

Nemak reports EBITDA of US\$169 M in 3Q24

EBITDA growth of 3% year-over-year

Monterrey, Mexico. October 16, 2024. Nemak, S.A.B. de C.V. (BMV: NEMAK) (“Nemak” or the “Company”) announced today its operating and financial results for the third quarter of 2024 (“3Q24”). The following is a summary of the key figures for the period:

	Third Quarter			Nine months		
	2024	2023	Δ%	2024	2023	Δ%
Volume (M. Equivalent units)	9.6	10.6	(9.3)	30.5	32.3	(5.7)
Revenues	1,224	1,273	(3.8)	3,698	3,853	(4.0)
EBITDA ¹	169	164	3.2	477	450	6.1
CAPEX	96	129	NA ²	279	382	NA ²

US\$ Millions, except Volume

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

(2) NA = Not applicable

Message from the CEO

During the third quarter, we made substantial progress in commercial negotiations and operational efficiencies, offsetting the volume effect from lower light vehicle production in our main regions. This enabled us to generate revenues of US\$1.2 billion and EBITDA of US\$169 million, while prudently reducing capital investments.

Our commercial efforts are focused on achieving sustainable margin improvements in our internal combustion engine (“ICE”) powertrain segment by addressing labor cost inflation and repricing products below our profitability targets. In parallel, we are on track in recovering profitability shortfalls from underutilized capacity in our e-mobility, structure, and chassis applications segment (“EV/SC”), and expect to conclude negotiations by year-end.

Throughout the year, we have secured approximately US\$220 million in new contracts. Of these, 40% are dedicated exclusively to internal combustion engine vehicles, while 60% are for vehicles with hybrid and gasoline variants. These contracts present incremental opportunities for Nemak to leverage our existing technology, footprint, and expertise.

Recent Developments

- Year-to-date, Nemak has secured new business worth approximately US\$220 million in annual revenue: 60% related to platforms with ICE and hybrid variants, and 40% exclusively for ICE vehicles. By the end of 3Q24, the EV/SC order book was US\$1.8 billion annually.
- In 3Q24 Nemak secured a US\$250 million debt facility, structured as a 5-year bullet loan with a SOFR-based variable interest rate. The proceeds were used to repay short-term debt. This transaction improved Nemak's average debt maturity profile from 4.2 to 4.8 years, while maintaining its average cost of debt.
- Nemak is featured in five of Wards 10 Best Engines & Propulsion Systems awards, which is celebrating its 30th anniversary. Being present in the awarded vehicles showcases the Company's leadership in innovative lightweighting solutions.
- Nemak received 2024 Top Employer certification in Brazil, Germany, Mexico, Poland, and the United States, reinforcing its commitment to fostering talent and supporting employee growth and development.

Automotive Industry

	Millions of Units Third Quarter		
	2024	2023	% Var
US Vehicle Sales SAAR ⁽¹⁾⁽²⁾	15.6	15.6	(0.4)
North America Vehicle Production ⁽²⁾	3.8	3.9	(3.8)
North America Nemak Customer Production ⁽²⁾⁽³⁾	2.5	2.7	(8.0)
Europe Vehicles Sales SAAR ⁽¹⁾⁽²⁾⁽³⁾	15.4	16.1	(4.7)
Europe Vehicle Production ⁽²⁾⁽³⁾	3.5	3.6	(3.7)
Europe Nemak Customer Production ⁽²⁾⁽³⁾	3.1	3.3	(4.0)

(1) SAAR = Seasonally Adjusted Annual Rate

(2) Source: Industry Analyst and Nemak estimates

(3) Updated customer portfolio, 2023 figures restated

In 3Q24, US light-vehicle SAAR remained stable at 15.6 million units, closely mirroring the figure from the same period last year. Demand in the market continues, supported by stable economic conditions, and sustained consumer confidence, on the back of incremental incentives. North America light-vehicle production decreased by 3.8% year-over-year ("y-o-y") to 3.8 million units, driven primarily by OEMs recalibrating production schedules to better manage inventory levels.

In Europe, light-vehicle SAAR declined by 4.7% y-o-y to 15.4 million units. This drop reflects normalization from a high comparison basis, influenced by government incentives promoting hybrid and fully electric vehicles during the same period of last year. In line with sales, light-vehicle production dropped by 3.7% year-over-year, mainly due to heightened price sensitivity among consumers.

Financial Results Summary

	Third Quarter			Nine months		
	2024	2023	Δ%	2024	2023	Δ%
Volume (M. Equivalent units)	9.6	10.6	(9.3)	30.5	32.3	(5.7)
Revenues	1,224	1,273	(3.8)	3,698	3,853	(4.0)
Operating Income	73	76	(3.9)	185	189	(2.1)
EBITDA ¹	169	164	3.2	477	450	6.1
EBITDA ¹ / Eq. Unit	17.6	15.5	13.5	15.7	13.9	12.9
Net Income	5	25	NA ²	76	30	NA ²
CAPEX	96	129	NA ²	279	382	NA ²
Net Debt ³	1,765	1,598	10.5			

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 3Q24, Nemak reported volume of 9.6 million equivalent units, a 9.3% y-o-y decrease, primarily due to reduced production in North America and lower production of EV components.

Revenue in 3Q24 decreased by 3.8% y-o-y to US\$1.2 billion, due to lower volumes. This was partially offset by a more favorable product mix and positive outcomes from commercial negotiations.

EBITDA increased 3.2% y-o-y to US\$169 million, demonstrating resilient performance driven by progress in commercial negotiations and operational efficiencies, which collectively outweighed the negative impacts of reduced volume and labor cost inflation. Consequently, EBITDA per equivalent unit was US\$17.6, up 13.5% y-o-y.

Operating Income was US\$73 million, 3.9% below y-o-y, as the drivers that benefitted EBITDA were more than offset by higher depreciation expenses, and the absence of a favorable effect in other income vs. the same period last year.

Net income for the quarter was US\$5 million, compared to US\$25 million in 3Q23, affected by non-cash foreign exchange losses related to euro-denominated liabilities. This decrease was partially offset by lower income tax. Adjusting for currency exchange impacts, net income would have been approximately US\$33 million.

Capital expenditures were US\$96 million in 3Q24, 26% lower y-o-y. This was in line with Nemak's strategy to optimize capital deployment by reducing expenditures and maximizing the use of existing assets.

As of September 30, 2024, Nemak's Net Debt was US\$1.77 billion. The financial ratios were Net Debt to LTM EBITDA, 2.9 times; and Interest Coverage, 5.0 times. These ratios compare to 2.8 and 5.5 times, respectively, recorded at the end of 3Q23.

Regional Results

North America

In 3Q24, North America revenue declined 11.3% y-o-y to US\$636 million, primarily impacted by reduced production from key customers, and weaker demand for EV components. These challenges were partially offset by commercial negotiations, and a favorable product mix. As a result, EBITDA decreased by 9.7% y-o-y to US\$78 million. Gains from customer negotiations and the effect from the depreciation of the Mexican peso were outweighed by lower production volumes, persistent labor cost inflation, and launch expenses.

Europe

In Europe, revenue increased 3.2% y-o-y to US\$419 million, supported by commercial negotiations that offset the decline in volume. EBITDA increased by 19.2% y-o-y to US\$68 million, driven by enhanced operational efficiencies and positive outcomes from commercial negotiations.

Rest of the World

Revenue in the Rest of the World grew 13.5% y-o-y to US\$169 million, mainly due to higher production volumes and a favorable product mix. EBITDA increased by 13% to US\$23 million, supported by increased volume, improved product mix, and ongoing operational efficiencies.

Methodology for presentation of results

The report presents unaudited financial information. Figures are in US dollars, and financial ratios are calculated in the same currency. Due to rounding, minor differences may occur when calculating percent changes from one period to another.

Earnings webcast information

Nemak's 3Q24 Earnings Webcast will be held on Thursday, October 17, 2024, 1:00 p.m. Eastern Time (11:00 a.m. Mexico City Time). To participate, please join the [live webcast](#) or dial as follows: Domestic U.S.:+1 (386) 347-5053 ; Mexico: +52 556 826 9800; [International Numbers](#). If you are unable to participate, the transcript and audio recording of the event 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" within the meaning of the United States Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to risks, uncertainty, and changes in circumstances, which may cause actual results, performance, or achievements to differ materially from anticipated results, performance, or achievements. All statements contained herein that are not clearly historical in nature are forward-looking and the words "anticipate," "believe," "expect," "estimate," "plan," and similar expressions are generally intended to identify forward-looking statements. Nemak is under no obligation (and expressly disclaims any such obligation) to update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

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 e-mobility, structure & chassis, and ICE powertrain applications. In 2023, it generated revenue of US\$5.0 billion. For more information about Nemak, please visit nemak.com/

Nemak
Income Statement
Millions of Dollars

	For the third quarter of:			For the nine months of:		
	2024	2023	% Var.	2024	2023	% Var.
Volume (million equivalent units)	9.6	10.6	(9.3)	30.5	32.3	(5.7)
Total revenues	1,224	1,273	(3.8)	3,698	3,853	(4.0)
Gross profit	159	158	0.6	459	442	3.8
Sales & administrative expenses	(87)	(89)	(2.2)	(266)	(257)	3.5
Other income (expenses) net	0	8	NA ²	(9)	5	NA ²
Operating Income	73	76	(4)	185	189	(2.1)
Interest Expenses	(33)	(38)	(13.4)	(108)	(88)	22.7
Interest Income	1	2	(33)	25	6	NA ²
Foreign exchange gain (loss)	(28)	16	NA ²	(13)	(27)	(52)
Financing expenses net	(60)	(20)	NA ²	(96)	(109)	(12)
Participation in associates results	1	(0)	NA	2	8	(74)
Income Tax	(8)	(31)	(74)	(15)	(59)	(75)
Net Income	5	25	(80)	76	30	NA ²

	2024	2023	% Var.	2024	2023	% Var.
Operating Income	73	76	(3.9)	185	189	(2.1)
Depreciation, Amortization & Other Non-Cash items	97	88	10.2	292	260	12.3
EBITDA ¹	169	164	3.2	477	450	6.1
CAPEX	96	129	(25.6)	279	382	(27.0)

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

(2) Not applicable

Nemak
Balance Sheet
Millions of Dollars

Assets	Sep-24	Dec-23	% Var
Cash and cash equivalents	266	323	(17.6)
Accounts receivable	692	606	14.2
Inventories	922	904	2.0
Other current assets	43	30	43.3
Total current assets	1,924	1,862	3.3
Investments in shares	27	26	3.8
Property, plant and equipment, net	2,912	2,868	1.5
Other assets	718	752	(4.5)
Total assets	5,582	5,508	1.3

Liabilities & stockholders' equity	Sep-24	Dec-23	% Var
Bank loans	189	264	NA ¹
Current maturities of long-term debt	36	57	(36.8)
Interest payable	11	11	0.0
Operating liabilities	1,512	1,655	(8.7)
Total current liabilities	1,748	1,987	(12.0)
Long-term debt	1,789	1,540	16.2
Labor liabilities	87	90	(3.3)
Other long term-liabilities	108	121	(10.7)
Total liabilities	3,732	3,738	(0.2)
Total stockholders' equity	1,849	1,770	4.5
Total liabilities & stockholders' equity	5,582	5,508	1.3

(1) Not applicable

Nemak Regional Results

Millions of Dollars

Volume (million equivalent units)	For the third quarter of:			For the nine months of:		
	2024	2023	% Var.	2024	2023	% Var.
North America	5.0	5.8	(14.5)	15.4	17.7	(12.9)
Europe	3.0	3.3	(8.1)	10.5	10.6	(0.2)
Rest of World	1.6	1.5	9.2	4.5	4.0	11.7
Total	9.6	10.6	(9.3)	30.5	32.3	(5.7)

Total Revenues*	For the third quarter of:			For the nine months of:		
	2024	2023	% Var.	2024	2023	% Var.
North America	636	718	(11.3)	1,920	2,141	(10.3)
Europe	419	406	3.2	1,302	1,278	1.9
Rest of World	169	149	13.5	475	433	9.7
Total	1,224	1,273	(3.8)	3,698	3,853	(4.0)

EBITDA ¹	For the third quarter of:			For the nine months of:		
	2024	2023	% Var.	2024	2023	% Var.
North America	78	86	(9.7)	207	234	(11.4)
Europe	68	57	19.2	205	161	27.3
Rest of World	23	21	13.0	65	54	18.4
Total	169	164	3.2	477	450	6.1

EBITDA ¹ Margin in %	For the third quarter of:			For the nine months of:		
	2024	2023	% Var.	2024	2023	% Var.
North America	12%	12%	1.9	11%	11%	(1.2)
Europe	16%	14%	15.4	16%	13%	25.0
Rest of World	14%	14%	(0.4)	14%	13%	8.0
Total	14%	13%	7.4	13%	12%	10.5

EBITDA ¹ USD/Equivalent units	For the third quarter of:			For the nine months of:		
	2024	2023	% Var.	2024	2023	% Var.
North America	15.6	14.8	5.6	13.5	13.2	1.7
Europe	22.5	17.3	29.7	19.5	15.2	27.6
Rest of World	14.7	14.2	3.5	14.3	13.5	6.0
Total	17.6	15.5	13.5	15.7	13.9	12.9

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

* To external customers