

## ALFA reports 4Q20 EBITDA of US \$419 million with Nemak as Discontinued Operations; US \$555 million including Nemak

- Sustained favorable recovery trend from 3Q20
- 4Q20 Consolidated Revenues up 5% versus 3Q20
- 4Q20 Comparable EBITDA was highest quarterly figure in 2020
- Net Debt decreased US \$371 million during 2020, adjusting for discontinued operations (ex-Nemak)

Monterrey, Mexico, February 11, 2021. ALFA, S.A.B. de C.V. (BMV: ALFAA) (ALFA), manages a diversified portfolio of subsidiaries with global operations announced today its unaudited results for the fourth quarter of 2020 ("4Q20"). All figures have been prepared in accordance with International Financial Reporting Standards ("IFRS").

### 4Q20 HIGHLIGHTS

ALFA	<ul style="list-style-type: none"><li>• Successfully transferred Nemak ownership to ALFA shareholders</li><li>• Adaptability and resilience reflected in full-year comparable EBITDA above pre-pandemic 2020 guidance (adjusted by discontinued operations)</li></ul>
Sigma	<ul style="list-style-type: none"><li>• Net Debt down 9% q-o-q and 12% y-o-y explained by strong performance amid the pandemic, strategic rationalization of Capex, and lower inventories and dividends.</li><li>• 2020 EBITDA above pre-pandemic guidance for the year despite COVID-19 related impact on Foodservice channel</li></ul>
Alpek	<ul style="list-style-type: none"><li>• Record 2020 volume driven by solid demand for safe packaging materials and medical supplies</li><li>• Acquired NOVA Chemicals' expandable styrenics business in U.S. to become the 3<sup>rd</sup> largest EPS producer worldwide</li></ul>
Axtel	<ul style="list-style-type: none"><li>• Redirecting efforts to attract strategic proposals for its Infrastructure unit</li><li>• Began CEO succession process; Eduardo Escalante appointed as acting CEO</li></ul>
Nemak (Discontinued Operation)	<ul style="list-style-type: none"><li>• <i>Achieved highest unitary EBITDA for any second half of the year (2H); 4Q20 EBITDA per equivalent unit up 14% y-o-y</i></li><li>• <i>2020 EBITDA above revised guidance announced in 3Q20</i></li></ul>

### Message from ALFA's President

"I hope that you and your loved ones are all doing well. Our thoughts and prayers continue going out to everyone who has been affected by COVID-19. The fourth quarter marked a strong close of a pivotal year for ALFA; supported by the continuation of positive momentum from the third quarter and substantial progress on strategic initiatives.

Consolidated Revenues were up versus 3Q20 and Comparable EBITDA was the highest quarterly figure in 2020 as the global economy continued to normalize. During 4Q20, higher oil and feedstock prices, together with strong volume in Alpek, as well as a strong and resilient demand for their products and services, combined with the appreciation of the Mexican Peso in Sigma and Axtel, contributed to the favorable results trend.

In addition, we continued to reduce debt and return cash to our shareholders amid the ongoing recovery. Net debt was down US \$195 million quarter on quarter and the Board authorized a US \$25 million dividend paid in January of 2021.

This was also a particularly eventful quarter as we made important progress with our gradual and orderly transformational process towards fully independent businesses to unlock ALFA's high value potential. All efforts are focused on the following three key implementation directives: i) Enhance business independence, ii) Reduce debt, and iii) Focus on core businesses.

**i) Enhance business independence**

We achieved a significant milestone with the separation of Nemark. Our Nemark shares were successfully transferred to ALFA shareholders via a new entity ("Controladora Nemark") which began trading on December 14, 2020. Shareholders obtained full autonomy and optionality by receiving one share of Controladora Nemark for each ALFA share they owned.

Along with reducing ALFA's conglomerate structure, the spin-off allows Nemark to be valued on its own merits and growth opportunities. We are proud of Nemark's solid track record as it grew to become a leading provider of lightweighting solutions to the global auto industry. Moreover, the Company holds promising growth prospects driven by its extraordinarily talented team and world-class capabilities to serve its customers' growing sustainable mobility needs, including components for electric vehicles.

**ii) Reduce debt**

We remain committed to reducing debt through the potential sale of Axtel or other strategic alternatives. During the fourth quarter, Axtel announced the conclusion of its competitive sale process for the whole Company. Following an exhaustive evaluation process, Axtel's Board of Directors determined it would be in its shareholders' best interest to redirect efforts to attract strategic proposals for its two business units (Infrastructure and Services) separately. The Company is currently engaged with potential buyers who have shown interest for its Infrastructure unit.

**iii) Focus on core businesses**

Alpek continued to strengthen its operations with strategic bolt-on acquisitions as NOVA Chemicals' expanded styrenics business, successfully closed in October. This transaction consolidated Alpek's position in the expandable polystyrene (EPS) industry as a Top 3 global player and leader in the Americas.

Sigma boosted its efforts to develop and pursue new sources of revenue. The Company is rapidly building a high-performance team with entrepreneurial skills to execute new initiatives from concept to scaling. Some of the team's most notable ongoing projects include: i) Global snacking business, ii) Global plant-based business, iii) Tastech – a program to accelerate innovation through disruptive startups, and iv) Grill House – a premium home delivery app, among other innovative endeavors.

During the fourth quarter, Axtel began its CEO's succession process. Rolando Zubirán, who has been instrumental in transforming the business over his 22-year tenure, decided to retire. We are thankful for Rolando's outstanding vision and leadership to consolidate Alestra and Axtel as a leading integrated business.

Axtel's Board of Directors appointed Eduardo Escalante as acting CEO to continue the ongoing sale process, capitalize on the increase in demand for connectivity and digital services, and coordinate the search for the Company's new CEO based on progress in the sale process. Eduardo will continue to hold his position as ALFA's CFO during the succession process.

Looking back, 2020 underscored ALFA's adaptability and resilience amid rapidly changing industry conditions. All our businesses effectively navigated unprecedented challenges by taking early and decisive actions to ensure Safety and Business Continuity. Sigma, Alpek and Axtel adapted quickly to maintain the supply of essential products and services even throughout the most complicated months of the year. Whereas Nemak did an outstanding job to adjust its cost structure and achieve a swift turnaround.

Together with our businesses, we achieved more than US \$850 million in cost savings and cash flow benefits during the year. Moreover, our consolidated 2020 EBITDA was higher than our pre-COVID-19 guidance when adjusted for Nemak as discontinued operations and other extraordinary items. A strong balance sheet and ample liquidity provided the necessary support during uncertain times, enabling us to move forward with our transformational strategic initiatives.

We are optimistic as we look ahead at 2021. Our businesses are emerging from this crisis in even stronger positions to capitalize on recent shifts in consumer trends around safe packaging, cooking at home, and virtual collaboration.

I want to express my sincere appreciation and recognition to each of our team members. Their extraordinary efforts during these trying times have been crucial for all of this year's achievements."

Keep well/Stay safe,

Álvaro Fernández

# Press Release

## Fourth Quarter 2020 (4Q20)



### SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	4Q20	3Q20	4Q19	Ch. % vs. 3Q20	Ch. % vs. 4Q19	2020	2019	Ch. %
<b>ALFA &amp; Subs with Nemak as Discontinued Operations</b>								
<b>ALFA Revenues</b>	<b>3,218</b>	<b>3,057</b>	<b>3,326</b>	<b>5</b>	<b>(3)</b>	<b>12,325</b>	<b>13,521</b>	<b>(9)</b>
Alpek	1,392	1,325	1,407	5	(1)	5,326	6,216	(14)
Sigma	1,662	1,577	1,706	5	(3)	6,347	6,463	(2)
Axtel	150	140	176	7	(15)	578	680	(15)
Newpek	(2)	2	18	(176)	(110)	24	76	(68)
<b>ALFA EBITDA<sup>1</sup></b>	<b>419</b>	<b>438</b>	<b>482</b>	<b>(4)</b>	<b>(13)</b>	<b>1,536</b>	<b>1,656</b>	<b>(7)</b>
Alpek	201	179	356	13	(43)	565	850	(34)
Sigma	178	179	176	(1)	1	684	703	(3)
Axtel	51	49	53	5	(4)	308	265	17
Newpek	6	46	(65)	(88)	108	38	(91)	142
<b>Majority Net Income<sup>2</sup></b>	<b>(63)</b>	<b>171</b>	<b>80</b>	<b>(137)</b>	<b>(178)</b>	<b>190</b>	<b>300</b>	<b>(37)</b>
<b>CAPEX &amp; Acquisitions<sup>3</sup></b>	<b>165</b>	<b>67</b>	<b>229</b>	<b>146</b>	<b>(28)</b>	<b>399</b>	<b>572</b>	<b>(30)</b>
<b>Net Debt<sup>4</sup></b>	<b>4,699</b>	<b>4,894</b>	<b>6,276</b>	<b>(4)</b>	<b>(25)</b>	<b>4,699</b>	<b>6,276</b>	<b>(25)</b>
Net Debt/LTM EBITDA <sup>5</sup>	3.1	3.0	3.1					
LTM Interest Coverage <sup>6</sup>	4.4	4.4	4.5					
<b>Nemak (as Discontinued Operations)</b>								
Revenues	794	896	941	(11)	(16)	2,999	4,017	(25)
EBITDA	136	178	133	(24)	2	418	621	(33)
CAPEX & Acquisitions	56	49	97	15	(42)	244	344	(29)
Net Debt	0	1,405	0	(100)	-	0	0	-

1 EBITDA = Operating Income + depreciation and amortization + impairment of assets.

2 Majority Net Income includes Majority Net Income from Discontinued Operations (Nemak).

3 Gross amount; excludes divestments and Capex from Discontinued Operations (Nemak).

4 Net Debt adjusted for Discontinued Operations (excluding Nemak) at the close of 4Q20; previous periods unchanged.

5 Times. LTM = Last 12 months. Ratio calculated with Discontinued Operations for all periods.

6 Times. LTM = Last 12 months. Interest Coverage = EBITDA/Net Financial Expenses with Discontinued Operations.

## Press Release

### Fourth Quarter 2020 (4Q20)



#### 4Q20 EARNINGS CALL INFORMATION

Date: Friday, February 12, 2021

Time: 1:00 p.m. EST (NY) / 12:00 p.m. CST (CDMX)

By Phone: United States: +1-877-451-6152  
International: +1-201-389-0879  
Mexico: 800-522-0034

Conference ID: 13715921

Webcast: <http://public.viavid.com/index.php?id=143362>

Replay: <https://www.alfa.com.mx/RI/conference.htm>

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### **About ALFA**

ALFA manages a diversified portfolio of subsidiaries with global operations: Sigma, a leading multinational food company, focused on the production, marketing and distribution of quality foods through recognized brands in Mexico, Europe, United States and Latin America. Alpek, one of the world's largest producers of polyester (PTA, PET and fibers), and the leader in the Mexican market for polypropylene, expandable polystyrene (EPS) and caprolactam. Axtel, a provider of Information Technology and Communication services for the enterprise and government segments in Mexico. Newpek, an oil and gas exploration and production company with operations in Mexico. In 2020, ALFA reported revenues of Ps. 263,867 million (US \$12.3 billion), and EBITDA of Ps. 32,597 million (US \$1.5 billion). ALFA's shares are quoted on the Mexican Stock Exchange and on Latibex, the market for Latin American shares of the Madrid Stock Exchange. For more information, please visit [www.alfa.com.mx](http://www.alfa.com.mx)

### **Disclaimer**

This release may contain 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 could vary from those set forth in this release. The report presents unaudited financial information. Figures are presented in Mexican Pesos or US Dollars, as indicated. Where applicable, Peso amounts were translated into US Dollars using the average exchange rate of the months during which the operations were recorded. Financial ratios are calculated in US Dollars. Due to the rounding up of figures, small differences may occur when calculating percent changes from one period to the other.