



2Q20

Earnings Presentation

July 16, 2020



Safe Harbor

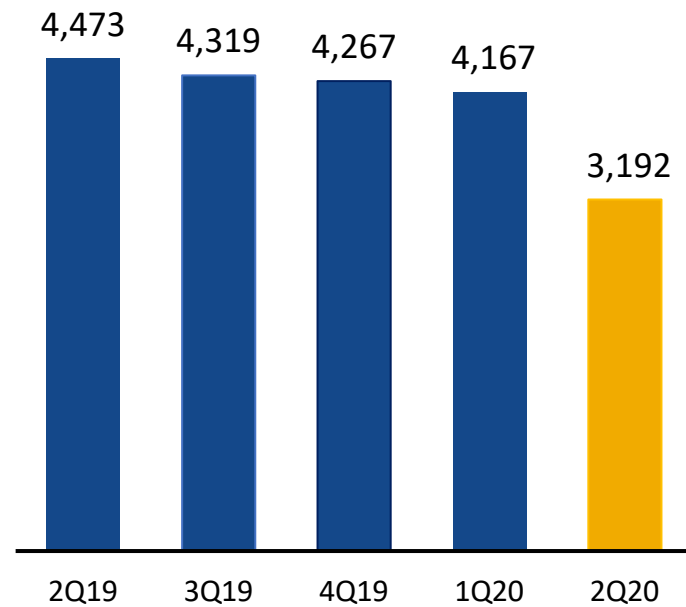
This presentation contains forward-looking information based on numerous variables and assumptions that are inherently uncertain. They involve judgments with respect to, among other things, future economic, competitive and financial market conditions and future business decisions, all of which are difficult or impossible to predict accurately. These uncertainties include, but are not limited to, risks related to the impact of the COVID-19 global pandemic, such as the scope and duration of the outbreak, government actions and restrictive measures implemented in response, availability of workers and contractors due to illness and stay at home orders, supply chain disruptions and other impacts to the business, or on the Company's ability to execute business continuity plans, as a result thereof. Accordingly, results are likely to vary from those set forth in this presentation. Copyright © 2020 ALFA, S.A.B. de C.V. All rights reserved. Reproduction and distribution is forbidden without the prior written consent of ALFA, S.A.B. de C.V.

- Focus on **Safety** and **Business Continuity** amid COVID-19
- **Solid financial position**; US \$2.4 B Consolidated Cash plus US \$2.6 B available Credit Lines
- 2Q20 EBITDA impacted by **US \$329 M from COVID-19 distortions**
 - Strong sequential **monthly EBITDA improvement**; +230% June vs. April
- ~ **US \$850 M** in cost reduction and cash flow optimization initiatives
- All businesses moving ahead with **long-term strategic initiatives**:
 - Axtel restarted Infrastructure unit sale process
 - Newpek in final stage to sell majority of U.S. assets

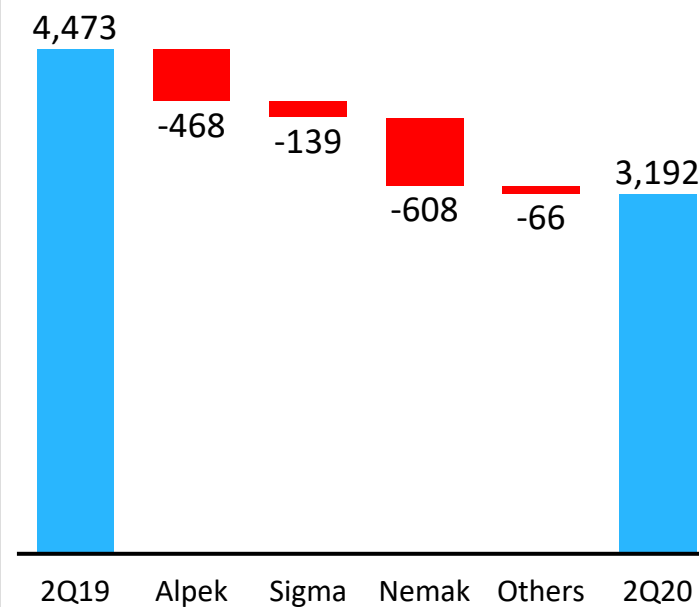
Revenues reflect temporary distortions that resulted in lower volume at Nemak and lower average prices in Alpek



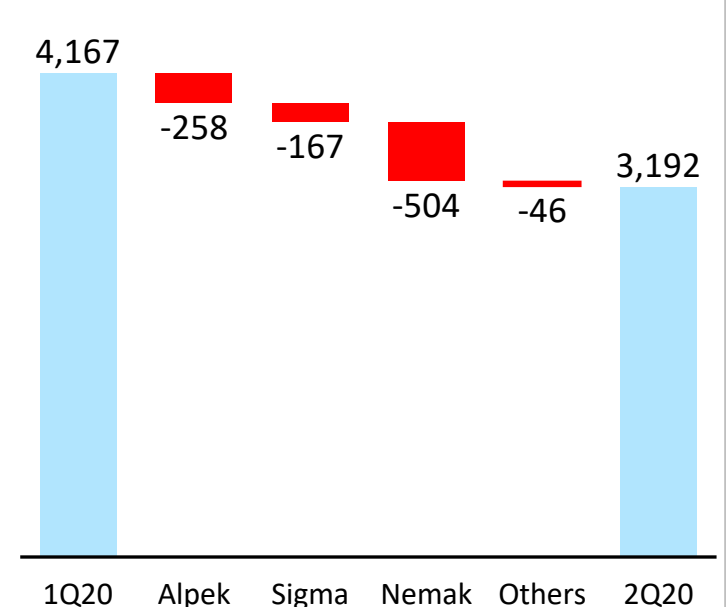
**Revenues
(US \$ Million)**



**2Q20 vs 2Q19
(US \$ Million)**



**2Q20 vs 1Q20
(US \$ Million)**

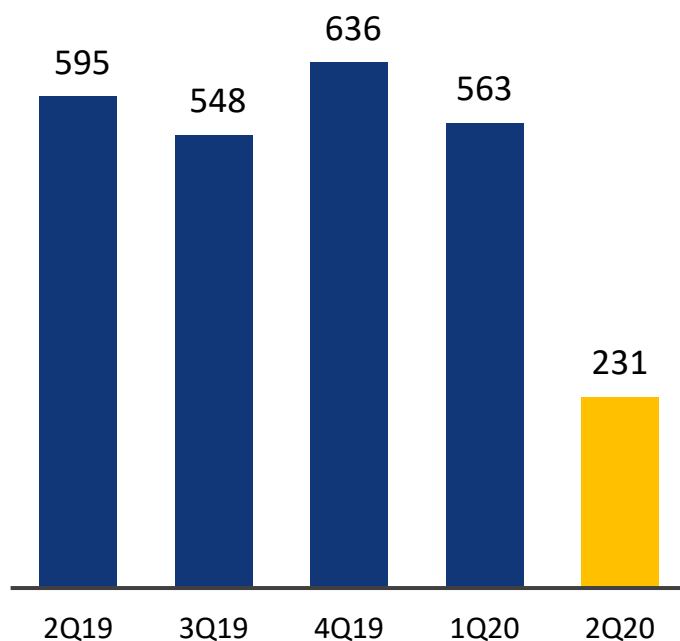


2Q20 EBITDA of US \$231 million, including a US \$70 million net loss from extraordinary items; Comparable EBITDA of US \$301 million



Reported EBITDA (US \$ Million)

2Q20 vs 2Q19: -61%
2Q20 vs 1Q20: -59%

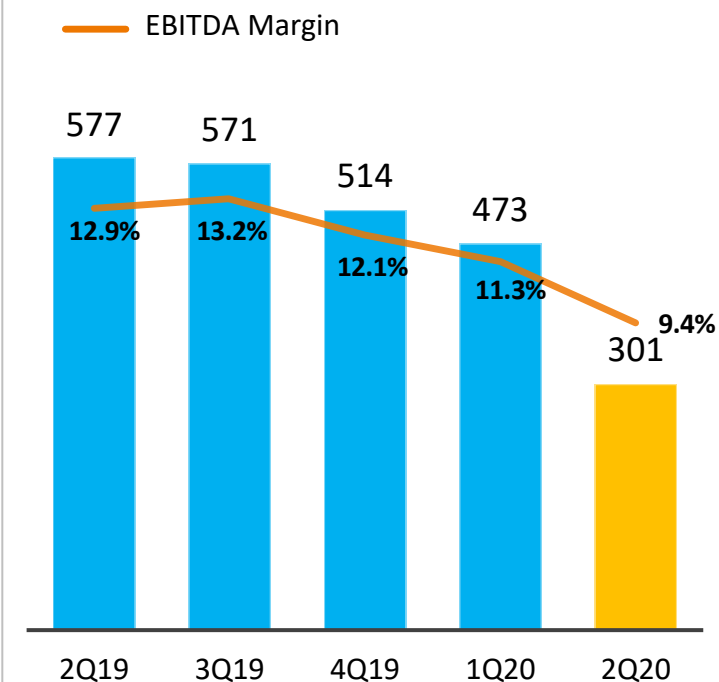


Extraordinary Items

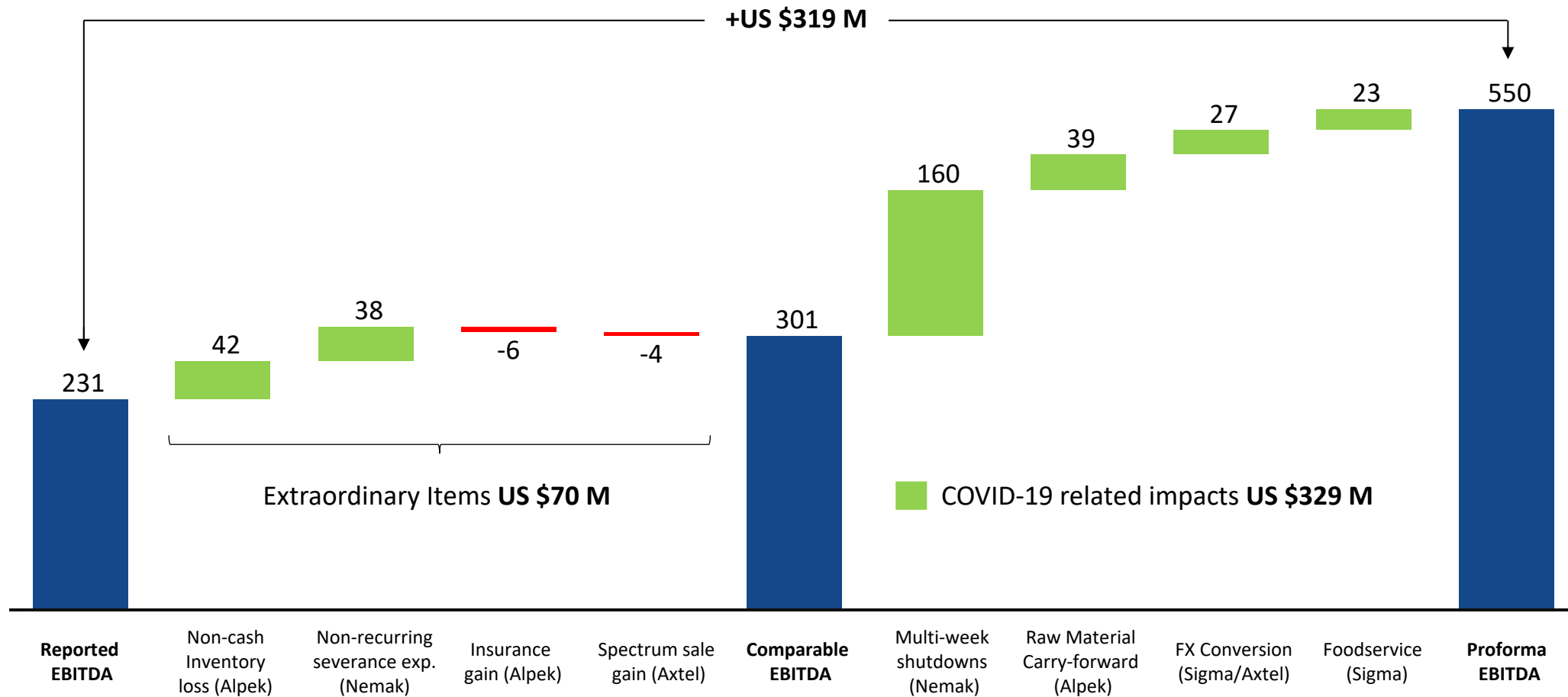
	2Q19	3Q19	4Q19	1Q20	2Q20
ALPEK	(28)	(19)	184	(17)	(36)
SIGMA	-	-	-	-	-
NEMAK	8	-	-	-	(38)
AXTEL	39	-	(4)	107	4
NEWPEK	(1)	(4)	(58)	-	-
TOTAL	18	(23)	122	91	(70)

Comparable EBITDA (US \$ Million)

2Q20 vs 2Q19: -48%
2Q20 vs 1Q20: -36%



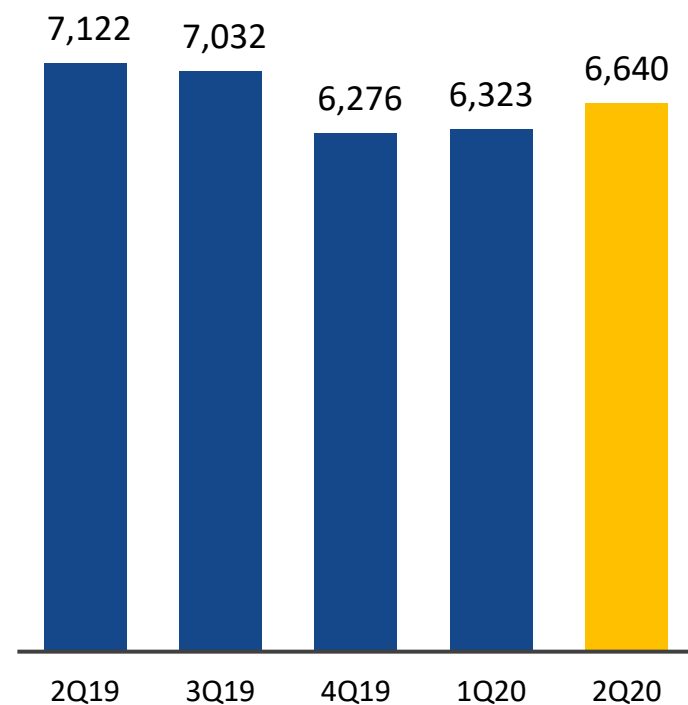
Proforma EBITDA reflects the adjustment of extraordinary items plus COVID-19 related impacts



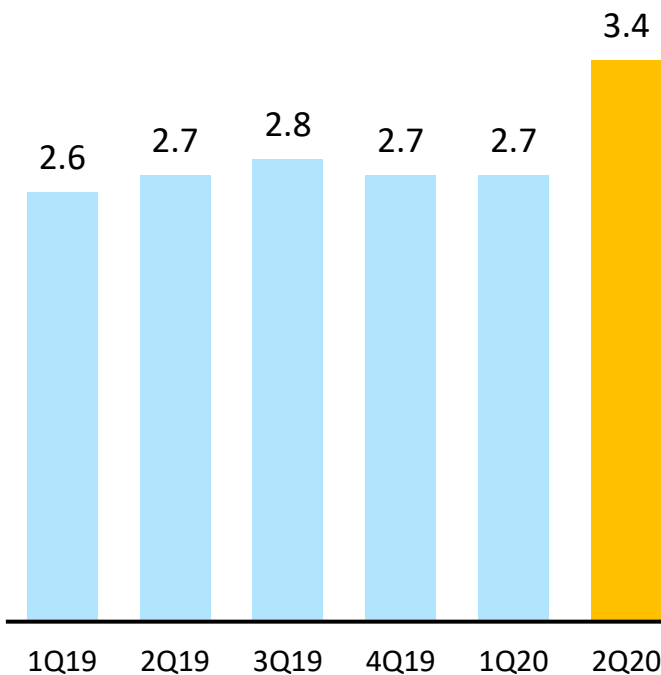
ALFA Net Debt up 5% versus 1Q20 as temporary, COVID-19 related distortions weighed on 2Q20 EBITDA; Cash US \$2.4 B



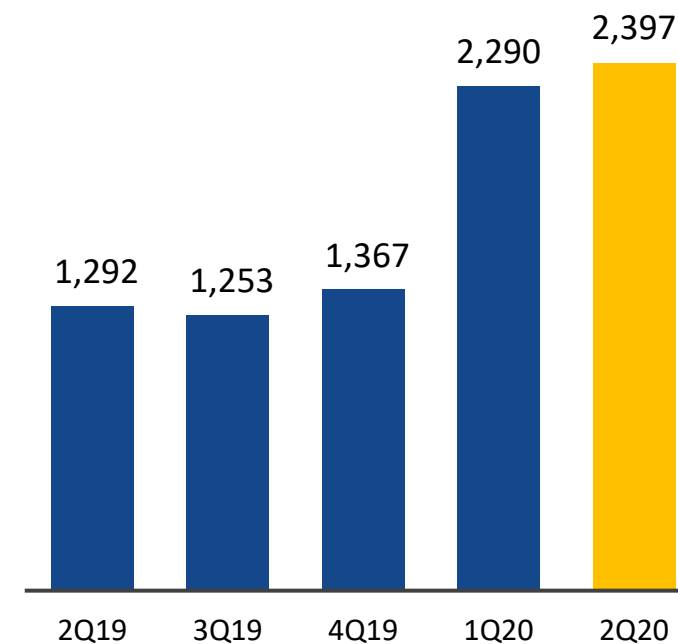
**ALFA Net Debt
(US \$ Million)**



**Leverage Ratio
(Net Debt/EBITDA)**



**Cash
(US \$ Million)**







Safety

- Top priority - safety of our employees, customers, suppliers and community
- Increased hygiene/sanitization protocols
- Employee training and awareness campaigns
- Reorganization of on-site personnel
- Travel restrictions
- Closely monitoring health and government agency recommendations

Business Continuity

- Preserve continuity and long-term sustainability
- Task forces coordinating immediate response
- Providing essential goods/services: food, packaging, IT
- Contributing to our communities

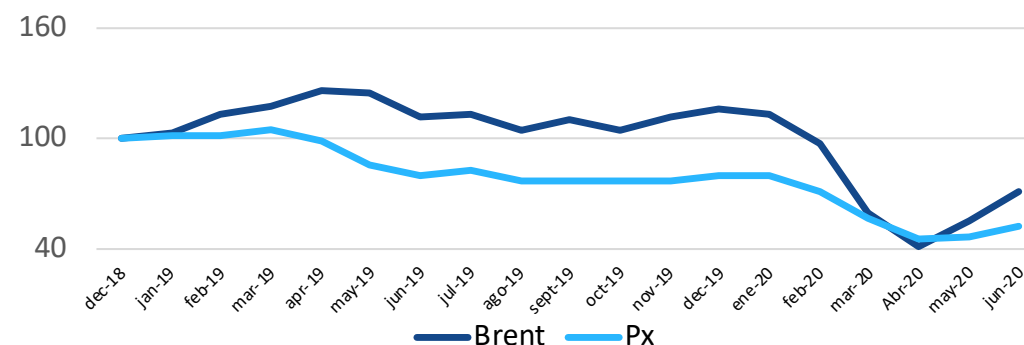
- Maximize liquidity; contracted US \$720 million new credits facilities
- Amended loan agreements; new covenant thresholds
- Reassess plan to capture approximately US \$850 million in savings and cash flow benefits
 - Reduce costs and expenses
 - Working capital, CAPEX and dividends
- Alpek and Nemark shareholders approved the revocation of dividends (US \$119 million)
 - Alpek board maintains option to pay previously approved dividend

Business	Pros	Cons
	<ul style="list-style-type: none"> Higher than expected reference margins (Asia) and resilient demand Stronger demand for PET products from increased focus on hygiene and safety 	<ul style="list-style-type: none"> Temporary profitability impact due to oil and feedstock price decline (Brent: -38% vs. 1Q20) though expected to partially revert in 3Q20
	<ul style="list-style-type: none"> Record high-volumes in the US Favorable raw material environment 	<ul style="list-style-type: none"> FX Conversion impact due to USD strength Decrease in Foodservice sales across regions
	<ul style="list-style-type: none"> Cost reduction and operating efficiencies (US\$125 million cost savings 2Q20 vs 1Q20) 	<ul style="list-style-type: none"> Lower light-weight vehicle production (-97% in NA and EU combined in April)
	<ul style="list-style-type: none"> Incremental demand for connectivity solutions due to higher virtual collaboration 	<ul style="list-style-type: none"> FX Conversion impact due to USD strength

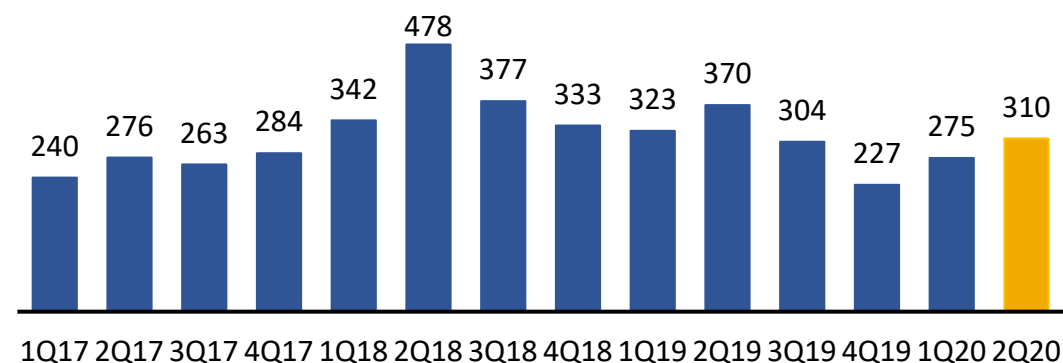
2Q20 Highlights

- Continuous operations, resilient demand and better-than-expected reference margins
- Strong underlying fundamentals temporarily offset by abrupt drop in oil and feedstock prices
- Alpek shareholders approved suspension of dividends (US \$81.6 million)
- Alpek board maintains option to pay dividend at a later date
- Cash US \$610 million, up \$224 million versus year-end 2019
- Net Debt/EBITDA of 1.9 times

Paraxylene vs Brent Crude Oil Price (Base=100)



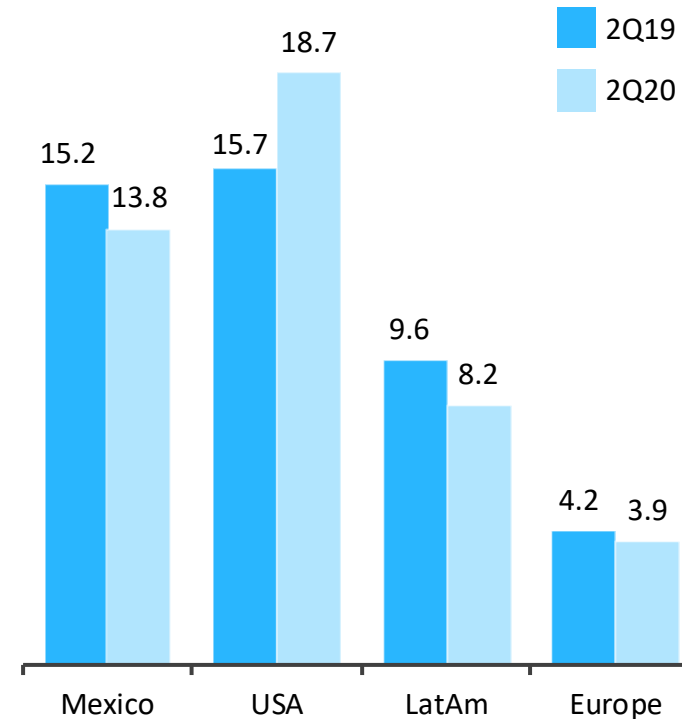
Margin: Asia PET to Px/MEG (US \$ / Ton)



2Q20 Highlights

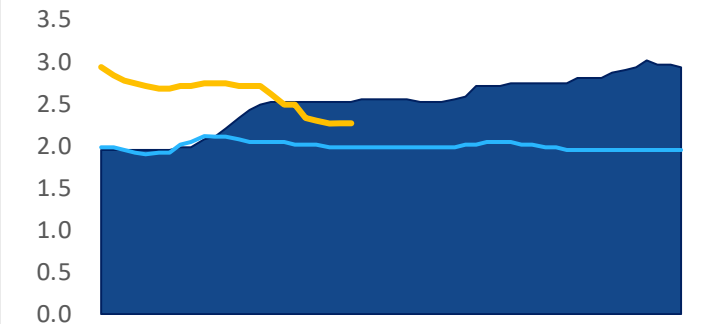
- Continuous operations and lower-than-expected pork prices
- Low Foodservice demand and MXN depreciation weighed on 2Q20 results
- Record high-volumes in the US
- Cash US \$655 million; up US \$135 million versus year-end 2019
- Available committed credit lines for US \$739 million

EBITDA Margin By Region

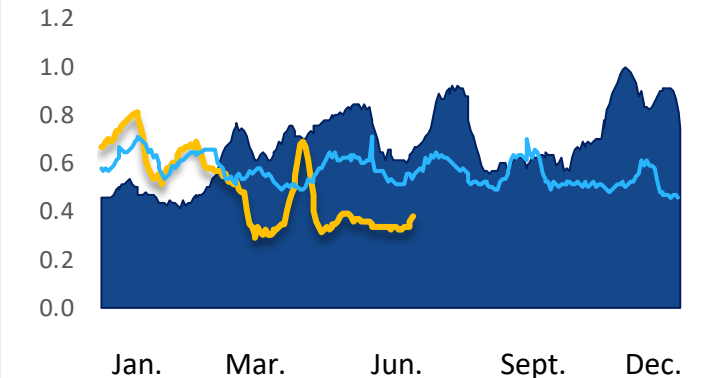


Pork Ham Price

Europe (€/kg)



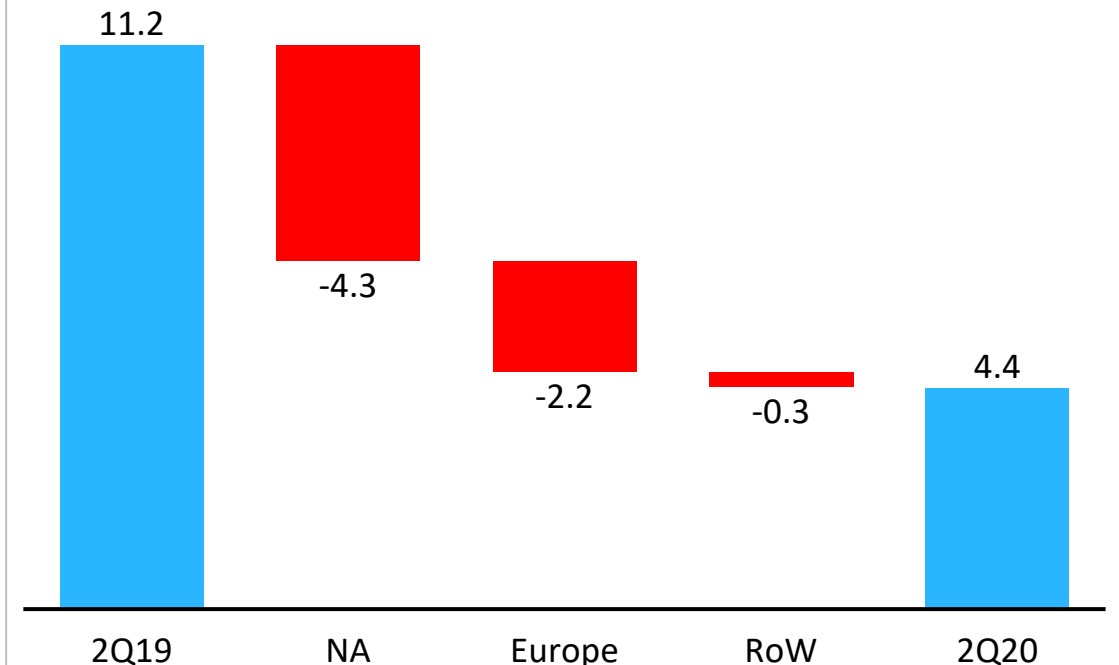
U.S. (\$/lb)



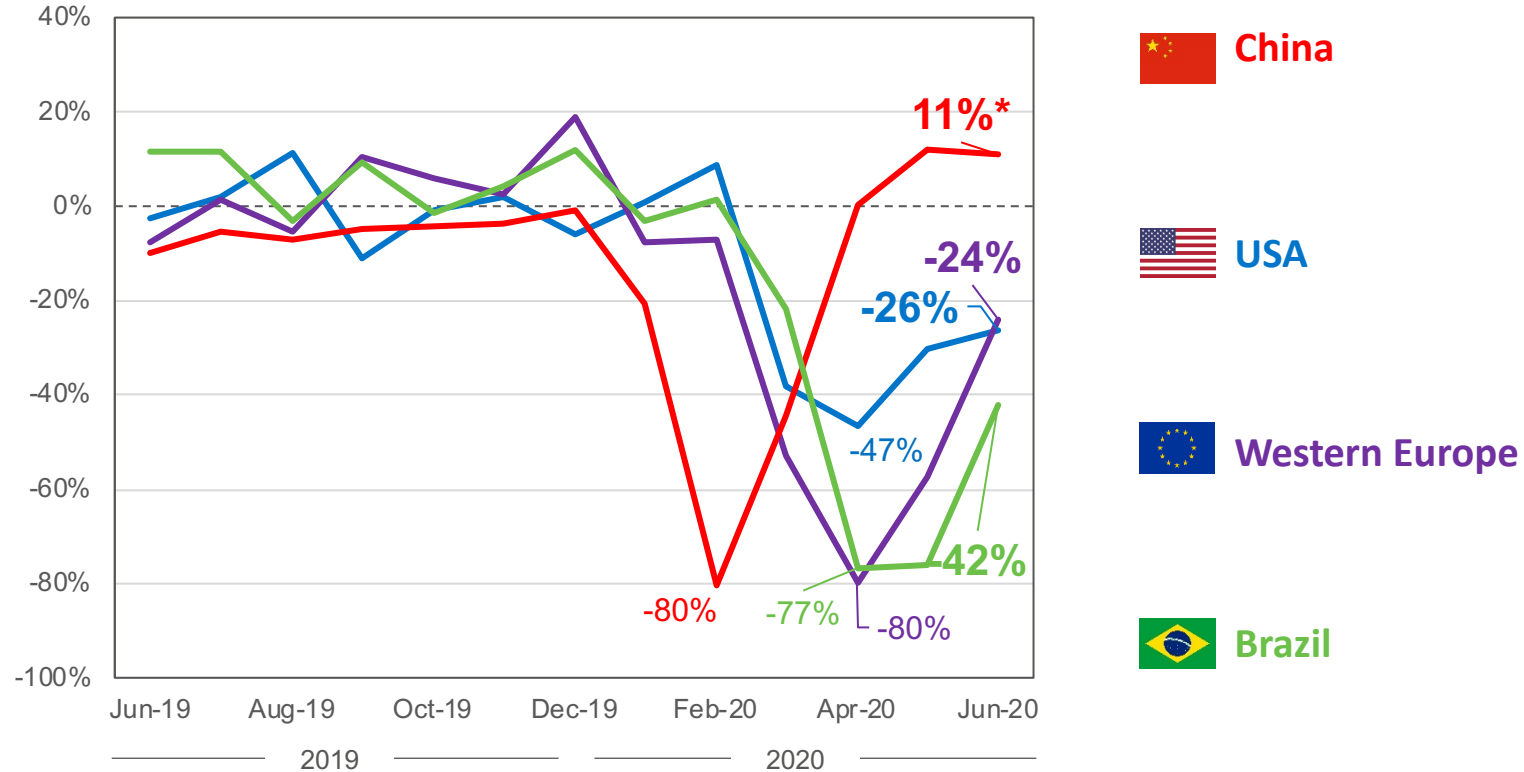
2Q20 Highlights

- Facilities outside China resumed operations successfully by end of May as OEMs restarted production
- US \$125 million cost savings 2Q20 vs 1Q20
- Won new contracts worth US\$10 million annually to supply structural applications for electric vehicles
- Received the “General Motors Supplier of the Year Award” for the 16th time
- Cash US \$649 million; up US \$322 million versus year-end 2019
- Net Debt/EBITDA of 4.0 times (3.6 times adjusting for non-recurring severance expenses)

Volume 2Q20 vs 2Q19 (Million Equivalent Units)



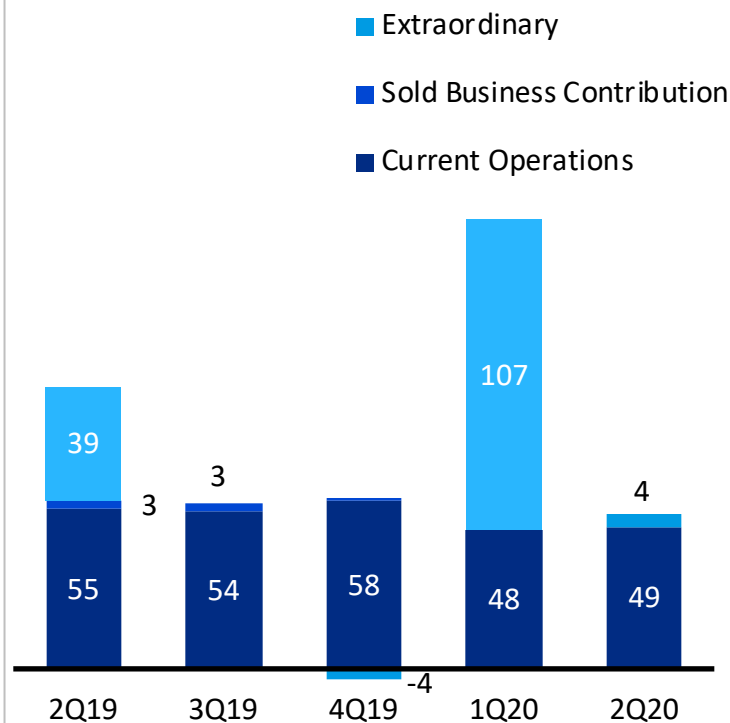
Vehicle Sales
YoY Change



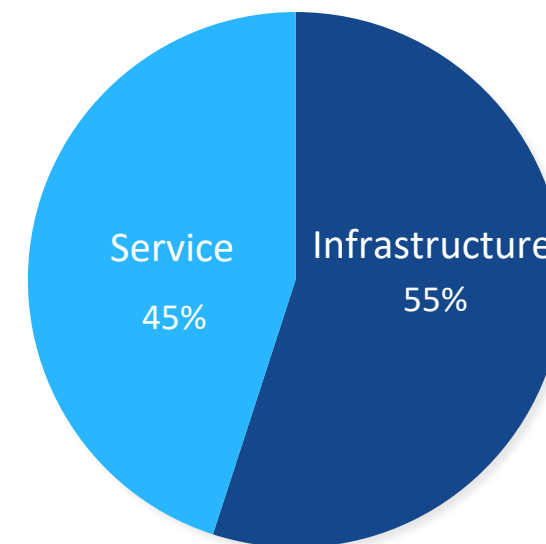
2Q20 Highlights

- Continuous operations and better-than-expected performance driven by Infrastructure unit
- Restarted Infrastructure unit sale process
- Monetized unused spectrum concessions
- Cash US \$157 million; up \$112 million versus year-end 2019
- Net Debt/EBITDA of 1.9 times

EBITDA (US \$ Million)



Current EBITDA by Business Unit (Total 2Q20: US \$49 million)





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