# Nemak

## 3Q26 Earnings Webcast

Wednesday, October 21, 2026

**Speakers**

- Hervé Boyer, Chief Executive Officer
- Alberto Sada, Chief Financial Officer
- Denise Reyes, Investor Relations Officer

**Denise Reyes:** Good morning, everyone, and welcome to Nemak's third quarter 2026 earnings webcast. I am Denise Reyes, Nemak's Investor Relations Officer, and I am pleased to host today's call, along with Hervé Boyer, Nemak's CEO, and Alberto Sada, CFO, who are here this morning to discuss the Company's business performance and answer any questions that you may have. As a reminder, today's event is being recorded and will be available on the Company's Investor Relations website.

Hervé Boyer, our CEO, will lead off today's call by providing an overview of business and financial highlights for the quarter. Alberto Sada, our CFO, will then discuss our financial results in more detail. Afterwards, we will open for a Q&A session, which participants may join live or submit written questions using the Q&A function.

Before we get started, let me remind you that information discussed on today's call may include forward-looking statements regarding the Company's future financial performance and prospects, which are subject to risks and uncertainties. Actual results may differ materially, and the Company cautions you not to place undue reliance on these forward-looking statements. Nemak undertakes no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events, or otherwise. I will now turn the call over to Hervé Boyer.

**Hervé Boyer**: Thank you, Denise. Hello everyone, and welcome to Nemak's third quarter 2026 earnings webcast.

During the quarter, our topline increased 22% year-over-year, reflecting a stable industry environment in North America, as well as contributions from the recently acquired operations in Europe and the Rest of the World. The e-mobility, structure, and chassis applications segment represented approximately 14% of our revenue during the quarter, highlighting the continued evolution of our portfolio and the increasing contribution of these applications to our overall business. This strong performance reflects the benefits of our diversified footprint and the strategic actions we have undertaken to broaden our capabilities, customer base, and geographic reach.

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EBITDA totaled 174 million dollars, increasing 21% year-over-year, reflecting disciplined execution across the organization and continued progress in our integration and operational initiatives.

As we move forward, our focus remains on capturing the opportunities created by our expanded platform, leveraging the strengths of our broader portfolio, and further enhancing operational efficiency across the organization. We believe these efforts will strengthen our competitive position, support sustainable financial performance, and drive long-term value creation for our shareholders.

Turning to the recently acquired operations, I am pleased to report continued progress across all workstreams. The integration process has been positive and aligned to plan, supported by close collaboration between teams and encouraging results in areas ranging from operations and commercial, to finance and technology. Based on the work completed to date, we continue to see further potential for value creation across the merged organization. Annual synergies are currently estimated in the range of 20 to 40 million dollars, with benefits beginning to materialize in 2027, and building thereafter.

Beyond the financial benefits, this acquisition represents a transformative milestone for Nemak. It significantly expands our technological capabilities, customer relationships, geographic reach, and participation in attractive growth segments, particularly within e-mobility, structure, and chassis applications. Importantly, it also broadens our product portfolio with highly engineered aluminum and magnesium components, strengthening our position in advanced lightweighting solutions. The strategic rationale of the transaction is already reflected in increased commercial activity, a more robust order book, and a growing pipeline of opportunities with both existing and new customers.

I am particularly encouraged by the cultural fit we see across the organization. We are increasingly operating as an integrated and effective team, leveraging our combined strengths and expertise to better serve customers, accelerate value creation, and position Nemak for sustainable long-term growth.

During the quarter, we successfully completed the refinancing of our 2028 euro-denominated senior notes, which is an important milestone in proactively managing our capital structure. The transaction combined access to the Mexican capital market with bank financing, allowing us to extend our debt maturity profile and enhance financial flexibility. This outcome reflects the confidence of our financial partners and our continued commitment to maintaining a disciplined financial profile while supporting the Company's long-term strategic objectives.

Turning to commercial activity, we continued to build momentum in new business awards. During the third quarter, we secured approximately 220 million dollars in annual revenue from awarded contracts, bringing our year-to-date total to approximately 620 million

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dollars. This result already exceeds the 440 million dollars of awarded business secured during full-year 2025, underscoring the strength of our commercial execution and customer engagement across regions.

The mix of awarded business included 70% in the ICE Powertrain segment, and the remaining 30% in e-mobility, structure, and chassis applications. This reflects both the continued relevance of our ICE business and the progress we are making in expanding our participation in higher-growth applications.

From a customer perspective, approximately 20% of the awarded business was secured with Chinese OEMs that we recently added to our portfolio. This reflects the progress we are making in broadening our customer base and expanding our presence in the world's largest automotive market. These efforts are fully aligned with our strategy to diversify our customer portfolio and adapt to evolving market dynamics, while creating new avenues for profitable long-term growth.

During the quarter, we achieved several important production start-up milestones across our product portfolio.

In the e-mobility, structure, and chassis applications segment, we launched a state-of-the-art magnesium cross-car beam for a premium European OEM, manufactured in Austria. We also initiated production of advanced longitudinal members and shock towers for another premium OEM in Europe, North America, and China. These structural components support large SUV platforms across internal combustion, hybrid, and fully electric vehicle applications.

Beyond our established customer base, we are also expanding our reach with OEMs in China. To this end, we launched innovative and lightweight shock tower programs with two leading Chinese OEMs, further strengthening our commercial position in one of the world’s most dynamic automotive markets and highlighting the growing relevance of our capabilities among leading Chinese manufacturers. Furthermore, these platforms are powertrain agnostic, therefore diversifying our exposure to different propulsion systems and supporting long-term growth opportunities across a broad range of vehicle architectures.

At the same time, in the ICE Powertrain segment, we started manufacturing the first Rotacast V8 engine block at one of our facilities in Germany. This highly integrated and technically demanding application underlines the versatility and competitiveness of our proprietary technologies. We also launched production of a complex 7.3-liter cylinder head in North America, a highly engineered component that combines lightweighting, durability, and high-performance requirements. Overall, these launches reinforce the continued relevance of the ICE Powertrain segment and our ability to deliver differentiated and complex solutions to leading automotive manufacturers.

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I am also pleased to share that our commitment to operational excellence continues to be recognized by customers across different regions. During the quarter, our operation in Chongqing, China, received a quality excellence award from Beijing Benz Automotive, recognizing the team's consistent delivery performance and reliable quality. In addition, our operation in Chennai, India, received a Supplier Sustainability Award from Tata Motors in recognition of its wastewater management initiatives and strong commitment to sustainability, environmental stewardship, and operational excellence. These recognitions reflect the dedication of our teams around the world and reinforce the trust our customers place in Nemak as a reliable partner.

This concludes my remarks. Thank you for your attention, I will now hand the call over to Alberto.

**Alberto Sada:** Thank you, Hervé. Good morning, everyone. I will begin with the highlights of the quarter and an overview of automotive industry developments across our key regions, followed by a review of our consolidated and regional financial results for the third quarter of 2026.

During the quarter, revenue increased 22% year-over-year, mainly reflecting the incorporation of the acquired operations and higher aluminum prices. EBITDA grew 21% to 174 million dollars, supported by the contributions from the recent acquisition and progress on the integration and operational initiatives. In addition, we successfully concluded the refinancing of our 2028 Senior Notes, which extended our debt maturity profile, diversified our sources of funding and reduced our refinancing risk.

Turning to the automotive industry, market conditions remained mixed across our key regions during the quarter.

In North America, consumer demand remained resilient. Light-vehicle sales were stable year-over-year, while industry inventories remained steady at approximately 51 days of supply. Production in the region declined approximately 4% year-over-year during the quarter, mainly reflecting extended summer downtime in certain OEM operations. Regarding the USMCA, following the July review the agreement remains in force, and discussions among parties continue. We reiterate that under Nemak's commercial agreements, our customers take possession of our products ex-works at our facilities, therefore, they are responsible for all logistics, and export and import activities, including any applicable duties or tariffs.

In Europe, light-vehicle sales increased approximately 5% year-over-year during the quarter, supported by broader model availability, improving affordability and continued electrification trends. Battery-electric vehicles continued to gain share and now represent nearly one quarter of new vehicle registrations. However, regional production declined

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approximately 1% year-over-year, as stronger demand continued to be largely supplied through imports, particularly from Chinese manufacturers. In addition, lower exports and elevated energy costs remained headwinds for the industry.

On the regulatory front, the legislative process continues on the European Commission's proposal to introduce greater flexibility in the post-2035 $CO_2$ framework, which would replace the de facto ban on internal combustion engines with a 90% emissions-reduction target. If adopted, this would reinforce the role of hybrid and plug-in hybrid powertrains throughout the next decade, an area where Nemak remains well positioned to support its customers.

In China, market conditions remained challenging. Light-vehicle sales declined approximately 24% year-over-year during the quarter as the impact of government incentive programs moderated and demand for internal-combustion vehicles continued to weaken. Vehicle exports remained a key support for the industry, partially offsetting softer domestic demand. Nevertheless, light-vehicle production decreased approximately 6% year-over-year during the quarter.

In South America, industry conditions remained favorable. Light-vehicle sales grew 11% year-over-year, benefitting from new model launches, fleet renewal activity and healthy labor market conditions, particularly in Brazil. In turn, regional light-vehicle production increased approximately 3% year-over-year during the quarter, supported by manufacturing investments, new production lines and the continued expansion of local operations by Chinese OEMs.

Overall, global light-vehicle production is expected to reach approximately 91.5 million units in 2026, nearly 2% lower than last year, with China accounting for most of the decline. Outside China, the industry outlook remains broadly stable, and Nemak's diversified geographic and technology footprint positions us well to navigate this environment.

Turning to our financial results. Revenue was 1.5 billion dollars, a 22% increase versus the third quarter of last year. This performance was driven by the incorporation of the acquired operations, which contributed 158 million dollars, as well as higher aluminum prices.

ICE Powertrain revenue totaled approximately 1.29 billion dollars, while E-Mobility, Structure and Chassis applications revenue amounted to approximately 214 million dollars, representing 14% of consolidated revenue.

EBITDA was 174 million dollars, 21% above the 143 million reported in the third quarter of 2025, and 2% higher sequentially. The improvement was due mainly to the contribution from the acquisition, a favorable product mix and commercial negotiations. EBITDA margin was 11.6%, broadly stable versus last year.

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Operating income totaled 25 million dollars, compared to 26 million in the same period last year, affected by non-cash asset write-offs of approximately 24 million dollars and extraordinary costs related to our footprint optimization initiatives. SG&A was 112 million dollars, in line with the recurring level of approximately 110 million dollars per quarter that we anticipated on our last call and compared to 80 million dollars in the same period of last year. The year-over-year change is related to the incremental expenses from the acquired business.

In turn, Net Income was approximately break-even in the third quarter, mainly reflecting the impairments recognized during the quarter, and higher financial expenses, including one-time costs related to the refinancing. These factors were partly offset by an income tax benefit. This compares to a 25-million-dollar net income reported in the third quarter of 2025.

Turning to the balance sheet, net debt was approximately 1.76 billion dollars at the end of September, broadly unchanged from the end of June. Cash and cash equivalents totaled approximately 320 million dollars.

On a pro forma basis, the net-debt-to-EBITDA ratio stood at approximately 2.8 times, while the interest coverage ratio was 4.9 times. Our commitment to deleveraging remains unchanged, and we continue targeting leverage levels closer to 2.0 times over the medium term through EBITDA growth, disciplined capital allocation, and free cash flow generation.

During the quarter, we fully refinanced our 500-million-euro 2.25% Senior Notes due in 2028. The transaction was funded through a combination of a local bond issuance in Mexico and a bank loan. The local bond issuance, for 7.4 billion Mexican pesos, was swapped into approximately 371 million euros through a cross-currency swap at a blended euro cost of approximately 4.36%, based on reference rates at closing. The bank facility was for 130 million euros, with a 5-year maturity. With these transactions, we have now completed the liability management for 100% of our outstanding notes. As a result, we extended the average life of our debt from approximately 3.4 to 4.2 years, reduced refinancing risk, and diversified our funding sources, while keeping a debt profile aligned with our global currency exposure.

Capital expenditures totaled 100 million dollars during the quarter, compared to 70 million in the same period of last year. The incremental capex was mainly driven by investments associated with our Augusta, Georgia facility, which remains a strategic priority as we prepare for future structural and e-mobility programs. We continue to apply a disciplined approach to capital allocation.

Moving to our regional results. In North America, revenue increased 15% year-over-year to 747 million dollars, driven by higher aluminum prices and product mix. EBITDA

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increased 9% to 73 million dollars, as product mix and commercial negotiations more than offset the impact of the appreciation of the Mexican peso.

In Europe, revenue increased 30% year-over-year to 522 million dollars, primarily due to incorporation of the acquired operations and higher aluminum prices. EBITDA increased 32% to 66 million dollars, reflecting the contribution from the acquired operations.

In the Rest of the World, revenue increased 32% year-over-year to 231 million dollars, reflecting the contribution of the acquired operations. In turn, EBITDA improved 34% to 35 million dollars.

Overall, this quarter reflects progress in integration and a stronger financial foundation following the refinancing. We remain focused on accelerating synergy capture, improving profitability, and strengthening free cash flow generation. Supported by our diversified footprint, solid liquidity position, and proactive approach to capital management, we believe Nemak remains well positioned to continue creating sustainable long-term value for all stakeholders.

I will now turn the call back over to Denise.

**Denise Reyes:** Thank you, Alberto. We are now ready to move on to the Q&A portion of the event. If you would like to ask your question live, please press the 'Raise Hand' button at the bottom of your screen. When it’s your turn to ask a question, you will be granted permission to speak. Questions will be addressed in the order that they are received, calling the name of the next person on the line.

You may also place a written question using the Q&A function, also located at the bottom of your screen. Questions will be addressed in the order they are received.

We will now open the floor for questions.

**Denise Reyes:** The first question is from Jonathan Koutras from J.P. Morgan. Jonathan, please proceed with your question.

**Jonathan Koutras:** Yeah, hi. Thank you, Denise. Hi, Hervé and Alberto. I had two questions on my side.

The first one, on the impairments, right? So, which plant does the $24 million footprint optimization impairment relate to? Is that the legacy Nemak plant, or is it the Austria plant originally from GF Casting? And should we expect more charges or restructuring cash costs in the fourth quarter and into 2027?

The second question is still on GF, just to clarify. I was under the impression that the Georgia facility was going to begin operations already in the third quarter, so was there a reason for a delay, or was I just wrong? Let's say I had misunderstood and again, the

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estimate here of top-line accretion from this plant still is the $170 to $200 million annually, correct? Thank you.

**Alberto Sada:** Thanks for the question, Jonathan. Let me just answer the first one, related to the impairment that we performed this quarter, that relates to a legacy Nemak plant, which has been operating with lower volume, and that's part of our overall strategy to consolidate revenue on, or volume to, the different plants.

Will there be more in 2027? That's something that we are analyzing, so certainly we'll keep you informed. But for sure, I mean, we're always looking for ways how to optimize our footprint in the most optimal way.

**Hervé Boyer:** And Hervé speaking, Jonathan. When it comes to your second question for the new greenfield in Augusta, Georgia, so no, you got it totally right. So, the plant is currently ramping up. We started deliveries a couple of weeks ago, we got the okay to ship from our customer, BMW, at a very limited volume so far, and then we're ramping up, step by step.

There is a quite sophisticated on-ramp plan, supported both by China and by Augusta, until Augusta can gradually increase the throughput and the numbers. The numbers you just communicated, when it comes to the outlook of the revenue, remain valid.

It seems that this vehicle has been very welcomed on the market, so we have even a push from our customer to see how we could supply more parts and, having a steeper ramp-up.

**Jonathan Koutras:** No, perfect, very clear, Hervé. And now, Alberto, just to follow up to that. The Austria plant in Herzogenburg, right? That one still hasn't been written off completely, right? That's still going to flow in the fourth quarter, I assume.

**Alberto Sada:** Correct. That's still to happen.

**Jonathan Koutras:** Okay, thank you.

**Denise Reyes:** Thank you, Jonathan. The next question is from Emilio Fuentes from GBM. Emilio, please proceed with your question.

**Emilio Fuentes**: Hi, thank you for taking my question. My first question is on the synergies from GF Casting Solutions. Could you specify where you're seeing the most significant benefits, and if you have seen some of those figures you commented already reflected in this quarter's EBITDA? And I have a second question on Europe and rest of world markets. Could you give us a guidance on where do you see EBITDA margins normalizing after the integration? Thank you.

**Alberto Sada:** Thanks for the question, Emilio. Related to synergies, and I think we have made comments on this in the past, we're expecting this to be somewhere between the

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range of $20 to $40 million on a recurrent basis, and those come from a combination of different aspects.

We have made a very thorough exercise on how to deliver value from the integration of Georg Fischer, and they come from both our ability to implement best practices all along. Georg Fischer Casting Solutions had great operations, they also had opportunities, so I think both ways there are means for us to improve efficiencies and capitalize that as potential benefits.

We also have scale effects that come from our ability to buy at a larger scale and ultimately, we have ways how to optimize our overall footprint, as we have discussed with the adjustment of our plant in Austria. So, it's a combination of different elements.

We also have opportunities to improve our capex figures by using existing equipment on both sides, with the business that we have on our backlog. So, it's a combination of multiple things. Most of them go through the P&L; other ones are more cash flow driven, but that essentially adds to the entire synergies figures.

We're not seeing those yet in the third quarter of this year. Those should be gradually materializing next year.

And then, related to your question regarding the ongoing margins, I think what you see right now in terms of margins for our European operations reflects pretty much, as well as the rest of the world, how we're seeing things with the addition of the consolidated business.

Certainly, there is seasonality in our results, as you can see also in the quarterly developments. But ultimately, we see those figures not changing that much from what we see right now, aside from that positive effect of synergies as we move along in the next year.

**Emilio Fuentes:** Thank you, very clear.

**Alberto Sada:** Thank you, Emilio.

**Denise Reyes:** Our next question is from Michel Gálvez Bautista from Principal. Michel, please proceed with your question.

**Michel Gálvez:** Hello. Thank you so much for your time, and happy to see your results.

I have two questions. One is related to capex, I heard and I read that it was mainly oriented to Georgia, so I would like to understand which customers and committed volumes are supporting the mega-casting facility, and when does it reach positive EBITDA? And what happens if the ramp-up is delayed?

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The second one is about deleveraging. What net debt to EBITDA trajectory do we expect throughout 2027, and how much of it comes from EBITDA synergies and debt reduction? And what happens to the negative outlooks at S&P and Fitch if it's not achieved?

**Hervé Boyer:** Okay, all right thank you, Michel. Hervé speaking. Maybe I will take the first part of your question, and I will hand over to Alberto.

So, this site in Augusta, Georgia, I think we already communicated about that, will supply BMW for the new SUV platforms in the U.S. for lateral side members, so giga-casting, with a tonnage of 6,100 tons. So, we expect the plant's ability to turn to a positive EBITDA will obviously depend on the ability to ramp up the volume, and we expect this to happen as soon as next year.

What if ramp-up is delayed? Like any other business, obviously, this will be subject to discussion with customers in order to find the appropriate solution. Nothing really different here. It is clear that it is a strategic initiative that has been also supported by the customer. So, the customer is really engaged and willing to make it a success. This is extremely important, including providing the support as needed, to make sure that we create all the conditions to have a positive outcome and for them, the ability to supply those very complex parts out of the U.S.

Alberto?

**Alberto Sada:** Yeah. And then, related, Michel, to your question on leverage. Sorry, did you have a follow-up?

**Michel Gálvez:** No, sorry, thank you.

**Alberto Sada:** On leverage, yeah, as we have communicated, I mean, it is our intention to continue pushing leverage lower, with a, let's say, medium-term target of achieving 2.0 times net debt to EBITDA.

And that's going to be eventually reached with an increase of EBITDA, as well as cash flow generation, as we stabilize capital expenditures and reduce, therefore, the net debt.

So that's going to take a little bit of time, but we are pushing in that direction. As you know, we have increased leverage in 2026 associated with the acquisition, and part of that, let's say, benefit of the acquisition, both on an EBITDA basis as well as synergies, will contribute to the EBITDA expectations going forward. And those two elements combined should allow us to start reducing our leverage in 2027. We'll share more color on that as we share our full-year figures in the next session.

**Michel Gálvez:** Thank you so much.

**Alberto Sada:** Thank you.

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**Denise Reyes:** Thank you. The next question is from Iñigo Álvarez from GBM. Iñigo, please proceed.

**Iñigo Álvarez**: Yes, hello, good morning. My questions are regarding capex outlook and free cash flow generation. So, with the Georgia plant expected to begin production in the fourth quarter, how should we think about capital intensity and free cash flow generation in 2027? And also, how much investment remains to be deployed at Georgia, and should we expect capex to normalize as the current investment cycle winds down?

**Alberto Sada:** Yeah, Iñigo, thanks for the question. Yeah, related to the investments, the capex outlook as we have shared the peak when you look at it compared to previous year, is associated with this very important project for us.

We should expect to have most of that investment concluded by 2026. There is a little bit of a carry-over in 2027, but not to the extent that we have deployed capex this year.

So, we should be gradually seeing that number coming down, but certainly that number could change depending on the amount of new business awards. And there, I think it's a, let's say, a rolling forecast, a moving forecast, where that connects with business wins.

We are promoting and looking for as much as we can to add new business where we can use existing assets, and that's part of the objectives that we have. But certainly, the final number for 2027 will be shared with our financial figures in the next conference call.

So, at the end, that will have an effect on our free cash flow, which we'll also share there. It is our expectation to gradually be generating more cash flow as a combination of both adjustments on the capex, as well as an increase in our operating results.

**Iñigo Álvarez:** Perfect, very clear. Thank you.

**Denise Reyes:** The next question is from Isaac Gonzalez Coppel from GBM. Isaac, please proceed with your question.

**Isaac Coppel:** Hello, everyone. Just a quick question. Could you help us quantify the EBITDA contribution from the commercial negotiations during this quarter?

**Alberto Sada:** Thanks for the question, Isaac. Yeah, and unfortunately, we're not going to be able to provide specific details on those, as there are confidentiality elements in those negotiations with customers. But certainly, that's part of our business, and as we have done in the past, those commercial negotiations have been significant in previous years, as we have dealt with adjustments on the EV side, which, as you know, have changed across our customers.

But at the end, we also have other negotiations outstanding. So, they happen along the year, sometimes smaller, sometimes larger, and that obviously has an effect on the financial results.

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So, this quarter, we had a few negotiations that were closed, and those would be, from time to time, present in our business going forward.

**Isaac Coppel:** Okay, thank you.

**Alberto Sada:** Yeah, the majority of the growth is a combination of multiple factors, one of them being commercial negotiations.

**Denise Reyes:** Thank you. There are no more live questions, and we will now move on to the written questions.

We have, from Alfonso Salazar from Scotiabank, two questions. The first one reads, what are the implications that you expect for Nemak corporation related to the recent hybrid car deal between the European Union and China? And the second question is, can you provide more details on the footprint optimization mentioned in your press release?

**Hervé Boyer:** All right, so, Hervé speaking. Thanks for the question.

So, indeed, that deal, in addition to the recent proposal between France and Germany, is really aimed at protecting the regional industrial labor and content. So, when it comes to Nemak, we have a broad and diverse European network footprint to support growing regional content requirements. So, for us, this can only be seen positively, because limiting the import of Chinese cars will obviously benefit the local customers, or the local OEMs, sorry, customers for us, which are the ones that we are serving today.

So, we expect a rather positive impact for us. When it comes to the footprint and the restructuring, I think we have communicated on the adjustment of our footprint to adjust to the new demand and the change of product mix for us.

So, it relates mainly to three plants so far: one in Austria, that we mentioned; one in Mexico and Alberto talked about this one; and we have another one in the Czech Republic. And that's what is on the agenda today. Obviously, this is a constant exercise for us to evaluate the footprint, and we will continue to do that as we go through the next cycles of budget and strategy planning.

**Denise Reyes:** Thank you Hervé, there are no further questions at this time, and with that, we conclude today's event. I would just like to take this opportunity to thank everyone for participating. Please feel free to contact us if you have any follow-up questions or comments. This concludes today's earnings webcast. Have a good day.

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