	1Q16	1Q17	Var.
Originated	1,922	2,740	42.6%

(Ps. million)

Factoring operation volume

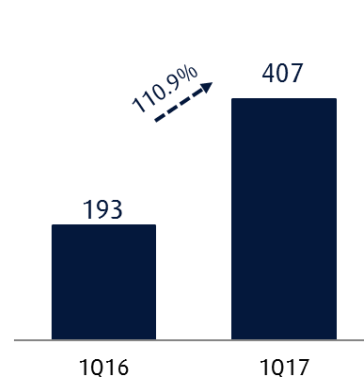


Auto loans

	1Q16	1Q17	Var.
Originated	193	407	110.9%

(Ps. million)

Auto loans operation volume



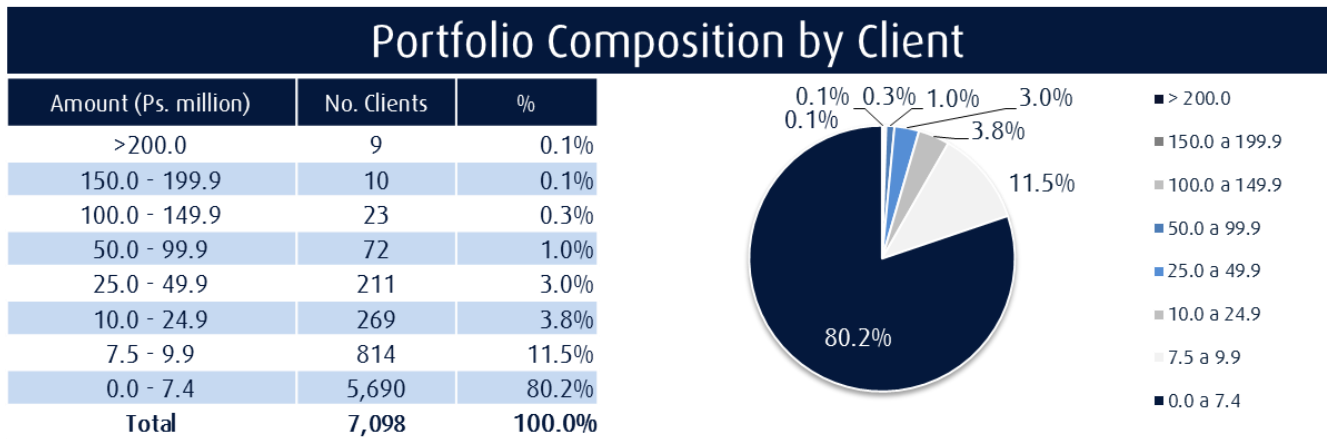
Leasing origination increased 15.1% in 1Q17 year-over-year. The **operating lease portfolio balance** grew 52.4% year-over-year, reaching Ps. 22,929 million at the close of 1Q17.

Factoring operation volume grew 42.6% in 1Q17 year-over-year. The **factoring portfolio balance** increased by 30.7% to Ps. 2,719 million at the close of 1Q17, compared to Ps. 2,081 million in 1Q16.

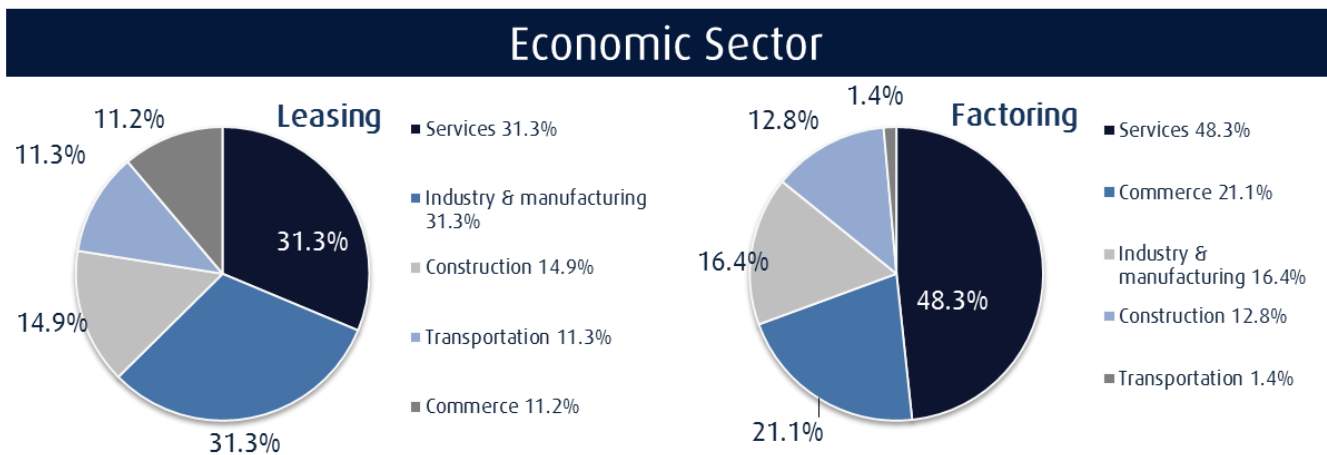
Auto loans increased its operations volume by 110.9% in 1Q17 year-over-year. The **auto loan and other loans portfolio balance** reached Ps. 5,366 million, an increase of 56.0%, from Ps. 3,439 million reported at the close of 1Q16.

Portfolio Composition

UNIFIN considers sound financial health to be vital for the business. Thus, the Company regularly monitors its portfolio composition to preserve ample diversification in terms of clients, economic sector and geographic area.



UNIFIN’s portfolio composition has no exposure to any client. At the close of 1Q17, the Company’s largest client represented 1.3% of its total portfolio. In addition, 80.2% of its clients have approved credit lines of below Ps. 7.5 million, signaling its low exposure to any client as well as a diversified portfolio. The following chart summarizes exposure by economic sector.



Analyst Coverage

Institution	Analyst	Type	e-mail	Phone
Actinver	Enrique Mendoza	Capital	emendoza@actinver.com.mx	+52-55-1103-6699
Bx+	José Eduardo Coello	Capital	jcoello@vepormas.com	+52-55-5625-1500
Citibank	Carlos Rivera	Capital	carlos.rivera@citi.com	+1-212-816-7516
Credit Suisse	Marcelo Telles	Capital	marcelo.telles@credit-suisse.com	+1-212-325-5133
Interacciones	Martín Hernández	Capital	mhernandez@interacciones.com	+52-55-5326-8600
NAU Securities	Iñigo Vega	Capital	inigovega@nau-securities.com	+44-207-947-517
UBS	Frederic De Mariz	Capital	frederic.de-mariz@ubs.com	+55-11-3513-6511
Credit Suisse	Jamie Nicholson	Deuda	jaimenicholson@credit-suisse.com	+1-212-538-6769
Mizuho	Soummo Mukherjee	Deuda	soummo.mukherjee@us.mizuho-sc.com	+1-212-205-7716
Morgan Stanley	John Haugh	Deuda	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.

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 UNIFIN Financiera, S.A.B. de C.V., SOFOM, ENR 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 declaration or the payment of dividends, 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.

Income Statement

Figures in Ps. million	1Q17	1Q16	% Var
Operating lease income	2,326	1,653	40.8%
Interest income	295	235	25.7%
Other lease benefits	79	75	5.9%
Total revenue	2,701	1,963	37.6%
Depreciation of assets under lease	(1,261)	(975)	29.3%
Interest expense	(756)	(380)	98.8%
Other lease expenses	(47)	(85)	(45.1%)
Total expenses	(2,064)	(1,441)	43.2%
Nominal financial margin	637	522	22.1%
Allowance for loan losses	(25)	(12)	117.4%
Financial margin adjusted for credit risk	612	510	19.9%
Commissions and fees (paid) - Net	(18)	(8)	117.6%
Financial intermediation results	0	5	(100.0%)
Other operating income - Net	14	2	491.3%
Administration and promotional expenses	(195)	(190)	2.4%
Operating income	413	319	29.3%
Valuation effects of other permanent investments	0	0	0.0%
Income before income tax:	413	319	29.3%
Current income tax	(197)	(96)	105.0%
Deferred income tax	87	31	181.9%
Income tax expense	(110)	(65)	68.4%
Equity methods/subsidiaries	0	0	-
Net income	303	254	19.3%

Balance Sheet

Figures in Ps. million	YTD 2017	YTD 2016	Var. %
Assets			
Cash & cash equivalents	1,736	2,049	(15.3%)
Derivatives with hedging purposes	2,766	2,094	32.1%
Total performing loan portfolio	9,116	6,120	48.9%
Past due loan portfolio	213	140	52.9%
Total loan portfolio	9,329	6,260	49.0%
Allowance for loan losses	(221)	(126)	75.2%
Loan portfolio - Net	9,108	6,133	48.5%
Other accounts receivable	1,321	659	100.4%
Foreclosed assets	167	194	(14.0%)
Property, machinery & equipment - Net	25,268	15,349	64.6%
Other permanent investments	39	16	138.1%
Deferred charges & advanced payments	1,443	684	110.8%
Other long term assets	31	7	351.5%
Deferred income taxes	1,270	823	54.4%
Total other assets	2,744	1,514	81.2%
Total assets	43,148	28,009	54.1%
Liabilities and Stockholders' equity			
Short term interest	110	94	17.2%
Securitized assets	11,250	9,500	18.4%
International Notes	8,470	6,319	34.0%
Total debt securities	19,830	15,913	24.6%
Short term bank borrowings & loans	6,914	4,937	40.1%
Long term bank borrowings & loans	4,783	202	2,266.6%
Total bank borrowings & loans	11,697	5,139	127.6%
Income tax payable	165	59	177.9%
Sundry creditors	4,949	2,127	132.6%
Other accounts payable	680	164	315.2%
Deferred credits	512	258	98.8%
Total other accounts payable	6,305	2,608	141.8%
Total liabilities	37,832	23,660	59.9%
Stockholders' Equity			
Capital stock	2,896	2,898	(0.1%)
Capital reserves	186	125	48.4%
Valuation of hedging derivatives	84	20	317.8%
Retained earnings	1,848	1,051	75.8%
Net income for the year	303	254	19.3%
Total stockholders' equity	5,316	4,349	22.2%
Total liabilities & stockholders' equity	43,148	28,009	54.1%
Memorandum accounts			
Contractual lease rentals to be accrued held in trust	17,710	11,793	50.2%
Contractual lease rentals to be accrued	3,975	2,513	58.2%
Total memorandum accounts	21,685	14,306	51.6%

Contact Information

Sergio Camacho – Chief Financial Officer

David Pernas – Investor Relations Officer
+52 (55) 4162.8270 / david.pernas@unifin.com.mx

unifin.ri@unifin.com.mx

In New York:
i-advize Corporate Communications, Inc.
Maria Barona / Rafael Borja
Tel: (212) 406-3691/3693
mbarona@i-advize.com / rborja@i-advize.com

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UNIFIN First Quarter 2017 Earnings Conference Call

Date: April 28, 2017

Time: 11:00 a.m. Eastern Time / 10:00 a.m. Mexico City Time

Presenting for UNIFIN:

Mr. Sergio Camacho, Chief Financial Officer

Mr. David Pernas, Investor Relations Officer

To access the Conference Call, please dial:

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0-1-800-847-7666 (Mexico participants)

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Conference ID Number: 32548

Conference Replay

A replay of this call will be available for 30 days

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