



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



Fourth Quarter 2017 Results



UNIFIN Reports 66.5% increase in Net Income Reaching Ps. 491 million in 4Q17 Operating Income Rose 88.9% Y-O-Y

Mexico City, February 15, 2018 - **UNIFIN Financiera, S.A.B. de C.V. SOFOM, E.N.R.** ("**UNIFIN**" or "**the Company**") (**BMV: UNIFIN**), announces its results for the fourth quarter ("4Q17") and twelve months of 2017 ("2017"). 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").

4Q17 Highlights

- **Total Revenues** increased **57.8%** to **Ps. 4,224 million** in 4Q17.
- **Nominal financial margin** increased by **37.8%** y-o-y.
- **OPEX**, improved to **7.7%** in 4Q17 vs. **7.8%** at the close of 4Q16. **Efficiency ratio** was **36.4%**.
- **Operating income** increased **88.9%** during the quarter. **Operating income** was **Ps. 2,300 million** for the year.
- **Net income** rose **66.5%** in 4Q17, reaching **Ps. 491 million**. **Net income** reached **Ps. 1,771 million** in 2017.
- As of December, 31, 2017, **total loan portfolio** reached **Ps. 41,672 million**, up **38.3%** y-o-y.
- **Net fixed assets** and **total assets** increased **40.8%** and **31.3%**, respectively, at the close of 4Q17.
- **NPL ratio** stood at **0.74%**
- On January 25th of 2018 the Company issued its first perpetual bond in an amount of **US\$250 million**. This transaction was oversubscribed over **7x**, proving once again the trust that investors have placed in UNIFIN. Given the accounting criteria for this type of instrument, the transaction significantly enhanced the Company's **capital structure**, thus improving its capitalization ratio and contributed to maximize its platform.
- On February 8th, 2018, UNIFIN once again tapped the international markets, to fulfill its need for funding for the year in light of the expected volatility in the markets given Nafta negotiation, and the upcoming presidential election. This transaction was for **US\$300 million**, and it will help the Company achieve its established budget for the year.

Financial and Operating Summary

Financial metrics (Ps. million)	4Q17	4Q16	Var. %	2017	2016	Var. %
Total revenues	4,224	2,677	57.8%	14,315	9,486	50.9%
Interest, depreciation & other expenses	(3,320)	(2,021)	64.2%	(11,133)	(7,110)	56.6%
Nominal financial margin	904	656	37.8%	3,182	2,376	33.9%
Financial margin	21.4%	24.5%		22.2%	25.0%	
Administrative and promotional expenses	(323)	(210)	54.2%	(891)	(797)	11.7%
Opex (% of total revenues)	7.7%	7.8%		6.2%	8.4%	
Operating income	710	376	88.9%	2,300	1,462	57.3%
Net income	491	295	66.5%	1,771	1,210	46.3%
Net income margin ¹	11.6%	11.0%		12.4%	12.8%	

¹ Calculated as a % of total revenues

Operating metrics (Ps. million)	2017	2016	Var. %
Total portfolio	41,672	30,142	38.3%
Leasing portfolio	33,363	22,011	51.6%
Factoring portfolio	2,511	2,880	-12.8%
Auto loans & others	5,799	5,251	10.4%
NPL ratio	0.74%	0.59%	
Return/Leverage	2017	2016	
ROAA	3.7%	3.6%	
ROAE	29.7%	24.7%	
Capitalization (equity/assets)	13.9%	13.2%	
Total leverage (excl. ABS)	3.8	4.3	
Financial leverage (excl. ABS)	3.3	3.2	

Statement from the Chief Executive Officer:

During 2017, we decided to maximize UNIFIN's platform in order to continue serving the SME market despite the volatile domestic and global environment. It was not an easy task given the uncertainty caused by worldwide political troubles and its consequential turmoil in the markets. This, derived in sluggish decision-making by Mexican entrepreneurs which caused a lower than expected volume of origination during the first months of the year. Despite this, we were able to recover this volume quarter by quarter, given the Company's outstanding capabilities for origination.

Nevertheless, despite this environment we managed to achieve great accomplishments. It was a year of growth across all of our business lines which allowed us to post excellent results with increases in total revenues, operating income and net income of 51%, 57% and 46% year-over-year, respectively.

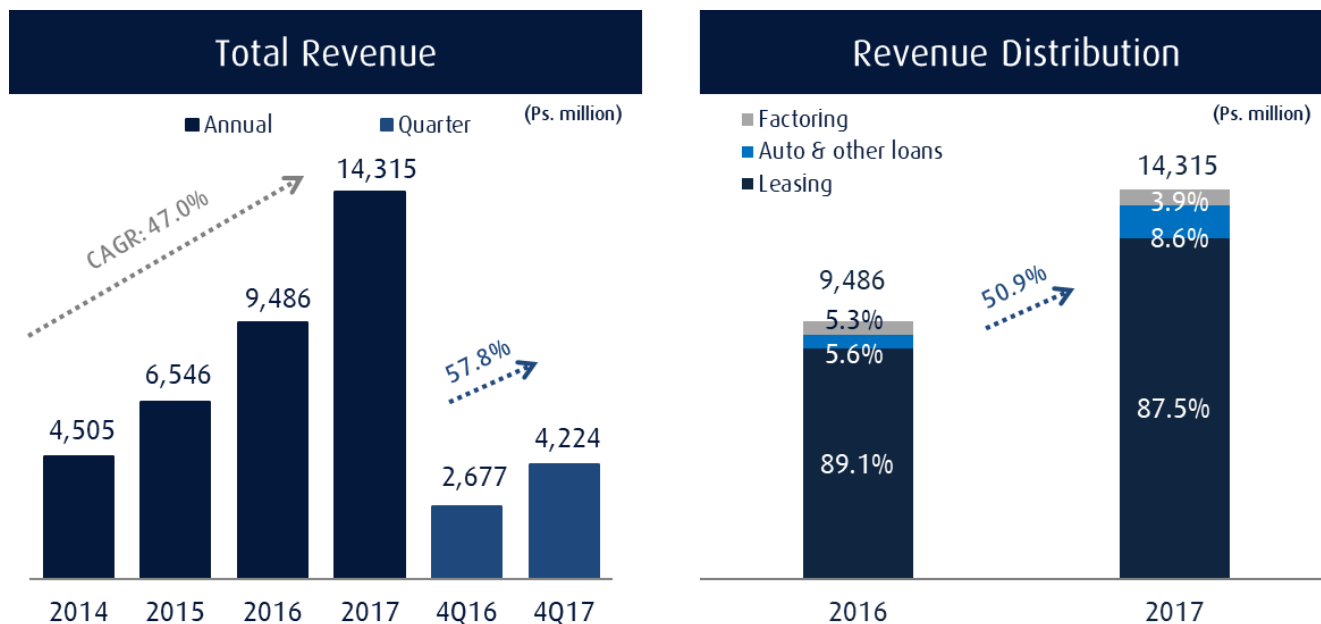
We successfully tapped the local and international markets, proving once again the confidence investors have placed in UNIFIN. We generated the largest leasing securitization in Mexican history, for **Ps. 3,500 million**; we also issued **US\$450 million** in the international markets, contributing to the **excellent track record** that UNIFIN has created throughout its history. Added with the previous issuances and continuing with the prudent risk management approach, we improved the maturity profile of our funding mix to 53 months compared to a weighted average of approximately 38 months in our portfolio.

While our current capitalization ratio is quite healthy, we began working towards improving the Company's capital structure and prepare it for the future. Considering that our goal is to maximize our platform and continue growing together with the Mexican SMEs during January 2018, the Company issued **its first perpetual bond for US\$250 million** and the transaction was **oversubscribed over 7x**. Given the accounting criteria for this type of instrument, the transaction significantly enhanced the Company's capital structure, as it is fully recorded as equity, taking our capitalization ratio close to 20.0%

While 2018 will be a complex year with a domestic political agenda, NAFTA negotiations, and international volatility, we are convinced that the macroeconomic fundamentals of our country are solid and positive. We will continue growing supported by the knowledge in our market, which is highly resilient to volatility.

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 57.8% in 4Q17 to Ps. 4,224 million compared to Ps. 2,677 million in 4Q16. During 4Q17, operating lease income reached Ps. 3,144 million, a 41.5% increase versus 4Q16. Interest income reached Ps. 523 million, an increase of 76.4%. Other lease benefits during 4Q17 were Ps. 557 million, an increase of 251.8% year-over-year. In 2017, total revenues increased 50.9% reaching Ps. 14,315 million.

Depreciation of assets under operating lease during 4Q17 was Ps. 1,829 million, a 53.1% increase compared to 4Q16. This increase was directly related to leasing portfolio growth. During 2017, depreciation reached Ps. 6,357 million, a 40.1% compared to Ps. 4,537 million in 2016.

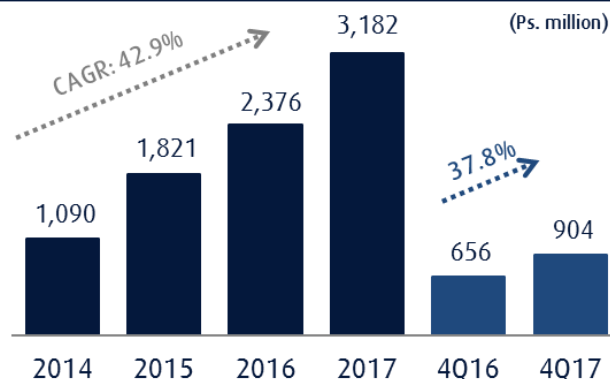
Interest expense rose 76.7% during 4Q17 to Ps. 1,160 million. This increase was due to higher financial liabilities as well as interest rate increases through 2017 (150 bps). For 2017, interest expense increased 93.3% to Ps. 3,845 million compared to Ps. 1,989 million in 2016. Additionally, continuing with the Company's prudent risk management approach, at the close of the quarter, **89.2% of the outstanding debt is fixed and only 10.8% 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 37.8% year-over-year. This increase was due to total revenue growth. During 4Q17, the financial margin as a percentage of total revenues was 21.4%. For 2017, Nominal financial margin represented Ps. 3,182 million that compare to the Ps. 2,376 million in 2016.

Financial Margin as % of Total Revenues



Nominal Financial Margin

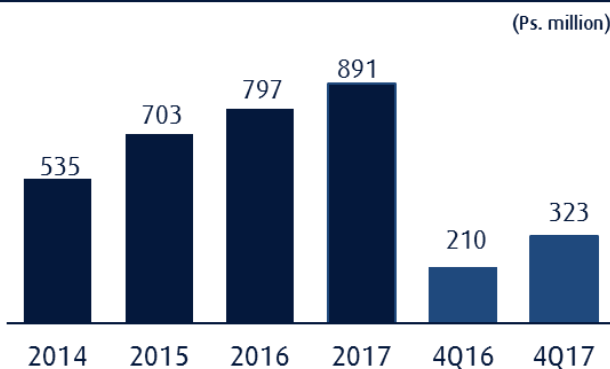


Administrative and promotional expenses were Ps. 323 million in 4Q17. **OPEX**, as a percentage of total revenues, improved from 7.8% during 4Q16 to 7.7% in 4Q17. For the full year 2017, administrative and promotional expenses, reached Ps. 891 million, an increase of 11.7% compared to 2016. These figures were benefited by a continuous cost-control policy.

Total Revenues and OPEX



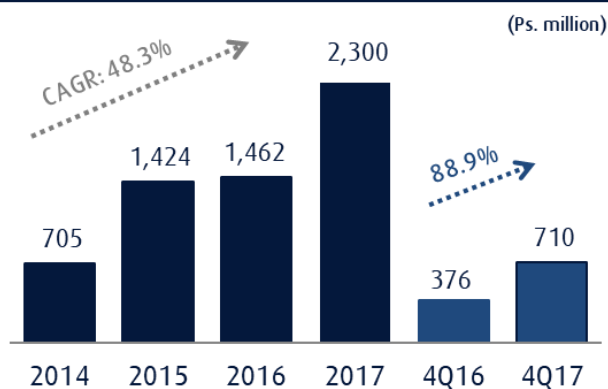
Administrative and Promotional Expenses



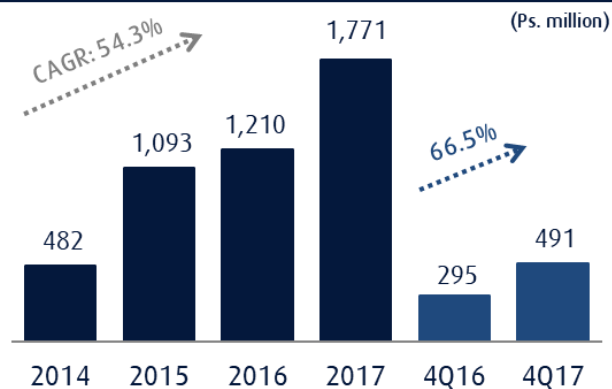
Operating income reached Ps. 710 million during 4Q17, an 88.9% increase compared to 4Q16. For 2017, Operating income increased by 57.3%, reaching Ps. 2,300 million, compared to the same period of 2016. These results were due to the Company's revenue growth and operating efficiency improvements.

Consolidated net income reached Ps. 491 million during 4Q17, a 66.5% increase. For 2017, **net income**, was Ps. 1,771 million, compared with the Ps. 1,210 million reported in 2016. This increase was explained by higher margins and operating efficiencies, which resulted in **improved profitability**.

Operating Income

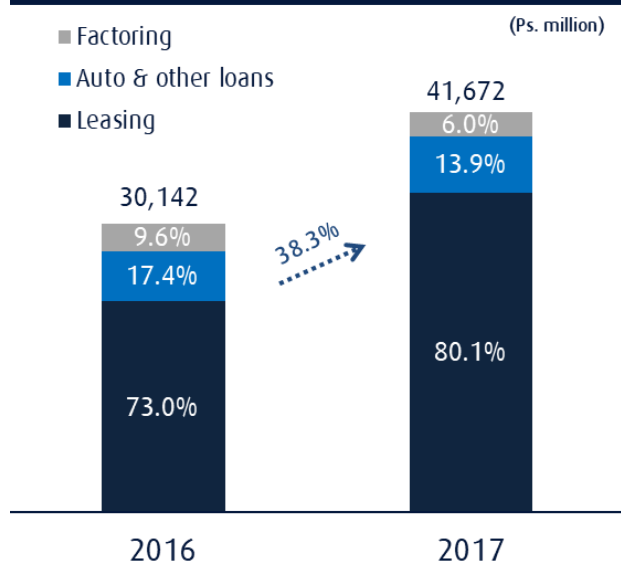


Net Income

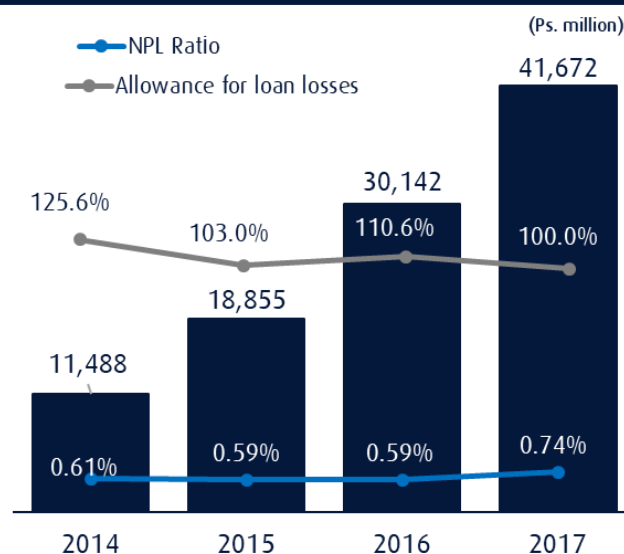


Balance Sheet Review

Portfolio Composition



NPL as % of Total Portfolio

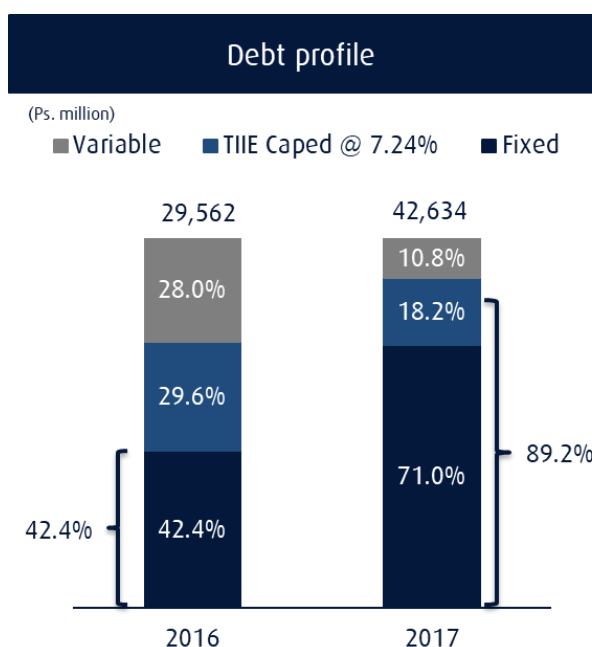
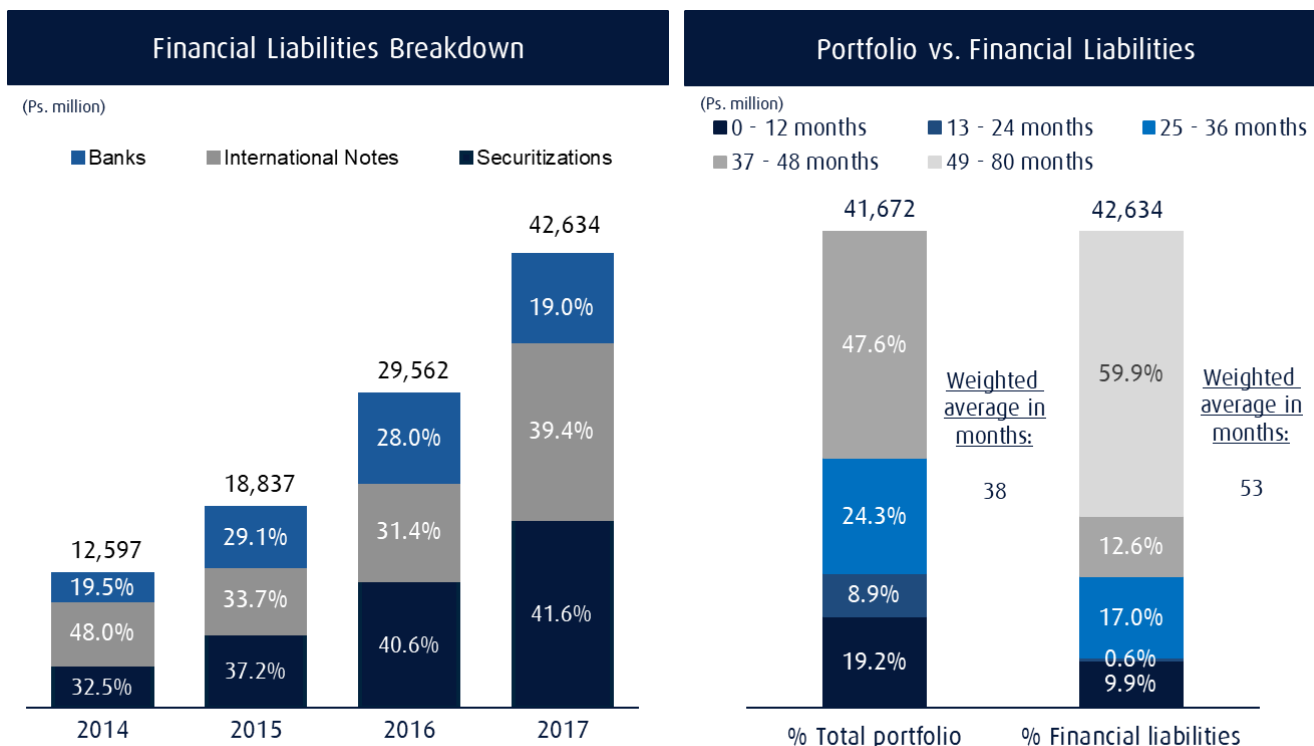


Total loan portfolio is comprised of: i) the current net loan portfolio (Ps. 5,482 million), plus ii) leasing accounts receivable and other loans (Ps. 4,385 million) recorded in Other Accounts Receivable, and iii) off balance sheet accounts (Ps. 31,805), which are comprised of future rentals of the Company's operating lease portfolio. As a result, total loan portfolio was Ps. 41,672 million in 2017, an increase of 38.3% year-over-year.

Past due loan portfolio was Ps. 308 million, considering the Ps. 39 million from factoring and auto loans, plus the Ps. 269 million from leasing accounts receivables (which are registered as other accounts receivable). The non-performing loan ("NPL") ratio (calculated as past due loan portfolio/total loan portfolio) was 0.7% at the close of 4Q17. The allowance for loan losses coverage for the Company's NPL's was 100.0% as of 4Q17.

Total assets as of December 31, 2017, were Ps. 54,615 million, a 31.3% increase compared to the close of December 2016. This was mainly due to growth of the total net portfolio, net fixed assets, and cash and equivalents.

Financial liabilities rose 44.3% to Ps. 43,168 million (including Ps. 534 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.

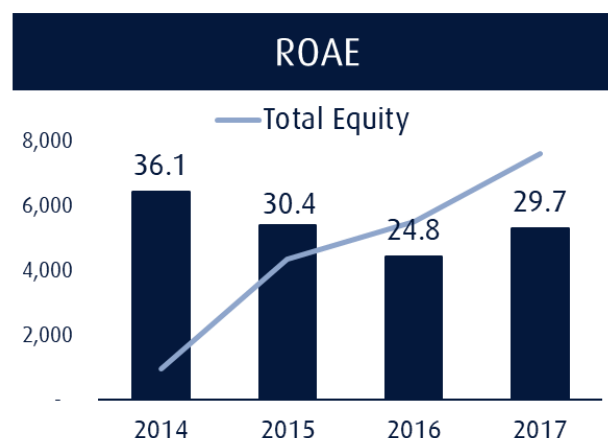
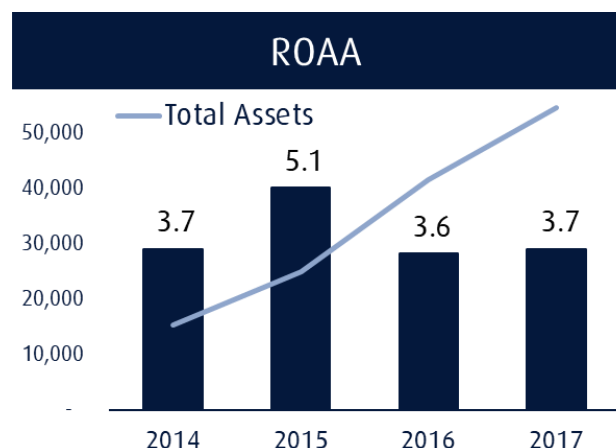
The Company's debt maturity profile reached a **weighted average of 53 months** at the close of 4Q17. **As of December 31, 2017, 89.2% of our total debt was fixed vs. 42.4% in 4Q16**, this mitigates any impact of rising interest rates. Additionally, only 10.8% of the debt remains variable, compared to 28.0% in 4Q16.

Total liabilities reached Ps. 47,031 million at the close of 4Q17, a 30.2% increase compared to 4Q16.

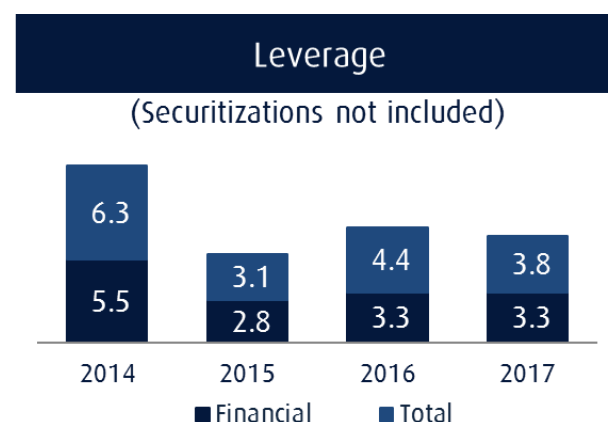
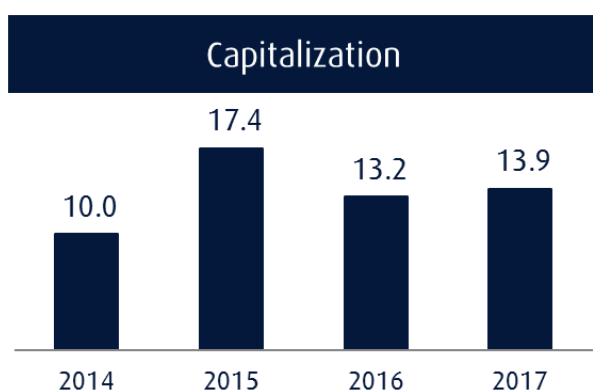
Stockholders' equity increased by 37.9% to Ps. 7,584 million in 4Q17 from Ps. 5,501 million at the close of 4Q16.

Financial Ratios

Return on average assets ("ROAA") at the close of 4Q17 was 3.7%. Return on average equity ("ROAE") was 29.7% for 4Q17.



UNIFIN's capitalization ratio (shareholders' equity/total assets) was 13.9% at the close of 4Q17. While at the end of the quarter, our net income registered important growth.



UNIFIN's financial leverage ratio (financial liabilities excluding securitizations/shareholders' equity) was 3.3x at the close of 4Q17. The Company's total leverage ratio (total liabilities excluding securitizations/shareholders' equity) at the close of 4Q17 was 3.8x compared to 4.4x during the same period of 2016. The improved leverage levels were a result of **higher profitability**, as well as the variation in the equity tranche of the hedging derivatives registered in the Shareholders' Equity.

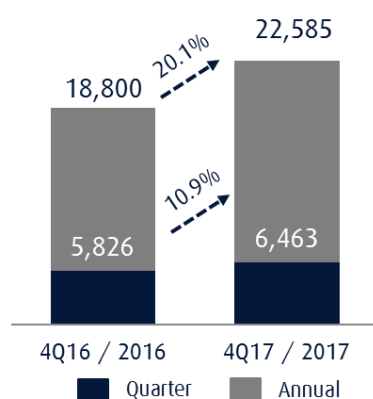
Summary by Business Line

Leasing

	4Q16	4Q17	Var.
Originated	5,826	6,463	10.9%

(Ps. million)

Leasing operation volume

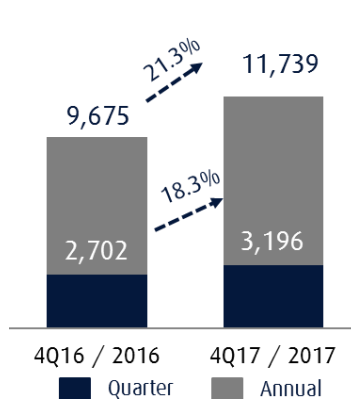


Factoring

	4Q16	4Q17	Var.
Originated	2,702	3,196	18.3%

(Ps. million)

Factoring operation volume

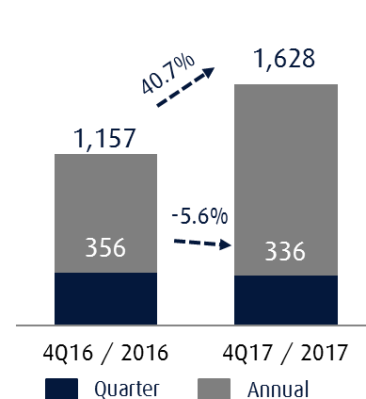


Auto loans

	4Q16	4Q17	Var.
Originated	356	336	-5.6%

(Ps. million)

Auto loans operation volume



Leasing origination increased 10.9% in 4Q17 year-over-year. The **operating lease portfolio balance** grew 51.6% year-over-year, reaching Ps. 33,363 million at the close of 4Q17.

Factoring volume grew 18.3% in 4Q17 year-over-year. The **factoring portfolio balance** was Ps. 2,511 million at the close of 4Q17.

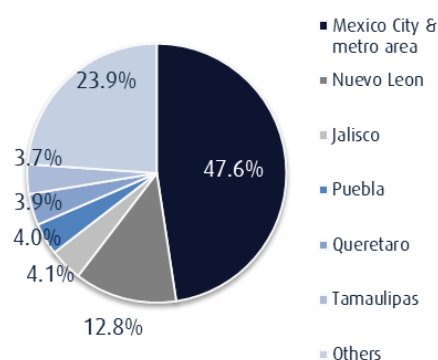
Auto loans increased its operations volume by 40.7% year-over-year comparing to 2016. The **auto loan and other loans portfolio balance** increase by 10.4% reaching Ps. 5,799 million, compared to Ps. 5,251 million reported at the close of 4Q16.

Portfolio Composition

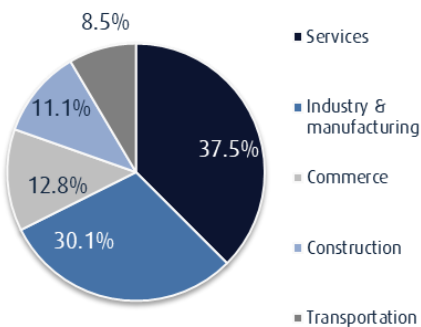
UNIFIN considers sound financial health to be vital for the business. Thus, the Company regularly monitors its portfolio composition to preserve ample diversification in terms of clients, economic sectors and geographic areas.

Leasing

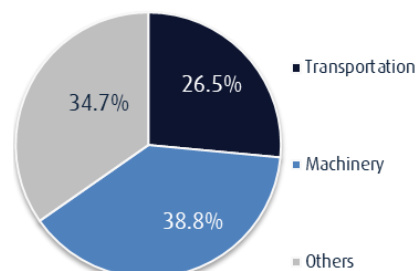
Geographic Zone



Economic Sector

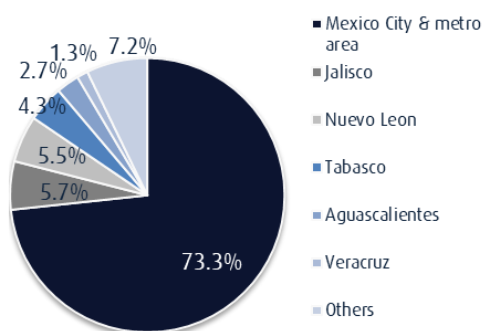


Type of Assets

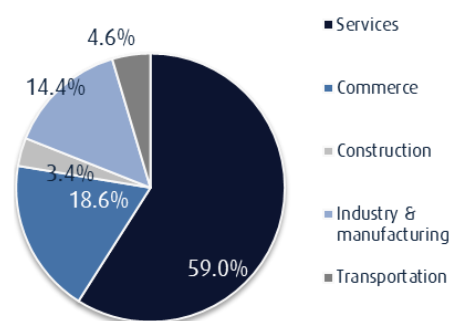


Factoring

Geographic Zone



Economic Sector



Analyst Coverage

Institution	Analyst	Type	e-mail	Phone
Actinver	Enrique Mendoza	Equity	emendoza@actinver.com.mx	+52-55-1103-6699
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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
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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	4Q17	4Q16	% Var	2017	2016	% Var
Operating lease income	3,144	2,223	41.5%	11,217	7,773	44.3%
Interest income	523	296	76.4%	2,088	1,184	76.4%
Other lease benefits	557	158	251.8%	1,011	529	91.2%
Total revenue	4,224	2,677	57.8%	14,315	9,486	50.9%
Depreciation of assets under operating lease	(1,829)	(1,194)	53.1%	(6,357)	(4,537)	40.1%
Interest expense	(1,160)	(656)	76.7%	(3,845)	(1,989)	93.3%
Other lease expenses	(332)	(171)	94.1%	(931)	(584)	59.5%
Total expenses	(3,320)	(2,021)	64.2%	(11,133)	(7,110)	56.6%
Nominal financial margin	904	656	37.8%	3,182	2,376	33.9%
Allowance for loan losses	(30)	(30)	0.0%	(115)	(82)	41.1%
Financial margin adjusted for credit risk	874	626	39.6%	3,067	2,294	33.7%
Commissions and fees (paid) - Net	(18)	(19)	(5.5%)	(69)	(51)	34.2%
Financial intermediation results	0	(7)	0.0%	0	0	0.0%
Other operating income - Net	176	(15)	(1,265.7%)	192	16	1,074.5%
Administration and promotional expenses	(323)	(210)	54.2%	(891)	(797)	11.7%
Operating income	710	376	88.9%	2,300	1,462	57.3%
Current income tax	(450)	(300)	49.9%	(1,097)	(656)	67.2%
Deferred income tax	217	218	(0.4%)	536	391	37.1%
Income tax expense	(233)	(83)	182.4%	(561)	(265)	111.6%
Equity methods/subsidiaries	14	2	100.0%	32	13	137.6%
Net income	491	295	66.5%	1,771	1,210	46.3%

Balance Sheet

Figures in Ps. million	2017	2016	Var. %
Assets			
Cash & cash equivalents	2,435	1,679	45.1%
Derivatives with hedging purposes	4,598	3,886	18.3%
Performing loan portfolio	5,443	5,192	4.8%
Past due loan portfolio	39	1	3,600.8%
Loan portfolio	5,482	5,193	5.6%
Allowance for loan losses	(39)	(1)	3,619.9%
Loan portfolio - Net	5,443	5,192	4.8%
Tax credit (VAT)	487	870	(44.0%)
Other accounts receivable	4,570	3,881	17.7%
Foreclosed assets	510	177	189.2%
Property, machinery & equipment - Net	32,729	23,241	40.8%
Other permanent investments	50	37	34.9%
Deferred charges & advanced payments	2,067	1,454	42.2%
Other long-term assets	7	11	(34.9%)
Deferred income taxes	1,719	1,183	45.3%
Total other assets	3,793	2,647	43.3%
Total assets	54,615	41,610	31.3%
Liabilities and Stockholders' equity			
Short term interest	504	288	74.8%
Securitizations	17,750	12,000	47.9%
International Notes	16,775	9,292	80.5%
Total debt securities	35,029	21,580	62.3%
Short term bank borrowings & loans	4,258	6,445	(33.9%)
Long term bank borrowings & loans	3,881	1,897	104.5%
Total bank borrowings & loans	8,139	8,343	(2.4%)
Income tax payable	252	314	(19.6%)
Sundry creditors	2,544	4,881	(47.9%)
Other accounts payable	370	547	(32.4%)
Deferred credits	697	446	56.4%
Total other accounts payable	3,863	6,187	(37.6%)
Total liabilities	47,031	36,110	30.2%
Stockholders' Equity			
Capital stock	2,894	2,896	(0.1%)
Capital reserves	186	125	48.4%
Valuation of hedging derivatives	881	218	304.7%
Retained earnings	1,853	1,051	76.3%
Net income for the year	1,771	1,210	46.3%
Total stockholders' equity	7,584	5,501	37.9%
Total liabilities & stockholders' equity	54,615	41,610	31.3%
Memorandum accounts			
Contractual lease rentals to be accrued held in trust	25,687	16,027	60.3%
Contractual lease rentals to be accrued	6,118	5,116	19.6%
Total memorandum accounts	31,805	21,143	50.4%

Contact Information

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UNIFIN Fourth Quarter 2017 Earnings Conference Call

Date: Friday, February 16, 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, 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

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