

Nemak reports EBITDA of US\$163 M in 2Q24

EBITDA growth of 6% year-over-year

Monterrey, Mexico. July 16, 2024. Nemak, S.A.B. de C.V. (BMV: NEMAK) (“Nemak” or the “Company”) announced today its operating and financial results for the second quarter of 2024 (“2Q24”). The following is a summary of the key figures for the period:

	Second Quarter			Six months		
	2024	2023	Δ%	2024	2023	Δ%
Volume (M. Equivalent units)	10.3	10.9	(6.2)	20.8	21.7	(4.0)
Revenues	1,262	1,323	(4.6)	2,473	2,580	(4.1)
EBITDA ¹	163	153	6.0	308	286	7.7
CAPEX	79	131	NA ²	183	253	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 second quarter, we improved our EBITDA to US\$163 million, despite challenging conditions in the automotive industry, with light-vehicle production declining in some regions. Overall, our volume decreased 6%, and EBITDA improved 6% year-over-year (“y-o-y”). To continue on our path towards margin recovery, we are focusing on internal efforts to improve our cost structure, and commercial negotiations to offset inflationary impacts and address under-utilized capacity in the e-mobility, structure, and chassis applications (“EV/SC”) segment.

Moreover, I am pleased to announce that Nemak was recognized as a winner of the 2024 Automotive News PACE Award. PACE Awards are prestigious in the automotive industry and accepted as the industry benchmark for innovation, recognizing suppliers for superior technological advancements. These innovations demonstrate our commitment to provide lightweighting solutions and our ability to collaborate with customers to design cutting-edge components.

Going forward, the unique opportunities presented by the demand for hybrid vehicles and the extended useful life of the internal combustion engine place our products in an advantageous position for the coming years. We will continue to adapt to market dynamics, focusing on operational excellence, cost efficiency, and innovative solutions to maintain our leadership and deliver sustained value to our stakeholders.

Recent Developments

- During the first half of 2024, ("1H24"), Nemak secured new business worth approximately US\$165 million in annual revenue across both segments. By the end of 2Q24, the EV/SC order book was US\$1.8 billion annually.
- In 2Q24 the Company received the 2024 Automotive News PACE Award for an innovative structural component for BMW –currently in production- that achieved a 30% weight reduction. Moreover, Nemak received the PacePilot Recognition for a prototype for Ford, which was designed using novel casting techniques and innovative design concepts, which contributed to significant weight reduction.
- During the quarter, the Company certified three additional facilities with the Aluminum Stewardship Initiative ("ASI") performance standard, becoming the first Mexican company to have certified facilities in Mexico.

Automotive Industry

	Millions of Units Second Quarter		
	2024	2023	% Var
United States Vehicle Sales SAAR ⁽¹⁾⁽²⁾	15.7	15.8	(0.5)
North America Vehicle Production ⁽²⁾	4.2	4.1	1.7
North America Nemak Customer Production ⁽²⁾⁽³⁾	2.8	2.8	(0.7)
Europe Vehicles Sales SAAR ⁽¹⁾⁽²⁾⁽³⁾	16.3	15.9	2.5
Europe Vehicle Production ⁽²⁾⁽³⁾	4.2	4.4	(3.4)
Europe Nemak Customer Production ⁽²⁾⁽³⁾	3.8	4.0	(4.1)

(1) SAAR = Seasonally Adjusted Annual Rate

(2) Source: Industry Analyst and Nemak estimates

(3) Updated customer portfolio, 2023 figures restated

For 2Q24, US light-vehicle SAAR was 15.7 million units, 0.5% below the same period last year, supported by robust economic conditions and gradual improvement in incentives, offset by disruptions in car dealership operations. Light vehicle production in North America was 4.2 million units, on the back of continued inventory build-up, and driven by strong demand, despite the slowdown in EV adoption.

In Europe, light-vehicle SAAR increased by 2.5% y-o-y, reaching 16.3 million units. This growth was driven by resilient consumer demand. However, regional light-vehicle production decreased 3.4% y-o-y, totaling 4.2 million units. This reduction is attributed to a softer EV adoption, as well as a high comparison basis that benefited from production intended to fulfill pent-up demand.

Financial Results Summary

	Second Quarter			Six months		
	2024	2023	Δ%	2024	2023	Δ%
Volume (M. Equivalent units)	10.3	10.9	(6.2)	20.8	21.7	(4.0)
Revenues	1,262	1,323	(4.6)	2,473	2,580	(4.1)
Operating Income	57	64	(10.9)	112	113	(0.9)
EBITDA ¹	163	153	6.0	308	286	7.7
EBITDA ¹ / Eq. Unit	15.9	14.0	13.6	14.8	13.2	12.1
Net Income	45	20	NA ²	70	5	NA ²
CAPEX	79	131	NA ²	183	253	NA ²
Net Debt ³	1,753	1,526	14.9			

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

Volume was 10.3 million equivalent units in 2Q24, a 6.2% y-o-y decrease, attributed to lower electric vehicle production and a shift in product mix among customers.

Revenue for 2Q24 totaled US\$1.3 billion, down 4.6% y-o-y due to lower volume and product mix.

During 2Q24, EBITDA was up by 6% y-o-y, reaching US\$163 million on the back of the progress in commercial negotiations with certain customers, as well as operational efficiencies. EBITDA per equivalent unit in 2Q24 increased by 13.6% y-o-y to US\$15.9, driven by the same factors.

Operating Income was US\$57 million, a 10.9% decrease from the same period last year, due mainly to the same factors that influenced EBITDA growth, which were more than offset by the impairment of obsolete assets.

Net income for 2Q24 was US\$45 million, compared to US\$20 million in 2Q23. This growth is mainly explained by a stable foreign exchange position, and a non-cash positive effect related to deferred tax adjustments.

Capital expenditures totaled US\$79 million in 2Q24, compared to US\$131 million reported in 2Q23. This reduction is consistent with Nemak's investment strategy that seeks operational efficiencies and long-term growth.

As of June 30, 2024, Nemak's Net Debt was US\$1.75 billion. The financial ratios were Net Debt to LTM EBITDA, 2.9 times; and Interest Coverage, 4.7 times. These ratios compare to 2.7 and 6.6 times, respectively, recorded at the end of 2Q23.

Regional Results

North America

During 2Q24, revenue decreased 8.1% y-o-y to US\$668 million, driven by lower volume and changes in product mix that reflect the slowdown in electrification adoption, and customer production patterns. EBITDA in the quarter was US\$71 million, a 4.3% reduction y-o-y, favored by customer negotiations to mitigate inflation and idle capacity, and partially offset by lower volumes, persistent inflation in labor costs, and launch expenses.

Europe

In 2Q24, revenue decreased 1.9% y-o-y to US\$438 million due to lower volume. EBITDA in the region increased to US\$67 million, up from US\$61 million in the same period last year. This increase was supported by a favorable product mix, reduced energy expenses, and progress on commercial negotiations, offsetting the impact of regional inflation.

Rest of the World

During 2Q24, revenue was US\$156 million, an increase of 4.7% y-o-y, primarily due to higher volume and an improved product mix. EBITDA was 35.6% higher y-o-y, totaling US\$24 million in 2Q24, attributable to volume, product mix, and sustained operating 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 2Q24 Earnings Webcast will be held on Wednesday, July 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.: (877) 407-0784; International: 1-201-689-8560; Mexico Toll Free: 800 522 0034. 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 second quarter of:			For the six months of:		
	2024	2023	% Var.	2024	2023	% Var.
Volume (million equivalent units)	10.3	10.9	(6.2)	20.8	21.7	(4.0)
Total revenues	1,262	1,323	(4.6)	2,473	2,580	(4.1)
Gross profit	160	153	4.6	300	284	5.6
Sales & administrative expenses	(90)	(85)	5.9	(180)	(168)	7.1
Other income (expenses) net	(13)	(4)	NA ²	(9)	(3)	NA ²
Operating Income	57	64	(10.9)	112	113	(0.9)
Interest Expenses	(45)	(26)	NA ²	(75)	(49)	NA ²
Interest Income	22	2	NA ²	24	4	NA ²
Foreign exchange gain (loss)	2	(17)	NA ²	15	(44)	NA ²
Financing expenses net	(20)	(41)	NA ²	(36)	(89)	NA ²
Participation in associates results	0	6	NA ²	1	8	NA ²
Income Tax	9	(9)	NA ²	(6)	(27)	NA ²
Net Income	45	20	NA ²	70	5	NA ²

	2024	2023	% Var.	2024	2023	% Var.
Operating Income	57	64	(10.9)	112	113	(0.9)
Depreciation, Amortization & Other Non-Cash items	106	89	19.1	196	172	14.0
EBITDA ¹	163	153	6.0	308	286	7.7
CAPEX	79	131	NA ²	183	253	NA ²

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

(2) Not applicable

Nemak
Balance Sheet
Millions of Dollars

Assets	Jun-24	Dec-23	% Var
Cash and cash equivalents	214	323	(33.7)
Accounts receivable	740	606	22.1
Inventories	901	904	(0.3)
Other current assets	36	30	20.0
Total current assets	1,891	1,862	1.6
Investments in shares	27	26	3.8
Property, plant and equipment, net	2,851	2,868	(0.6)
Other assets	712	752	(5.3)
Total assets	5,481	5,508	(0.5)

Liabilities & stockholders' equity	Jun-24	Dec-23	% Var
Bank loans	397	264	NA ¹
Current maturities of long-term debt	32	57	(43.9)
Interest payable	16	11	45.5
Operating liabilities	1,542	1,655	(6.8)
Total current liabilities	1,987	1,987	(0.0)
Long-term debt	1,516	1,540	(1.6)
Labor liabilities	81	90	(10.0)
Other long term-liabilities	102	121	(15.7)
Total liabilities	3,686	3,738	(1.4)
Total stockholders' equity	1,795	1,770	1.4
Total liabilities & stockholders' equity	5,481	5,508	(0.5)

(1) Not applicable

Nemak Regional Results

Millions of Dollars

	For the second quarter of:			For the six months of:		
Volume (million equivalent units)	2024	2023	% Var.	2024	2023	% Var.
North America	5.2	5.9	(12.7)	10.4	11.8	(12.2)
Europe	3.6	3.7	(1.4)	7.5	7.3	3.3
Rest of World	1.5	1.4	9.4	2.9	2.6	13.1
Total	10.3	10.9	(6.2)	20.8	21.7	(4.0)
Total Revenues*	2024	2023	% Var.	2024	2023	% Var.
North America	668	727	(8.1)	1,284	1,423	(9.8)
Europe	438	446	(1.9)	883	872	1.3
Rest of World	156	149	4.7	306	284	7.7
Total	1,262	1,323	(4.6)	2,473	2,580	(4.1)
EBITDA ¹	2024	2023	% Var.	2024	2023	% Var.
North America	71	74	(4.3)	129	148	(12.5)
Europe	67	61	9.9	137	104	31.8
Rest of World	24	18	35.6	41	34	21.7
Total	163	153	6.0	308	286	7.7
EBITDA ¹ Margin in %	2024	2023	% Var.	2024	2023	% Var.
North America	11%	10%	4.2	10%	10%	(2.9)
Europe	15%	14%	12.1	16%	12%	30.1
Rest of World	15%	12%	29.5	13%	12%	13.1
Total	13%	12%	11.1	12%	11%	12.4
EBITDA ¹ USD/Equivalent units	2024	2023	% Var.	2024	2023	% Var.
North America	13.8	12.5	9.7	12.5	12.5	(0.3)
Europe	18.7	16.8	11.4	18.2	14.3	27.5
Rest of World	16.2	13.1	23.9	14.0	13.0	7.6
Total	15.9	14.0	13.6	14.8	13.2	12.1

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

* To external customers