



**VERTICALLY INTEGRATED  
TEXTILE COMPANY**

**EARNINGS RELEASE  
3Q20**

## MESSAGE FROM THE CEO

Dear Investor,

It is expected that during the third quarter Mexico's GDP decreased 9% YoY, compared to the 18.7% YoY reduction recorded during the second quarter. In contrast, during the third quarter the Mexican economy reflected a growth of 11.2% compared to the second quarter, mainly as a result of the reopening of the economy.

Within this context, Grupo Kaltex is reporting a 20.7% YoY reduction in sales for the third quarter of 2020, compared to the 61.6% YoY decrease registered during the second quarter of the year.

In terms of EBITDA the company reported a YoY increase of 73.5% (without IFRS16) and of 47.0% (including IFRS16) compared to the third quarter of 2019. The benefit of the IFRS16 lease standard has been reduced due to the closing of some of our retail stores during the year.

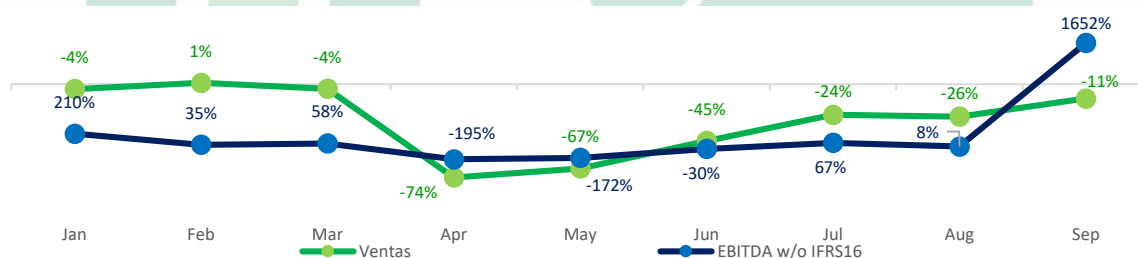
The increase in EBITDA was the result of the plan implemented by the company since the beginning of the pandemic aiming to reduce costs and operating expenses, which respectively have decreased 31.0% and 12.5% on an accumulated basis.

During the first nine months of the year, we registered a reduction in sales of 28.8% and a reduction in EBITDA of 31.4%, considering IFRS16 and 31.2% without considering IFRS16.

Regarding our cash position, it amounted \$498 million pesos at the end of the quarter, which is \$99 million pesos higher than the balance at the end of December 2019.

Finally, our debt continues stable at \$332.8 million dollars at the end of September, this represented a reduction of \$31.2 million dollars compared to December 2019. In respect of the US\$320 million, 8.875% bond issued on April 11, 2018, we executed the seventh interest payment on October 11, 2020.

As we continue our recovery journey from this unprecedented shock caused by the COVID19 not seen in our lifetime, I want to personally thank you for your support and trust.



	Sales			EBITDA w/o IFRS16			EBITDA w IFRS16		
	2019	2020	Var	2019	2020	Var	2019	2020	Var
Q1	3,982,956	3,889,670	-2%	209,055	347,364	66%	298,467	434,536	46%
Q2	4,375,694	1,681,771	-62%	471,530	(180,115)	-138%	595,415	(132,904)	-122%
Q3	4,621,592	3,665,928	-21%	287,528	498,767	73%	397,443	584,375	47%

Sincerely,

*Rafael Kalach Mizrahi*  
Chairman of the Board & CEO

Naucalpan, Estado de Mexico, September 30, 2020 – Grupo Kaltex S.A. de C.V. and subsidiaries (Ticker: KLTXMX), a leading company in the manufacture and marketing of textile products, announced today its results for the third quarter of 2020 ended September 30, 2020. The figures presented in this report are expressed in nominal Mexican pesos, are preliminary, non-audited, prepared in accordance with IFRS and current interpretations, and may vary due to rounding.

## 3Q20 HIGHLIGHTS

- Third quarter consolidated net revenue reached MXN3,666 million, a decrease of 20.7% or MXN956 million when compared to the MXN4,622 million reported for the third quarter of 2019 as a result of the lower demand due to the measures implemented to limit the spread of the COVID-19. On a sequential basis, revenues were MXN1,984 million which is 2.2x higher than the MXN1,682 million reached during the second quarter, reflecting an important recovery. Year to date, net revenue amounted MXN9,237 million, a decrease of MXN3,743 million or 28.8% compared to MXN12,980 million for the same period of 2019.
- Third quarter consolidated cost of goods sold were MXN\$2,592 million, a year over year decrease of 28.8% or MXN\$1,051 million, compared to the third quarter of 2019. For the first nine months of 2020 cost of goods sold was MXN6,947 million a decrease of MXN3,119 million or 31.0% compared to MXN10,066 million posted in the same period of last year.
- Third quarter gross profit margin increased to 29.3% of net revenues compared to 21.2% in the same quarter of 2019, reaching MXN1,074 million, which represents an increase of MXN95 million or 9.8%. Year to date, gross profit margin was 24.8% compared to 22.5% for the same period of 2019, amounting MXN2,290 million that compares to MXN2,914 million for the same period of 2019, a decrease of 21.4% or MXN624 million.
- EBITDA generation for the third quarter increased by 47.0% reaching MXN584 million, an increase of MXN187 million compared to MXN397 million in the third quarter of 2019 due to the cost and expenses reduction implemented during the quarter. For the first nine months of 2020, EBITDA was MXN886 million, that represents a decrease of MXN405 million or 31.4% compared to MXN1,291 million reached during same period of 2019.
- EBITDA margin for the third quarter stood at 15.9% compared to 8.6% recorded in the same quarter of last year. On an accumulated basis EBITDA margin was 9.6% of sales, compared to 9.9% for the same period of 2019.
- Third quarter consolidated net income reached MXN208 million compared to a loss of MXN377 million recorded in the same quarter of 2019, explained by higher operating income as a result of the costs and operating expenses reduction and a positive effect from the revaluation of the Mexican peso during the quarter. Year to date, net loss amounted MXN2,392 million, compared to a loss of MXN458 million in the same period of 2019, this loss is explained by the FX loss of MXN2,380 million reported during the first quarter of 2020.

**KEY CONSOLIDATED FINANCIAL INDICATORS**

<i>Figures in MXN millions</i>	<i>Three months ended, September 30,</i>			<i>Nine months ended, September 30,</i>		
	<b>2020</b>	<b>2019</b>	<b>Δ%</b>	<b>2020</b>	<b>2019</b>	<b>Δ%</b>
Net Revenue	3,666	4,622	-21%	9,237	12,980	-29%
Gross Profit	1,074	978	9.8%	2,290	2,914	-21%
Gross Margin (%)	29%	21%	812bps	25%	22%	234bps
Operating Expenses	462	536	-14%	1,334	1,525	-12.5%
Operating Expenses / Sales	13%	12%	100bps	14%	12%	269bps
Operating Income	395	183	>100%	346	641	-46%
Operating Margin (%)	10.8%	4.0%	681bps	3.7%	4.9%	-119bps
Consolidated Net Income	208	(377)	>100%	(2,392)	(458)	-422%
Net Margin (%)	5.7%	-8.2%	1383bps	-25.9%	-3.5%	-2236bps
EBITDA	584	397	47%	886	1,291	-31%
EBITDA margin (%)	15.9%	8.6%	734bps	9.6%	9.9%	-36bps
CAPEX	72	61	17%	144	132	9.4%
ROA (LTM)	-8.7%	-3.5%	-525bps	-8.7%	-3.5%	-525bps
ROE (LTM)	-86.2%	-16.8%	-6935bps	-86.2%	-16.8%	-6935bps
Total Debt / EBITDA (LTM)	5.30	4.13	-	5.30	4.13	-
Net Debt / EBITDA (LTM)	4.95	4.00	-	4.95	4.00	-
Interest Coverage	1.89	1.21	-	0.94	1.31	-
Working Capital	2,419	2,713	-11%	2,419	2,713	11%
Free Cash Flow	1,019	46	>100%	2,109	243	>100%
Headcount (number)	13,365	16,942	-21%	13,365	16,942	-21%



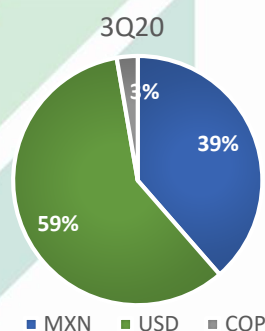
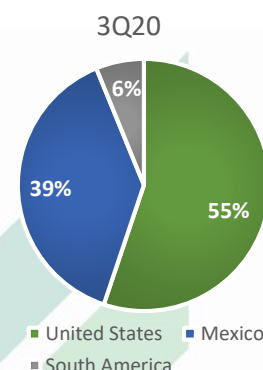
## INCOME STATEMENT

### Revenues

Third quarter consolidated net revenue totaled MXN3,666 million, a decrease of 20.7% or MXN956 million compared to the MXN4,622 million recorded in third quarter of 2019. Year to date, net revenue amounted MXN9,237 million a decrease of MXN3,743 million or 28.8% compared to the same months of 2019.

For the third quarter Dollar-denominated revenue reached MXN2,151 million representing 58.7% of net revenues, compared to 43.5% in the third quarter of 2019, while Mexican Peso denominated revenue reached MXN1,414 million or 38.6% of net revenues, coming from 51.9% in the same period of 2019. Similarly, exports accounted for 61.7% of net revenue in the third quarter, compared to 48.1% registered in the third quarter of 2019.

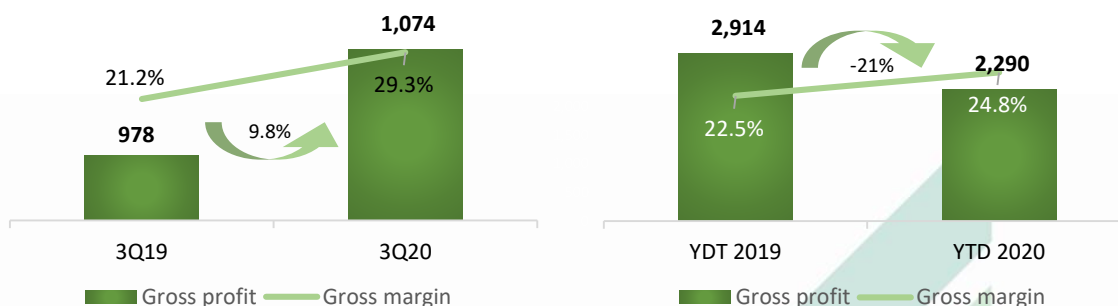
For the first nine months of 2020, Dollar-denominated revenue represented 53.8% and exports represented 58.0% of net revenues compared to 43.0% and 47.7% during the same period of last year. The decrease of local revenues is explained by the delay of the reopening of the Mexican economy compared to the US.



### Cost of goods sold

For the third quarter we recorded MXN2,592 million of cost of sales, which represents a decrease of MXN1,051 million or 28.8% compared to MXN3,644 million reached in the same period of 2019. On an accumulated basis, cost of goods sold reached MXN6,947 million, a decrease of MXN3,119 million or 31.0% compared to MXN10,066 million for 2019.

## Gross profit



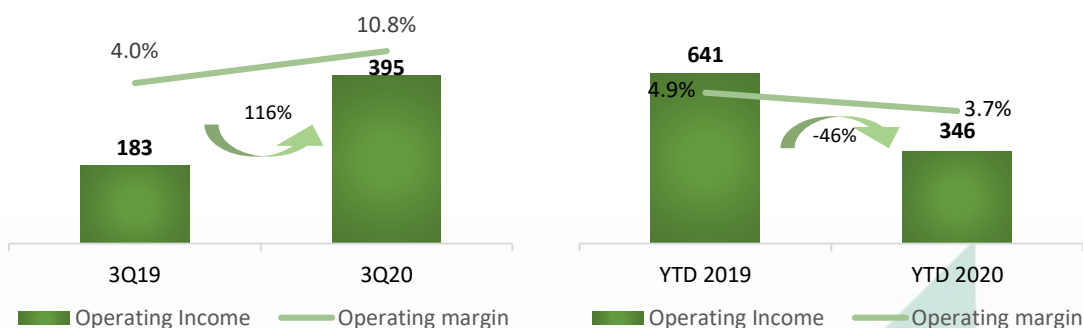
Consolidated Gross Profit amounted MXN1,074 million for the third quarter, which represents an increase of MXN95 million or 9.8% compared to MXN978 million reached third quarter of 2019. Gross margin for the third quarter stood at 29.3% of net sales, compared to 21.2% recorded in the same period of 2019. Year to date, gross profit amounted MXN2,290 million a decrease of MXN624 million or 21.4% compared to MXN2,914 million posted on 2019. Gross margin for the first nine months of 2020 represented 24.8% of net revenues compared to 22.5% for the same period of 2019.

## Operating and Other Expenses

Concept	Three months ended, September 30,			Nine months ended, September 30,		
	2020	2019	Δ%	2020	2019	Δ%
SG&A	462	536	-14%	1,334	1,525	-13%
Other income (expenses), net	(27)	(44)	-39%	(70)	(98)	-28%
<b>Total SG&amp;A and other expenses</b>	<b>489</b>	<b>581</b>	<b>-16%</b>	<b>1,404</b>	<b>1,623</b>	<b>-14%</b>

Operating expenses for the third quarter amounted MXN462 million, a decrease of 13.8% or MXN74 million compared to MXN536 million recorded during the third quarter of 2019, while the ratio of operational expenses to sales for the third quarter was 12.6%, compared to 11.6% in the same period of 2019 due to lower revenues. Year to date, operating expenses reached MXN1,334 million, a decrease of MXN191 million or 12.5% compared to MXN1,525 million reached in 2019.

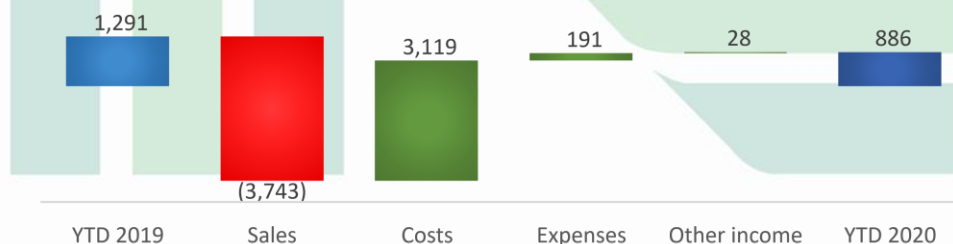
## Operating Income



Third quarter consolidated operating income was MXN395 million, an increase of MXN212 million or 116% from MXN183 million reported on the third quarter of 2019. Operating margin for the third quarter increased to 10.8% of net revenues coming from 4.0% for the third quarter of 2019. For the first nine months of 2020 operating income amounted MXN346 million, compared to MXN641 million reached in the same period of 2019. This represented a decrease of MXN295 million or 46.0%. Operating margin for the first nine months of 2020 represented 3.7% of net revenues, compared to 4.9% in the same period of last year.

## EBITDA

Consolidated EBITDA totaled MXN584 million in the third quarter, 47.0% or MXN187 million higher than the MXN397 million registered in the same period of 2019. EBITDA margin stood at 15.9% of net revenues for the third quarter, which represents an increase from 8.6% registered during the same quarter of 2019. Year to date, EBITDA reached MXN886 million, a decrease of MXN405 million or 31.4% compared to MXN1,291 million registered during the first nine months of 2019. For the first nine months of 2020 EBITDA represented 9.6% of net revenues compared to 9.9% in the same period of 2019.



## Net Interest Expense and Forex

Concept	Three months ended, September 30,			Nine months ended, September 30,		
	2020	2019	Δ%	2020	2019	Δ%
Interest income	29	1.1	>100%	40	5.3	>100%
Interest expense	(309)	(328)	-5.7%	(945)	(989)	-4.5%
Foreign exchange result	165	(220)	>100%	(1,823)	(29)	>100%
<b>Total Consolidated Financial Result</b>	<b>(115)</b>	<b>(547)</b>	<b>-79%</b>	<b>(2,728)</b>	<b>(1,013)</b>	<b>&gt;100%</b>

Third quarter net interest expense was MXN280 million, a decrease of MXN46 million or 14.2% compared to MXN327 million for the third quarter of 2019. We recorded a Forex income of MXN165 million during the quarter, due to the 2.3% revaluation of the Mexican Peso during the quarter, going from MXN22.97/US\$ at the end of June 2020 to MXN22.46/US\$ at the end of September 2020. On an accumulated basis, net interest expense amounted MXN905 million, a decrease of MXN79 million or 8.1% compared to the same period of 2019, while FX loss amounted MXN1,823 million compared to a loss of MXN29 million for 2019 due to the devaluation of the Mexican Peso registered in the first quarter of 2020.

### Income Tax

The third quarter recorded an income tax expense of MXN72 million, an increase of MXN58 million when compared to a MXN14 million income tax for the third quarter of 2019. Year to date, income tax income was MXN10 million due to deferred income taxes recorded during the first quarter of 2020, while for the first nine months of 2019 income tax expense was MXN86 million.

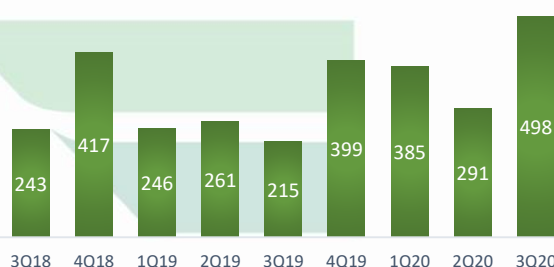
### Net Income

Third quarter consolidated net income totaled MXN208 million, which compares to a loss of MXN377 million recorded in the third quarter of 2019. Year to date net loss amounted MXN2,392 million compared to a loss of MXN458 million registered in the same period of 2019. The loss is mainly due to the large FX loss recorded during the first quarter of 2020.

## BALANCE SHEET

### Cash and Cash Equivalents

The balance in cash and cash equivalents totaled MXN498 million as of September 30, 2020, which is MXN283 million higher than MXN215 million recorded at September 30, 2019.



### Debt

Grupo Kaltex gross debt amounted MXN7,475 million as of September 30, 2020, compared to MXN6,944 million at the same period of last year due to the 14.4% depreciation of the Mexican Peso during the last 12 months.



In dollar terms, gross debt was USD333 million, a decrease of USD21 million or 5.9% compared to USD354 million as of September 30, 2019 due to the normal amortization of the debt and the reclassification of the factoring of our US subsidiaries.

In currency terms, 98.4% was denominated in US dollars, 1.1% in Mexican pesos and the remaining 0.5% in Colombian pesos.

### Maturity Profile

*Figures in MXN millions*

	1 year	1-3 years	Total
<b>Total Debt</b>	<b>273</b>	<b>7,202</b>	<b>4,475</b>

### Debt Structure

Division	September 30, 2020	September 30, 2019	Δ%
<b>Short-term</b>	<b>12.2</b>	<b>30.2</b>	<b>-60%</b>
Amortizing	9.2	9.3	-1.2%
Revolving	3.0	20.9	-86%
<b>Long-term</b>	<b>320.7</b>	<b>323.5</b>	<b>-0.9%</b>
Amortizing	0.7	3.5	-80%
Senior Notes	320	320	0.0%
<b>Total</b>	<b>332.8</b>	<b>353.6</b>	<b>-5.9%</b>
Average rate	8.7%	8.4%	30 bps
Average life (years)	1.6	2.4	-0.8

At 30 September 2020 long term debt represented 96.3% of total debt compared to 91.5% at the end of the third quarter of 2019. As a result, the average maturity of Grupo Kaltex's debt at the end of the third quarter was 1.6 years, a decrease from 2.4 years at the end of the third quarter of 2019.

Debt Ratio	3Q20	3Q19
Gross Debt / EBITDA	5.30x	4.13x

Gross Debt / EBITDA ratio increased to 5.30x in the third quarter of 2020 from 4.13x in the same quarter of 2019, due to a lower EBITDA during the second quarter of 2020. Our gross FX exposure was USD518 million, of which financial exposure amounts USD331 million, and operative exposure amounts USD187 million. We have a natural hedge through our sales in US Dollars of USD317 million, for a total net exposure USD202 million and a hedge ratio of 61%.

### Shareholders' Equity

Shareholders' Equity amounted MXN1,540 million as of September 30, 2020.

## CASH FLOW

<i>Figures in MXN millions</i>	<i>Three months ended, September 30,</i>			<i>Nine months ended, September 30,</i>		
	<b>2020</b>	<b>2019</b>	<b>Δ%</b>	<b>2020</b>	<b>2019</b>	<b>Δ%</b>
EBITDA	584	397	47%	886	1,291	-31%
Interest paid	42	46	-8.5%	452	408	11%
Taxes paid	112	23	>100%	192	83	>100%
Working capital variation	(589)	282	N/A	(1,867)	558	N/A
<b>Free Cash Flow</b>	<b>1,019</b>	<b>46</b>	<b>&gt;100%</b>	<b>2,109</b>	<b>243</b>	<b>&gt;100%</b>

## CAPEX

For the third quarter, investment in fixed assets reached MXN72 million or USD3.3 million, while for third quarter of 2019 it was MXN61 million or USD3.2 million.

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## About Grupo Kaltex

Grupo Kaltex S.A. de C.V. is a 100% Mexican textile Company, vertically integrated with a business model that grants the highest standards of quality and service, which are also certified by international organizations. For almost a century, Grupo Kaltex has been dedicated to the manufacturing and marketing of textile and apparel products, processes in which innovation and growth are the main differentiators that currently place it as a leader in America.

## Forward looking statements

*The information presented by the Company in this report may contain statements regarding future events and / or projected financial results. The results obtained in the future could differ from those projected in this document, since past results do not guarantee future performance. Therefore, the Company does not assume liability nor obligation for external or indirect factors occurring in Mexico or abroad.*

## Investor Relations

<b>Name</b>	<b>e-mail</b>	<b>Telephone</b>
Montserrat Valenzuela Marín	investors@kaltex.com.mx	+(52) 55 5726 5668

## CONSOLIDATED FINANCIAL STATEMENTS

### Grupo KALTEX S.A. de C.V. and Subsidiaries Consolidated Income Statement

<i>Figures in MXN thousands</i>	<i>Three months ended, September 30,</i>			<i>Nine months ended, September 30,</i>		
	<b>2020</b>	<b>2019</b>	<b>Δ%</b>	<b>2020</b>	<b>2019</b>	<b>Δ%</b>
Net revenue	3,665,928	4,621,593	-21%	9,237,369	12,980,243	-29%
Cost of goods sold	2,781,939	3,857,764	-28%	7,487,243	10,716,322	-30%
<b>Gross profit</b>	<b>883,989</b>	<b>763,829</b>	<b>16%</b>	<b>1,750,126</b>	<b>2,263,921</b>	<b>-23%</b>
Sales expenses	265,268	312,744	-15%	768,967	885,409	-13%
Administrative expenses	196,788	223,557	-12%	565,156	639,952	-12%
Other (expenses) income net	(27,071)	(44,335)	-39%	(70,052)	(97,638)	-28%
<b>Operating profit</b>	<b>394,862</b>	<b>183,193</b>	<b>&gt;100%</b>	<b>345,951</b>	<b>640,922</b>	<b>-46%</b>
<b>Comprehensive financial result</b>	<b>(115,255)</b>	<b>(546,730)</b>	<b>-79%</b>	<b>(2,728,185)</b>	<b>(1,012,861)</b>	<b>&gt;100%</b>
Interest income	28,992	1,070	>100%	39,860	5,338	>100%
Interest expense	309,112	327,658	-5.7%	944,609	989,386	-4.5%
Foreign exchange result	164,865	(220,142)	N/A	(1,823,436)	(28,813)	>100%
Income tax	71,791	13,769	>100%	9,604	86,396	-89%
<b>Consolidated net result</b>	<b>207,816</b>	<b>(377,306)</b>	<b>N/A</b>	<b>(2,391,838)</b>	<b>(458,335)</b>	<b>&gt;100%</b>
Depreciation	189,513	214,250	-12%	540,056	650,403	-17%
<b>EBITDA</b>	<b>584,375</b>	<b>397,443</b>	<b>47%</b>	<b>886,007</b>	<b>1,291,325</b>	<b>-31%</b>

**Grupo KALTEX S.A. de C.V. and Subsidiaries  
Consolidated Statement of Financial Position**

*Figures in MXN thousands*

	September 30, 2019	September 30, 2020
<b>Assets</b>		
Cash & Cash Equivalents	215,035	498,012
Accounts Receivable, net	4,029,912	2,380,680
Accounts receivable to related parties	81,190	236,971
Inventories, net	4,008,244	3,553,555
Prepaid expenses	255,480	112,911
<b>Current Assets</b>	<b>8,589,861</b>	<b>6,782,129</b>
Property, Plant and Equipment, net	10,388,046	10,111,112
Investment in Properties	1,629,851	1,822,086
Deferred Income Tax	775,267	892,576
Right of use asset	-	2,894,472
Other Assets, net	4,585,415	1,459,863
<b>Non-current Assets</b>	<b>17,378,579</b>	<b>17,180,109</b>
<b>Total Assets</b>	<b>25,968,440</b>	<b>23,962,238</b>
<b>Liabilities</b>		
Bank loans	592,520	273,058
Accounts Payable to suppliers	3,769,946	3,352,385
Short term lease liability	-	135,997
Accounts payable to related parties	1,636,692	399,796
Other accounts payable and accrued liabilities	4,964,787	1,659,713
Direct employee benefits	76,998	74,491
Advanced payments from customers	105,916	7,489
<b>Current Liabilities</b>	<b>11,146,859</b>	<b>5,902,929</b>
Long-term financial liabilities	6,351,786	7,202,163
Accounts payable to related parties	1,993,603	3,768,528
Lease liability	-	2,880,857
Employee benefits	420,122	511,108
Contingencies	9,704	10,101
Deferred Income Tax	2,101,173	2,146,782
<b>Non-current Liabilities</b>	<b>10,876,388</b>	<b>16,519,539</b>
<b>Total Liabilities</b>	<b>22,023,247</b>	<b>22,422,468</b>
Capital stock	4,017,990	4,017,990
Accumulated (losses) earnings	(2,391,238)	(3,836,973)
Accumulated other comprehensive loss	130,566	(165,583)
<b>Controlling interest</b>	<b>1,757,318</b>	<b>15,434</b>
Non-controlling interest	2,187,875	1,524,336
<b>Total Equity</b>	<b>3,945,193</b>	<b>1,539,770</b>
<b>Total Liabilities and Equity</b>	<b>25,968,440</b>	<b>23,962,238</b>



**Grupo KALTEX S.A. de C.V. and Subsidiaries**  
**Consolidated Statement of Cash Flow**

<i>Figures in MXN thousands</i>	<i>Three months ended, September 30,</i>		<i>Nine months ended, September 30,</i>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Cash flow from operating activities</b>				
Consolidated net income (loss)	207,816	(377,306)	(2,391,838)	(458,335)
<i>Adjustments for:</i>				
Income tax expense recognized in net loss	71,791	13,769	9,604	86,396
Loss (gain) on disposal of property, plant and equipment	-	-	-	2,640
Depreciation and amortization	189,513	214,250	540,056	650,403
Contingencies	-	-	-	-
Fair value adjustment of investment properties	-	-	-	-
Interest income	(28,992)	(1,070)	(39,860)	(5,338)
Interest expense	309,112	327,721	944,609	973,070
Unrealized foreign exchange	(85,912)	50,345	1,582,399	(89,678)
	<b>663,328</b>	<b>227,709</b>	<b>644,970</b>	<b>1,159,158</b>
<b>Changes in working capital</b>				
<i>(Increase) decrease in:</i>				
Accounts receivable, net	(556,099)	(172,999)	(171,441)	(553,314)
Accounts receivables to related parties	-	-	-	-
Inventories, net	472,580	(153,751)	102,633	(226,272)
Prepaid expenses	32,568	(72,330)	117,733	(189,043)
Other assets	69,377	2,348	(22,415)	(3,360,261)
<i>(Increase) decrease in:</i>				
Accounts payable to suppliers	(104,118)	176,964	260,852	254,777
Accounts payable to related parties	-	-	-	-
Other accounts payable and accrued liabilities*	103,444	96,105	205,121	3,204,714
Direct employee benefits	22	-	66	(37,961)
Advance payments from customers	(4,955)	-	(90,764)	(57,622)
Income taxes paid	(112,147)	(23,196)	(191,515)	(82,520)
Employee benefits	(14,772)	267	(16,631)	2,626
Contingencies	-	(16,538)	-	(3,015)
<b>Net cash flow generated by operating activities</b>	<b>549,228</b>	<b>64,579</b>	<b>838,609</b>	<b>111,267</b>
<i>Cash flows from investing activities:</i>				
Interest received	22,764	-	23,640	8,515
Acquisition of property, plant and equipment	(72,099)	(61,391)	(144,107)	(131,734)
Sale of property, plant and equipment	-	14,984	-	19,548
<b>Net cash flow (generated by) used in investing activities</b>	<b>(49,335)</b>	<b>(46,407)</b>	<b>(120,467)</b>	<b>(103,671)</b>
<i>Cash flows from financing activities:</i>				
Proceeds from debt	174,483	38,431	350,941	542,753
Payments of debt	(429,853)	(56,871)	(475,323)	(327,808)
Proceeds from related parties	-	-	-	(15,307)
Interest paid	(42,495)	(46,442)	(452,075)	(407,972)
Purchase of non-controlling interest	-	-	-	-
Capital increase	-	-	-	-
Dividends paid	(7,200)	-	(56,200)	-
Expenses associated with bond issue	-	-	-	-
<b>Net cash flow (used in) generated by financing activities</b>	<b>(305,065)</b>	<b>(64,882)</b>	<b>(632,657)</b>	<b>(208,334)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>194,828</b>	<b>(46,710)</b>	<b>85,485</b>	<b>(200,738)</b>
Effects of exchange rate changes on cash flows	11,906	430	13,031	(1,518)
<b>Cash and cash equivalents at beginning of year</b>	<b>291,278</b>	<b>261,315</b>	<b>399,496</b>	<b>417,291</b>
Cash and cash equivalents at end of year	498,012	215,035	498,012	215,035