

# Nemak reports EBITDA of US\$115 M in 1Q22

## Results in line with Guidance despite challenging market conditions

Monterrey, Mexico. April 27, 2022. Nemak, S.A.B. de C.V. (BMV: NEMAK) (“Nemak” or the “Company”) announced today its operational and financial results for the first quarter of 2022 (“1Q22”). The following is a summary of the key figures for the period:

	First Quarter		
	2022	2021	Δ%
Volume (M. Equivalent units)	10.0	10.7	(6.7)
Revenues	1,131	1,039	8.9
EBITDA <sup>1</sup>	115	169	(32.0)
CAPEX	89	63	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

*We began 2022 by reporting results that are in line with our full-year guidance. Despite the continuing global semiconductor shortage, our consolidated volume improved sequentially, supported by the launch of new products in our e-mobility and structural applications (EV/SC) segment. However, we saw significantly higher energy prices and inflation than in the same period a year ago, driven by a combination of global supply-demand dynamics dating back to the previous year, and more recently, effects from the war in Ukraine. These factors weighed on our business performance during the period.*

*As part of our ongoing efforts to navigate this complex environment, we are working closely with customers to address the impacts of higher energy prices as well as other inflationary cost developments. We also continue to allocate resources towards accelerating growth in our EV/SC segment, notably through our recently announced plans to invest US\$200 million to build three new plants supporting the production of battery housings for fully electric vehicles. Given our progress to date in growing this segment, we are confident that we remain well positioned to achieve our goal of increasing our EV/SC order book to more than US\$2 billion annually well before 2025.*

*For the rest of the year, we intend to maintain a prudent approach to cost and expense management, exercising discipline in our pursuit of efficiencies while ensuring business continuity. We will simultaneously seek to leverage our capabilities in the development and manufacturing of state-of-the-art EV/SC applications, and prioritize capital allocation towards supporting our growth and transformation plans linked to electrification and lightweighting.*

## Recent Developments

- During 1Q22, Nemak won contracts worth approximately US\$390 million annually. Out of this amount, around 90% represented new business to produce parts for fully electric vehicles.
- On March 17, the Company announced it was named GM Supplier of the Year for the 20<sup>th</sup> time, maintaining its status as one of the most recognized suppliers in the award's history.

## Automotive Industry

	Millions of Units		
	2022	2021	% Var
U.S. Vehicle Sales SAAR <sup>(1)</sup>	14.1	16.7	(15.2)
North America Vehicle Production <sup>(2)</sup>	3.5	3.6	(3.0)
North America NemaK Customer Production <sup>(2)</sup>	2.3	2.4	(4.1)
Europe Vehicles Sales SAAR <sup>(1)(2)</sup>	13.1	15.6	(16.1)
Europe Vehicle Production <sup>(2)</sup>	4.1	4.7	(12.8)
Europe NemaK Customer Production <sup>(2)</sup>	2.6	3.0	(14.7)

(1) SAAR = Seasonally Adjusted Annual Rate

(2) Source: S&P Global Mobility and NemaK estimates

For the quarter, U.S. light-vehicle SAAR was 14.1 million units, 15.2% lower year-over-year ("y-o-y"), driven by disruptions in the automotive supply chain, mainly semiconductors, which weighed on vehicle availability. As a result, light vehicle production in North America fell 3.0% y-o-y; however, it showed significant sequential improvement compared to other regions.

In Europe, light-vehicle SAAR decreased 16.1% y-o-y, following the same dynamics observed in the U.S. However, light-vehicle production recorded a sharper contraction than in North America, decreasing 12.8% y-o-y as the war in Ukraine created additional constraints along automotive supply chains in the region.

## Financial Results Summary

	First Quarter		
	2022	2021	Δ%
Volume (M. Equivalent units)	10.0	10.7	(6.7)
Revenues	1,131	1,039	8.9
Operating Income	36	89	(59.6)
EBITDA <sup>1</sup>	115	169	(32.0)
EBITDA <sup>1</sup> / Eq. Unit	11.6	15.8	(26.6)
Net Income	6	40	NA <sup>2</sup>
CAPEX	89	63	NA <sup>2</sup>
Net Debt <sup>3</sup>	1,276	1,253	1.8

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

In 1Q22, volume decreased 6.7% y-o-y, due to lower vehicle production by Nemak customers, brought about by disruptions in their global supply chains – mainly semiconductors.

Revenue in 1Q22 increased 8.9% y-o-y, as higher aluminum prices more than offset lower volumes.

In 1Q22, EBITDA fell 32.0% y-o-y, primarily due to higher energy prices and global inflationary pressures, and to a lesser extent, effects of lower volumes. Consequently, EBITDA per equivalent unit decreased 26.6% y-o-y in 1Q22 to US\$11.6. Following these factors, 1Q22 Operating Income was down 59.6% y-o-y.

Nemak's Net Income was US\$6 million in 1Q22, which compares to US\$40 million in the same period last year; attributable to the same dynamics that impacted Operating Income.

Capital expenditures were US\$89 million in 1Q22, compared to US\$63 million in the same period the prior year, as the Company continued to prioritize investment in new product launches, with a focus on its EV/SC segment.

As of March 31, 2022, Nemak reported Net Debt of US\$1.3 billion. The financial ratios were: Net Debt to LTM EBITDA, 2.5 times; and Interest Coverage, 5.0 times. Excluding the refinancing costs of the senior notes in 2021, Interest Coverage would have been 6.7 times. These ratios compare to 2.7 and 5.9 times, respectively, recorded at the end of 1Q21.

## Regional Results

### North America

In 1Q22, revenue increased 15.7% y-o-y, driven by higher aluminum prices, which more than offset the 5.8% y-o-y reduction in volume. However, 1Q22 EBITDA fell 17.2% y-o-y, largely due to inflationary pressures.

### Europe

In 1Q22, revenue decreased 1.8% y-o-y, due mainly to effects of a 7.7% y-o-y reduction in volume along with exchange rate effects, which were partially offset by higher aluminum prices. EBITDA decreased 45.9% y-o-y, mainly explained by higher energy costs and inflationary pressures, exacerbated by the war in Ukraine, and, to a lesser extent, the effects of lower volume.

### Rest of the World

In 1Q22, revenue increased 15.2% y-o-y. The 7.8% y-o-y contraction in volume, mainly from Brazil, was more than offset by higher aluminum prices. Nevertheless, 1Q22 EBITDA was down 42.3% y-o-y, influenced by the same inflationary trends that weighed on the performance of other regions.

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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 First Quarter 2022 Conference Call will be held on Thursday, April 28, 2022, 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 2021, it generated revenue of US\$3.8 billion. For more information about Nemak, visit [www.nemak.com/](http://www.nemak.com/)

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

**For the first quarter of:**

	2022	2021	% Var.
Volume (million equivalent units)	10.0	10.7	(6.7)
Total revenues	1,131	1,039	8.9
Gross profit	103	160	(35.6)
Sales & administrative expenses	(68)	(67)	1.5
Other income (expenses) net	1	(4)	NA <sup>2</sup>
Operating Income	36	89	(59.6)
Interest Expenses	(16)	(21)	(23.8)
Interest Income	1	1	0.0
Foreign exchange gain (loss)	2	(14)	NA <sup>2</sup>
Financing expenses net	(13)	(34)	(61.8)
Participation in associates results	0	3	NA <sup>2</sup>
Income Tax	(17)	(18)	NA <sup>2</sup>
Net Income	6	40	NA <sup>2</sup>

	2022	2021	% Var.
Operating Income	36	89	(59.6)
Depreciation, Amortization & Other Non-Cash items	80	80	0.0
EBITDA <sup>1</sup>	115	169	(32.0)
CAPEX	89	63	NA <sup>2</sup>

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

(2) Not applicable

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

Assets	Mar-22	Dec-21	% Var
Cash and cash equivalents	337	282	19.5
Accounts receivable	623	504	23.6
Inventories	865	826	4.7
Other current assets	47	33	42.4
Total current assets	1,872	1,645	13.8
Investments in shares	28	29	(3.4)
Property, plant and equipment, net	2,558	2,560	(0.1)
Other assets	695	693	0.3
Total assets	5,153	4,927	4.6

Liabilities & stockholders' equity	Mar-22	Dec-21	% Var
Bank loans	215	181	18.8
Current maturities of long-term debt	30	34	(11.8)
Interest payable	18	7	157.1
Operating liabilities	1,623	1,423	14.1
Total current liabilities	1,885	1,645	14.6
Long-term debt	1,352	1,365	(1.0)
Labor liabilities	72	71	1.4
Other long term-liabilities	125	121	3.3
Total liabilities	3,433	3,201	7.2
Total stockholders' equity	1,719	1,726	(0.4)
Total liabilities & stockholders' equity	5,153	4,927	4.6

## Nemak Regional Results

### Millions of Dollars

	For the first quarter of:		
	2022	2021	% Var.
<b>Volume (million equivalent units)</b>			
North America	5.3	5.6	(5.8)
Europe	3.5	3.8	(7.7)
Rest of World	1.2	1.3	(7.8)
<b>Total</b>	<b>10.0</b>	<b>10.7</b>	<b>(6.7)</b>
<b>Total Revenues*</b>			
North America	602	520	15.7
Europe	390	397	(1.8)
Rest of World	139	121	15.2
<b>Total</b>	<b>1,131</b>	<b>1,039</b>	<b>8.9</b>
<b>EBITDA <sup>1</sup></b>			
North America	68	82	(17.2)
Europe	41	75	(45.9)
Rest of World	7	12	(42.3)
<b>Total</b>	<b>115</b>	<b>169</b>	<b>(32.0)</b>
<b>EBITDA <sup>1</sup> Margin in %</b>			
North America	11%	16%	(28.4)
Europe	10%	19%	(44.9)
Rest of World	5%	10%	(49.9)
<b>Total</b>	<b>10%</b>	<b>16%</b>	<b>(37.5)</b>
<b>EBITDA <sup>1</sup> USD/Equivalent units</b>			
North America	12.9	14.6	(12.1)
Europe	11.7	19.9	(41.3)
Rest of World	5.7	9.2	(37.6)
<b>Total</b>	<b>11.6</b>	<b>15.8</b>	<b>(26.6)</b>

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

\* To external customers

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

For the first quarter of:

	2022	2021	% Var.
Volume (million equivalent units)	10.0	10.7	(6.7)
Total revenues	23,217	21,125	9.9
Gross profit	2,115	3,258	(35.1)
Sales & administrative expenses	(1,392)	(1,369)	1.7
Other income (expenses) net	14	(72)	NA <sup>2</sup>
Operating Income	738	1,817	(59.4)
Interest Expenses	(327)	(420)	(22.1)
Interest Income	12	15	(20.0)
Foreign exchange gain (loss)	45	(276)	NA <sup>2</sup>
Financing expenses net	(270)	(681)	(60.4)
Participation in associates results	3	57	NA <sup>2</sup>
Income Tax	(339)	(367)	NA <sup>2</sup>
Net Income	132	826	NA <sup>2</sup>

	2022	2021	% Var.
Operating Income	738	1,817	(59.4)
Depreciation, Amortization & Other Non-Cash items	1,633	1,619	0.9
EBITDA <sup>1</sup>	2,370	3,436	(31.0)
CAPEX	1,833	1,278	NA <sup>2</sup>

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

(2) Not applicable

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

Assets	Mar-22	Dec-21	% Var
Cash and cash equivalents	6,732	5,799	16.1
Accounts receivable	12,455	10,389	19.9
Inventories	17,287	16,995	1.7
Other current assets	947	685	38.2
Total current assets	37,422	33,868	10.5
Investments in shares	563	592	(4.9)
Property, plant and equipment, net	51,138	52,679	(2.9)
Other assets	13,905	14,257	(2.5)
Total assets	103,027	101,395	1.6

Liabilities & stockholders' equity	Mar-22	Dec-21	% Var
Bank loans	4,301	3,732	15.2
Current maturities of long-term debt	589	693	(15.0)
Interest payable	354	146	142.5
Operating liabilities	32,445	29,281	10.8
Total current liabilities	37,689	33,853	11.3
Long-term debt	27,028	28,093	(3.8)
Labor liabilities	1,438	1,454	(1.1)
Other long term-liabilities	2,494	2,482	0.5
Total liabilities	68,650	65,882	4.2
Total stockholders' equity	34,377	35,513	(3.2)
Total liabilities & stockholders' equity	103,027	101,395	1.6