

## Nemak reports 3Q21 EBITDA of US\$115 M

Surpasses US\$1 B target for contracts to produce e-mobility and structural applications ahead of time

Monterrey, Mexico. October 18, 2021. Nemak, S.A.B. de C.V. (BMV: NEMAK) (“Nemak” or the “Company”) announced today its operational and financial results for the third quarter of 2021 (“3Q21”). The following is a summary of the key figures for the period:

	Third Quarter			Nine months		
	2021	2020	Δ%	2021	2020	Δ%
Volume (M. Equivalent units)	7.8	10.1	(22.8)	27.5	25.0	10.0
Revenues	860	896	(4.0)	2,854	2,205	29.4
EBITDA <sup>1</sup>	115	178	(35.4)	434	282	53.9
CAPEX	82	49	NA <sup>2</sup>	217	188	NA <sup>2</sup>

US\$ Millions, except Volume

(1) EBITDA = Operating Income + Depreciation, Amortization & other Non-Cash Charges

(2) NA = Not applicable

## Message from the CEO

*Our third-quarter results were impacted by the global semiconductor shortage, which limited our customers' light-vehicle production, and therefore our volume in comparison to the previous year. In response to this situation, we continued implementing measures focused on improving operational efficiency and flexibility, which in turn facilitated our efforts to adapt quickly to meet customer requirements amidst evolving supply chain conditions.*

*Regarding strategy execution, I am pleased to share that we reinforced our position as a leading independent supplier of e-mobility and structural applications (EV/SC), securing contracts during the quarter to produce these parts worth US\$150 million annually, which enabled us to surpass our goal of US\$1 billion in contracts in this segment earlier than anticipated. We also built on our leadership track record in traditional powertrain applications, winning incremental business to supply parts for high-volume vehicle platforms in North America.*

*Furthermore, we maintained production of EV/SC applications well above previous-year levels, despite a more challenging industry backdrop. During the quarter, we accelerated the expansion of this business in Europe, North America, and Asia, harnessing our technology portfolio to deliver tailor-made solutions for customers' electric vehicles. As a result, we remain on track to achieve substantial growth in this segment, as compared to the previous year.*

*We are confident that our financial position, ability to adapt our operations, and the experience we have accumulated over previous business cycles give us a solid foundation from which to manage periods of volatility, while we simultaneously continue our efforts towards driving long-term value creation in sustainable mobility.*

## Recent Developments

- During 3Q21, Nemak won contracts worth approximately US\$500 million annually, of which approximately US\$150 million was in incremental business to produce e-mobility and structural applications.
- On September 6, the merger of Controladora Nemak, S.A.B. de C.V. into Nemak was concluded successfully, representing the culmination of a multi-step process to make Nemak into a fully independent company trading under a single listed entity. The transaction had been approved at the respective Extraordinary General Shareholders' Meetings held on July 29.
- On October 13, Nemak announced that it had been recognized as a top-performing global supplier at the 23<sup>rd</sup> annual Ford World Excellence Awards. Nemak was selected as a *Turn Around Automotive Operations and Compete like a Challenger* winner as well as a recipient of the *Gold Quality Award* at the Ford Motor Company event, which was held virtually this year.

## Automotive Industry

	Millions of Units Third Quarter			Millions of Units Nine Months		
	2021	2020	% Var	2021	2020	% Var
U.S. Vehicle Sales SAAR <sup>(1)</sup>	13.3	15.4	(13.2)	15.3	14.6	4.9
North America Vehicle Production <sup>(2)</sup>	3.1	4.0	(23.2)	13.1	13.0	0.8
North America Nemak Customer Production <sup>(2)</sup>	1.9	2.6	(28.0)	8.1	8.4	(3.4)
Europe Vehicles Sales SAAR <sup>(1)(2)</sup>	16.3	19.4	(16.3)	16.4	16.5	(0.3)
Europe Vehicle Production <sup>(2)</sup>	3.3	4.3	(21.9)	16.3	16.2	0.9
Europe Nemak Customer Production <sup>(2)</sup>	2.2	2.8	(21.3)	10.8	10.9	(1.2)

(1) SAAR = Seasonally Adjusted Annual Rate

(2) Source: IHS Markit and Nemak estimates

For the quarter, SAAR for U.S. light-vehicle sales was 13.3 million units, a 13.2% year-over-year ("y-o-y") decline driven by a 23.2% y-o-y drop in light-vehicle production in North America resulting from global semiconductor supply disruptions. Meanwhile, in Europe, light-vehicle SAAR sales and production declined 16.3% and 21.9% y-o-y, respectively; these trends were also largely a result of semiconductor supply constraints. Notwithstanding a more challenging short-term outlook for the global automotive industry compared to the previous quarter, demand fundamentals remain strong in the U.S. and Europe, the Company's main markets, which could potentially support recovery once semiconductor supply begins to normalize.

## Financial Results Summary

	Third Quarter			Nine months		
	2021	2020	Δ%	2021	2020	Δ%
Volume (M. Equivalent units)	7.8	10.1	(22.8)	27.5	25.0	10.0
Revenues	860	896	(4.0)	2,854	2,205	29.4
Operating Income	28	100	(72.0)	186	52	257.7
EBITDA <sup>1</sup>	115	178	(35.4)	434	282	53.9
EBITDA <sup>1</sup> / Eq. Unit	14.7	17.6	(16.5)	15.8	11.3	39.8
Net Income	(29)	90	NA <sup>2</sup>	56	(48)	NA <sup>2</sup>
CAPEX	82	49	NA <sup>2</sup>	217	188	NA <sup>2</sup>
Net Debt <sup>3</sup>	1,449	1,405	3.1			

US\$ Millions, except Volume and EBITDA / Eq. Unit

(1) EBITDA = Operating Income + Depreciation, Amortization & other Non-Cash Charges

(2) NA = Not applicable

(3) Net Debt = Total Debt - Total Cash

Volume in 3Q21 decreased 22.8% y-o-y, reflecting production reductions among Nemak customers across regions, in the wake of tightened global semiconductor supply.

Revenue in 3Q21 dropped by 4.0% y-o-y, as higher aluminum prices partially offset effects of lower volume.

Third-quarter EBITDA was US\$115 million, down 35.4% against the same period last year, largely due to volume effects. In turn, 3Q21 EBITDA per equivalent unit finished at US\$14.7, which was lower y-o-y, but remained higher compared to pre-pandemic levels, thanks in part to an improved product mix, and to operating efficiencies achieved over the last six quarters. Operating Income in 3Q21 was US\$28 million, which compares against US\$100 million in the same period last year.

In 3Q21, Nemak recorded a net loss of US\$29 million, compared to net income of US\$90 million in the same period of 2020; this result was attributable to the same factors that affected operating income, in combination with non-recurring financial expenses of US\$35 million associated with the prepayment of bonds issued in 2017 and 2018 and to non-cash foreign exchange effects. Excluding the bond prepayments, net income for the period would have been slightly positive.

Capital expenditures totaled US\$82 million in 3Q21; these funds were mainly used to support new product launches in the Company's EV/SC segment.

On September 30, 2021, Nemak reported Net Debt of US\$1.45 billion. Financial ratios for the last 12 months were: Net Debt to LTM EBITDA, 2.5 times; and Interest Coverage, 5.2 times.

Excluding the above-mentioned bond prepayments, Interest Coverage would have been 6.9 times. These ratios compare with 3.4 and 5.4 times, respectively, at the end of 3Q20.

## Regional Results

### North America

In 3Q21, revenue decreased 5.4% y-o-y as higher aluminum prices partially offset effects of lower customer light-vehicle production on Nemak's volume. EBITDA recorded a 46.7% y-o-y decline due mainly to volume effects.

### Europe

Third-quarter revenue fell 4.3% y-o-y, with higher aluminum prices partially offsetting the effects of customer light-vehicle production reductions on Nemak's volume. During the period, EBITDA declined 23.5% y-o-y, due mainly to volume effects.

### Rest of the World

In 3Q21, revenue increased 4.8% y-o-y, as higher aluminum prices outweighed effects of lower customer light-vehicle production on Nemak's volume. EBITDA in 3Q21 grew 6.0% y-o-y, driven by a non-recurring gain of US\$3 million.

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### Methodology for presentation of results

The report presents unaudited financial information. Figures are in Mexican pesos or US dollars, as indicated. For income statement items, peso amounts were translated into dollars using the average exchange rate of the months during which the operations were recorded. For balance sheet items, peso amounts were translated into dollars using the end-of-period exchange rate. Financial ratios were calculated in dollars. Due to rounding, minor differences may occur when calculating percent changes from one period to another.

### Earnings webcast information

Nemak's Third Quarter 2021 Conference Call will be held on Tuesday, October 19, 2021, 12:00 p.m. Eastern Time (11:00 a.m. Mexico City Time). To participate in the conference call, please dial: Domestic U.S.: (877) 407-0784; International: 1-201-689-8560; Mexico Toll Free: 800 522 0034. The conference call will be webcast live through streaming audio. If you are unable to participate, the conference call audio and script will be available on Nemak's website. For more information, please visit <https://investors.nemak.com>.

### Forward-looking statements

This report may contain certain forward-looking statements concerning Nemak's future performance that should be considered as good faith estimates made by the Company. These forward-looking statements reflect management's expectations and are based upon currently available data and analysis. Actual results are subject to future events and uncertainties, which could materially impact Nemak's actual performance and results.

### About Nemak

Nemak is a leading provider of innovative lightweighting solutions for the global automotive industry, specializing in the development and manufacturing of aluminum components for powertrain, e-mobility, and structural applications. In 2020, it generated revenue of US\$3.2 billion. For more information about Nemak, visit [www.nemak.com/](http://www.nemak.com/)

**Nemak**  
**Income Statement**  
**Millions of Dollars**

	For the third quarter of:			For the nine months of:		
	2021	2020	% Var.	2021	2020	% Var.
Volume (million equivalent units)	7.8	10.1	(22.8)	27.5	25.0	10.0
Total revenues	860	896	(4.0)	2,854	2,205	29.4
Gross profit	90	150	(40.0)	381	259	47.1
Sales & administrative expenses	(60)	(50)	20.0	(192)	(174)	10.3
Other income (expenses) net	(1)	0	NA <sup>2</sup>	(3)	(34)	(91.2)
Operating Income	28	100	(72.0)	186	52	257.7
Interest Expenses	(55)	(20)	NA <sup>2</sup>	(95)	(61)	55.7
Interest Income	1	1	0.0	3	2	50.0
Foreign exchange gain (loss)	(15)	16	NA <sup>2</sup>	(16)	(43)	NA <sup>2</sup>
Financing expenses net	(69)	(3)	NA <sup>2</sup>	(108)	(102)	5.9
Participation in associates results	(2)	(1)	NA <sup>2</sup>	2	(1)	NA <sup>2</sup>
Income Tax	14	(6)	NA <sup>2</sup>	(25)	3	NA <sup>2</sup>
Net Income	(29)	90	NA <sup>2</sup>	56	(48)	NA <sup>2</sup>

	2021	2020	% Var.	2021	2020	% Var.
Operating Income	28	100	(72.0)	186	52	257.7
Depreciation, Amortization & Other Non-Cash items	86	77	11.7	247	231	6.9
EBITDA <sup>1</sup>	115	178	(35.4)	434	282	53.9
CAPEX	82	49	NA <sup>2</sup>	217	188	NA <sup>2</sup>

(1) EBITDA = Operating Income + Depreciation, Amortization & other Non-Cash items

(2) Not applicable

**Nemak**  
**Balance Sheet**  
**Millions of Dollars**

Assets	Sep-21	Dec-20	% Var
Cash and cash equivalents	205	437	(53.1)
Accounts receivable	500	463	8.0
Inventories	867	633	37.0
Other current assets	36	31	16.1
Total current assets	1,608	1,564	2.8
Investments in shares	31	32	(3.1)
Property, plant and equipment, net	2,520	2,581	(2.4)
Other assets	726	773	(6.1)
Total assets	4,884	4,949	(1.3)

Liabilities & stockholders' equity	Sep-21	Dec-20	% Var
Bank loans	244	195	25.1
Current maturities of long-term debt	51	34	50.0
Interest payable	9	17	(47.1)
Operating liabilities	1,254	1,309	(4.2)
Total current liabilities	1,558	1,555	0.2
Long-term debt	1,350	1,417	(4.7)
Labor liabilities	80	79	1.3
Other long term-liabilities	108	110	(1.8)
Total liabilities	3,096	3,161	(2.1)
Total stockholders' equity	1,788	1,788	0.0
Total liabilities & stockholders' equity	4,884	4,949	(1.3)

## Nemak Regional Results

### Millions of Dollars

Volume (million equivalent units)	For the third quarter of:			For the nine months of:		
	2021	2020	% Var.	2021	2020	% Var.
North America	4.3	5.9	(27.1)	14.4	14.2	1.2
Europe	2.6	3.1	(16.1)	9.7	8.0	21.7
Rest of World	0.9	1.1	(18.2)	3.4	2.8	21.5
<b>Total</b>	<b>7.8</b>	<b>10.1</b>	<b>(22.8)</b>	<b>27.5</b>	<b>25.0</b>	<b>10.0</b>

Total Revenues*	2021	2020	% Var.	2021	2020	% Var.
North America	464	491	(5.4)	1,447	1,181	22.5
Europe	288	301	(4.3)	1,066	780	36.7
Rest of World	108	103	4.8	341	244	39.8
<b>Total</b>	<b>860</b>	<b>896</b>	<b>(4.0)</b>	<b>2,854</b>	<b>2,205</b>	<b>29.4</b>

EBITDA <sup>1</sup>	2021	2020	% Var.	2021	2020	% Var.
North America	56	105	(46.7)	211	172	22.7
Europe	48	63	(23.5)	191	93	105.4
Rest of World	11	10	6.0	31	18	72.2
<b>Total</b>	<b>115</b>	<b>178</b>	<b>(35.4)</b>	<b>434</b>	<b>282</b>	<b>53.9</b>

EBITDA <sup>1</sup> Margin in %	2021	2020	% Var.	2021	2020	% Var.
North America	12%	21%	(43.6)	15%	15%	0.1
Europe	17%	21%	(20.0)	18%	12%	50.3
Rest of World	10%	10%	1.1	9%	7%	23.2
<b>Total</b>	<b>13%</b>	<b>20%</b>	<b>(32.7)</b>	<b>15%</b>	<b>13%</b>	<b>18.9</b>

EBITDA <sup>1</sup> USD/Equivalent units	2021	2020	% Var.	2021	2020	% Var.
North America	13.0	17.8	(26.9)	14.7	12.1	21.2
Europe	18.5	20.3	(8.7)	19.7	11.7	68.7
Rest of World	11.8	9.1	29.6	9.1	6.4	41.8
<b>Total</b>	<b>14.7</b>	<b>17.6</b>	<b>(16.5)</b>	<b>15.8</b>	<b>11.3</b>	<b>39.8</b>

(1) EBITDA = Operating Income + Depreciation, Amortization & other Non-Cash items

\*To external customers



**Nemak**  
**Income Statement**  
**Millions of Pesos**

	For the third quarter of:			For the nine months of:		
	2021	2020	% Var.	2021	2020	% Var.
Volume (million equivalent units)	7.8	10.1	(22.8)	27.5	25.0	10.0
Total revenues	17,217	19,767	(12.9)	57,482	46,778	22.9
Gross profit	1,793	3,299	(45.7)	7,695	5,272	46.0
Sales & administrative expenses	(1,203)	(1,097)	9.7	(3,860)	(3,723)	3.7
Other income (expenses) net	(20)	1	NA <sup>2</sup>	(64)	(761)	(91.6)
Operating Income	569	2,203	(74.2)	3,770	788	378.4
Interest Expenses	(1,098)	(430)	NA <sup>2</sup>	(1,898)	(1,316)	44.2
Interest Income	13	17	(23.5)	55	55	0.0
Foreign exchange gain (loss)	(309)	349	NA <sup>2</sup>	(331)	(893)	NA <sup>2</sup>
Financing expenses net	(1,394)	(64)	NA <sup>2</sup>	(2,174)	(2,154)	0.9
Participation in associates results	(32)	(20)	NA <sup>2</sup>	44	(28)	(257.1)
Income Tax	282	(143)	NA <sup>2</sup>	(504)	122	NA <sup>2</sup>
Net Income	(575)	1,976	NA <sup>2</sup>	1,137	(1,271)	NA <sup>2</sup>

  

	2021	2020	% Var.	2021	2020	% Var.
Operating Income	569	2,203	(74.2)	3,770	788	378.4
Depreciation, Amortization & Other Non-Cash items	1,727	1,711	0.9	4,978	5,021	(0.9)
EBITDA <sup>1</sup>	2,296	3,915	(41.4)	8,748	5,809	50.6
CAPEX	1,633	1,078	NA <sup>2</sup>	4,358	4,000	NA <sup>2</sup>

(1) EBITDA = Operating Income + Depreciation, Amortization & other Non-Cash items  
(2) Not applicable

**Nemak**  
**Balance Sheet**  
**Millions of Pesos**

Assets	Sep-21	Dec-20	% Var
Cash and cash equivalents	4,167	8,720	(52.2)
Accounts receivable	10,150	9,229	10.0
Inventories	17,605	12,630	39.4
Other current assets	731	613	19.2
Total current assets	32,653	31,192	4.7
Investments in shares	621	635	(2.2)
Property, plant and equipment, net	51,162	51,491	(0.6)
Other assets	14,741	15,414	(4.4)
Total assets	99,177	98,732	0.5

  

Liabilities & stockholders' equity	Sep-21	Dec-20	% Var
Bank loans	4,965	3,894	27.5
Current maturities of long-term debt	1,028	671	53.2
Interest payable	179	346	(48.3)
Operating liabilities	25,471	26,115	(2.5)
Total current liabilities	31,643	31,027	2.0
Long-term debt	27,418	28,277	(3.0)
Labor liabilities	1,624	1,568	3.6
Other long term-liabilities	2,188	2,193	(0.2)
Total liabilities	62,873	63,065	(0.3)
Total stockholders' equity	36,304	35,667	1.8
Total liabilities & stockholders' equity	99,177	98,732	0.5