



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



Third Quarter 2017 Results



UNIFIN Reports 59.9% increase in Net Income Reaching Ps. 574 million in 3Q17 Operating Income Rose 62.5% Y-O-Y

Mexico City, October 23, 2017 - UNIFIN Financiera, S.A.B. de C.V. SOFOM, E.N.R. ("UNIFIN" or "the Company") (BMV: UNIFIN), announces its results for the third quarter ("3Q17") and first nine months of 2017 ("9M17") 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").

3Q17 Highlights

- Total Revenues increased 45.8% to Ps. 3,727 million in 3Q17.
- Nominal financial margin increased by 45.7% y-o-y.
- OPEX, improved to 5.0% in 3Q17 vs. 7.2% at the close of 3Q16. Efficiency ratio was 27.4%.
- Operating income increased 62.5% during the quarter. 9M17 Operating income was Ps. 1,590 million.
- Net income rose 59.9% in 3Q17, reaching Ps. 574 million. 9M17 Net income reached Ps. 1,280 million.
- As of September 30, 2017, total loan portfolio reached Ps. 39,274 million, up 44.7% y-o-y.
- Net fixed assets and total assets increased 47.3% and 39.5%, respectively, at the close of 3Q17.
- During the quarter, the Company successfully completed the largest leasing securitization ever in the Mexican market for Ps. 3,500 million, proving its strong benchmark position in the Mexican markets. The transaction was rated "mxAAA" by both Standard & Poor's and HR Ratings.
- As of 3Q17, UNIFIN's financial flexibility represented Ps. 17 billion and consisted of several authorized bank credit lines, approved programs and other facilities.

Financial and Operating Summary

Financial metrics (Ps. million)	3Q17	3Q16	Var. %	9M17	9M16	Var. %
Total revenues	3,727	2,557	45.8%	10,091	6,808	48.2%
Interest, depreciation & other expenses	(2,845)	(1,952)	45.8%	(7,754)	(5,089)	52.4%
Nominal financial margin	882	605	45.7%	2,337	1,720	35.9%
Financial margin*	23.7%	23.7%		23.2%	25.3%	
Administrative and promotional expenses	(188)	(185)	2.0%	(627)	(588)	6.6%
Opex*	5.0%	7.2%		6.2%	8.6%	
Operating income	652	401	62.5%	1,590	1,086	46.4%
Net income	574	359	59.9%	1,280	916	39.8%
Net income margin*	15.4%	14.0%		12.7%	13.4%	

* Calculated as % of total revenues

Operating metrics (Ps. million)	9M17	9M16	Var. %
Total portfolio	39,274	27,149	44.7%
Leasing portfolio	30,574	19,706	55.2%
Factoring portfolio	2,235	2,663	-16.1%
Auto loans & others	6,465	4,780	35.3%
NPL ratio	0.71%	0.60%	
Return/Leverage	9M17	9M16	
ROAA	3.5%	3.9%	
ROAE	29.0%	25.1%	
Capitalization (equity/assets)	11.5%	14.3%	
Total leverage (excl. ABS)	4.6	4.1	
Financial leverage (excl. ABS)	3.7	3.2	

Statement from the Chief Executive Officer:

Throughout 3Q17, we continued to observe some macro uncertainty particularly related to NAFTA negotiations, which slightly affected economic environment perceptions; resulting in a Mexican Peso depreciation of close to 5.0% in the past days.

Notwithstanding this environment, the strategies implemented by the Company throughout the past year such as increases in the active rates across our range of products, an increase over volume of operations and the shielding of our financial liabilities began to pay off, resulting in record quarterly and year-to-date results. This was evidence of the strong positive tendency in our financial and operating metrics that initiated in the past quarter.

During the quarter, UNIFIN once again approached the local markets for a new leasing securitization, **the largest to date**, in the amount of **Ps. 3,500 million**. This transaction proves UNIFIN's strong leadership position and confidence in the local markets, providing the Company with additional funding to help increase the origination volume, and helped to further shield the Balance sheet from any volatility, considering that **85.5%** of the Company's **total debt is fixed**.

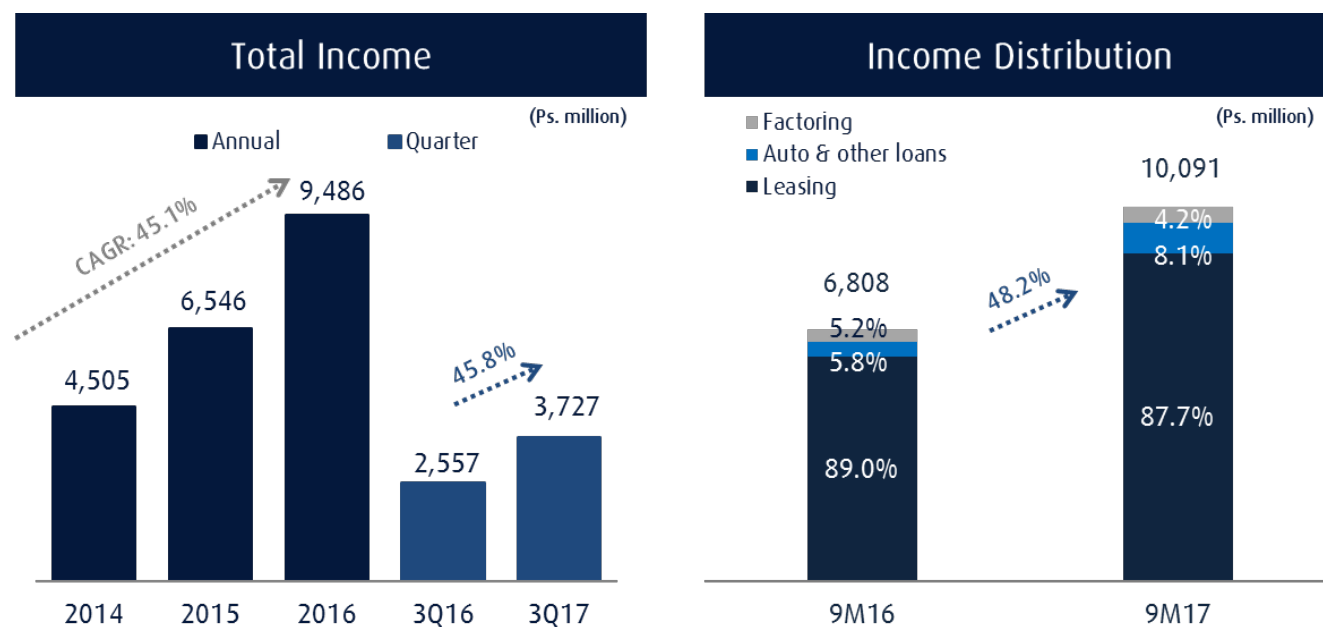
As a result, Net income for the quarter increased **59.9%** y-o-y reaching **Ps. 574 million** and **Ps. 1,280 million** for 9M17. **This has been the highest Consolidated Net Income ever reported in the history of the Company**. Additionally, total revenues grew by **45.8%** compared to the same period of last year, nominal financial margin rose by **45.7%**, and operating income grew by **62.5%**.

The Company's total assets reached **Ps. 49,462 million** a **39.5%** increase while our portfolio increased by **44.7%**. As a result, the Company remains one of the leading institutions in the Mexican financial industry, with high growth rates, profitability and sound financial health; with a **consistent non-performing loan ratio below 1%**.

We are greatly satisfied and motivated by the important results achieved throughout the year. Confident that our strategies and solid execution, will help us reach positive results in the future, as we consolidate and maximize the leadership position we hold in the Mexican financial industry.

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.

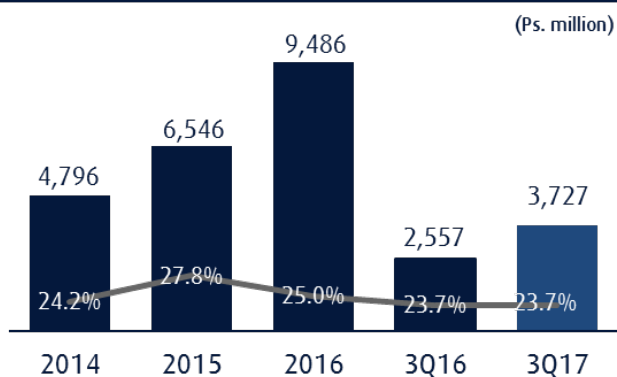
Total revenue increased 45.8% in 3Q17 to Ps. 3,727 million compared to Ps. 2,557 million in 3Q16. During 3Q17, operating lease income reached Ps. 2,987 million, a 48.4% increase versus 3Q16. Interest income reached Ps. 550 million, an increase of 63.6%. Other lease benefits during 3Q17 were Ps. 190 million, a decrease of 8.3% year-over-year.

Depreciation of assets under operating lease during 3Q17 was Ps. 1,675 million, a 26.2% increase compared to 3Q16. This increase was directly related to leasing portfolio growth.

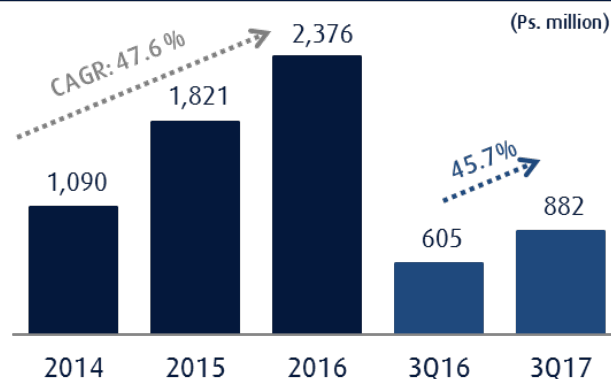
Interest expense rose 88.0% during 3Q17 to Ps. 987 million. This increase was due to higher financial liabilities that supported the growth of the Company's operating volume, as well as interest rate increases, 230 bps during the last twelve months. Additionally, continuing with the Company's prudent risk management approach, at the close of the quarter, **85.5% of the outstanding debt is fixed and only 14.5% remains denominated in floating rates.**

Nominal financial margin, calculated as total revenue minus depreciation of assets under operating lease, interest and other lease expenses, rose a nominal 45.7% year-over-year. This increase was due to total revenue growth. During 3Q17, the financial margin as a percentage of total revenues was 23.7%.

Financial Margin as % of Total Revenues

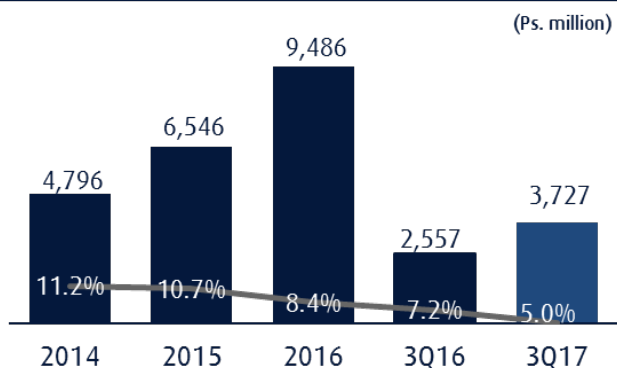


Nominal Financial Margin

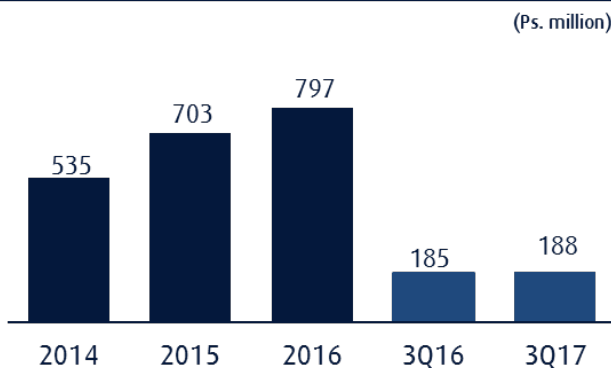


Administrative and promotional expenses were Ps. 188 million in 3Q17. OPEX, as a percentage of total revenues, improved from 7.2% during 3Q16 to 5.0% in 3Q17. This figure was benefited by a continuous cost-control policy. Additionally, during 3Q17 administrative and promotional expenses benefited from a reduction of Ps. 63 million (Ps. 44 million net of income tax) in a non-recurring effect, related to an excess provision in VAT, of one of our subsidiaries.

Total Revenues and OPEX



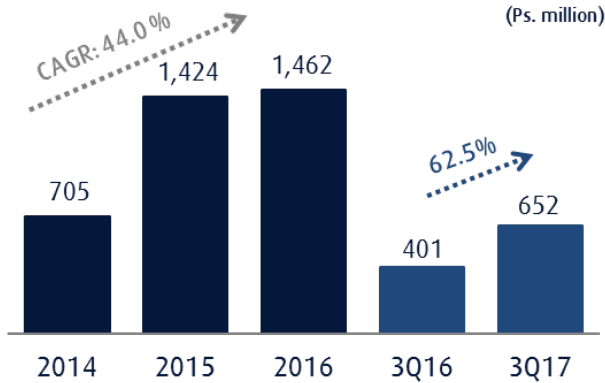
Administrative and Promotional Expenses



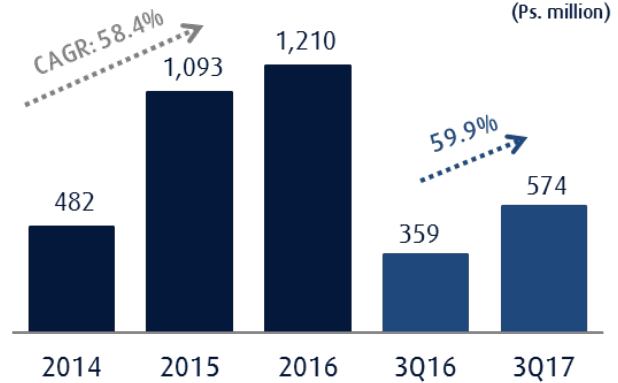
Operating income reached Ps. 652 million during 3Q17, a 62.5% increase compared to 3Q16. These results were due to the Company's revenue growth, operating efficiency improvements and the non-recurring effect on our operating expenses.

Consolidated net income reached Ps. 574 million during 3Q17, a 59.9% increase. This increase was explained by higher margins and operating efficiencies, which resulted in improved profitability. For 9M17, Consolidated net income, was Ps. 1,280 million, compare with the Ps. 916 million reported in 9M16. Excluding the above mentioned non-recurring effect, Consolidated net income for 3Q17 was Ps. 530 million and Ps. 1,236 million for the 9M17 period.

Operating Income

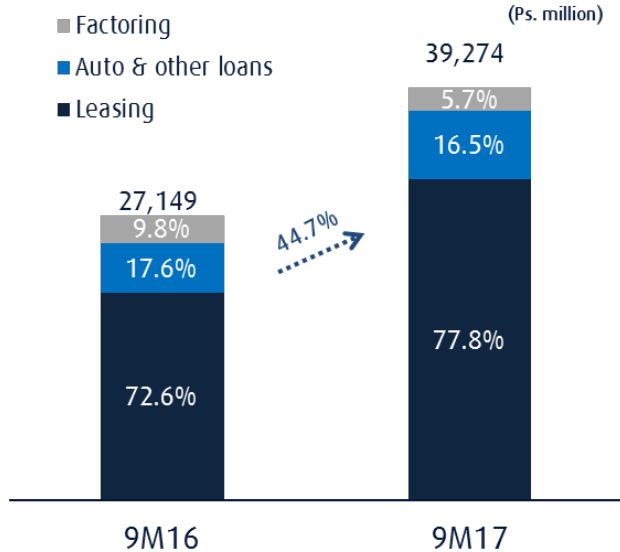


Net Income

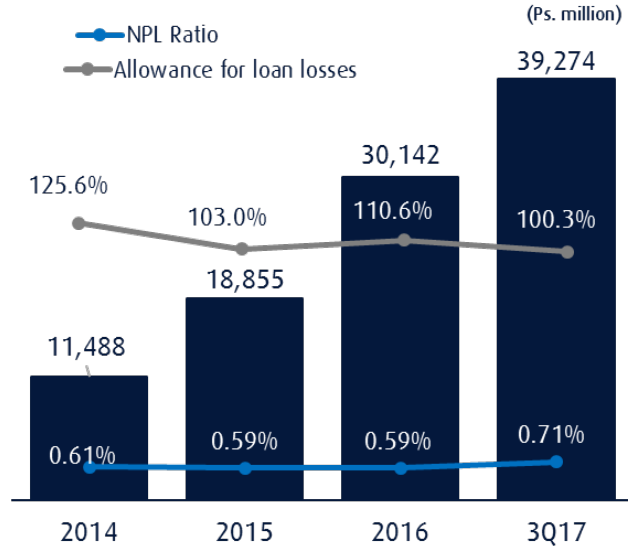


Balance Sheet Review

Portfolio Composition



NPL as % of Total Portfolio

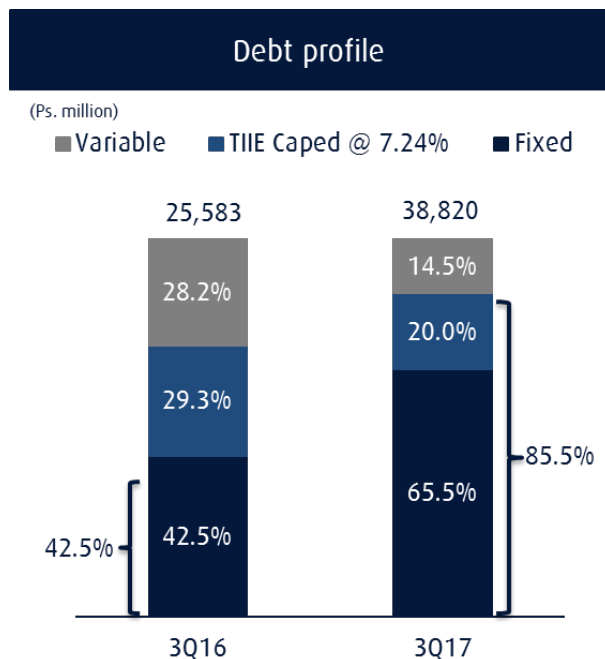
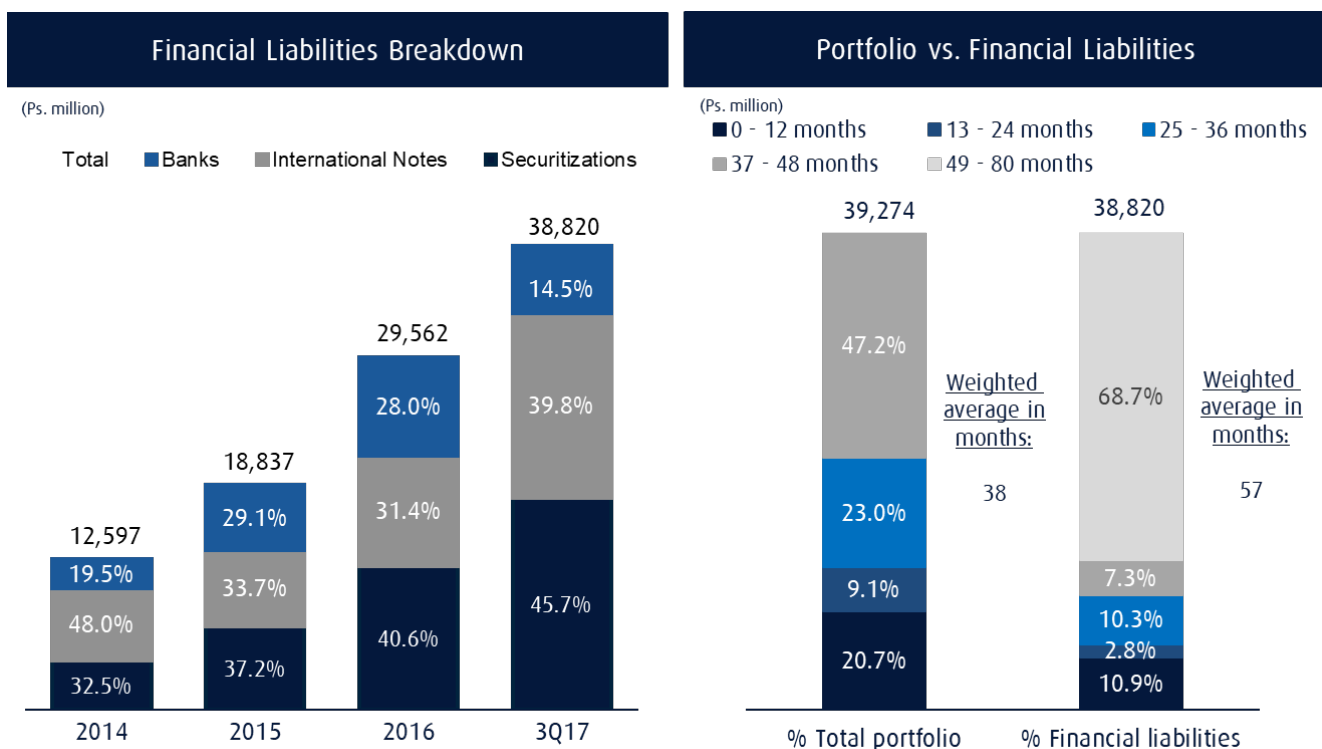


Total loan portfolio is comprised of: i) the current loan portfolio (performing loans plus past-due loan portfolio) and ii) off balance sheet accounts, which are comprised of future rentals of the Company's operating lease portfolio. The total loan portfolio reached Ps. 39,274 million in 9M17, a 44.7% year-over-year increase. Current loan portfolio (excluding off-balance sheet accounts) was Ps. 9,868 million, non-performing loans were Ps. 281 million and off-balance sheet accounts were Ps. 29,126 million.

Past due loan portfolio was Ps. 281 million. The non-performing loan ("NPL") ratio (calculated as past due loan portfolio/total loan portfolio) was 0.7% at the close of 3Q17. The allowance for loan losses coverage for the Company's NPL's was 100.0% as of 3Q17.

Total assets as of September 30, 2017, were Ps. 49,462 million, a 39.5% increase compared to the end of September 2016. This was mainly due to growth of the total net portfolio, net fixed assets, and cash and equivalents.

Financial liabilities rose 51.7% to Ps. 39,016 million (including Ps. 196 million of accrued interest) at the end of the period. This increase was mainly attributed to the growth of our operations year-over-year.



UNIFIN enhanced its debt profile, not only by extending the maturity, but by fixing the rates of a substantial amount of total debt, as shown in the chart.

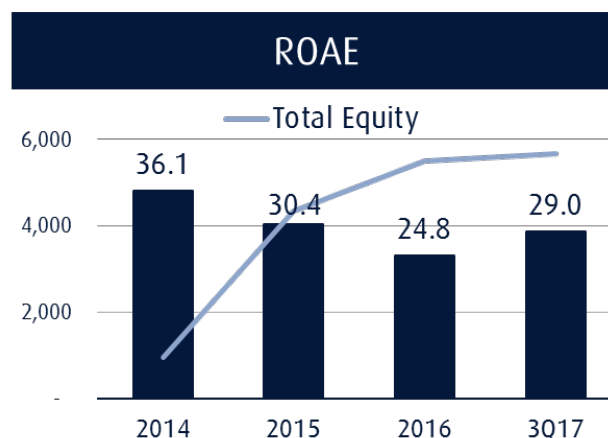
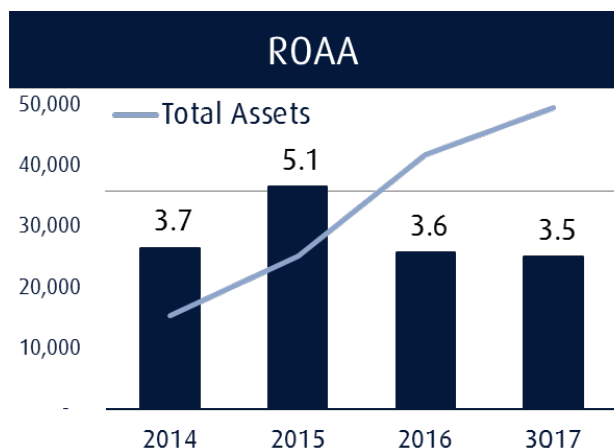
The Company's debt maturity profile reached a **weighted average of 57 months** at the close of 3Q17. **As of September 30, 2017, 85.5% of our total debt was fixed vs. 42.5% in 3Q16**, this mitigates any impact of rising interest rates. Additionally, only 14.5% of the debt remains variable, compared to 57.5% in 3Q16.

Total liabilities reached Ps. 43,787 million at the close of 3Q17, a 44.1% increase compared to 3Q16.

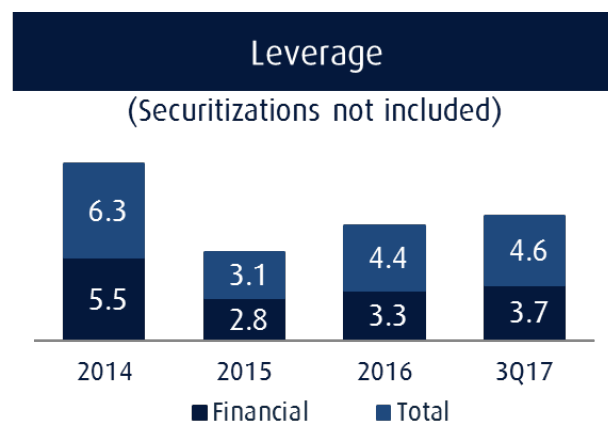
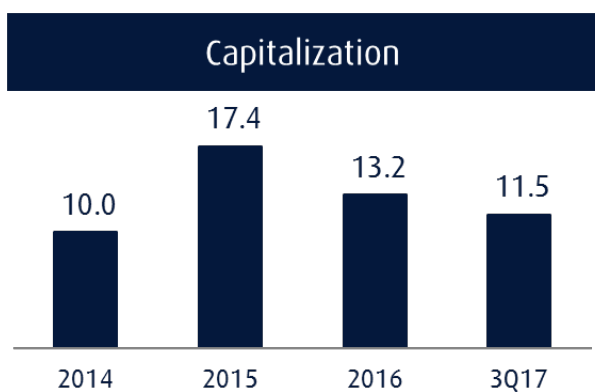
Stockholders' equity increased by 12.0% to Ps. 5,675 million in 3Q17 from Ps. 5,066 million at the close of 3Q16.

Financial Ratios

Return on average assets ("ROAA") at the close of 3Q17 was 3.5%. Return on average equity ("ROAE") was 29.0% for 3Q17.

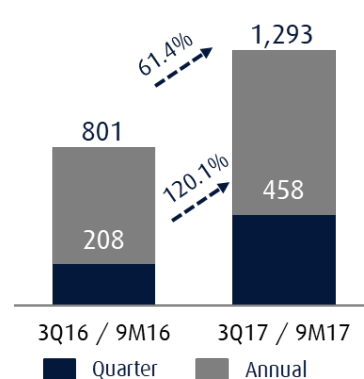
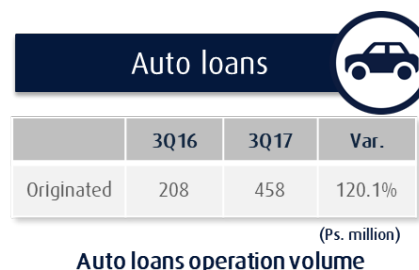
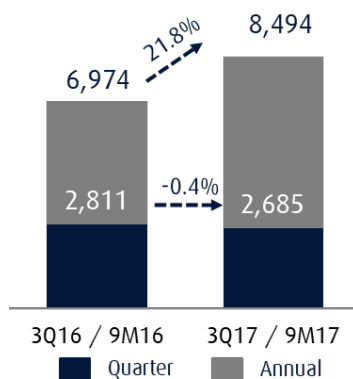
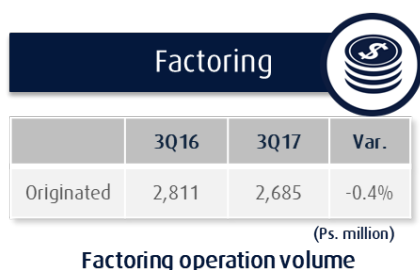
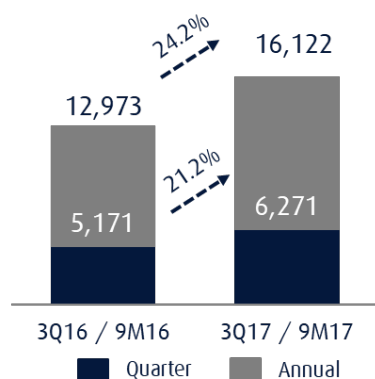
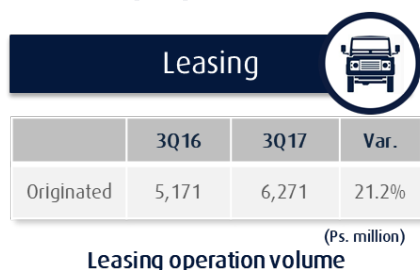


UNIFIN's capitalization ratio (shareholders' equity/total assets) was 11.5% at the close of 3Q17. While at the end of the quarter, our net income registered important growth. The capitalization ratio was offset by the impact in the mark-to-market valuation of our derivatives with hedging purposes. Excluding the variations, of Ps. 535 million, in the hedging account corresponding to Shareholders' Equity, the Company's capitalization ratio represented 12.4%.



UNIFIN's financial leverage ratio (financial liabilities excluding securitizations/shareholders' equity) was 3.7x at the close of 3Q17, compared to 3.2x at the close of 3Q16. The Company's total leverage ratio (total liabilities excluding securitizations/shareholders' equity) at the close of 3Q17 was 4.6x. The higher leverage levels were the result of the increased operations, as well as the variation in the equity tranche of the hedging derivatives registered in the Shareholders' Equity.

Summary by Business Line



Leasing origination increased 21.2% in 3Q17 year-over-year. The **operating lease portfolio balance** grew 55.2% year-over-year, reaching Ps. 30,574 million at the close of 3Q17.

Factoring volume grew 21.8% in 3Q17 year-over-year. The **factoring portfolio balance** was Ps. 2,235 million at the close of 3Q17.

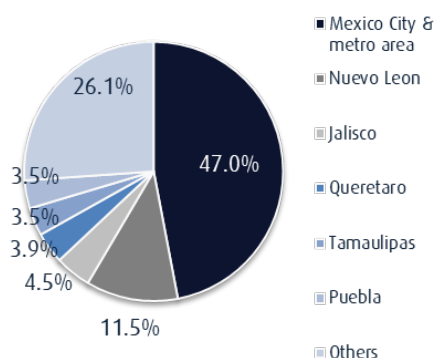
Auto loans increased its operations volume by 120.1% year-over-year. The **auto loan and other loans portfolio balance** increase by 35.3% reaching Ps. 6,465 million, compared to Ps. 4,780 million reported at the close of 3Q16.

Portfolio Composition

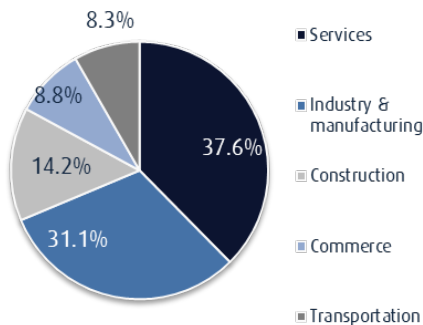
UNIFIN considers sound financial health to be vital for the business. Thus, the Company regularly monitors its portfolio composition to preserve ample diversification in terms of clients, economic sectors and geographic areas.

Leasing

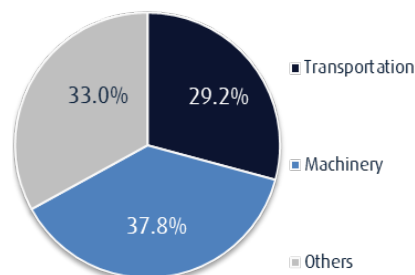
Geographic Zone



Economic Sector

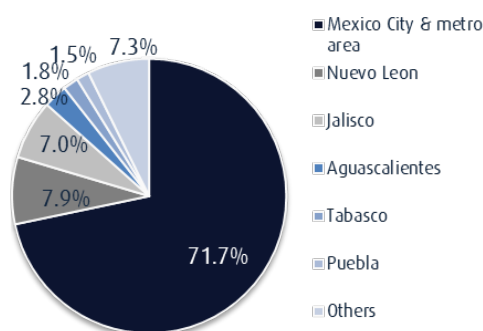


Type of Assets

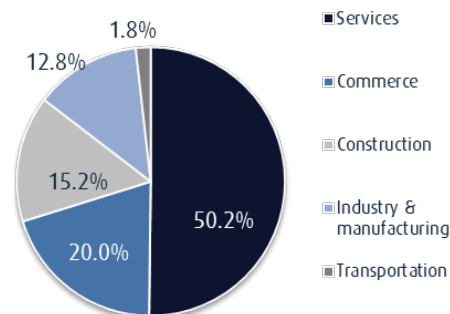


Factoring

Geographic Zone



Economic Sector



Analyst Coverage

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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	3Q17	3Q16	% Var	9M17	9M16	% Var
Operating lease income	2,987	2,013	48.4%	8,073	5,551	45.4%
Interest income	550	336	63.6%	1,442	887	62.5%
Other lease benefits	190	208	(8.3%)	577	370	55.7%
Total revenue	3,727	2,557	45.8%	10,091	6,808	48.2%
Depreciation of assets under operating lease	(1,675)	(1,327)	26.2%	(4,529)	(3,343)	35.5%
Interest expense	(987)	(525)	88.0%	(2,685)	(1,333)	101.5%
Other lease expenses	(183)	(99)	84.7%	(540)	(413)	30.8%
Total expenses	(2,845)	(1,952)	45.8%	(7,754)	(5,089)	52.4%
Nominal financial margin	882	605	45.7%	2,337	1,720	35.9%
Allowance for loan losses	(30)	(20)	50.0%	(85)	(52)	65.0%
Financial margin adjusted for credit risk	852	585	45.5%	2,252	1,668	35.0%
Commissions and fees (paid) – Net	(14)	(15)	(8.2%)	(51)	(33)	56.8%
Financial intermediation results	0	0	0.0%	0	7	(100.0%)
Other operating income – Net	2	15	(87.8%)	16	31	(50.3%)
Administration and promotional expenses	(188)	(185)	2.0%	(627)	(588)	6.6%
Operating income	652	401	62.5%	1,590	1,086	46.4%
Current income tax	(315)	(126)	148.8%	(647)	(356)	81.8%
Deferred income tax	234	84	176.6%	319	173	84.2%
Income tax expense	(81)	(42)	92.9%	(328)	(183)	79.5%
Equity methods/subsidiaries	3	(0)	100.0%	18	12	50.1%
Net income	574	359	59.9%	1,280	916	39.8%

Balance Sheet

Figures in Ps. Million	9M17	9M16	Var. %
Assets			
Cash & cash equivalents	3,825	1,071	257.0%
Derivatives with hedging purposes	1,296	3,189	(59.4%)
Performing loan portfolio	9,868	8,063	22.4%
Past due loan portfolio	281	164	71.1%
Loan portfolio	10,148	8,227	23.4%
Allowance for loan losses	(281)	(166)	69.1%
Loan portfolio - Net	9,867	8,060	22.4%
Tax credit (VAT)	481	598	(19.6%)
Other accounts receivable	87	16	461.4%
Foreclosed assets	157	184	(14.4%)
Property, machinery & equipment - Net	29,563	20,064	47.3%
Other permanent investments	61	33	88.0%
Deferred charges & advanced payments	2,616	1,266	106.6%
Other long-term assets	7	11	(35.7%)
Deferred income taxes	1,502	965	55.6%
Total other assets	4,125	2,242	84.0%
Total assets	49,462	35,457	39.5%
Liabilities and Stockholders' equity			
Short term interest	173	97	77.9%
Securitized assets	17,750	9,500	86.8%
International Notes	15,435	8,867	74.1%
Total debt securities	33,358	18,465	80.7%
Short term bank borrowings & loans	4,240	5,252	(19.3%)
Long term bank borrowings & loans	1,418	2,005	(29.3%)
Total bank borrowings & loans	5,658	7,257	(22.0%)
Income tax payable	95	232	(59.2%)
Sundry creditors	3,828	3,380	13.2%
Other accounts payable	241	688	(64.9%)
Deferred credits	608	369	64.6%
Total other accounts payable	4,771	4,669	2.2%
Total liabilities	43,787	30,391	44.1%
Stockholders' Equity			
Capital stock	2,894	2,894	.0%
Capital reserves	186	128	45.2%
Valuation of hedging derivatives	(535)	77	(794.6%)
Retained earnings	1,850	1,051	76.0%
Net income for the year	1,280	916	39.8%
Total stockholders' equity	5,675	5,066	12.0%
Total liabilities & stockholders' equity	49,462	35,457	39.5%
Memorandum accounts			
Contractual lease rentals to be accrued held in trust	23,862	14,227	67.7%
Contractual lease rentals to be accrued	5,264	4,694	12.1%
Total memorandum accounts	29,126	18,922	53.9%

Contact Information

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UNIFIN Third Quarter 2017 Earnings Conference Call

Date: Tuesday, October 24, 2017

Time: 9:30 a.m. Eastern Time / 8:30 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:

1-800-791-4813 (U.S. participants)

1-785-424-1102 (International participants)

Conference ID Number: UNIFIN

Conference Replay

A replay of this call will be available for 7 days

To obtain the replay, please call:

1-844-488-7474 (U.S. participants)

1-862-902-0129 (International participants)

ID Number: 92010022