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EARNINGS REPORT

Third Quarter 2020 (3Q20)

Monterrey, N.L., Mexico, October 21, 2020.

ALFA, S.A.B. de C.V. (BMV: ALFAA) (ALFA), a company that manages a diversified portfolio of leading subsidiaries with global operations, announced today its unaudited results for the third quarter of 2020 ("3Q20"). All figures have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Important note on changes to ALFA's Consolidated Financial Statements

ALFA's shareholders approved to spin-off ALFA's share ownership of Nemak into a new, listed entity called "Controladora Nemak" on August 17, 2020. In accordance with International Financial Reporting Standards (IFRS), Nemak meets the definition of a "Discontinued Operation" for purposes of ALFA's Consolidated Financial Statements. "Discontinued Operations" are the net results of an entity that is either being held for disposal or which has already been disposed of.

The changes in ALFA's Consolidated Financial Statements are as follows:

- The Consolidated Statement of Financial Position presents Nemak's assets as "Current assets from discontinued operations" and its liabilities as "Current liabilities from discontinued operations" at the close of 3Q20. Prior periods are not restated.
- The Consolidated Statement of Income presents Nemak's net revenues and expenses as a single line item "Profit (loss) from discontinued operations" for the nine months ended September 30, 2020 and 2019.
- The Change in Net Debt presents Nemak's net inflows and outflows as a single line item "Decrease (Increase) in Net Debt from discontinued operations" for the nine months ended September 30, 2020 and 2019.
- The Change in Net Debt also presents Nemak's Net Debt balance as "Net Debt from discontinued operations" at the close of 3Q20. Prior periods are not restated.

ALFA reports 3Q20 EBITDA of US \$444 million with Nemak as Discontinued Operations; US \$621 million including Nemak

3Q20 HIGHLIGHTS

ALFA	<ul style="list-style-type: none"> • “Unlocking Value” transformational initiative moving forward; focus on Nemak spin-off and Axtel monetization • 3Q20 EBITDA up 65% vs 2Q20; fastest quarter on quarter recovery in over two decades
Alpek	<ul style="list-style-type: none"> • Record volume driven by solid PET demand plus recovery in Construction and Auto • Strong sequential EBITDA growth amid favorable recovery in oil and feedstock prices
Sigma	<ul style="list-style-type: none"> • Currency-neutral Sales up year-on-year across all regions (ex-Foodservice) • 3Q20 EBITDA margin of 11.4%; including a sequential margin expansion in Europe of more than 290 basis points
Axtel	<ul style="list-style-type: none"> • Received a high number of non-binding offers for the Infrastructure unit and all Axtel • Monetization process advanced to second stage, focusing on a potential transaction for the whole company, including both business units
<i>Nemak (Discontinued Operation)</i>	<ul style="list-style-type: none"> • <i>Highest quarterly EBITDA since 2Q18 (US \$178 million)</i> • <i>Record EBITDA per equivalent unit of US \$17.6 boosted by leaner cost structure</i>

Earnings Report

Third Quarter 2020 (3Q20)



SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	3Q20	2Q20	3Q19	Ch. % vs. 2Q20	Ch. % vs. 3Q19	YTD '20	YTD '19	Ch. %
ALFA & Subs with Nemak as Discontinued Operations								
ALFA Revenues	3,056	2,789	3,356	10	(9)	9,106	10,195	(11)
Alpek	1,325	1,175	1,523	13	(13)	3,933	4,809	(18)
Sigma	1,577	1,470	1,632	7	(3)	4,684	4,758	(2)
Axtel	140	132	165	6	(15)	429	504	(15)
Newpek	2	7	16	(67)	(85)	26	58	(56)
ALFA EBITDA¹	444	269	409	65	8	1,133	1,174	(3)
Alpek	179	74	194	140	(8)	364	495	(27)
Sigma	179	159	182	13	(1)	506	527	(4)
Axtel	49	53	57	(7)	(14)	257	211	22
Newpek	46	(8)	(11)	680	507	33	(25)	229
Majority Net Income²	171	(88)	60	294	187	253	220	15
CAPEX & Acquisitions³	67	85	130	(21)	(48)	234	348	(33)
Net Debt⁴	4,894	6,640	7,032	(26)	(30)	4,894	7,032	(30)
Net Debt/LTM EBITDA ⁵	3.0	3.2	3.1					
LTM Interest Coverage ⁶	5.6	5.3	6.9					

Nemak (as Discontinued Operations)

Revenues	896	403	963	122	(7)	2,205	3,076	(28)
EBITDA	178	(37)	139	578	28	282	487	(42)
CAPEX & Acquisitions	49	43	74	14	(34)	188	246	(24)
Net Debt	1,405	0	0	-	-	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 3Q20; 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.



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Results by Business



Alpek (BMV: ALPEKA) – Petrochemicals

Sigma – Food Products



Axtel (BMV: AXTELCPO) – IT & Telecom

Newpek – Oil & Gas



Nemak (BMV: NEMAKA) – Aluminum Autoparts

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Message from ALFA's President

"I hope that you and your loved ones are continuing to stay safe and healthy. The third quarter was pivotal for ALFA as we kicked-off a transformational process to unlock value and operating results posted a V-shaped recovery. The strength of our individual businesses, the essential nature of many of our goods and services, plus the resilience of our teams around the world contributed to the fastest quarter on quarter EBITDA recovery in more than 20 years.

In addition to our immediate response to the coronavirus pandemic, focused on Safety and Business Continuity, ALFA has kept sight of its strategic priority to unlock unrecognized value.

Over the years, we have assembled, nurtured and grown a portfolio of diverse companies that are now all leaders in their respective industries. However, the strong underlying fundamentals of each individual business are not fully reflected in ALFA's valuation. Hence, we believe that the most effective way to achieve a higher valuation is for ALFA to evolve towards fully independent and autonomous businesses via its "Unlocking Value" initiative.

We anticipate this will be a medium-term journey that requires a gradual and orderly implementation to maximize shareholder value while maintaining a strong credit profile. The two key events in the short term are the Nemak spin-off and the Axtel monetization process; both of which advanced significantly during the third quarter.

The proposal to spin-off ALFA's ownership stake in Nemak was approved by shareholders in August. Over the next few weeks, we expect to finalize the administrative, listing and exchange process through which ALFA shareholders will receive one share of "Controladora Nemak" for each of their ALFA shares, in addition to retaining their share ownership in ALFA's equity. "Controladora Nemak" will be the new, listed entity that will hold ALFA's ownership stake in Nemak. As a result of progress to date, Nemak is being accounted for as a discontinued operation in ALFA's consolidated financial results beginning this quarter.

Moreover, the monetization process of Axtel continued to move forward as the company received attractive, non-binding offers and entered the second phase. It is important to note that the proposals selected by Axtel to advance to the next stage involve a potential transaction for the whole company, including its two business units. We reaffirm our commitment to use the proceeds from the potential sale of Axtel to reduce debt as planned in ALFA's Unlocking Value project.

Other 3Q20 developments that contribute to ALFA's "Unlocking Value" initiative by increasing focus on core businesses, strengthening our balance sheet and enhancing business independence include:

- Newpek's divestment of all its assets in Texas.
- Alpek's announcement that it will begin to recover US \$160 million in secured debt plus interest from M&G Mexico.

- The joint analysis of all Corporate Services (e.g. Finance, Legal, HR) as Subsidiaries seek to achieve full independence in the medium term.

From a macro standpoint, we were pleased to see a V-shaped recovery on key variables that caused temporary distortions in 2Q20 results. Global auto production ramped-up, oil prices increased, restaurants and hotels continued their gradual reopening process and the Mexican Peso strengthened, among others.

Overall, we believe ALFA's performance this quarter reflects: i) solid demand for our products and services supported by underlying shifts in consumer behavior amid the pandemic, ii) our Teams' extraordinary efforts and ability to overcome unprecedented challenges, and iii) improving macro conditions.

ALFA's Consolidated 3Q20 EBITDA with Nemak as Discontinued Operations was up 65% versus 2Q20 and 8% when compared to 3Q19. Alpek achieved a new record high quarterly volume and benefitted from a rising oil and feedstock price environment quarter on quarter. Whereas, Sigma achieved an EBITDA margin of 11.4% in 3Q20, including a sequential margin expansion of more than 290 basis points in Europe.

ALFA's Proforma 3Q20 EBITDA (including Nemak) of US \$621 million was more than 2.5x 2Q20 EBITDA, boosted by Nemak's swift turnaround. The company set a new benchmark in terms of rapid cost structure realignment and successful production ramp-up in all its regions.

As a result, Nemak posted its highest quarterly EBITDA since 2Q18 and reached a new record EBITDA per equivalent unit of US \$17.6. In addition, Nemak continued expanding its pipeline of Structural and Electric Vehicle Components (SC/EV), which reached approximately US \$850 million in total awarded business at the close of 3Q20. We are proud of Nemak's solid track record as it transitions to become ALFA's first independent business.

ALFA's financial position strengthened in 3Q20 resulting from lower Net Debt and higher EBITDA. Net Leverage of 3.0x with Nemak as Discontinued Operations was lower year-on-year and quarter-on-quarter. Moreover, we started to reduce excess Cash gradually as conditions normalize. At the close of 3Q20, ALFA's consolidated cash balance with Nemak as Discontinued Operations was US \$1,408 million, compared to US \$1,748 million in 2Q20.

Looking forward, we remain optimistic that the worst part of the economic shutdowns may be behind us. ALFA and its subsidiaries will continue to ensure the highest safety standards, focus on business continuity and pursue strategic priorities.

I would like to recognize and thank each of our team members; whose hard work and dedication have been fundamental to ALFA emerging strongly from this crisis."

Keep well/Stay safe,

Álvaro Fernández

ALFA (BMV: ALFAA) Consolidated Financial Results

INCOME STATEMENT (US \$ MILLIONS)

	3Q20	2Q20	3Q19	(% 3Q20 vs.		YTD '20	YTD '19	Ch. %
				2Q20	3Q19			
Total Revenues	3,056	2,789	3,356	10	(9)	9,106	10,195	(11)
Gross Profit	752	548	746	37	1	1,941	2,096	(7)
Operating expenses and others	(470)	(458)	(514)	(3)	9	(1,320)	(1,450)	9
EBITDA	444	269	409	65	8	1,133	1,174	(3)
Operating income (loss)	282	90	232	214	21	622	645	(4)
Financial cost, net	(73)	(33)	(138)	(123)	47	(325)	(320)	(1)
Share of losses of associates	1	(4)	(2)	116	132	(3)	(1)	(288)
Income Tax	(86)	(37)	(25)	(130)	(240)	33	(133)	125
Profit (loss) from continuing operations	124	15	67	718	85	327	192	71
Profit (loss) from discontinued operations ¹	90	(125)	(2)	172	-	(48)	99	(148)
Consolidated net income (loss)	214	(109)	65	295	228	279	291	(4)
Controlling Interest	171	(88)	60	294	187	253	220	15
EBITDA/Revenues (%)	14.5	9.6	12.2			12.4	11.5	

¹ Breakdown of Profit (loss) from Discontinued Operations shown on Table 12

Total Revenues were US \$3.056 billion, down 9% when compared to 3Q19 mainly due to the effect of lower feedstock prices in Alpek and Foodservice demand in Sigma. Accumulated Revenues were US \$9.106 billion, down 11% versus 2019, due primarily to lower average prices at Alpek reflecting the decline in oil and feedstock prices. Year-to-date, 64% of consolidated ALFA revenues were derived from outside Mexico, also known as "Foreign Sales" (see table 2).

EBITDA was US \$444 million, up 8% year-on-year. 3Q20 EBITDA includes a US \$67 million net gain from extraordinary items comprised of: i) a US \$58 million non-recurring gain at Newpek from the sale of its assets in Texas, ii) a non-cash inventory gain of US \$16 million at Alpek, less iii) a non-cash provision of US \$10 million at Newpek from its Mexico operations. Adjusting for extraordinary items in all periods, Comparable ALFA EBITDA was US \$377 million, US \$301 million and US \$432 million in 3Q20, 2Q20 and 3Q19, respectively.

Accumulated Comparable ALFA EBITDA was US \$1.008 billion, down 16% versus the US \$1.196 billion in 2019 as temporary, COVID-19 related distortions weighed on 2Q20 results (see tables 3, 4, 5 and 6).

Adjusting for discontinued operations, ALFA's 3Q20 Proforma EBITDA was US \$621 million up 13% year-on-year driven by a strong recovery at Nemak. 3Q20 Proforma EBITDA was the second highest quarterly figure since 1Q19.



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Third Quarter 2020 (3Q20)



Operating Income was US \$282 million, up from US \$232 million in 3Q19 reflecting the increase in EBITDA explained above. Accumulated Operating Income was US \$622 million, down 4% compared to US \$645 million in 2019 (see table 3).

Comprehensive Financing Expense (CFE) of US \$73 million, was down from US \$138 million in 3Q19. 3Q20 CFE includes a US \$13 million exchange rate gain versus a US \$48 million exchange rate loss in 3Q19, reflecting movements in the Mexican Peso, among other exchange rates. Accumulated Comprehensive Financing Expense was US \$325 million, up 1% compared to the US \$320 million in 2019 (see table 7).

Controlling Interest Net Income was US \$171 million, compared to US \$60 million gain in 3Q19 mainly due to the increase in Operating Income, lower Comprehensive Financing Expense and the increase in profits from discontinued operations boosted by a strong recovery at Nemak. Accumulated Controlling Interest Net Income was US \$253 million, up 15% versus 2019 mainly due to an Income Tax benefit resulting from a gain in Deferred Taxes associated primarily with the depreciation of the Mexican Peso at the close of 1Q20 (see table 8).

CHANGE IN NET DEBT (US \$ MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD '20	YTD '19	Ch. %
EBITDA	444	269	409	65	8	1,133	1,174	(3)
Net Working Capital	86	5	0	-	-	54	(122)	144
Capital expenditures & Acquisitions	(67)	(85)	(130)	21	48	(234)	(348)	33
Net Financial Expenses	(89)	(93)	(99)	4	10	(277)	(292)	5
Taxes	(44)	(63)	(52)	30	15	(295)	(317)	7
Dividends	0	0	(100)	-	-	(133)	(264)	50
Other Sources / Uses	(100)	(54)	(38)	(85)	(163)	(81)	(398)	80
Decrease (Increase) in Net Debt from discontinued operations ¹	110	(295)	100	137	10	(190)	78	(344)
Net Debt from discontinued operations – Nemak	1,405	0	0	-	-	1,405	0	-
Decrease (Increase) in Net Debt	1,745	(317)	89	650	-	1,382	(489)	383

¹ Breakdown of Decrease (Increase) in Net Debt from Discontinued Operations shown on Table 13.

Net Debt was US \$4.894 billion at the close of 3Q20 mainly due to the reclassification of Net Debt from discontinued operations (Nemak). Adjusting for discontinued operations in previous periods, 3Q20 Net Debt was down 16% and 5% versus 3Q19 and 2Q20, respectively. On an absolute basis and adjusting for discontinued operations in previous periods, consolidated ALFA Net Debt decreased US \$176 million versus year-end 2019 supported by resilient EBITDA generation despite COVID-19, recovery in Net Working Capital and selective divestments.



As of September 30, 2020, Cash totaled US \$1.408 billion, down \$340 million quarter-on-quarter as ALFA and its Subsidiaries have started to reduce excess Cash by paying down some of the credit lines drawn at the beginning of the pandemic. At the close of 3Q20, ALFA had US \$2.930 billion in available Credit Lines. Financial ratios at the close of 3Q20 were: Net Debt to EBITDA 3.0 times and Interest Coverage 5.6 times, compared with 3.1 and 6.9 times in 3Q19, respectively, after adjusting for discontinued operations (see table 9).

Net Working Capital was US \$86 million during 3Q20, as a result of multiple optimization initiatives. Recovery at Alpek and Sigma was partially offset by small investments in Axtel.

Capital Expenditures (CAPEX) & Acquisitions was US \$70 million in 3Q20, down 36% and 20% versus 3Q19 and 2Q20, respectively. ALFA and its subsidiaries continue the deferral or reduction of planned investments as part of the actions taken to maximize cash flow amid COVID-19. The majority of CAPEX is being used for maintenance or minor projects. Accumulated CAPEX totaled US \$243 million in 2020, down 17% year-on-year.

Dividends continue to be deferred as part of the actions to maximize Cash Flow amid COVID-19. Accumulated Dividends totaled US \$133 million, including the payment to ALFA Shareholders in March, plus dividends paid to minority shareholders at the subsidiary level.

RECENT DEVELOPMENTS - ALFA

COVID-19	<ul style="list-style-type: none"> ALFA focused on Safety and Business Continuity amid COVID-19 <ul style="list-style-type: none"> Ensure the highest health/safety standards to protect the well-being of employees, customers, suppliers and community Preserve the continuity and long-term sustainability of our businesses Strong financial position and financial flexibility <ul style="list-style-type: none"> Maximize liquidity Reduce costs and expenses Defer certain CAPEX in all subsidiaries Optimize working capital Review dividends
Unlocking Value	<ul style="list-style-type: none"> Transformational initiative to maximize valuation – eliminate conglomerate discount Transfer absolute autonomy to ALFA shareholders Gradual and orderly transition to full business independence (vs Conglomerate) Process supported by solid results amid COVID-19 Commitment to maintain strong credit profile throughout transformation Focus on current Nemak spin-off and Axtel monetization
Nemak spin-off	<ul style="list-style-type: none"> ALFA shareholders approved the spin-off of Nemak (August 17, 2020) ALFA will transfer all of its Nemak shares to a new, listed entity; “Controladora Nemak” ALFA shareholders will receive one share of Controladora Nemak for each ALFA share First step in transformational process towards fully independent subsidiaries Supported by successful Nemak track record operating separate from ALFA Process to list Controladora Nemak and distribute its shares to ALFA shareholders expected to conclude in late October / early November
ALFA Credit Ratings	<ul style="list-style-type: none"> Fitch BBB-; Stable outlook Moody’s Baa3; Stable outlook Standard & Poor’s (S&P) lowered ALFA issuer credit rating to BBB- (from BBB) <ul style="list-style-type: none"> Issue-level rating lowered to BB+ (from BBB-). Stable outlook
NAFINSA Trust (NT)	<ul style="list-style-type: none"> ALFA foreign shareholders must acquire shares via the NT since 1991 NT reached its limit in 2020 (50% of total shares outstanding) ALFA seeking to expand NT limit
Share Repurchase Program	<ul style="list-style-type: none"> 105.8 million total shares repurchased YTD (~US \$46 million); no repurchases in 3Q20 145.9 million total shares repurchased and held at the Treasury (~US \$83 million)
2020 Guidance	<ul style="list-style-type: none"> 2020 Guidance withdrawn in 2Q20 Focus on elaborating a 2021 estimate

Results by Business



Alpek (BMV: ALPEKA) – Petrochemicals

44% of ALFA's revenues in 3Q20

SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD `20	YTD `19	Ch. %
				2Q20	3Q19			
Volume (ktons)	1,260	1,109	1,118	14	13	3,554	3,325	7
Polyester	1,026	933	895	10	15	2,927	2,639	11
Plastic & Chemicals	234	176	223	33	5	627	686	(9)
Revenues	1,325	1,175	1,523	13	(13)	3,933	4,809	(18)
Polyester	990	925	1,162	7	(15)	3,009	3,643	(17)
Plastic & Chemicals	297	221	345	34	(14)	818	1,096	(25)
EBITDA	179	74	194	140	(8)	364	495	(27)
Polyester	109	33	129	228	(16)	200	305	(34)
Plastic & Chemicals	67	40	60	65	11	156	175	(11)
CAPEX & Acquisitions¹	23	27	49	(14)	(53)	65	155	(58)
Net Debt	1,235	1,428	2,036	(14)	(39)	1,235	2,036	(39)
Net Debt / LTM EBITDA [*]	1.7	1.9	2.4					
LTM Interest Coverage ^{2*}	7.0	6.9	7.8					

* Times. LTM = Last 12 months

1 Gross amount; does not include divestments

2 Interest Coverage = EBITDA/Net Financial Expenses

Volume was 1,260 ktons, a record high quarterly volume, up 13% versus 3Q19. Polyester volume growth was supported by stronger PET demand from a heightened focus on safety and hygiene. Plastics & Chemicals volume also grew reflecting higher EPS volume, due to the resiliency of the packaging segment and the swift recovery of the construction industry. Meanwhile, Polypropylene also recovered as demand from the automotive industry normalized. Accumulated volume was up 7% when compared with the same period in 2019.

Revenues totaled US \$1.325 billion in 3Q20, down 13% year-on-year, reflecting a 23% decrease in average consolidated prices resulting from the drop in oil and feedstock prices, partially offset by higher volumes. Accumulated Revenues were US \$3.933 billion, down 18% versus the same period in 2019 as volume growth was more than offset by a 26% decrease in average prices.

EBITDA was US \$179 million, including a US \$16 million non-cash inventory gain and a US \$3 million net gain related to other items. Adjusting for extraordinary items, Alpek's Comparable 3Q20 EBITDA was US \$160 million, down 25% when compared to 3Q19 but 45% higher than 2Q20 driven by strong volume and positive raw material carry forward amid rising feedstock prices.

3Q20 EBITDA includes a US \$6 million raw material carry-forward (RMCF) gain versus a US \$39 million negative impact in 2Q20 reflecting feedstock price movements. 3Q20 Comparable EBITDA excluding RMCF was up 3% quarter-on-quarter and down 34% year-on-year.

Accumulated EBITDA as of September 30, 2020 was US \$364 million and accumulated Comparable EBITDA totaled US \$398 million, down 27% and 28%, respectively, versus the same periods in 2019. Accumulated Comparable EBITDA excluding Raw Material carry-forward was US \$450 million, down 27% versus the same period in 2019.

Capital expenditures (CAPEX) & Acquisitions were US \$23 million in 3Q20, compared to US \$49 million in 3Q19. Accumulated CAPEX totaled US \$65 million, 58% lower than the same period in 2019 as Alpek continued to focus on maintenance CAPEX and minor asset replacements. Alpek continues to execute on its long-term strategy while exercising financial discipline.

Net Debt was US \$1.235 billion, down 39% and 14% when compared with 3Q19 and 2Q20, respectively. Cash totaled US \$519 million at the end of the third quarter, down 15% versus 2Q20 as Alpek began moving towards normalized Cash levels. Financial ratios at the end of 3Q20 were Net Debt to EBITDA of 1.7 times and Interest Coverage of 7.0 times.

RECENT DEVELOPMENTS - ALPEK

COVID-19	<ul style="list-style-type: none"> Alpek continued operating without interruptions Relying on preventive measures, which proved to be successful, such as home-office work, health checkpoints, and use of protective gear at all Alpek sites Demand for refined products rose, resulting in a price increase for Crude, Px and Propylene Demand from the Construction and Automotive industries quickly recovered to pre-COVID-19 levels <ul style="list-style-type: none"> Changes to long-term consumer behavior from heightened importance of safety and hygiene will continue to lead towards the increased use of plastics like PET and Polypropylene in food and beverage packaging
M&G Mexico	<ul style="list-style-type: none"> Financial restructuring agreement between M&G Mexico and most of its creditors was approved by the Mexican bankruptcy court Alpek expects to recover US \$160 million in guaranteed debt plus interest, related to its first and second liens with M&G Mexico, over the next five years; US \$50 million expected before year-end Alpek will also continue supplying the PTA needed by M&G Mexico's PET facility

ALFA Unlocking Value	<ul style="list-style-type: none"> • ALFA communicated its plans to transition towards full subsidiary independence • Potential spin-off of ALFA's ownership stake in Alpek at some point in the future • Alpek has begun working on a transition plan that would allow it to become fully independent from the corporate services it employs from ALFA • This is not expected to occur in the short term • Any cost savings or incremental expenses would not have a significant impact on Alpek's already small SG&A • Potential benefit would be the possibility that more of Alpek shares be publicly traded, thus increasing the Company's Free Float, and enhancing share liquidity
Acquisition Agreement (post-3Q20)	<ul style="list-style-type: none"> • Agreement to acquire NOVA Chemicals' styrenics business • Assets include: <ul style="list-style-type: none"> ○ Facility located in Monaca, Pennsylvania, USA with annual capacity of 123,000 tons of expandable polystyrene (EPS), 36,000 tons of ARCEL® (an EPS-polyethylene copolymer), and a world-class R&D pilot plant ○ Facility located in Painesville, Ohio, USA with annual capacity of 45,000 tons of EPS • Acquisition expected to be completed in 4Q20 • Fully aligned with Alpek's long-term growth strategy

(See "Appendix – 3Q20 Reports of Listed Businesses" for Alpek's complete 3Q20 Earnings Report)

Sigma – Food Products

52% of ALFA's revenues in 3Q20



SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	3Q20	2Q20	3Q19	(% 3Q20 vs.)		YTD '20	YTD '19	Ch. %
				2Q20	3Q19			
Revenues	1,577	1,470	1,632	7	(3)	4,684	4,758	(2)
Mexico	580	527	678	10	(14)	1,786	2,009	(11)
Europe	602	535	573	13	5	1,710	1,632	5
United States	286	298	261	(4)	10	853	762	12
LatAm	109	110	120	(1)	(9)	336	354	(5)
EBITDA	179	159	182	13	(1)	506	527	(4)
Mexico	84	73	99	16	(15)	247	293	(16)
Europe	41	21	37	98	13	87	88	(1)
United States	44	56	35	(21)	28	143	112	28
LatAm	9	9	11	4	(15)	29	34	(15)
CAPEX & Acquisitions¹	24	35	42	(31)	(42)	83	98	(16)
Net Debt	1,930	1,996	2,040	(3)	(5)	1,930	2,040	(5)
Net Debt / LTM EBITDA*	2.8	2.9	2.9					
LTM Interest Coverage ^{2*}	5.4	5.5	6.0					

* Times. LTM = Last 12 months

¹ Gross amount; does not include divestments

² Interest Coverage = EBITDA/Net Financial Expenses

Revenues amounted to US \$1.577 billion, down 3% versus 3Q19, mainly explained by the FX conversion effect on the Mexican peso and a decrease in Foodservice sales across regions, resulting from the temporary closure of hotels and restaurants due to COVID-19. On a currency neutral basis and excluding Foodservice results, revenues during the quarter were 5% higher year-on-year. During 3Q20, revenues in local currencies and excluding Foodservice results increased by 6% in Mexico, 2% in Europe, 9% in the U.S. and 9% in Latin America, compared to 3Q19. Accumulated revenues were US \$4.684 billion, 2% lower when compared to the same period in 2019 (see table 15). On a currency neutral basis and excluding Foodservice results, accumulated sales rose by 8% year-on-year.

EBITDA reached US \$179 million, down 1% year-on-year mainly due to the FX conversion effect on the Mexican peso and the impact related to COVID-19 on the Foodservice distribution channel. On a currency neutral basis and excluding results from Foodservice, 3Q20 Adjusted EBITDA increased 13% year-on-year, mainly supported by margin improvements in Europe and Mexico. Accumulated EBITDA was US \$506 million, down 4% versus the same period of 2019 (see table 16). On a currency neutral basis and excluding Foodservice results, accumulated Adjusted EBITDA was up 11% year-on-year.

Capital expenditures (CAPEX) & Acquisitions amounted to US \$24 million in 3Q20, a 42% decrease year-on-year, following actions taken on non-strategic investments to preserve cash flow amid the COVID-19 pandemic. Accumulated CAPEX totaled US \$83 million, down 16% versus 2019.

Net Debt was US \$1.930 billion, down 5% and 3% when compared to 3Q19 and 2Q20, respectively, as a result of solid operating performance and initiatives to maximize cash flow amid COVID-19. Cash totaled US \$590 million at the end of the third quarter, as Sigma gradually began to reduce excess cash as conditions continued to normalize. Financial ratios at the end of the quarter were 2.8 times and 5.4 times for Net Debt to EBITDA and Interest Coverage, respectively (see table 17).

INDUSTRY COMMENTS - SIGMA

During the third quarter, the COVID-19 pandemic continued to present a challenge for the global economy due to the effects of preventive lockdowns on consumer behavior. The situation led to weaker economic growth and higher unemployment, even as some communities transition towards a new normal, while others start facing a second wave.

Consumer confidence in Mexico reported by INEGI¹ increased 13% in 3Q20 compared to the end of 2Q20 but remains below pre-pandemic levels. Additionally, same-store-sales reported by ANTAD² for 3Q20 were down 4% year-on-year in nominal Pesos, improving from levels near negative 20% from the previous quarter.

In the U.S., the average consumer confidence index³ during the quarter decreased by 29% over the same period in 2019. In contrast, food retail sales⁴ rose by an average 9% between July and August, compared to the figures for the same two months in 2019.

In Europe, the average consumer confidence index reported by the European Commission decreased from a negative 6.7 in 3Q19 to a negative 14.5 in 3Q20. As other regions, food retail sales increased by 3% year-on-year.

During 3Q20, key raw material prices remained below 3Q19 levels due to high inventories in the U.S. and lower commercial activity worldwide associated with the COVID-19 lockdown measures.

In Europe, pork shoulder, pork ham and lean hog prices decreased 16%, 15% and 10%, respectively year-on-year. When compared to 2Q20, pork shoulder and pork leg prices declined 7%, respectively, while lean hog prices decreased 27%.

¹ Instituto Nacional de Estadística y Geografía – National Institute for Statistics and Geography

² Asociación Nacional de Tiendas de Autoservicio y Departamentales - National Association of Supermarkets and Department Stores

³ Source: The Conference Board

⁴ Source The U.S. Census Bureau

In the U.S., pork ham prices decreased 26% versus 3Q19 and increased 34% versus 2Q20. With respect to poultry, prices for turkey breasts and turkey thighs declined 13% and 25%, respectively, while chicken prices remained flat, year-on-year. On a sequential basis, prices for turkey thighs and turkey breasts increased 2% and 9%, respectively, while chicken prices remained flat.

Given that Sigma's operations in Mexico source most of its raw materials from the U.S., the decrease on certain raw material prices was partially offset by a 14% year-on-year depreciation of the Mexican peso against the U.S. dollar.

RESULTS BY REGION - SIGMA

During 3Q20, sales in Europe accounted for 38% of the total, while Mexico represented 37%, the U.S. 18%, and Latin America 7%.

Mexico Peso-denominated 3Q20 sales and EBITDA both decreased 3% year-on-year, mainly impacted by lower sales volume in the Foodservice distribution channel. Hotels and restaurants began to gradually reopen at limited capacity, in line with government restrictions related to COVID-19 contingency. Excluding Foodservice results, sales and EBITDA in pesos increased 6% and 8% versus 3Q19, respectively.

Europe improved its results supported by higher margins. 3Q20 sales in euros were flat when compared to 3Q19, partially explained by lower sales volume in the Foodservice distribution channel due to COVID-19. Meanwhile, EBITDA increased 7% in euros for the same period, primarily attributed to margin expansion related to higher average prices. Excluding Foodservice results, revenues in euros increased 2% and EBITDA increased 11% versus 3Q19. On a sequential basis, margins improved over 290 basis points mainly due to lower raw material costs.

United States continued its outstanding performance throughout 3Q20. Sales and EBITDA increased by 10% and 28% year-on-year, respectively, as a result of higher sales volumes and average prices. This highlights the company's ability to satisfy consumer demand in the region. 3Q20 EBITDA was the second highest recorded for the U.S. operations.

Latam 3Q20 sales and EBITDA in local currencies were down 5% and 12%, respectively, versus 3Q19. A gradual recovery of the Foodservice distribution channel was observed on a monthly basis, although levels continue below those for the same period of 2019. Excluding Foodservice results, revenues and EBITDA in local currencies increased 9% and 14% versus 3Q19, respectively.

RECENT DEVELOPMENTS - SIGMA

COVID-19	<ul style="list-style-type: none"> The company is committed to maintaining the health and safety of its employees around the world, as well as delivering nutritious and high-quality food to communities everywhere Strict preventive measures and protocols continue being implemented and are constantly updated across geographic locations to protect employees, their families and communities, customers, suppliers, and consumers As of today, all production plants and distribution centers continue operating, following strict health & safety protocols to prevent the spread of the virus Sigma's supply chain has not presented disruptions
Liquidity Management	<ul style="list-style-type: none"> Credit lines amounting to US \$177 million, drawn as a precautionary measure related to COVID-19, were prepaid during 3Q20 <ul style="list-style-type: none"> Strong cash position of US \$590 million +US \$700 million in available committed credit lines Next long-term maturity is in 2024
Financial Hedges	<ul style="list-style-type: none"> As of today, Sigma hedged approximately up to nine months of its U.S. dollar needs through FX forward contracts for a nominal amount of US \$550 million @22.17 MXN/USD
Product Labeling in Mexico	<ul style="list-style-type: none"> Amendments to the Mexican general labeling specifications for pre-packaged food (NOM-051) require the inclusion of one label for each of the following criteria: high calories, added sugars, saturated fats, trans fats, and sodium Sigma continues delivering nutritious and high-quality food to communities everywhere Ongoing efforts aim to further improve the nutritional profile of Sigma's products without compromising consumer preference Approximately 60% of sales in Mexico will be related to products without labels, while 34% will have a single label
Tastech by Sigma	<ul style="list-style-type: none"> Tastech, Sigma's first worldwide acceleration program, had its DemoDay in September. Positive results from the implementation of 8 pilot tests in 4 different countries were presented 2021 Call-out is planned to start during 4Q20
Sustainability	<ul style="list-style-type: none"> Sigma reaffirms its sustainability commitments of Health & Nutrition, Wellbeing, Shared Value, and the Environment to become a more sustainable company Sigma's goals are aligned with the UN Sustainable Development Goals (SDGs) Visit Sigma's web page for more information
ALFA Unlocking Value	<ul style="list-style-type: none"> Sigma has an independent structure with some services provided by ALFA, that could be integrated into the company at Sigma's full discretion and without material expense increases Sigma reiterates its leverage objective of 2.5x Net Debt to EBITDA

ASF in Germany	<ul style="list-style-type: none">• During 3Q20, cases of ASF on wild hogs were identified in Germany• German government containment actions are in place• Certain Asian countries such as China, Japan, and South Korea, banned imports temporarily• Prices in Germany decreased 14% during the week in which cases were identified and have remained stable since
Credit Ratings	<ul style="list-style-type: none">• Fitch BBB; Stable Outlook• Moody's Baa3; Stable Outlook• Standard & Poor's (S&P) lowered Sigma rating to BBB- from BBB as a result of S&P methodology placing a cap at the parent level (ALFA). Stable Outlook

(See "Financial Statements" for Sigma's 3Q20 Balance Sheet and Income Statement)

Earnings Report

Third Quarter 2020 (3Q20)



Axtel (BMV: AXTELCPO) – IT & Telecom

5% of ALFA's revenues in 3Q20

axtel



SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	3Q20	2Q20	3Q19	[%] 3Q20 vs.		YTD '20	YTD '19	Ch. %
				2Q20	3Q19			
Revenues	140	132	165	6	(15)	429	504	(15)
Services - Enterprise	89	82	102	7	(13)	273	313	(13)
Services - Government	21	19	28	11	(23)	67	78	(14)
Infrastructure	58	56	64	3	(10)	173	192	(10)
Eliminations	(28)	(26)	(31)	(6)	(11)	(85)	(94)	(10)
Mass Market	0	0	2	-	-	0	15	-
EBITDA	49	53	57	(7)	(14)	257	211	22
CAPEX & Acquisitions¹	17	18	20	(10)	(18)	71	62	15
Net Debt	595	593	765	-	(22)	595	765	(22)
Net Debt / LTM EBITDA*	1.9	1.9	1.8					
LTM Interest Coverage ^{2*}	4.6	4.5	5.2					

* Times. LTM = Last 12 months

¹ Gross amount; does not include divestments

² Interest Coverage = EBITDA/Net Financial Expenses

Revenues totaled US \$140 million, down 15% year-on-year mainly due to the depreciation of the Mexican Peso. On a currency neutral basis and adjusting for the effect of Axtel's discontinued operations (Mass Market and Data Centers), comparable 3Q20 revenues were flat versus 3Q19 as growth in the Infrastructure business unit was offset by lower Services unit sales. Accumulated Revenues were US \$429 million, down 15% versus same period last year mainly due to the impact of Axtel's discontinued operations and the depreciation of the Mexican Peso. On a currency neutral basis and adjusting for the effect of discontinued operations, accumulated Revenues were up 1% year-on-year.

EBITDA was US \$49 million, down 14% year-on-year. On a currency neutral basis and adjusting for the effect of Axtel's discontinued operations, 3Q20 Proforma EBITDA was 2% higher year-on-year. Accumulated EBITDA was US \$257 million, up 22% versus the same period in 2019, including a US \$107 million one-time gain from the Data Center sale in 1Q20. Adjusting for extraordinary items and the contribution of recently sold businesses, accumulated EBITDA was down 10% year-on-year or up 1% on a currency neutral basis as Infrastructure unit EBITDA growth was offset by lower EBITDA from the Service unit.

Capital expenditures (CAPEX) & Acquisitions totaled US \$17 million in 3Q20, down 18% when compared to 3Q19. Accumulated CAPEX was US \$71 million, up 15% year-on-year mainly due to US \$22 million one-time investment in the renewal of spectrum frequencies.



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Net Debt was US \$595 million at the close of 3Q20, down 22% and flat when compared to 3Q19 and 2Q20, respectively. Cash totaled US \$163 million at the end of the second quarter, up US \$117 million versus year-end 2019. Financial ratios at the close of 3Q20 were: Net Debt to EBITDA of 1.9 times and Interest Coverage of 4.6 times.

RECENT DEVELOPMENTS - AXTEL

Competitive Process	<ul style="list-style-type: none"> Axtel received a high number of non-binding offers for both the whole company and the Infrastructure unit <ul style="list-style-type: none"> To maximize value-creation for its shareholders, Axtel will move forward seeking a potential transaction for the whole company Unable to provide timing estimate for a potential transaction at this time
COVID-19	<ul style="list-style-type: none"> “Axtel Digital” project <ul style="list-style-type: none"> Advancing with virtualization of most of its processes Estimating annual savings of over Ps. \$85 million in office rents in the next years Community support <ul style="list-style-type: none"> Alestra donated the connectivity and required software to enable a cloud-based contact center to the National Center for Epidemiological Contingencies and Disasters (CENACED) to provide free psychological support
Alestra Fest	<ul style="list-style-type: none"> Axtel hosted the eleventh edition of Alestra Fest with a three-day virtual event <ul style="list-style-type: none"> Presented its portfolio of solutions to face the challenges of the new reality Cybersecurity and cloud digital mega trends were topics that have aroused special interest among clients and enterprise and government prospects
Guidance	<ul style="list-style-type: none"> Axtel’s year-to-date EBITDA reached 77% of its full year guidance

(See “Appendix - 3Q20 Reports of Listed Businesses” for Axtel’s complete 3Q20 Earnings Report)

Newpek – Oil & Gas



Less than 1% of ALFA's revenues in 3Q20

SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	3Q20	2Q20	3Q19	(% 3Q20 vs.)		YTD '20	YTD '19	Ch. %
				2Q20	3Q19			
Volume (MBOEPD)¹	1.4	4.8	5.4	(71)	(74)	4.2	5.6	(26)
Revenues	2	7	16	(67)	(85)	26	58	(56)
Mexico	1	4	10	(67)	(86)	14	42	(67)
Foreign	1	3	5	(68)	(82)	12	17	(27)
EBITDA	46	(8)	(11)	680	507	33	(25)	229
CAPEX & Acquisitions²	1	4	5	(74)	(77)	0	7	(98)
Net Debt	(11)	(6)	(15)	(70)	30	(11)	(15)	30

¹ Thousand Barrels of Oil Equivalents Per Day

² Gross amount; does not include divestments

Volume averaged 1.4 thousand barrels of oil equivalents per day (MBOEPD) during 3Q20 in Mexico, down 74% versus 3Q19 due to the natural decline in well productivity, less producing wells due to recent divestments and lower drilling for new wells (see table 18). There were 40 wells in production at quarter's end in Mexico, a 68% decrease from the 124 wells in production at the end of 3Q19.

Revenues were US \$2 million in 3Q20, down 85% year-on-year mainly due to the divestment of the Eagle Ford (EFS) and Edwards shale formations in the United States during the quarter (see table 18). Crude oil prices recovered from the multi-year lows reached in April due to a faster than expected recovery of global oil demand. However, WTI averaged US \$41 per barrel, down 27% compared to 3Q19. Henry Hub averaged US \$1.9 per MMBTU during 3Q20, 20% below than 3Q19.

EBITDA was US \$46 million in 3Q20, which includes an extraordinary gain of US \$58 million resulting from the divestment of all the assets in Texas as Newpek obtained a complete cancellation of its obligations in the JV and operating contracts. 3Q20 EBITDA also includes a non-cash provision of US \$10 million associated with a lower recovery expectation of past expenses pursuant to its Integrated Exploration and Production Contract (CIEPs) service contracts in Veracruz. Adjusting for these items, comparable 3Q20 EBITDA was a loss of US \$2 million, versus comparable losses of US \$7 million in 3Q19 and US \$8 million in 2Q20 (see table 19).

RECENT DEVELOPMENTS – NEWPEK

Divestment EFS

- Transaction includes all wells and leases in the EFS and Edwards formations in Texas
- EBITDA gain of US \$58 million in 3Q20 resulting from the cancellation of obligations
- Sale was in line with ALFA's Unlocking Value strategy

(See "Tables" for more comprehensive analysis of Newpek's 3Q20 financial results)



Earnings Report

Third Quarter 2020 (3Q20)



Nemak (BMV: NEMAKA) – Aluminum Autoparts



In accordance with International Financial Reporting Standards (IFRS), ALFA's Consolidated Results must account for Nemak as Discontinued Operations due to the planned spin-off of this business. This section of the report provides complementary information about Nemak related to this change. Additional operational and financial figures are available in Nemak's 3Q20 Earnings Report, which was released separately.

SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD '20	YTD '19	Ch. %
				2Q20	3Q19			
Volume (Million Equivalent Units)	10.1	4.4	10.6	130	(5)	25.0	33.8	(26)
North America	5.9	2.2	6.3	168	(6)	14.2	19.9	(29)
Europe	3.1	1.5	3.3	107	(6)	8.0	11.0	(28)
Rest of World	1.1	0.7	1.0	57	10	2.8	2.9	(4)
Revenues	896	403	963	122	(7)	2,205	3,076	(28)
North America	491	182	555	170	(12)	1,181	1,724	(32)
Europe	301	156	323	93	(7)	780	1,091	(29)
Rest of World	103	65	85	58	21	244	261	(7)
EBITDA	178	(37)	139	381	28	282	487	(42)
North America	105	(24)	91	338	15	172	299	(43)
Europe	63	(16)	39	294	62	93	165	(44)
Rest of World	10	3	9	233	11	18	24	(25)
CAPEX & Acquisitions¹	49	42	74	17	16	188	246	(24)
Net Debt	1,405	1,515	1,221	(7)	15	1,405	1,221	15
Net Debt / LTM EBITDA*	3.4	4.0	1.9					
LTM Interest Coverage ²	5.4	4.8	9.3					

* Times. LTM = Last 12 months

1 Gross amount; does not include divestments

2 Interest Coverage = EBITDA/Net Financial Expenses

Volume was 10.1 million equivalent units, down 5% when compared to 3Q19 as growth in the Chinese light vehicle segment was more than offset by soft demand in North America, Europe and South America amid COVID-19. Quarter on quarter, volume was up 130% boosted by a successful production ramp-up in all regions following the 2Q20 shutdowns associated with the COVID-19 pandemic.

Revenues totaled US \$896 million in 3Q20, down 7% year-over-year, resulting from lower volume and, to a lesser extent, lower aluminum prices. Revenues were up 122% versus 2Q20 driven by volume growth. Accumulated Revenues were US \$2.205 billion, down 28% versus the same period in 2019 primarily due to temporary plant shutdowns in 1H20 associated with COVID-19.



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EBITDA was US \$178 million, up 28% versus 3Q19 as lower volume was more than offset by cost reductions of 28% and 9% in SG&A and COGS, respectively. In turn, EBITDA per equivalent unit reached a new record high of US \$17.6 dollars, up 34% versus 3Q19. Accumulated EBITDA was US \$282 million, down 42% versus the same period last year as COVID-19 related distortions, including plant shutdowns, weighed on 2Q20 results.

Capital expenditures (CAPEX) & Acquisitions totaled US \$49 million, as investments to support new product launches continued in all regions. Accumulated CAPEX was US \$188 million, down 24% versus 2019 as the Company maintained a disciplined approach to optimize cash flow amid COVID-19.

Net Debt totaled US \$1.405 billion at the close of 3Q20, up 15% and down 7% when compared to 3Q19 and 2Q20, respectively. Cash totaled US \$656 million at the end of the third quarter, up US \$7 million versus 2Q20 as Nemak maintains strong liquidity. Financial ratios at the end of 3Q20 were Net Debt to EBITDA of 3.4 times and Interest Coverage of 5.4 times. Adjusting for non-recurring severance expenses, financial ratios were 3.1 times and 5.9 times, respectively.

RECENT DEVELOPMENTS - NEMAK

COVID-19	<ul style="list-style-type: none"> • Priority to safeguard employee wellbeing <ul style="list-style-type: none"> - Redesign work environments—from production lines to common areas—to protect the health and safety of its employees - Global communication and training program to reinforce the implementation of key preventive measures in this regard • Optimizing costs, expenses, cash flow, and liquidity <ul style="list-style-type: none"> - Improvements to cost structure; project management approach to drive greater efficiency in operations - Deferment of non-essential CAPEX • Ensure business continuity <ul style="list-style-type: none"> - Supporting new vehicle launches as well as the longer-term strategies of its customers - Meet immediate supply needs while growing contract backlog across main business segments
ALFA Unlocking Value	<ul style="list-style-type: none"> • Nemak has been working on a transition plan that would allow it to become fully independent from the remaining corporate services it employs from ALFA
New Contracts	<ul style="list-style-type: none"> • New contracts in 3Q20 worth a total of approximately US \$230 million in annual revenue, about 25 percent of which represented incremental business, primarily to produce cylinder heads, engine blocks, and structural and EV components
Structural and Electric Vehicle (SC/EV) Components	<ul style="list-style-type: none"> • Total order book in this segment to-date grew to approximately US \$850 million or 85% of the US \$1 billion target for 2022 • Initiated series production of battery housings for the full-electric Ford Mustang Mach-E at the new Electric Mobility Center in Monterrey, Mexico • Won a new contract to supply up to 23 battery housings per commercial vehicle to a leading, European-based manufacturer of commercial vehicles

Credit Ratings	<ul style="list-style-type: none">• Rating agencies reaffirmed existing credit rating during the quarter<ul style="list-style-type: none">- Fitch: BBB-; Negative Outlook- Moody's: Ba1; Negative Outlook- Standard & Poor's: BB+; Negative Outlook
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(See "Appendix - 3Q20 Reports of Listed Businesses" for Nemak's complete 3Q20 Earnings Report)

Earnings Report

Third Quarter 2020 (3Q20)



3Q20 EARNINGS CALL INFORMATION

Date: Thursday, October 22, 2020

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: 13711346

Webcast: <http://public.viavid.com/index.php?id=141720>

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: 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. 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. 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 and the United States. Nemark, a leading provider of innovative lightweighting solutions for the global automotive industry, specializing in the development and manufacturing of aluminum components for powertrain, structural components and for electric vehicles. In 2019, ALFA reported revenues of Ps. 337,750 million (US \$17.5 billion), and EBITDA of Ps. 44,280 million (US \$2.3 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

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.

Tables

ALFA

Table 1 | VOLUME AND PRICE CHANGES (%)

	3Q20 vs.		YTD '20 vs. YTD '19
	2Q20	3Q19	
Total Volume	4.9	5.0	4.7
Domestic Volume	1.7	1.1	3.4
Foreign Volume	9.4	10.6	6.6
Avg. Ps. Prices	(1.1)	(1.2)	(3.9)
Avg. US \$ Prices	4.5	(13.2)	(14.7)

Table 2 | REVENUES

	3Q20	2Q20	3Q19	3Q20 vs.		YTD '20	YTD '19	Ch.%
				2Q20	3Q19			
Total Revenues								
Ps. Millions	67,571	65,104	65,142	4	4	197,525	196,262	1
US \$ Millions	3,056	2,789	3,356	10	(9)	9,106	10,195	(11)
Domestic Revenues								
Ps. Millions	24,632	23,128	25,985	7	(5)	72,690	77,070	(6)
US \$ Millions	1,114	991	1,339	12	(17)	3,365	4,003	(16)
Foreign Revenues								
Ps. Millions	42,939	41,976	39,157	2	10	124,835	119,191	5
US \$ Millions	1,942	1,798	2,017	8	(4)	5,742	6,192	(7)
Foreign / Total (%)	64	64	60	(1)	6	63	61	4

Table 3 | OPERATING INCOME AND EBITDA

	3Q20	2Q20	3Q19	3Q20 vs.		YTD '20	YTD '19	Ch.%
				2Q20	3Q19			
Operating Income								
Ps. Millions	6,249	2,037	4,505	207	39	13,198	12,424	6
US \$ Millions	282	90	232	214	21	622	645	(4)
EBITDA								
Ps. Millions	9,826	6,220	7,939	58	24	24,332	22,603	8
US \$ Millions	443	268	409	65	8	1,133	1,174	(3)
EBITDA/Revenues (%)*	14.5	9.6	12.2			12.4	11.5	

*US Dollar denominated EBITDA margin

Earnings Report

Third Quarter 2020 (3Q20)



Table 4 | EXTRAORDINARY ITEMS (US \$ Millions)

Company	Extraordinary item	3Q20	2Q20	3Q19	YTD '20	YTD '19
Alpek	Inventory gain (loss)	16	(42)	(16)	(43)	(63)
	Insurance gain – Altamira fire		6		6	11
	Legal fees/expenses & others	3		(3)	3	(3)
	Total Alpek	19	(36)	(19)	(34)	(55)
Axtel	Mass Market sale gain					39
	Data Center sale gain				107	
	Spectrum sale gain		4		4	
	Total Axtel		4		111	39
Newpek	Mexico expense recovery provision	(10)		(4)	(10)	(5)
	US assets sale gain	58			58	
	Total Newpek	48		(4)	48	(5)
Total effect on EBITDA		67	(32)	(23)	125	(22)

Table 5 | COMPARABLE EBITDA (US \$ Millions)

Company	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD '20	YTD '19	Ch. %
				2Q20	3Q19			
ALFA	377	301	432	25	(13)	1,008	1,196	(16)
Alpek	160	110	213	45	(25)	398	550	(28)
Sigma	179	159	182	13	(2)	506	527	(4)
Axtel	49	49	57	1	(14)	146	173	(16)
Newpek	(2)	(8)	(7)	75	(129)	(15)	(20)	(24)
ALFA EBITDA/Revenues (%)	12.3	10.8	12.9			11.1	11.7	

Table 6 | EFFECT OF IFRS 16 (US \$ Millions)

	1Q20	2Q20	3Q20	4Q20	YTD 2020
Income Statement					
Depreciation & Amortization	23	21	22	-	67
Financial Expense	5	5	5	-	15
Balance Sheet					
Assets - Right of use	396	385	294	-	294
Liabilities					
Short term lease	112	101	77	-	77
Long term lease	301	299	227	-	227
Net Debt*	21	18	12	-	51

*Initial balance plus new leases



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Earnings Report

Third Quarter 2020 (3Q20)



Table 7 | COMPREHENSIVE FINANCING INCOME / EXPENSE (US \$ Millions)

	3Q20	2Q20	3Q19	(% 3Q20 vs.)		YTD '20	YTD '19	Ch.%
				2Q20	3Q19			
Financial Expenses	(96)	(106)	(106)	9	10	(307)	(322)	5
Financial Income	9	13	15	(29)	(39)	35	46	(23)
Net Financial Expenses	(86)	(93)	(91)	7	5	(272)	(276)	1
Exchange Rate Gains (Losses)	14	60	(48)	(77)	129	(53)	(54)	1
Capitalized Comp. Fin. Expense	0	0	1	11	(89)	0	10	(95)
Comprehensive Financing Expense	(73)	(33)	(138)	(123)	47	(325)	(320)	(1)
Avg. Cost of Borrowed Funds (%)	5.3	5.1	5.5			5.5	5.5	

Table 8 | NET INCOME (US \$ Millions)

	3Q20	2Q20	3Q19	(% 3Q20 vs.)		YTD '20	YTD '19	Ch.%
				2Q20	3Q19			
Consolidated Net Income (Loss)	214	(109)	65	295	228	279	291	(4)
Minority Interest	43	(21)	6	301	664	27	71	(62)
Majority Net Income (Loss)	171	(88)	60	294	187	253	220	15
Per Share (US Dollars)	0.03	(0.02)	0.01	(296)	192	0.05	0.04	17
Avg. Outstanding Shares (Millions)	4,909	4,941	5,033			4,953	5,043	

Table 9 | SELECTED BALANCE SHEET INFORMATION & FINANCIAL RATIOS (US \$ Millions)

	3Q20	2Q20	3Q19
Assets	17,672	18,153	18,799
Liabilities	13,086	13,811	13,841
Stockholders' Equity	2,864	4,342	4,957
Majority Equity	3,477	3,278	3,705
Net Debt	4,894	6,323	7,122
Net Debt/EBITDA*	3.0	3.2	3.1
Interest Coverage*	5.6	5.3	6.9

* Times: LTM= Last 12 months



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Earnings Report

Third Quarter 2020 (3Q20)



Table 10 | STATEMENT OF FINANCIAL POSITION & FINANCIAL RATIOS (US \$ Millions)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.	
				2Q20	3Q19
Assets					
Cash and cash equivalents	1,390	2,360	1,212	(41)	15
Trade accounts receivable	802	1,092	1,292	(27)	(38)
Inventories	1,619	2,306	2,379	(30)	(32)
Other current assets	684	869	951	(21)	(28)
Current assets from discontinued operations ¹	5,055	0	0	-	-
Total current assets	9,550	6,627	5,834	44	64
Investment in associates and others	445	467	488	(20)	(23)
Property, plant and equipment, net	4,173	6,682	7,573	(38)	(45)
Goodwill and intangible assets, net	2,198	2,859	2,923	(23)	(25)
Other non-current assets	1,307	1,476	1,347	(12)	(2)
Total assets	17,672	18,112	18,164	(2)	(3)
Liabilities & stockholders' equity					
Debt	240	1,135	716	432	(4)
Suppliers	1,757	2,582	2,725	(32)	(36)
Other current liabilities	985	1,351	1,393	(11)	(5)
Current liabilities from discontinued operations ¹	3,333	0	0	-	-
Total current liabilities	6,315	5,068	4,834	17	31
Debt (include debt issuance cost)	5,726	7,453	7,181	6	7
Employees' benefits	209	269	262	(22)	(20)
Other long-term liabilities	836	1,030	1,111	(33)	(39)
Total liabilities	13,086	13,820	13,388	(5)	(2)
Total stockholders' equity	4,587	4,292	4,777	(33)	(40)
Total liabilities & stockholders' equity	17,672	18,112	18,164	(12)	(12)
Net Debt	4,894	6,640	7,032	(26)	(30)
Net Debt/EBITDA*	3.0	3.2	3.1		
Interest Coverage*	5.6	5.3	6.9		

* Times. LTM=Last 12 months

¹ Breakdown of Balance Sheet line items from Discontinued Operations shown on Table 11



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Table 11 | STATEMENT OF FINANCIAL POSITION DISCONTINUED OPERATIONS – NEMAK
(US \$ MILLIONS)

	3Q20	2Q20	3Q19
Current assets	1,719	-	-
Non-Current assets	3,336	-	-
Total assets	5,055	-	-
Current liabilities	1,500	-	-
Non-Current liabilities	1,833	-	-
Total liabilities	3,333	-	-

Table 12 | INCOME STATEMENT DISCONTINUED OPERATIONS – NEMAK (US \$ MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs. 2Q20 3Q19		YTD '20	YTD '19	Ch. %
Total Revenues	896	403	963	122	(7)	2,205	3,076	(28)
Gross Profit	150	(29)	145	617	3	259	461	(44)
Operating expenses and others	(50)	(48)	(102)	(4)	51	(207)	(237)	13
EBITDA	178	(37)	139	581	28	282	487	(42)
Operating income (loss)	100	(77)	43	230	133	52	224	(77)
Financial cost, net	(3)	(27)	(23)	89	87	(101)	(56)	(80)
Share of losses of associates	(1)	(1)	1	-	(200)	(1)	2	(150)
Income Tax	(6)	17	(23)	(135)	74	3	(71)	104
Profit (loss) from continuing operations	90	(125)	(2)	172	-	(48)	99	(148)

Table 13 | CHANGE IN NET DEBT DISCONTINUED OPERATIONS – NEMAK (US \$ MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs. 2Q20 3Q19		YTD '20	YTD '19	Ch. %
EBITDA	178	(37)	139	578	28	282	487	(42)
Net Working Capital	37	(186)	75	120	(51)	(167)	18	-
Capital expenditures & Acquisitions	(49)	(43)	(74)	(14)	34	(188)	(246)	24
Net Financial Expenses	(17)	(19)	(21)	11	19	(54)	(56)	4
Taxes	(4)	(1)	(31)	(300)	87	(20)	(75)	73
Dividends	-	(12)	(34)	100	100	(13)	(64)	80
Other Sources / Uses	(33)	(7)	22	(371)	(250)	(39)	(34)	(15)
Decrease (Increase) in Net Debt	110	(305)	76	136	44	(199)	30	(753)

Earnings Report

Third Quarter 2020 (3Q20)



SIGMA

Table 14 | SIGMA - VOLUME AND PRICE CHANGES (%)

	3Q20 vs.		YTD '20 vs.
	2Q20	3Q19	YTD '19
Total Volume	(0.1)	(5.3)	(2.0)
Avg. Ps. Prices	1.7	16.2	13.3
Avg. US \$ Prices	7.4	2.0	0.4

Table 15 | SIGMA - REVENUES

	3Q20	2Q20	3Q19	3Q20 vs.		YTD '20	YTD '19	Ch.%
				2Q20	3Q19			
Total Revenues								
Ps. Millions	34,855	34,287	31,688	2	10	101,712	91,610	11
US \$ Millions	1,577	1,470	1,632	7	(3)	4,684	4,758	(2)
Domestic Revenues								
Ps. Millions	12,824	12,304	13,389	4	(4)	38,522	38,900	(1)
US \$ Millions	580	527	690	10	(16)	1,785	2,021	(12)
Foreign Revenues								
Ps. Millions	22,031	21,983	18,299	-	20	63,190	52,710	20
US \$ Millions	997	942	942	6	6	2,899	2,737	6
Foreign / Total (%)	63	64	58			62	58	

Table 16 | SIGMA - OPERATING INCOME AND EBITDA

	3Q20	2Q20	3Q19	3Q20 vs.		YTD '20	YTD '19	Ch.%
				2Q20	3Q19			
Operating Income								
Ps. Millions	2,719	2,458	2,424	11	12	7,460	6,872	9
US \$ Millions	123	106	125	16	(2)	342	357	(4)
EBITDA								
Ps. Millions	3,962	3,695	3,525	7	12	11,032	10,144	9
US \$ Millions	179	159	182	13	(1)	506	527	(4)



Table 17 | SIGMA - SELECTED BALANCE SHEET INFORMATION & FINANCIAL RATIOS (US \$ Millions)

	3Q20	2Q20	3Q19
Assets	5,185	5,274	5,038
Liabilities	4,088	4,256	4,212
Stockholders' Equity	1,097	1,018	826
Majority Equity	1,097	1,018	798
Net Debt	1,930	1,996	2,040
Net Debt/EBITDA*	2.8	2.9	2.9
Interest Coverage*	5.4	5.5	6.0

* Times. LTM= Last 12 months

Earnings Report

Third Quarter 2020 (3Q20)



NEWPEK

Table 18 | NEWPEK - REVENUES

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD `20	YTD `19	Ch. %
				2Q20	3Q19			
Volume (MBOEPD)¹	1.4	4.8	5.4	(71)	(74)	4.2	5.6	(26)
Total Revenues								
Ps. Millions	52	172	306	(70)	(83)	541	1,126	(52)
US \$ Millions	2	7	16	(67)	(85)	26	58	(56)
Domestic Revenues								
Ps. Millions	31	102	199	(70)	(85)	286	804	(64)
US \$ Millions	1	4	10	(67)	(86)	14	42	(67)
Foreign Revenues								
Ps. Millions	22	70	107	(69)	(80)	255	322	(21)
US \$ Millions	1	3	5	(68)	(82)	12	17	(27)
Foreign / Total (%)	40	41	35			47	29	

¹ Thousands of Barrels of Oil Equivalent Per Day

Table 19 | NEWPEK - OPERATING INCOME AND EBITDA

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD `20	YTD `19	Ch. %
				2Q20	3Q19			
Operating Income								
Ps. Millions	1,023	(920)	(247)	211	514	(49)	(645)	92
US \$ Millions	46	(39)	(13)	217	461	(1)	(33)	97
EBITDA								
Ps. Millions	1,031	(184)	(220)	659	569	734	(490)	250
US \$ Millions	46	(8)	(11)	680	507	33	(25)	229

Table 20 | NEWPEK - SELECTED BALANCE SHEET INFORMATION & FINANCIAL RATIOS (US \$ Millions)

	3Q20	2Q20	3Q19
Assets	521	545	641
Liabilities	233	326	261
Stockholders' Equity	288	220	380
Net Debt	(11)	(6)	(15)
Net Debt/EBITDA*	0.3	0.1	1.6
Interest Coverage*	2.9	7.8	1.0

* Times. LTM= Last 12 months



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Financial Statements

ALFA, S.A.B. de C.V. and Subsidiaries

BALANCE SHEET

Information in millions of Nominal Mexican Pesos

	Sep 20	Jun 20	Sep 19	(% Sep 20 vs.	
				Jun 20	Sep 19
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	31,213	54,210	23,798	(42)	31
Trade accounts receivable	18,001	25,079	25,375	(28)	(29)
Other accounts and notes receivable	5,322	8,066	6,375	(34)	(17)
Inventories	36,355	52,975	46,720	(31)	(22)
Other current assets	10,046	11,899	12,294	(16)	(18)
Current assets from discontinued operations	113,531	0	0	-	-
Total current assets	214,468	152,229	114,562	41	87
Investments in associates and joint ventures	10,004	10,734	9,574	(7)	4
Property, Plant and equipment	93,708	153,496	148,709	(39)	(37)
Intangible assets	49,350	65,683	57,388	(25)	(14)
Other non-current assets	29,346	33,915	26,442	(13)	11
Total assets	396,876	416,057	356,675	(5)	11
LIABILITIES AND STOCKHOLDER'S EQUITY					
CURRENT LIABILITIES:					
Current portion of long-term debt	3,338	3,908	7,750	(15)	(57)
Bank loans and notes payable	2,041	22,160	6,300	(91)	(68)
Suppliers	39,467	59,313	53,510	(33)	(26)
Other current liabilities	22,130	31,034	27,353	(29)	(19)
Current liabilities from discontinued operations	74,840	0	0	-	-
Total current liabilities	141,816	116,415	94,913	22	49
LONG-TERM LIABILITIES:					
Long-term debt	128,580	171,203	140,999	(25)	(9)
Deferred income taxes	10,408	13,216	11,824	(21)	(12)
Other liabilities	8,359	10,440	9,999	(20)	(16)
Estimated liabilities for seniority premiums and pension plans	4,704	6,183	5,146	(24)	(9)
Total liabilities	293,868	317,456	262,881	(7)	12
STOCKHOLDERS' EQUITY:					
Controlling interest:					
Capital stock	205	205	209	-	(2)
Earned surplus	77,881	74,002	69,674	5	12
Total controlling interest	78,086	74,207	69,883	5	12
Total Non-controlling interest	24,922	24,395	23,911	2	4
Total stockholders' equity	103,008	98,601	93,794	4	10
Total liabilities and stockholders' equity	396,876	416,057	356,675	5	11
Current ratio	1.5	1.3	1.2		
Debt to equity	2.9	3.2	2.8		

Earnings Report

Third Quarter 2020 (3Q20)



ALFA, S.A.B. de C.V. and Subsidiaries

INCOME STATEMENT

Information in millions of Nominal Mexican Pesos

	3Q20	2Q20	3Q19	YTD '20	YTD '19	3Q20 vs. (%)	
						2Q20	3Q19
Net sales	67,571	65,104	65,142	197,525	196,262	4	4
Domestic	24,632	23,128	25,985	72,690	77,070	7	(5)
Export	42,939	41,976	39,157	124,835	119,191	2	10
Cost of sales	(50,936)	(52,348)	(50,655)	(155,360)	(155,903)	3	(1)
Gross profit	16,635	12,756	14,487	42,165	40,359	30	15
Operating expenses and others	(10,386)	(10,718)	(9,982)	(28,967)	(27,934)	3	(4)
Operating income	6,249	2,037	4,505	13,198	12,424	207	39
Comprehensive financing expense, net	(1,586)	(734)	(2,675)	(6,910)	(6,173)	(116)	41
Equity in income (loss) of associates	16	(100)	(44)	(56)	(14)	116	136
Income before the following provision	4,679	1,203	1,786	6,232	6,238	289	162
Provisions for:							
Income tax	(1,939)	(856)	(483)	584	(2,541)	(127)	(301)
Profit (loss) from continuing operations	2,740	347	1,303	6,816	3,697	690	110
Profit (loss) from discontinued operations	1,976	(2,945)	(29)	(1,271)	1,901	167	-
Consolidated net income	4,716	(2,598)	1,273	5,545	5,599	282	270
Income (loss) corresponding to minority interest	950	(507)	107	393	1,352	287	788
Net income (loss) corresponding to majority interest	3,766	(2,090)	1,166	5,152	4,246	280	223
EBITDA	9,826	6,220	7,939	24,332	22,603	58	24
Interest coverage*	5.5	5.2	6.9	5.5	6.9		

* Times. LTM=Last Twelve Months



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Earnings Report

Third Quarter 2020 (3Q20)



Sigma Alimentos, S.A. de C.V. and Subsidiaries

BALANCE SHEET

Information in millions of Nominal Mexican Pesos

(%) Sep 20 vs.

Assets	Sep 20	Jun 20	Sep 19	Jun 20	Sep 19
CURRENT ASSETS:					
Cash and cash equivalents	13,197	14,982	10,136	(12)	30
Restricted cash	27	41	12	(35)	129
Customers, net	3,967	4,453	4,835	(11)	(18)
Income tax recoverable	622	555	331	12	88
Inventories	18,451	20,341	16,692	(9)	11
Other current assets	3,779	3,994	3,087	(5)	22
Total current assets	40,044	44,366	35,093	(10)	14
Property, plant and equipment, net	36,204	36,352	32,213	-	12
Intangible assets, net	18,717	18,742	15,749	-	19
Goodwill	15,965	15,752	12,987	1	23
Deferred income tax	4,013	4,271	1,987	(6)	102
Investments in associates and joint ventures	139	118	348	18	(60)
Other non-current assets	1,361	1,558	544	(13)	150
Total non-current assets	76,399	76,793	63,829	(1)	20
Total assets	116,443	121,159	98,922	(4)	18
LIABILITIES AND STOCKHOLDER'S EQUITY					
CURRENT LIABILITIES:					
Current debt	728	4,570	5,742	(84)	(87)
Notes payables	725	725	601	-	20
Suppliers	20,342	22,957	19,882	(11)	2
Income tax payable	600	802	1,663	(25)	(64)
Provisions	146	114	86	28	70
Other current liabilities	7,787	6,762	5,730	15	36
Total current liabilities	30,328	35,930	33,705	(16)	(10)
NON-CURRENT LIABILITIES:					
Non-current debt	52,632	53,056	41,738	(1)	26
Notes payables	2,225	2,238	1,816	(1)	23
Deferred income taxes	4,291	4,273	3,365	-	27
Employees benefits	1,854	1,813	1,460	2	27
Provisions	97	93	71	4	37
Income tax payable	373	370	513	1	(27)
Other non-current liabilities	4	4	41	-	(91)
Total non-current liabilities	61,475	61,848	49,005	(1)	25
Total liabilities	91,803	97,778	82,710	(6)	11
STOCKHOLDERS' EQUITY:					
Total controlling interest:	24,640	23,381	15,670	5	57
Total non-controlling interest:	0	0	542	-	-
Total stockholders' equity	24,640	23,381	16,212	5	52
Total liabilities and stockholders' equity	116,443	121,159	98,922	(4)	18



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Earnings Report

Third Quarter 2020 (3Q20)



Sigma Alimentos, S.A. de C.V. and Subsidiaries

INCOME STATEMENT

Information in millions of Nominal Mexican Pesos

	3Q20	2Q20	3Q19	YTD '20	YTD '19	3Q20 vs. (%)	
						2Q20	3Q19
Revenue	34,855	34,287	31,688	101,712	91,610	2	10
Cost of sales	24,861	(24,601)	(22,779)	(73,058)	(65,717)	1	9
Gross profit	9,994	9,686	8,909	28,654	25,893	3	12
Selling expenses	(5,637)	(5,680)	(5,131)	(16,575)	(15,135)	(1)	10
Administrative expenses	(1,690)	(1,503)	(1,396)	(4,666)	(4,037)	12	21
Other income (expenses), net	52	(45)	42	48	152	(216)	24
Operating profit	2,719	2,458	2,424	7,460	6,872	11	12
Comprehensive financial expenses, net	(730)	4	(495)	(691)	(2,043)	-	47
Equity in income (loss) of associates	13	(1)	(0)	12	(2)	-	-
Profit before income tax	2,003	2,461	1,928	6,781	4,827	(19)	4
Provisions for:							
Income tax	(1,063)	(837)	(660)	(1,224)	(1,996)	27	61
Net consolidated profit	940	1,624	1,268	5,558	2,831	(42)	(26)
Non-controlling interest	0	0	(7)	0	(19)	-	-
Controlling interest	940	1,624	1,275	5,558	2,850	(42)	(26)



Appendix - Listed Business Reports

Alpek (BMV: ALPEKAA) – Petrochemicals

Axtel (BMV: AXTELCPO) – IT & Telecom

Nemak (BMV: NEMAKA) – Aluminum Autoparts



THIRD QUARTER 2020 **RESULTS**

Alpek Posts U.S. \$179M in EBITDA (U.S. \$154M in Comparable EBITDA excl. RMCF)

Reaching highest quarterly volume in its history for 2nd time in 2020

Monterrey, Mexico – October 21, 2020 – Alpek, S.A.B. de C.V. (BMV: ALPEK), a leading petrochemical company in the Americas, announced today its third quarter 2020 results (3Q20).

Quarterly Highlights

- Record high volume of 1,260 thousand tons (+14% QoQ) as a result of strong PET demand & fast recovery in P&C
- Comparable EBITDA excl. RMCF improved to U.S. \$154 million (+3% QoQ) due to high volume & record low costs
- Strong Free Cash Flow generation of U.S \$309 million year-to-date from optimization of NWC and CAPEX, resulting in debt reduction to U.S. \$1,235 million and Net Leverage of 1.7x
- M&G Mexico's restructuring finalized, resulting in U.S. \$160 million in guaranteed debt recovered over next 5 years with approximately U.S. \$50 million expected in 2020

3Q20 Key Metrics

(in U.S.\$ million, except for volume figures)

	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Volume (ktons)	1,260	1,109	1,118	14	13	3,554	3,325	7
Polyester	1,026	933	895	10	15	2,927	2,639	11
Plastics & Chemicals	234	176	223	33	5	627	686	(9)
Revenues	1,325	1,175	1,523	13	(13)	3,933	4,809	(18)
Polyester	990	925	1,162	7	(15)	3,009	3,643	(17)
Plastics & Chemicals	297	221	345	34	(14)	818	1,096	(25)
EBITDA	179	74	194	140	(8)	364	495	(27)
Polyester	109	33	129	228	(16)	200	305	(34)
Plastics & Chemicals	67	40	60	65	11	156	175	(11)
Comparable EBITDA	160	110	213	45	(25)	398	550	(28)
Polyester	101	63	144	60	(30)	238	351	(32)
Plastics & Chemicals	56	46	65	20	(14)	152	184	(18)
Comparable EBITDA excl. RMCF	154	149	231	3	(34)	450	615	(27)
Net Income (Controlling Interest)	65	6	50	999	29	51	133	(61)
CAPEX	23	27	49	(14)	(53)	65	155	(58)
Net Debt	1,235	1,428	2,036	(14)	(39)			
Net Debt / EBITDA*	1.7	1.9	2.4					

*Times: last 12 months

Message from the CEO

“Amid the continuing COVID-19 environment, Alpek has been able to sustain operations without interruptions, and reach its strongest quarter, in terms of Comparable EBITDA, during this year. The Company also set a record for overall volume, as PET demand has grown, and as P&C demand from the Construction and Automotive industries has recovered quickly.

With the worst of the pandemic hopefully behind us, I would like to take a moment to review the most important reflections it has provided us. Firstly, Alpek reaffirmed its commitment to employee safety, as well as its long-term strategy, the sustainability of its products, and its solid financial standing. Secondly, the demand resiliency for Alpek’s products has never been higher, as evidenced not only by our record volume but also by new consumer behavior patterns we are witnessing, which demonstrate a stronger preference for PET. We are confident that these elements will continue to drive Alpek’s performance and positive outlook.”



José de Jesús Valdez
Chief Executive Officer

COVID-19

Alpek prioritizes the safety and well-being of its employees, while serving the needs of various essential industries. As such, we’ve been able to continue operating without interruptions by relying on preventive measures, which proved to be successful for us, such as home-office work for many of our employees, as well as health checkpoints, and the use of protective gear at all our sites.

During 3Q20, we saw the initial effects of COVID-19 on the overall business environment begin to subside. Demand for refined products rose, with average spot Brent crude oil increasing to U.S. \$43 per barrel, 35% higher than in last quarter. However, as demand for Asian Polyester Fibers has not fully recovered, average U.S. reference paraxylene (“Px”) prices increased by only 12% versus 2Q20. Demand from the Construction and Automotive industries across the Americas, which purchase EPS and PP, has quickly recovered to pre-COVID-19 levels. Finally, U.S. Propylene prices spiked to an average of U.S. \$0.35 per pound, a 33% increase given lower supply from refineries and Propane Dehydrogenation units (“PDHs”).

Social distancing measures will be eventually relaxed, and consumers will return to public spaces, however, we believe that long-term consumer behavior could change permanently. The heightened importance of safety and hygiene will continue to lead us towards the increased use of plastics like PET and Polypropylene in food and beverage packaging, substituting alternatives like open beverage containers, which involve more person-to-person contact. These changes signify an important trend, which we will continue monitoring going forward, but there is no doubt that its potential lasting effect on demand will be positive for Alpek.

M&G Mexico

The financial restructuring agreement between M&G Polímeros México, S.A. de C.V. (“M&G Mexico”) and most of its creditors was approved by the Mexican bankruptcy court on September 4, 2020. This approval concluded the pre-agreed bankruptcy proceedings initiated by M&G Mexico and its creditors in February 2019.

Under the agreement, Alpek expects to recover U.S. \$160 million in guaranteed debt plus interest, related to its first and second liens with M&G Mexico, over the next five years, with U.S. \$50 million expected as early as the end of 2020. Alpek will also continue supplying the PTA needed by M&G Mexico’s PET facility. This will both ensure stable operations at M&G Mexico as Alpek recovers its debt, as well as a steady offtake for our PTA site in Altamira.

ALFA’s Unlocking Value Initiative & Alpek’s Transition Plan

On July 31, ALFA announced its intention to spin-off its ownership share in Nemak S.A.B. de C.V. (“Nemak”) as part of an overall strategy to unlock value at the conglomerate level. As part of its strategy, ALFA also communicated its plans to potentially spin-off its stake in Alpek at some point in the future. As such, Alpek has begun working on a transition plan that would allow it to become fully independent from the remaining corporate services provided by ALFA. It is important to note that we do not expect this event to occur in the short term, and that any cost savings or incremental expenses would not have a significant impact on Alpek’s already small SG&A. Though the spin-off mechanism has not been defined, a potential benefit would be the possibility that more of Alpek shares would be publicly traded, thus increasing the Company’s Free Float, and enhancing share liquidity.

Outlook

For the coming quarter, Alpek envisions a continuation of the solid business fundamentals which have shaped 2020 performance. Volume for both segments is expected to remain at a record-setting pace, affected only by the normal demand seasonality that is characteristic of the fourth quarter. A demand increase in the Asian Fibers industry could also result in improved Polyester margins, as well as a positive Inventory and RMCF effect from increasing Px and PTA prices.

Our solid financial position will be preserved, as the Company does not expect significant Net Working Capital increases. Cash will decrease to figures more in line with historical operating levels, and CAPEX will remain in line with expenditure figures to date.

In terms of annual Guidance, Alpek will not be issuing updated 2020 figures for EBITDA and margins at this time; however Comparable EBITDA, excluding RMCF, of U.S. \$450 million year to date, is well on pace to surpass the original Guidance figures.

Financial Results

EBITDA

(in U.S.\$ million)

	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Reported EBITDA	179	74	194	140	(8)	364	495	(27)
Inventories	(16)	42	16	(137)	(196)	43	63	(31)
Others	(3)	(6)	3	52	(215)	(9)	(7)	(29)
Comparable EBITDA	160	110	213	45	(25)	398	550	(28)
Raw Material Carry-forward	(6)	39	18	(116)	(133)	52	65	(19)
Comparable EBITDA excl. RMCF	154	149	231	3	(34)	450	615	(27)

Comparable EBITDA excluding Raw Material Carry-forward improved to U.S. \$154 million, 3% higher than in 2Q20, as the 14% increase in total volume more than offset a 19% decrease in Polyester margins. This figure best explains Alpek's quarterly results as it is largely based on the evolution of business fundamentals, such as volume and margins. The figure excludes the temporary effects of Inventory Adjustment and RMCF, which result from fluctuations in raw material pricing and tend to net out to zero over the long-term.

Comparable EBITDA reached U.S. \$160 million, 45% higher than in 2Q20. Most of the increase stems from a positive Raw Material Carry-forward effect of U.S. \$6 million during 3Q20, versus a negative one of U.S. \$39 million for 2Q20.

Reported EBITDA was U.S. \$179 million, a 140% increase versus 2Q20 figures, which was largely due to a positive inventory effect of U.S. \$16 million during the quarter and a one-time U.S. \$3 million net gain related to a one-time sale of excess carbon credits and other items.

INCOME STATEMENT

(in U.S.\$ million)

	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Total Revenues	1,325	1,175	1,523	13	(13)	3,933	4,809	(18)
Gross Profit	180	69	213	161	(15)	367	507	(27)
Operating expenses and others	(57)	(47)	(74)	(22)	23	(164)	(168)	2
Operating Income	123	22	139	457	(11)	203	339	(40)
Financial cost, net	(16)	5	(59)	(446)	72	(100)	(100)	-
Share of losses of associates	(1)	(4)	-	87	(48)	(2)	(1)	(197)
Income tax	(27)	(8)	(16)	(217)	(63)	(23)	(66)	64
Consolidated Net Income	80	15	63	446	26	78	172	(55)
Controlling interest	65	6	50	999	29	51	133	(61)

Revenues for the third quarter totaled U.S. \$1,325 million, 13% higher than in 2Q20. Record high consolidated volumes more than offset a slight decrease in average consolidated prices for 3Q20.

Net Income attributable to Controlling Interest for the third quarter of 2020 was U.S. \$65 million, compared to U.S. \$6 million in 2Q20. This improvement was due to sharply higher operating income.

CASH FLOW

(in U.S.\$ million)

	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
EBITDA	179	74	194	140	(8)	364	495	(27)
Net Working Capital & Others	56	27	(2)	110	3,308	183	64	184
CAPEX	(23)	(27)	(49)	14	53	(65)	(155)	58
Financial Expenses	(25)	(25)	(34)	1	27	(76)	(97)	22
Income Tax	4	(37)	(25)	111	116	(97)	(115)	16
Dividends	-	-	-	-	-	(163)	(181)	10
Payment to affiliated companies	-	-	2	-	(100)	-	10	(100)
Other Sources / Uses	2	(4)	(37)	157	106	(50)	(225)	78
Decrease (Increase) in Net Debt	193	8	48	2,289	301	95	(204)	147

Net Working Capital (NWC) further improved by U.S. \$56 million, supported by efforts to reduce inventory levels and improvements to supplier / customer credit terms. Alpek has a recovery of U.S. \$183 million in NWC year-to-date.

CAPEX totaled U.S. \$23 million during the quarter, reaching only U.S. \$65 million so far in 2020. Alpek continues to execute on its long-term strategy while exercising financial discipline. Expenditures have been mainly focused on maintenance CAPEX and used for minor asset replacements.

Income Tax during 3Q20 was U.S. \$4 million, as Alpek recovered U.S. \$22 million from its 2019 fiscal year.

NET DEBT & LEVERAGE

(in U.S.\$ million)

	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)
Net Debt	1,235	1,428	2,036	(14)	(39)
EBITDA (LTM)	719	735	864	(2)	(17)
Net Debt / EBITDA (LTM)	1.7	1.9	2.4		

Consolidated Net Debt as of September 30, 2020 was U.S. \$1.235 billion, down 14% QoQ and 39% YoY. Net Debt decreased by U.S. \$193 million during 3Q20 as a result of strong EBITDA, NWC, and CAPEX optimization. Gross Debt reached U.S. \$1.754 billion, and Cash declined to U.S. \$519 million, as the Company begins returning to Cash levels more in line with its historical averages. Financial ratios as of quarter-end were: Net Debt to EBITDA of 1.7x and Interest Coverage of 7.0x, with the decrease to Leverage due to the improvement of Net Debt levels.

Results by Business Segment: Polyester

(Purified Terephthalic Acid (PTA), Polyethylene Terephthalate (PET), rPET, Polyester fibers – 76% of Alpek's Net Sales)

Quarterly Highlights

- Record high Polyester volume (+10% QoQ) continues at record-setting annual pace (+11% YTD)
- Integrated polyester margins normalized (-19% QoQ) while annualized margins remain above Guidance
- Record low production costs across Polyester sites given high plant operating rates and low feedstock costs
- Polyester Comparable EBITDA excl. RMCF of U.S. \$95 million (-7% QoQ) as record volume was offset by lower margins
- Polyester Reported EBITDA of U.S. \$109 million (+228% QoQ) due to a positive inventory adjustment effect (U.S. \$5 million) and raw material carry-forward (U.S. \$6 million) versus the negative impacts from the previous quarter

KEY METRICS - POLYESTER (in U.S.\$ million, except volume)	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Volume (ktons)	1,026	933	895	10	15	2,927	2,639	11
Revenues	990	925	1,162	7	(15)	3,009	3,643	(17)
Reported EBITDA	109	33	129	228	(16)	200	305	(34)
Inventories	(5)	36	13	(113)	(137)	47	54	(11)
Others	(3)	(6)	2	51	(235)	(9)	(8)	(22)
Comparable EBITDA	101	63	144	60	(30)	238	351	(32)
Raw Material Carry-forward	(6)	39	18	(116)	(133)	52	65	(19)
Comparable EBITDA excl. RMCF	95	102	163	(7)	(42)	291	417	(30)

Polyester Volume set a new quarterly record at 1,026 thousand tons, 15% higher YoY. The Company also is on record-setting annual pace, currently +11% YTD. This volume increase was largely due to stronger PET demand from a heightened focus on safety and hygiene, and was achieved despite an interruption to USGC mono-ethylene glycol ("MEG") supply created by Hurricane Sally in September, which was mitigated via imports from other sources.

Polyester Comparable EBITDA excluding RMCF reached U.S. \$95 million during the quarter, a 7% decrease QoQ. This was due to 19% lower polyester margins, despite higher volume. This figure was also down 42% YoY given record Polyester margins experienced during 3Q19.

As a result of the increase in Brent Crude oil price, average U.S. reference paraxylene ("Px") prices increased by 12% QoQ. This resulted in a non-cash **inventory gain** of U.S. \$5 million and a positive **RMCF** effect of U.S. \$6 million in 3Q20.

Excluding only inventory gains and a U.S. \$3 million net gain related to the sale of excess carbon credits and other items, 3Q20 **Polyester Comparable EBITDA** reached U.S. \$101 million, up 60% QoQ as **raw material carry-forward** was U.S. +\$6 million, versus U.S. -\$39 million in 2Q20.

Polyester Reported EBITDA was U.S. \$109 million in the quarter, up 228% QoQ as this figure reflects a positive inventory adjustment and raw material carry-forward effect of U.S. +\$11 million versus a corresponding U.S. -\$75 million during last quarter from the same raw material price changes.

Results by Business Segment: Plastics & Chemicals (P&C)

(Polypropylene (PP), Expandable Polystyrene (EPS), Caprolactam (CPL), Other products – 21% of Alpek's Net Sales)

Quarterly Highlights

- P&C volume increased (+33% QoQ / 5% YoY) due to a quick recovery of the Construction and Automotive industries
- PP margins strengthened (+6% QoQ) despite start-up of new supply in NA, as capacity was added in orderly manner
- P&C Comparable EBITDA was U.S. \$56 million, (+20% QoQ), due to higher volumes and margins
- P&C Reported EBITDA of U.S. \$67 million (+65% QoQ) including a positive inventory effect of U.S. \$11 million
- Propylene prices increased by 33% during the quarter, due to limited supply caused by refinery and PDH outages

KEY METRICS - P&C (in U.S.\$ million, except volume)	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Volume (ktons)	234	176	223	33	5	627	686	(9)
Revenues	297	221	345	34	(14)	818	1,096	(25)
Reported EBITDA	67	40	60	65	11	156	175	(11)
Inventories	(11)	6	4	(280)	(390)	(4)	9	(145)
Others	-	-	-	-	-	-	-	-
Comparable EBITDA	56	46	65	20	(14)	152	184	(18)

P&C Volume was 234 thousand tons, up 33% QoQ and 5% YoY. Alpek posted its highest EPS volume for any month during September, due to the resiliency of the Packaging segment and the swift recovery of the Construction industry across the Americas. Meanwhile, polypropylene volume also recovered from 2Q20 lows as demand from the Automotive industry has also normalized.

P&C Reported EBITDA was U.S. \$67 million in the quarter, up 65% QoQ and 11% YoY, as both volume and margins rose.

Propylene prices increased 33% this quarter, due to limited supply from refineries and PDH units in North America at the start of 3Q20, resulting in an inventory gain of U.S. \$11 million.

P&C Comparable EBITDA was U.S. \$56 million, 20% higher QoQ when adjusted for the inventory gains and extraordinary effects.

A blue graphic element consisting of two overlapping chevron shapes pointing to the right.

About Alpek

Alpek is a leading petrochemical company operating two business segments: “Polyester” (PTA, PET, rPET, and polyester fibers), and “Plastics & Chemicals” (polypropylene, expandable polystyrene, caprolactam, and other specialty & industrial chemicals). Alpek is a leading producer of PTA and PET worldwide, one of the largest rPET producers in the Americas, the largest expandable polystyrene manufacturer in the Americas, and the only producer of polypropylene and caprolactam in Mexico.

A blue graphic element consisting of two overlapping chevron shapes pointing to the right.

Note on Forward Looking Statements

This release contains 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. Accordingly, results could vary from those set forth in this release. The report presents unaudited financial information based on International Financial Reporting Standards (IFRS). Figures are stated in nominal Mexican pesos (\$) and in current U.S. Dollars (U.S. \$), as indicated. Where applicable, peso amounts were translated into U.S. Dollars using the average exchange rate of the months during which operations were recorded. Financial ratios are calculated in U.S. Dollars. Due to the rounding up of figures, small differences may occur when calculating percent changes from one period to the other.

A blue graphic element consisting of two overlapping chevron shapes pointing to the right.

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Appendix A – Additional Financial Information

TABLE 1 PRICE CHANGES (%)	QoQ (%)	YoY (%)	Ch. (%)
Polyester			
Avg. Ps. Prices	(8)	(15)	(16)
Avg. U.S. \$ prices	(3)	(26)	(26)
Plastics & Chemicals			
Avg. Ps. Prices	(4)	(7)	(16)
Avg. U.S. \$ prices	1	(18)	(25)
Total			
Avg. Ps. Prices	(6)	(12)	(16)
Avg. U.S. \$ prices	(1)	(23)	(26)

TABLE 2 REVENUES	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Total Revenues								
Ps. Million	29,310	27,448	29,560	7	(1)	85,280	92,552	(8)
U.S. \$ Million	1,325	1,175	1,523	13	(13)	3,933	4,809	(18)
Domestic Revenues								
Ps. Million	8,457	7,581	8,943	12	(5)	24,075	26,755	(10)
U.S. \$ million	382	324	461	18	(17)	1,112	1,390	(20)
Foreign Revenues								
Ps. Millions	20,853	19,867	20,617	5	1	61,205	65,797	(7)
U.S. \$ million	943	851	1,062	11	(11)	2,822	3,419	(17)
Foreign / Total (%)	71	72	70			72	71	

TABLE 3 OP. INCOME AND EBITDA	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Operating Income								
Ps. Million	2,735	483	2,706	467	1	4,369	6,527	(33)
U.S. \$ million	123	22	139	457	(11)	203	339	(40)
EBITDA								
Ps. Million	3,958	1,700	3,771	133	5	7,863	9,532	(18)
U.S. \$ million	179	74	194	140	(8)	364	495	(27)

TABLE 4 COMPARABLE EBITDA	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
EBITDA								
Ps. Million	3,958	1,700	3,771	133	5	7,863	9,532	(18)
U.S. \$ million	179	74	194	140	(8)	364	495	(27)
Adjustments*								
Ps. Million	(421)	867	367	(149)	(215)	782	1,062	(26)
U.S. \$ million	(19)	36	19	(152)	(199)	34	55	(38)
Comparable EBITDA								
Ps. Million	3,536	2,567	4,139	38	(15)	8,645	10,594	(18)
U.S. \$ million	160	110	213	45	(25)	398	550	(28)

*Adjustments: Inventory and non-operating, one-time (gains) losses

TABLE 5 IFRS 16 EFFECT (in U.S.\$ million)	3Q20	2Q20	1Q20	YTD20
Income Statement				
Amortization	11	11	12	34
Financial Expense	2	2	3	7
Balance Sheet				
Assets- Right of use	152	160	169	
Liabilities				
Short term lease	36	38	46	
Long term lease	115	121	121	
Net Debt	4	3	5	11

TABLE 6 FINANCIAL COST, NET (in U.S.\$ million)	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Financial Expenses	(28)	(31)	(39)	9	29	(90)	(109)	17
Financial Income	4	11	10	(65)	(62)	23	29	(20)
Net Financial Expenses	(24)	(20)	(29)	(22)	18	(67)	(80)	16
Fx Gains (Losses)	8	24	(30)	(69)	125	(33)	(20)	(61)
Financial Cost, Net	(16)	5	(59)	(446)	72	(100)	(100)	-

TABLE 7 NET INCOME (in U.S.\$ million, except as noted)	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Consolidated Net Income	80	15	63	446	26	78	172	(55)
Non-Controlling Interest	15	9	13	72	17	27	39	(32)
Controlling Interest	65	6	50	999	29	51	133	(61)
Earnings per Share (U.S. \$)	0.03	0.00	0.02	999	29	0.02	0.06	(61)
Avg. Outstanding Shares (million)*	2,112	2,112	2,117			2,113	2,118	

* The same number of equivalent shares are considered in the periods presented

TABLE 8 | STATEMENT OF FINANCIAL POSITION & FINANCIAL RATIOS (in U.S.\$ million)

	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)
Assets					
Cash and cash equivalents	519	610	309	(15)	68
Trade accounts receivable	495	462	597	7	(17)
Inventories	778	808	914	(4)	(15)
Other current assets	324	336	407	(4)	(20)
Total current assets	2,117	2,217	2,226	(4)	(5)
Investment in associates and others	435	436	454	-	(4)
Property, plant and equipment, net	1,849	1,862	2,410	(1)	(23)
Goodwill and intangible assets, net	184	189	211	(2)	(13)
Other non-current assets	525	588	601	(11)	(13)
Total assets	5,111	5,290	5,903	(3)	(13)
Liabilities & stockholders' equity					
Debt	109	237	115	(54)	(5)
Suppliers	698	647	713	8	(2)
Other current liabilities	286	327	412	(13)	(31)
Total current liabilities	1,093	1,211	1,239	(10)	(12)
Debt (include debt issuance costs)	1,485	1,635	2,041	(9)	(27)
Employees' benefits	56	55	58	1	(5)
Other long-term benefits	424	429	438	(1)	(3)
Total liabilities	3,058	3,331	3,777	(8)	(19)
 Total stockholders' equity	 2,052	 1,959	 2,125	 5	 (3)
Total liabilities & stockholders' equity	5,111	5,290	5,903	(3)	(13)
 Net Debt	 1,235	 1,428	 2,036	 (14)	 (39)
Net Debt / EBITDA*	1.7	1.9	2.4		
Interest Coverage*	7.0	6.9	7.8		

* Times: last 12 months

Polyester

TABLE 9 REVENUES	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Total Revenues								
Ps. Million	21,901	21,635	22,553	1	(3)	65,331	70,126	(7)
U.S. \$ million	990	925	1,162	7	(15)	3,009	3,643	(17)
Domestic Revenues								
Ps. Million	3,889	3,816	4,561	2	(15)	11,726	12,580	(7)
U.S. \$ million	176	163	235	8	(25)	541	653	(17)
Foreign Revenues								
Ps. Million	18,011	17,819	17,992	1	-	53,605	57,545	(7)
U.S. \$ million	814	762	927	7	(12)	2,469	2,990	(17)
Foreign / Total (%)	82	82	80			82	82	

TABLE 10 OP. INCOME AND EBITDA	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Operating Income								
Ps. Million	1,456	(205)	1,675	811	(13)	1,588	3,506	(55)
U.S. \$ million	66	(7)	86	1,000	(24)	76	182	(58)
EBITDA								
Ps. Million	2,409	739	2,516	226	(4)	4,300	5,886	(27)
U.S. \$ million	109	33	129	228	(16)	200	305	(34)

TABLE 11 COMPARABLE EBITDA	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
EBITDA								
Ps. Million	2,409	739	2,516	226	(4)	4,300	5,886	(27)
U.S. \$ million	109	33	129	228	(16)	200	305	(34)
Adjustments*								
Ps. Million	(170)	727	287	(123)	(159)	880	883	-
U.S. \$ million	(8)	30	15	(126)	(152)	38	46	(17)
Comparable EBITDA								
Ps. million	2,239	1,466	2,803	53	(20)	5,179	6,769	(23)
U.S. \$ million	101	63	144	60	(30)	238	351	(32)

*Adjustments: Inventory and non-operating, one-time (gains) losses

Plastics & Chemicals

TABLE 12 REVENUES	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Total Revenues								
Ps. million	6,552	5,147	6,693	27	(2)	17,662	21,091	(16)
U.S. \$ million	297	221	345	34	(14)	818	1,096	(25)
Domestic Revenues								
Ps. million	3,724	3,124	4,202	19	(11)	10,196	13,069	(22)
U.S. \$ million	169	134	217	26	(22)	472	679	(31)
Foreign Revenues								
Ps. million	2,827	2,022	2,491	40	14	7,466	8,022	(7)
U.S. \$ million	128	87	128	47	-	346	417	(17)
Foreign / Total (%)	43	39	37			42	38	

TABLE 13 OP. INCOME AND EBITDA	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Operating Income								
Ps. million	1,211	669	951	81	27	2,628	2,757	(5)
U.S. \$ million	54	29	49	91	11	120	143	(16)
EBITDA								
Ps. million	1,481	943	1,173	57	26	3,411	3,380	1
U.S. \$ million	67	40	60	65	11	156	175	(11)

TABLE 14 COMPARABLE EBITDA	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
EBITDA								
Ps. million	1,481	943	1,173	57	26	3,411	3,380	1
U.S. \$ million	67	40	60	65	11	156	175	(11)
Adjustments*								
Ps. million	(251)	140	81	(279)	(410)	(98)	179	(155)
U.S. \$ million	(11)	6	4	(281)	(363)	(4)	9	(143)
Comparable EBITDA								
Ps. Million	1,230	1,083	1,254	14	(2)	3,313	3,559	(7)
U.S. \$ million	56	46	65	20	(14)	152	184	(18)

*Adjustments: Inventory and non-operating, one-time (gains) losses

Appendix B – Financial Statements

ALPEK, S.A.B. DE C.V. and Subsidiaries CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Sep-20	Jun-20	Sep-19	QoQ (%)	YoY (%)
(in millions of Mexican Pesos)					
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	11,602	13,829	6,069	(16)	91
Restricted cash	58	194	3	(70)	1,681
Trade accounts receivable	11,125	10,602	11,714	5	(5)
Other accounts and notes receivable	6,036	6,424	6,630	(6)	(9)
Inventories	17,476	18,570	17,945	(6)	(3)
Other current assets	1,248	1,304	1,353	(4)	(8)
Total current assets	47,545	50,923	43,714	(7)	9
NON-CURRENT ASSETS:					
Investment in associates and others	9,772	10,006	8,919	(2)	10
Property, plant and equipment, net	41,517	42,774	47,322	(3)	(12)
Goodwill and intangible assets	4,138	4,331	4,138	(4)	-
Other non-current assets	11,796	13,495	11,811	(13)	-
Total assets	114,768	121,529	115,904	(6)	(1)
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Debt	2,457	5,440	2,253	(55)	9
Suppliers	15,675	14,858	14,001	5	12
Other current liabilities	6,415	7,522	8,082	(15)	(21)
Total current liabilities	24,547	27,820	24,336	(12)	1
NON-CURRENT LIABILITIES:					
Debt (include debt issuance cost)	33,357	37,569	40,083	(11)	(17)
Deferred income taxes	4,745	4,883	3,873	(3)	23
Other non-current liabilities	4,785	4,979	4,736	(4)	1
Employees' benefits	1,248	1,268	1,143	(2)	9
Total liabilities	68,682	76,519	74,171	(10)	(7)
STOCKHOLDERS' EQUITY:					
Controlling interest:					
Capital stock	6,035	6,035	6,047	-	-
Share premium	9,025	9,025	9,077	-	(1)
Contributed capital	15,060	15,060	15,124	-	-
Earned surplus	25,372	24,515	21,522	3	18
Total controlling interest	40,432	39,575	36,646	2	10
Non-controlling interest	5,654	5,435	5,087	4	11
Total stockholders' equity	46,086	45,010	41,733	2	10
Total liabilities and stockholders' equity	114,768	121,529	115,904	(6)	(1)

ALPEK, S.A.B. DE C.V. and Subsidiaries
CONSOLIDATED STATEMENT OF INCOME

	3Q20	2Q20	3Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
(in millions of Mexican Pesos)								
Revenues	29,310	27,448	29,560	7	(1)	85,280	92,552	(8)
Domestic	8,457	7,581	8,943	12	(5)	24,075	26,755	(10)
Export	20,853	19,867	20,617	5	1	61,205	65,797	(7)
Cost of sales	(25,316)	(25,864)	(25,417)	2	0	(77,355)	(82,786)	7
Gross profit	3,994	1,584	4,143	152	(4)	7,925	9,766	(19)
Operating expenses and others	(1,259)	(1,101)	(1,437)	(14)	12	(3,556)	(3,239)	(10)
Operating income	2,735	483	2,706	467	1	4,369	6,527	(33)
Financial result, net	(355)	114	(1,157)	(413)	69	(2,124)	(1,941)	(9)
Equity in income of associates and joint ventures	(11)	(90)	(7)	87	(69)	(42)	(11)	(260)
Income before taxes	2,369	507	1,542	367	54	2,203	4,575	(52)
Income taxes	(597)	(182)	(316)	(227)	(89)	(509)	(1,260)	60
Consolidated net income	1,772	325	1,226	445	45	1,694	3,315	(49)
Income attributable to Controlling interest	1,436	121	976	1,091	47	1,103	2,557	(57)
Income attributable to Non-controlling interest	336	204	250	65	34	591	758	(22)

EARNINGS REPORT

Third Quarter 2020 (3Q20)



Monterrey, Mexico, October 14, 2020. - Axtel, S.A.B. de C.V. (BMV: AXTELCPO) ("Axtel" or "the Company"), a Mexican Information and Communications Technology company, announced today its unaudited results for the third quarter of 2020 ("3Q20").

Axtel reports 3Q20 EBITDA of US \$49 million (Ps. 1,078 million)

SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
Revenues (Ps.)	3,095	3,078	3,167	1	(2)	9,279	9,406	(1)
US \$	140	132	163	6	(14)	429	489	(12)
EBITDA (Ps.) ¹	1,078	1,222	1,111	(12)	(3)	5,275	3,279	61
US \$	49	53	57	(7)	(15)	257	170	51
Net Income (loss) (Ps.)	(174)	142	(351)	--	51	568	(20)	--
US \$	(8)	6	(18)	--	53	40	(1)	--
CAPEX (Ps.) ²	367	433	396	(15)	(7)	1,486	1,191	25
US \$	17	18	20	(10)	(18)	71	62	15
Net Debt (US \$)	595	593	765	0	(22)			
Net Debt / LTM EBITDA*	1.9	1.8	3.4					
LTM Interest Coverage*	5.1	5.1	3.2					
Adjusted Revenues (Ps.) ³	3,095	3,078	3,202	1	(3)	9,279	9,702	(4)
US \$	140	132	165	6	(15)	429	504	(15)
Adjusted EBITDA (Ps.) ³	1,078	1,222	1,105	(12)	(2)	5,275	4,064	30
US \$	49	53	57	(7)	(14)	257	211	22

* Times. LTM = Last twelve months. See page 7 for ratio calculation details.

1) EBITDA = Operating income + depreciation & amortization + impairment of assets.

2) Gross amount; does not include divestments.

3) Axtel's results for year 2019 reflect the mass market business as discontinued operations. ALFA, however, consolidated both continuing and discontinued operations. For a complete reconciliation of revenues and EBITDA, see Appendix B, Tables 9 and 10.

3Q20 HIGHLIGHTS

3Q20 Results

- Axtel continues to show resilience; third-quarter results are in line with full-year guidance, supported by a solid and consistent performance of Axtel Networks (Infrastructure Unit) and Alestra's focus on value-added solutions and digital transformation services.
- Year-to-date EBITDA increased 4% compared to 2019, based on Axtel's capacity to operate, serve and meet the demand for essential and critical value services during the pandemic.

Axtel Digital Project

- Axtel Digital will allow the virtualization and remote access of significant internal processes, from the design and ordering of new services to the completion of the cash conversion cycle.
- During the quarter, the implementation of collaboration tools and remote work practices continued progressing, preparing Axtel for the "new normal".

Competitive Process

- During the third quarter, Axtel received a double-digit number of non-binding offers for both, its Infrastructure business unit and for the entire Company, within its ongoing competitive auction process to attract investors and strategic proposals for the Company.
- After thorough analysis of all non-binding offers and in order to maximize the value-creation opportunity for its shareholders, Axtel decided to move forward with the competitive process seeking a potential transaction for the whole Company, including its two business units.

MESSAGE FROM AXTEL'S CEO

“Even in the face of a challenging environment, this quarter, we continued delivering positive results. Year-to-date EBITDA reached 77% of our full-year guidance, evidencing a continued, solid performance of Axtel Networks, our Infrastructure business unit, and strong focus on IT and collaboration solutions in Alestra, our Services unit, taking advantage of the profound digital transformation opportunity presented by the pandemic.

The Axtel Digital project is accelerating the virtualization and remote access of significant business processes in the Company. It is also serving as a solid foundation to assist our customers in their own digital transformation projects. We also expanded the implementation of collaboration tools and the adoption of remote work practices, targeting the appropriate balance between on-premise, collaboration spaces and remote work. Our objective is to maximize Axtel's digitalization benefits while maintaining the commitment, culture and identity of our organization. As a result, we have estimated annual savings of over Ps. 85 million in office rents in the next years.

Regarding COVID-19 pandemic, our top priority remains the well-being of our employees, as well as assisting and supporting the continuity of our customers' operations. The impact of the pandemic on enterprise segment revenues represented Ps. 35 million year-to-date, while its impact on working capital investment totaled Ps. 87 million. We estimate a recovery between 70 to 80% of this investment by the end of the year, or first quarter 2021.

Aware of the importance of supporting society during the pandemic, Alestra donated the connectivity and required software to enable a cloud-based contact center to the National Center for Epidemiological Contingencies and Disasters (CENACED) to provide free psychological support for the benefit of the Mexican community, operating successfully during the second and third quarters.

During the quarter, we advanced to the second phase of the competitive auction process to attract investors and strategic proposals for Axtel Networks and the Company, receiving a double-digit number of attractive, non-binding offers for both alternatives. After evaluating the different indicative proposals, and seeking to enhance shareholder value creation, we have decided to move forward with the process focusing on a potential transaction for the whole Company, including both business units.

In August, we concluded the eleventh edition of Alestra Fest, with a three-day virtual event, in which Alestra, together with its technology partners, presented its portfolio of solutions to face the challenges of the new reality, as well as cybersecurity and cloud global digital mega trends, which were topics that have aroused special interest among clients and enterprise and government prospects.

Year to date EBITDA has reached 77% of our guidance, the Axtel Digital project is moving full steam ahead, the business separation continues presenting differentiated growth opportunities for both units, and our strategic, competitive process is progressing in a positive, swift way. In the last-quarter, and into 2021, we will continue our diligent effort to create value for our customers, organization, and shareholders, while maintaining the well-being of our collaborators and the continuity of the operations of our clients as our top priority.”

Rolando Zubirán

In January 2020, Axtel executed the strategic agreement and divestment of three data centers. For comparison purposes, pro forma information adjusting 2019 results is included in the report. See Appendix C – Tables 11 – 13.

REVENUES – Business Units

	3Q20	2Q20	3Q19	[%] 3Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
SERVICES (Ps.)	2,427	2,372	2,523	2	(4)	7,351	7,527	(2)
US \$	110	102	130	8	(15)	341	391	(13)
Enterprise (Ps.)	1,959	1,925	1,988	2	(1)	5,899	6,025	(2)
US \$	89	82	102	7	(13)	273	313	(13)
Government (Ps.)	468	447	535	5	(12)	1,452	1,502	(3)
US \$	21	19	28	11	(23)	67	78	(14)
INFRASTRUCTURE (Ps.)	1,280	1,316	1,248	(3)	3	3,765	3,689	2
US \$	58	56	64	3	(10)	173	192	(10)
ELIMINATIONS (Ps.) *	(612)	(610)	(604)	(0)	(1)	(1,837)	(1,811)	(1)
US \$	(28)	(26)	(31)	(6)	11	(85)	(94)	10
TOTAL REVENUES (Ps.)	3,095	3,078	3,167	1	(2)	9,279	9,406	(1)
US \$	140	132	163	6	(14)	429	489	(12)

* For consolidation purposes, revenues of Infrastructure Unit coming from Services Unit are presented as "eliminations".

Note: For a reconciliation of revenues by business segments (enterprise and government), as reported in 2019, see Table 5.

Total revenues were US \$140 million in 3Q20, down 14% when compared to 3Q19. In pesos, revenues decreased 2%; however, pro forma for the data centers transaction, revenues remained flat. (Table 11).

INFRASTRUCTURE BUSINESS UNIT ("AXTEL NETWORKS")

Revenues reached US \$58 million in 3Q20, an 10% decrease compared to 3Q19. In pesos, revenues increased 3%; however, pro forma for the data centers transaction, revenues increased 8%. (Table 11).

Revenues coming from Alestra Services Unit represented 49% of total Infrastructure Business Unit YTD revenues. Excluding these inter-unit revenues, revenues increased 15%, mainly driven by IP transit, spectrum leasing and up-front contracts providing dark-fiber to wholesale customers.

SERVICES BUSINESS UNIT ("ALESTRA")

Revenues totaled US \$110 million in 3Q20, a 15% decline compared to 3Q19. In pesos, revenues decreased 4%, mainly due to a 32% decline in enterprise-segment voice revenues combined with a 12% decrease in the Government segment.

ENTERPRISE SEGMENT (80% of Services Unit YTD revenues)

Enterprise segment revenues totaled US \$89 million in 3Q20. In pesos, revenues reached Ps. 1,959 million, down 1% compared to the previous year, as a 39% increase in IT revenues did not compensate the 8% decline in Telecom revenues. (Table 1).

TELECOM revenues reached Ps. 1,588 million in 3Q20, an 8% decrease year-over-year, mainly due to a 32% decrease in *voice* revenues due to its maturing, technological cycle and by the impact in voice traffic due to remote work for many clients, and a 3% decline in *data and internet* revenues. These declines were partially mitigated by a 5% growth in *managed networks* solutions.

IT revenues reached Ps. 371 million in 3Q20, up 39% when compared to 3Q19, mainly due to a 41% increase in *cloud* and *cybersecurity* solutions and a 36% increase in *system integration* solutions, in relation to new customers and incremental services with existing customers.

REVENUES – Business Units

SERVICES BUSINESS UNIT (“ALESTRA”) (cont’d)

GOVERNMENT SEGMENT (20% of Services Unit YTD revenues)

Government segment revenues amounted US \$21 million in 3Q20. In pesos, revenues totaled Ps. 468 million, 12% decrease compared to 3Q19, as the Company implemented adjustments in some services to accommodate the budget reductions in federal government entities. (Table 2).

TELECOM revenues reached Ps. 226 million in 3Q20, a 20% decrease year-over-year, resulting for a 34% decrease in *managed networks* solutions.

IT revenues reached Ps. 242 million in 3Q20, down 4% when compared to 3Q19, mainly due to a decrease in *system integration* solutions, partially mitigated by a 35% increase in *cloud* and *cybersecurity* services.

GROSS PROFIT

Gross profit is defined as revenues minus cost of revenues. For 3Q20, gross profit was US \$100 million. In pesos, gross profit totaled Ps. 2,220 million, down 5% compared to 3Q19; however, pro forma for the data centers transaction, gross profit decreased 1%.

SERVICES UNIT (ALESTRA) gross profit amounted to Ps. 1,050 million, down 11% compared to the year-earlier quarter, mainly due to a contraction in both revenues and margins of government segment telecom services and to telecom-service revenues concessions made in the quarter which diminished top-line revenues but left costs unchanged.

INFRASTRUCTURE UNIT (AXTEL NETWORKS) gross profit amounted to Ps. 1,170 million. Gross profit remained unchanged compared to the year-earlier quarter, however it increased 9% pro forma, due to increases in both revenues and gross margins.

OPERATING EXPENSES AND OTHER INCOME (EXPENSES)

Operating expenses reached US \$53 million in 3Q20, in pesos operating expenses decreased 7%, however, pro forma for the data center transaction, expenses decreased 4%.

SERVICES UNIT (ALESTRA) operating expenses decreased 6% compared to 3Q19, due to declines in outsourcing and maintenance expenses and bad debt provision.

INFRASTRUCTURE UNIT (AXTEL NETWORKS) operating expenses declined 9% compared to 3Q19, or a 2% decrease pro forma, due to declines in marketing expenses, partially mitigated by increases in personnel and maintenance expenses.

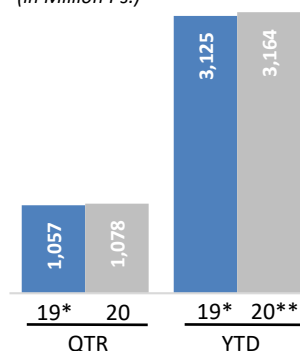
Other income reached Ps. 30 million during 3Q20, a slight increase compared to Ps. 28 million during 3Q19.

EBITDA

EBITDA totaled US \$49 million in 3Q20. In pesos, EBITDA reached Ps. 1,078 million, a 3% decrease compared to Ps. 1,111 million in 3Q19; however, pro forma for the data center transaction, EBITDA increased 2% . (Table 12).

EBITDA margin increased from 34.1% in 3Q19 pro forma, to 34.8% in 3Q20, driven by a decrease in expenses as a proportion of revenues.

(in Million Ps.)



* Pro forma data center transaction.
** Adjusted for data center divestment and spectrum transaction.

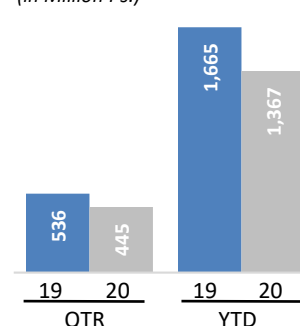
SERVICES UNIT (ALESTRA)

(43% of Axtel's YTD EBITDA)

Services Business Unit EBITDA amount to US \$20 million in 3Q20.

In pesos, EBITDA reached Ps. 445 million, a 17% decrease year-over-year, due to the decline in revenues and gross profit margins previously described.

(in Million Ps.)



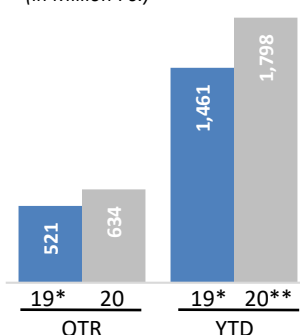
INFRASTRUCTURE UNIT (AXTEL NETWORKS)

(57% of Axtel's YTD EBITDA)

Infrastructure Unit EBITDA reached US \$29 million.

In pesos, Infrastructure Unit EBITDA reached Ps. 634 million, 10% higher than 3Q19 or a 22% increase pro forma for the data center transaction.

(in Million Ps.)



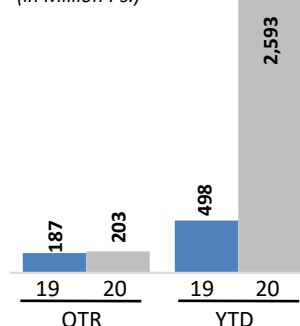
* Pro forma data center transaction.
** Adjusted for data center divestment and spectrum transaction.

OPERATING INCOME

In the 3Q20, operating income totaled US \$9 million.

In pesos, 3Q20 operating income totaled Ps. 203 million, compared to Ps. 187 million in 3Q19, a Ps. 16 million increase due to declines in depreciation and amortization, partially mitigated by a decline in EBITDA as a result of the divestment of the data centers business.

(in Million Ps.)



COMPREHENSIVE FINANCING RESULT

The comprehensive financing cost reached US \$2 million in 3Q20 or Ps. 25 million, compared to Ps. 645 million in 3Q19. The decrease in cost is mostly explained by a Ps. 222 million FX gain during 3Q20 resulting from a 2% appreciation of the Mexican peso against the US dollar, compared to a Ps. 311 million FX loss in 3Q19 resulting from a 2% depreciation of the peso. Net interest expenses decreased 7% from 3Q19 to 3Q20. (Table 7).

NET DEBT

For 3Q20, net debt was US \$595 million, down 22% or US \$170 million in comparison with 3Q19; comprised of a US \$17 million decrease in debt, a US \$30 million non-cash decrease in debt caused by a 13% depreciation of the Mexican peso year-over-year and a US \$124 million increase in cash.

Total debt reduction of US \$17 million year-over-year is explained by i) a US \$67 million decrease related to the full prepayment of the Syndicated Bank facility; ii) a US \$65 million increase in short-term loans; iii) a US \$3 million decrease in other loans and financial leases; iv) a US \$15 million decrease related to the new accounting standard for long term leases (IFRS 16) and v) a US \$3 million increase in accrued interests.

As of 3Q20, cash balance totaled US \$163 million (Ps. 3,656 million), which includes US \$13 million of restricted cash and approximately US \$57 million from remaining proceeds from the data centers transaction. Cash in 3Q19 totaled US \$39 million (Ps. 768 million).

Financial ratios for the third quarter of 2020 were: Net Debt to EBITDA of 1.9 times and Interest Coverage of 5.1 times. (Table 8).

CAPITAL EXPENDITURES (CAPEX)

Capital investments totaled US \$17 million in 3Q20, compared to US \$20 million in 3Q19. YTD 2020 Capex reached US \$71 million (Ps. 1,486 million), compared to US \$62 million (Ps. 1,190 million) in the same period in 2019. 2020 figure includes an extraordinary investment of US \$22 million related to the renovation of spectrum frequencies and excludes the US \$167 million benefit from the data center divestment.

OTHER INFORMATION

- The report presents unaudited financial information based on International Financial Reporting Standards (IFRS). Figures are presented in Mexican Pesos (Ps.) or US Dollars (US \$), 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.
- “Pro forma”: In January 2020, Axtel executed the strategic agreement and divestment of three data centers. For comparison purposes, pro forma information adjusting the results of 2019 is included in the report. See Appendix C – Tables 11 – 13.
- This report 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 and financial performance of the company, all of which are difficult or impossible to predict accurately. These statements reflect management's current views, which are subject to different risks. Accordingly, results could vary from those set forth in this release. The company disclaims any obligation to update statements in this release based on new information available.
- Net Debt / EBITDA ratio: means net debt translated into US Dollars using the end-of-period exchange rate divided by LTM EBITDA translated into US Dollars using the average exchange rate for each month during which the operations were recorded. Net debt means total debt (including accrued interests) minus cash (including restricted cash).
- Interest coverage ratio: means the ratio of LTM EBITDA to interest expense (net of interest income), both translated into US Dollars using the average exchange rate for each month during which the operations were recorded. Interest expense calculated pro forma for debt prepayments.
- To reduce exchange rate risk exposure Axtel maintains forward transactions for an outstanding amount of US\$ 20 million, where Axtel buys USD and sells MXN: i) a US \$16 million FWD @ 22.25 MXN/USD to hedge the 2024 Senior Notes' coupon payment due November 2020, and ii) a US \$4 million FWD @ 22.25 MXN/USD to hedge USD denominated obligations due October 2020. Additionally, Axtel maintains an interest rate swap (“IRS”) for Ps. 3,380 million, maturing in December 2022, where Axtel pays 8.355% and receives TIE 28d.
- Subject to market conditions, the Company's liquidity position and its contractual obligations, from time to time, the Company may acquire or divest its own shares and/or its Senior Notes, as well as enter into or unwind financial instruments whose underlying is related to the performance of its shares.

ABOUT AXTEL

Axtel is a Mexican Information and Communication Technology Company that serves the enterprise, government and wholesale segments, through its business units Alestra (services) and Axtel Networks (infrastructure).

Axtel is a subsidiary of ALFA, which owns 52.8% of its equity.

Axtel adhered to the UN Global Compact in 2011, the world's largest social responsibility initiative. It has received recognition from CEMEFI as a Socially Responsible Company since 2008.

Axtel shares, represented by Ordinary Participation Certificates, or CPOs, trade on the Mexican Stock Market under the symbol “AXTELPO” since 2005.

Axtel's Investor Relations Center: axtelcorp.mx

Enterprise and Government services website: alestra.mx

Appendix A – Tables

TABLE 1 | SERVICES BUSINESS UNIT REVENUES - ENTERPRISE SEGMENT

(IN MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
TELECOM (Ps.)	1,588	1,609	1,721	(1)	(8)	4,907	5,236	(6)
<i>Voice</i>	267	288	390	(8)	(32)	932	1,258	(26)
<i>Data and Internet</i>	681	666	702	2	(3)	2,033	2,068	(2)
<i>Managed Networks</i>	640	655	629	(2)	2	1,942	1,910	2
IT (Ps.)	371	316	266	17	39	992	789	26
TOTAL ENTERPRISE (Ps.)	1,959	1,925	1,988	2	(1)	5,899	6,025	(2)
<i>US \$</i>	89	82	102	7	(13)	273	313	(13)
<i>Recurrent (Ps.)</i>	1,876	1,877	1,903	(0)	(1)	5,624	5,773	(3)
<i>Non recurrent (Ps.)</i>	83	48	85	73	(2)	275	252	9

TABLE 2 | SERVICES BUSINESS UNIT REVENUES - GOVERNMENT SEGMENT

(IN MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
TELECOM (Ps.)	226	236	283	(4)	(20)	701	816	(14)
<i>Voice</i>	26	15	27	69	(4)	66	81	(19)
<i>Data and Internet</i>	81	100	96	(19)	(15)	274	223	23
<i>Managed Networks</i>	119	121	160	(2)	(26)	361	511	(29)
IT (Ps.)	242	211	252	15	(4)	750	686	9
TOTAL GOVERNMENT (Ps.)	468	447	535	5	(12)	1,452	1,502	(3)
<i>US \$</i>	21	19	28	11	(23)	67	78	(14)
<i>Recurrent (Ps.)</i>	457	394	554	16	(17)	1,287	1,536	(16)
<i>Non recurrent (Ps.)</i>	11	53	(19)	(79)	--	165	(34)	--

TABLE 3 | INFRASTRUCTURE BUSINESS UNIT REVENUES

(IN MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
TOTAL INFRASTRUCTURE (Ps.)	1,280	1,316	1,248	(3)	3	3,765	3,689	2
<i>US \$</i>	58	56	64	3	(10)	173	192	(10)
ELIMINATIONS (Ps.) *	(612)	(610)	(604)	(0)	(1)	(1,837)	(1,811)	(1)
<i>US \$</i>	(28)	(26)	(31)	(6)	11	(85)	(94)	10

* For consolidation purposes, revenues coming from Services Unit (Alestra) are presented as "eliminations".
Note: See Table 11 for pro forma figures.

Appendix A – Tables

TABLE 4 | 2019 and YTD 2020 REVENUES BY BUSINESS UNIT
(IN MILLIONS)

	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20
SERVICES UNIT (Ps.)	2,524	2,481	2,523	2,650	10,177	2,552	2,372	2,427
US \$	131	130	130	137	528	129	102	110
ENTERPRISE (Ps.)	2,003	2,034	1,988	1,993	8,018	2,015	1,925	1,959
US \$	104	106	102	103	416	102	82	89
GOVERNMENT (Ps.)	521	446	535	657	2,159	537	447	468
US \$	27	23	28	34	112	27	19	21
INFRASTRUCTURE UNIT (Ps.)	1,227	1,215	1,248	1,332	5,021	1,169	1,316	1,280
US \$	64	64	64	69	261	59	56	58
Eliminations (Ps.)	(604)	(604)	(604)	(604)	(2,414)	(615)	(610)	(612)
US \$	(31)	(32)	(31)	(31)	(125)	(31)	(26)	(28)
TOTAL (Ps.)	3,147	3,092	3,167	3,378	12,784	3,106	3,078	3,095
US\$	164	162	163	175	664	157	132	140

TABLE 5 | 2019 AND YTD 2020 REVENUES BY SEGMENT (AS REPORTED in 2019)
(IN MILLIONS)

	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20	3Q20
ENTERPRISE (Ps.)	2,626	2,645	2,632	2,721	10,625	2,569	2,631	2,626
US \$	137	138	136	141	552	130	113	119
GOVERNMENT (Ps.)	521	446	535	657	2,159	537	447	468
US \$	27	23	28	34	112	27	19	21
TOTAL (Ps.)	3,147	3,092	3,167	3,378	12,784	3,106	3,078	3,095
US\$	164	162	163	175	664	157	132	140

Appendix A – Tables

TABLE 6 | OPERATING INCOME AND EBITDA
(IN MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD'20	YTD'19	YTD
				2Q20	3Q19			Δ (%)
Operating Income (Ps.)	203	371	187	(45)	9	2,593	498	421
US \$	9	16	10	(43)	(4)	133	26	413
EBITDA (Ps.)	1,078	1,222	1,111	(12)	(3)	5,275	3,279	61
US \$	49	53	57	(7)	(15)	257	170	51
Adjustments* (Ps.)	0	(90)	0	--	--	(2,110)	0	--
US \$	0	(4)	0	--	--	(111)	0	--
Comparable EBITDA (Ps.)	1,078	1,133	1,111	(5)	(3)	3,164	3,279	(3)
US \$	49	49	57	0	(15)	146	170	(14)
Services Unit (Ps.)	445	503	536	(12)	(17)	1,367	1,665	(18)
Infrastructure Unit (Ps.)	634	629	574	1	10	1,798	1,614	11

* Adjustments include one-time (gains) losses, such as the Data Centers divestment in 1Q20 and spectrum transaction in 2Q20.
Note: See Table 12 for pro forma EBITDA figures.

TABLE 7 | COMPREHENSIVE FINANCING RESULT
(IN MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD'20	YTD'19	YTD
				2Q20	3Q19			Δ (%)
Net interest expense	(325)	(387)	(351)	16	7	(1,069)	(1,068)	(0)
FX gain (loss), net	222	261	(311)	(15)	--	(1,511)	(131)	(1,055)
Ch. FV of Fin. Instruments	79	33	17	138	363	106	(15)	--
Total (Ps.)	(25)	(94)	(645)	74	96	(2,474)	(1,214)	(104)
US \$	(2)	(5)	(33)	64	95	(117)	(63)	(86)

TABLE 8 | NET DEBT AND FINANCIAL RATIOS
(US \$ MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.	
				2Q20	3Q19
Senior Notes 2024	500	500	500	0	0
Syndicated bank facility	0	0	67	--	--
Long-term bank loan	145	142	166	2	(13)
Short-term bank loans	63	63	0	0	--
Other loans + leases	35	39	57	(11)	(39)
Accrued interests	15	7	14	125	7
Total Debt	758	751	805	1	(6)
% US \$ denominated debt	73%	74%	64%		
(-) Cash and cash eq.	(163)	(157)	(39)	(3)	(316)
Net Debt	595	593	765	0.3	(22)
Net Debt / LTM EBITDA*	1.9	1.8	3.4		
LTM Interest Coverage*	5.1	5.1	3.2		

* Times. LTM = Last twelve months. See page 7 for calculation details.

Appendix B – Discontinued Operations | Mass Market Segment

Axtel's 2019 results reflect the divested mass market business as discontinued operations. ALFA, however, consolidated both continuing and discontinued operations, as follows:

TABLE 9 | DISCONTINUED OPERATIONS – REVENUE RECONCILIATION

(IN MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
Revenues	3,095	3,078	3,167	1	(2)	9,279	9,406	(1)
Revenues from Disc. Op.	-	-	35	--	--	-	297	--
Adjusted Revenues (Ps.)¹	3,095	3,078	3,202	1	(3)	9,279	9,702	(4)
US \$	140	132	165	6	(15)	429	504	(15)

1) As consolidated by ALFA.

TABLE 10 | DISCONTINUED OPERATIONS – EBITDA RECONCILIATION

(IN MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
EBITDA (Ps.)	1,078	1,222	1,111	(12)	(3)	5,275	3,279	61
US \$	49	53	57	(7)	(15)	257	170	51
EBITDA Discontinued Op. (Ps.)	-	-	(6)	--	--	-	785	--
US \$	-	-	(0)	--	--	-	41	--
Adjusted EBITDA (Ps.)¹	1,078	1,222	1,105	(12)	(2)	5,275	4,064	30
US \$	49	53	57	(7)	(14)	257	211	22
Adjustments (Ps.)²								
Spectrum Sale	-	(90)	-	--	--	(90)	-	
Data Center Sale	-	-	-	--	--	(2,021)	-	--
FTTx Sale	-	-	-	--	--	-	(741)	--
Expense Termination Disc. Op.	-	-	-	--	--	-	-	--
Comparable Adj. EBITDA (Ps.)	1,078	1,133	1,105	(5)	(2)	3,164	3,322	(5)
US \$	49	49	57	0	(14)	146	173	(16)

1) As consolidated by ALFA.

2) Adjustments include one-time (gains) losses.

Appendix C – Pro Forma Figures for Data Centers Transaction

In January 2020, Axtel executed the strategic agreement and divestment of three data centers. For comparison purposes, results for 2019 are adjusted for this transaction (“pro forma”).

TABLE 11 | PRO FORMA REVENUES – DATA CENTERS TRANSACTION
(IN MILLIONS)

	3Q20	2Q20	3Q19	(% 3Q20 vs. 2Q20 3Q19)		YTD'20	YTD'19	YTD Δ (%)
SERVICES (Ps.)	2,427	2,372	2,523	2	(4)	7,351	7,527	(2)
US \$	110	102	130	8	(15)	341	391	(13)
Enterprise (Ps.)	1,959	1,925	1,988	2	(1)	5,899	6,025	(2)
US \$	89	82	102	7	(13)	273	313	(13)
Government (Ps.)	468	447	535	5	(12)	1,452	1,502	(3)
US \$	21	19	28	11	(23)	67	78	(14)
INFRASTRUCTURE (Ps.)	1,280	1,316	1,184	(3)	8	3,765	3,501	8
US \$	58	56	61	3	(5)	173	182	(5)
ELIMINATIONS (Ps.) *	(612)	(610)	(604)	(0)	(1)	(1,837)	(1,811)	(1)
US \$	(28)	(26)	(31)	(6)	11	(85)	(94)	10
TOTAL REVENUES (Ps.)	3,095	3,078	3,103	1	(0)	9,279	9,218	1
US \$	140	132	160	6	(12)	429	479	(10)

* For consolidation purposes, revenues coming from Services Unit (Alestra) are presented as “eliminations”.

TABLE 12 | PRO FORMA EBITDA – DATA CENTERS TRANSACTION
(IN MILLIONS)

	3Q20	2Q20	3Q19	(% 3Q20 vs. 2Q20 3Q19)		YTD'20	YTD'19	YTD Δ (%)
EBITDA (Ps.)	1,078	1,222	1,057	(12)	2	5,275	3,125	69
US \$	49	53	54	(7)	(10)	257	162	58
Adjustments* (Ps.)	0	(90)	0	--	--	(2,110)	0	--
US \$	0	(4)	0	--	--	(111)	0	--
Comparable EBITDA (Ps.)	1,078	1,133	1,057	(5)	2	3,164	3,125	1
US \$	49	49	54	0	(10)	146	162	(10)
Services Unit (Ps.)	445	503	536	(12)	(17)	1,367	1,665	(18)
Infrastructure Unit (Ps.)	634	629	521	1	22	1,798	1,461	23

* Adjustments include one-time (gains) losses, such as the Data Centers divestment in 1Q20 and spectrum transaction in 2Q20.

TABLE 13 | 2019 PRO FORMA REVENUES AND EBITDA – DATA CENTERS TRANSACTION
(IN MILLIONS)

	1Q19	2Q19	3Q19	4Q19	2019
REVENUES (Ps.)	3,086	3,029	3,103	3,311	12,528
US \$	161	158	160	172	651
Service Unit (Ps.)	2,524	2,481	2,523	2,650	10,177
Infrastructure Unit (Ps.)	1,165	1,152	1,184	1,264	4,765
Eliminations (Ps.) *	(604)	(604)	(604)	(604)	(2,414)
EBITDA (Ps.)	1,024	1,044	1,057	1,111	4,236
US \$	53	55	54	58	220
Service Unit (Ps.)	556	573	536	514	2,179
Infrastructure Unit (Ps.)	468	472	521	597	2,057

* For consolidation purposes, Infrastructure Unit revenues coming from Services Unit (Alestra) are presented as “eliminations”.

Appendix D – Financial Statements

Axtel, S.A.B. de C.V. and Subsidiaries

Unaudited Consolidated Balance Sheet (IN MILLION PESOS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs. 2Q20	3Q19
ASSETS					
CURRENT ASSETS					
Cash and equivalents	3,361	3,314	768	1	337
Restricted cash	295	302	-	(2)	--
Accounts receivable	2,593	4,614	2,862	(44)	(9)
Related parties	22	30	37	(24)	(39)
Refundable taxes and other acc. rec.	928	643	780	44	19
Advances to suppliers	876	776	560	13	56
Inventories	92	111	119	(17)	(22)
Financial Instruments	-	18	-	--	--
Financial Instruments (ZSC)	-	120	87	--	--
Total current assets	8,167	9,928	5,211	(18)	57
NON CURRENT ASSETS					
Restricted cash	-	-	-	--	--
Property, plant and equipment, net	11,756	12,141	14,643	(3)	(20)
Long-term accounts receivable	-	-	-	--	--
Intangible assets, net	1,774	1,885	1,683	(6)	5
Deferred income taxes	3,404	3,780	3,028	(10)	12
Investment shares associated co.	292	295	295	(1)	(1)
Other assets	430	481	440	(11)	(2)
Total non current assets	17,655	18,582	20,089	(5)	(12)
TOTAL ASSETS	25,822	28,510	25,300	(9)	2
LIABILITIES & STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Account payable & Accrued expenses	2,797	4,638	3,099	(40)	(10)
Accrued Interest	339	154	276	120	23
Short-term debt	310	315	-	(2)	--
Current portion of long-term debt	1,625	1,630	502	(0)	224
Taxes payable	8	39	34	(80)	(78)
Financial Instruments	140	134	34	4	315
Deferred Revenue	167	175	264	(5)	(37)
Provisions	83	213	144	(61)	(42)
Other accounts payable	1,115	1,155	1,157	(3)	(4)
Total current liabilities	6,583	8,452	5,510	(22)	19
LONG-TERM LIABILITIES					
Long-term debt	14,625	15,011	14,854	(3)	(2)
Employee Benefits	765	741	654	3	17
Derivative Financial Instruments	91	126	124	(28)	(26)
Other LT liabilities	52	103	704	(49)	(93)
Total long-term debt	15,532	15,981	16,336	(3)	(5)
TOTAL LIABILITIES	22,115	24,433	21,846	(9)	1
STOCKHOLDERS' EQUITY					
Capital stock	464	464	464	-	-
Reserve for repurchase of shares	186	391	100	(52)	86
Cumulative earnings (losses)	3,056	3,221	2,890	(5)	6
TOTAL STOCKHOLDERS' EQUITY	3,707	4,077	3,454	(9)	7
TOTAL LIABILITIES AND EQUITY	25,822	28,510	25,300	(9)	2

Appendix D – Financial Statements

Axtel, S.A.B. de C.V. and Subsidiaries

Unaudited Consolidated Income Statement

(IN MILLION PESOS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				2Q20	3Q19			
Total Revenues	3,095	3,078	3,167	1	(2)	9,279	9,406	(1)
Cost of sales and services	(874)	(814)	(822)	(7)	(6)	(2,598)	(2,402)	(8)
Gross Profit	2,220	2,264	2,346	(2)	(5)	6,681	7,004	(5)
Operating expenses	(1,172)	(1,129)	(1,263)	(4)	7	(3,551)	(3,751)	5
Other income (expenses), net	30	87	28	(66)	7	2,145	27	>1,000
Depr., amort. & impairment assets	(875)	(851)	(924)	(3)	5	(2,682)	(2,781)	4
Operating income	203	371	187	(45)	9	2,593	498	421
Comprehensive financing result, net	(25)	(94)	(645)	74	96	(2,474)	(1,214)	(104)
Equity in results of associated company	-	-	0	--	--	-	0	--
Income (loss) before income taxes	179	277	(458)	(36)	--	119	(717)	--
Income taxes	(352)	(135)	140	(161)	--	449	243	85
Discontinued Operations	-	-	(33)	--	--	-	454	--
Net Income (Loss)	(174)	142	(351)	--	51	568	(20)	--

Nemak reports 3Q 2020 EBITDA of US\$178 M

Monterrey, Mexico. October 21, 2020. - Nemak, S.A.B. de C.V. ("Nemak", or "the Company") (BMV: NEMAK), a leading provider of innovative lightweighting solutions for the global automotive industry, announced today its operational and financial results for the third quarter of 2020 ("3Q20"). What follows is a summary of the key figures for the period:

	Third Quarter			Nine months		
	2020	2019	Δ%	2020	2019	Δ%
Volume (M. Equivalent units)	10.1	10.6	(4.7)	25.0	33.8	(26.1)
Revenues	896	963	(7.0)	2,205	3,076	(28.3)
EBITDA ¹	178	139	28.1	282	487	(42.1)
CAPEX	49	74	NA ²	188	246	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 continued to implement measures to safeguard the well-being of our people and meet our customers' supply needs amidst the pandemic, while driving additional efficiencies to strengthen the long-term sustainability of our business. These efforts helped us to capitalize on the recovery in the global automotive industry, delivering volume in-line with pre-COVID levels as well as historically strong results.

Moreover, thanks to our positive cash flow generation and focus on prudent financial management, we were able to reduce our Net Debt by US\$110 million in the period.

We also made strides in strategy execution, tapping into new opportunities linked to vehicle electrification. The main highlights on this front included initiating series production of battery housings for the Ford Mustang Mach-E at a new facility in North America, along with securing our first-ever contract to supply battery housings for full-electric heavy-duty commercial trucks for the European market.

Given an improved outlook for our industry along with our ongoing efforts to reinforce our foundations for growth, we believe that we are well positioned to make continued progress on our financial and operating priorities into the end of the year.

Recent Developments

- During 3Q20, Nemak won contracts worth a total of approximately US\$230 million in annual revenue breaking down as follows: US\$20 million to produce e-mobility and structural applications; and, US\$210 million to produce powertrain applications.
- On August 17, shareholders of Nemak's parent company, ALFA, approved a proposal to transfer their entire share ownership in Nemak to a new entity to be listed on the Mexican Stock Exchange: Controladora Nemak, S.A.B. de C.V. Upon completion of the transaction, the shareholders will receive one share of Controladora Nemak for each of their ALFA shares.

Automotive Industry

Millions of Units Third Quarter			
	2020	2019	% Var.
U.S. Vehicle Sales SAAR ⁽¹⁾	15.4	17.0	(9.4)
North America Vehicle Production ⁽²⁾	4.0	4.0	0
North America Nemak Customer Production ⁽²⁾	2.6	2.7	(3.7)
Europe Vehicle Sales SAAR ⁽¹⁾⁽²⁾	17.8	20.1	(11.4)
Europe Vehicle Production ⁽²⁾	3.9	4.6	(15.2)
Europe Nemak Customer Production ⁽²⁾	2.8	3.1	(9.7)

(1) SAAR = Seasonally Adjusted Annual Rate

(2) Source: IHS Markit and Nemak estimates

In the quarter, SAAR for U.S. light-vehicle sales finished at 15.4 million units, 9.4% lower year-on-year ("y-o-y") but showing a recovery trend compared to the previous quarter on a more favorable economic backdrop. However, light-vehicle production in North America finished flat y-o-y as automakers ramped up operations and rebuilt inventories following the easing of COVID-related lockdown measures.

In Europe, SAAR for light-vehicle sales decreased 11.4% compared to the same period last year. As in other regions, the industry recovery supported improvement on a sequential basis; key tailwinds in this regard included increased general economic activity and the implementation of stimulus packages in certain countries in the region. Light-vehicle production posted a 15.2% y-o-y reduction, roughly in line with the trend in light-vehicle sales.

Financial Results Summary

	Third Quarter			Nine months		
	2020	2019	Δ%	2020	2019	Δ%
Volume (M. Equivalent units)	10.1	10.6	(4.7)	25.0	33.8	(26.1)
Revenues	896	963	(7.0)	2,205	3,076	(28.3)
Operating Income	100	43	132.6	52	224	(76.8)
EBITDA ¹	178	139	28.1	282	487	(42.1)
EBITDA ¹ / Eq. Unit	17.6	13.1	34.4	11.3	14.4	(21.5)
Net Income	90	(2)	NA ²	(48)	99	NA ²
CAPEX	49	74	NA ²	188	246	NA ²
Net Debt ³	1,405	1,221	15.1			

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

3Q20 total volume finished in-line with the Company's initial full-year Guidance, decreasing 4.7% y-o-y amidst continued effects of COVID-19 on the global automotive industry. Following the restart of operations in the industry, volume in North America and Europe recovered significantly quarter on quarter, reaching pre-COVID levels. Meanwhile, Rest of World volume benefitted from favorable industry trends in China, which more than offset effects of a softer Brazilian market.

Turning to Revenue, lower volume and aluminum prices drove a 7.0% y-o-y decrease in 3Q20.

For the period, EBITDA was 28.1% higher y-o-y, aided by reductions in costs and expenses, which derived mainly from restructuring initiatives implemented earlier in the year. Meanwhile, 3Q20 EBITDA per equivalent unit was US\$17.6, 34% higher than in 3Q19, representing a new all-time mark. Regarding Operating Income, Nemak reported a US\$57 million y-o-y increase in 3Q20, primarily attributable to the same factors dictating EBITDA performance as well as a comparison effect with 3Q19, when the Company recognized one-time charges related to the wind-down of a production facility in Windsor, Canada.

Nemak's 3Q20 Net Income finished US\$92 million higher than the same period last year, driven by the same factors benefiting Operating Income as described above, along with non-cash exchange rate effects on financial results and income taxes.

Capital expenditures amounted to US\$49 million in 3Q20, as the Company worked in tandem with its customers to make investments in support of new product launches in all regions.

As of September 30, 2020, Nemak reported a Net Debt of US\$1.4 billion. Financial ratios were: Net Debt to LTM EBITDA, 3.4 times; and Interest Coverage, 5.4 times. These ratios compared

to 1.9 and 9.3 times, respectively, as of quarter-end 3Q19. Excluding non-recurring extraordinary expenses associated with severance and COVID-related expenses, in 3Q20 these ratios were 3.1 times and 5.9 times, respectively.

Regional Results

North America

In 3Q20, revenue was down 11.5% y-o-y on volume and aluminum prices. 3Q20 EBITDA increased 15.4%, driven by the implementation of cost-reduction measures.

Europe

3Q20 revenue decreased 6.8% y-o-y due to volume and aluminum prices. However, EBITDA improved 61.5% in the period, mainly reflecting the above-mentioned efficiencies along with temporary inventory effects.

Rest of the World

In 3Q20, revenue finished 21.2% higher y-o-y on increased sales in China. 3Q20 EBITDA increased 11.1%, as top-line improvement in China more than compensated for continued effects of the pandemic on sales in Brazil.

Methodology for presentation of results

The report presents unaudited financial information. Figures are in Mexican pesos or U.S. 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.

Conference call information

Nemak's Third Quarter 2020 Conference Call will be held on Thursday, October 22, 2020, 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: 01 800 522 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 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 2019, it generated revenue of US\$4.0 billion. For more information about Nemak, visit www.nemak.com

Nemak
Income Statement
Millions of Dollars

	For the third quarter of:					For the nine months of:				
	2020	% of rev.	2019	% of rev.	% Var.	2020	% of rev.	2019	% of rev.	% Var.
Volume (million equivalent units)	10.1		10.6		(4.7)	25.0		33.8		(26.1)
Total revenues	896	100.0	963	100.0	(7.0)	2,205	100.0	3,076	100.0	(28.3)
Gross profit	150	16.7	145	15.1	3.4	259	11.7	461	15.0	(43.8)
Sales & administrative expenses	(50)	(5.6)	(69)	(7.2)	(27.5)	(174)	(7.9)	(212)	(6.9)	(17.9)
Other income (expenses) net	0	0.0	(33)	(3.4)	NA ²	(34)	(1.5)	(25)	(0.8)	36.0
Operating Income	100	11.2	43	4.5	132.6	52	2.4	224	7.3	(76.8)
Interest Expenses	(20)	(2.2)	(23)	(2.4)	(13.0)	(61)	(2.8)	(64)	(2.1)	(4.7)
Interest Income	1	0.1	2	0.2	(50.0)	2	0.1	12	0.4	(83.3)
Foreign exchange gain (loss)	16	1.8	(2)	(0.2)	NA ²	(43)	(2.0)	(4)	(0.1)	NA ²
Financing expenses net	(3)	(0.3)	(23)	(2.4)	(87.0)	(102)	(4.6)	(56)	(1.8)	82.1
Participation in associates results	(1)	(0.1)	1	0.1	NA ²	(1)	(0.0)	2	0.1	(150.0)
Income Tax	(6)	(0.7)	(23)	(2.4)	(73.9)	3	0.1	(71)	(2.3)	NA ²
Net Income	90	10.0	(2)	(0.2)	NA ²	(48)	(2.2)	99	3.2	NA ²

	2020	% of rev.	2019	% of rev.	% Var.	2020	% of rev.	2019	% of rev.	% Var.
Operating Income	100	11.2	43	4.5	132.6	52	2.4	224	7.3	(76.8)
Depreciation, Amortization & Other Non-Cash items	77	8.6	96	10.0	(19.8)	231	10.5	263	8.6	(12.2)
EBITDA1	178	19.9	139	14.4	28.1	282	12.8	487	15.8	(42.1)
CAPEX	49	5.5	74	7.7	NA ²	188	8.5	246	8.0	NA ²

(1) EBITDA = Operating Income + Depreciation, Amortization & other Non-Cash items
(2) Not applicable

Nemak
Balance Sheet
Millions of Dollars

Assets	Sep-20	Dec-19	% Var
Cash and cash equivalents	644	312	106.4
Accounts receivable	485	417	16.3
Inventories	559	591	(5.4)
Other current assets	31	26	19.2
Total current assets	1,719	1,348	27.5
Investments in shares	29	33	(12.1)
Property, plant and equipment, net	2,544	2,554	(0.4)
Other assets	764	774	(1.3)
Total assets	5,055	4,709	7.3

Liabilities & stockholders' equity	Sep-20	Dec-19	% Var
Bank loans	377	108	NA
Current maturities of long-term debt	22	17	29.4
Interest payable	6	17	(64.7)
Operating liabilities	1,095	1,203	(9.0)
Total current liabilities	1,500	1,344	11.6
Long-term debt	1,642	1,375	19.4
Labor liabilities	70	75	(6.7)
Other long term-liabilities	121	113	7.1
Total liabilities	3,333	2,907	14.7
Total stockholders' equity	1,723	1,800	(4.3)
Total liabilities & stockholders' equity	5,055	4,709	7.3

Nemak Regional Results

Millions of Dollars

	For the third quarter of:			For the nine months of:		
Volume (million equivalent units)	2020	2019	% Var.	2020	2019	% Var.
North America	5.9	6.3	(6.3)	14.2	19.9	(28.5)
Europe	3.1	3.3	(6.1)	8.0	11.0	(27.5)
Rest of World	1.1	1.0	10.0	2.8	2.9	(3.5)
Total	10.1	10.6	(4.7)	25.0	33.8	(26.1)
Total Revenues*	2020	2019	% Var.	2020	2019	% Var.
North America	491	555	(11.5)	1,181	1,724	(31.5)
Europe	301	323	(6.8)	780	1,091	(28.5)
Rest of World	103	85	21.2	244	261	(6.5)
Total	896	963	(7.0)	2,205	3,076	(28.3)
EBITDA ¹	2020	2019	% Var.	2020	2019	% Var.
North America	105	91	15.4	172	299	(42.5)
Europe	63	39	61.5	93	165	(43.6)
Rest of World	10	9	11.1	18	24	(25.0)
Total	178	139	28.1	282	487	(42.1)
EBITDA ¹ Margin in %	2020	2019	% Var.	2020	2019	% Var.
North America	21%	16%	30.4	15%	17%	(16.0)
Europe	21%	12%	73.3	12%	15%	(21.2)
Rest of World	10%	11%	(8.3)	7%	9%	(19.8)
Total	20%	14%	37.6	13%	16%	(19.2)
EBITDA ¹ USD/Equivalent units	2020	2019	% Var.	2020	2019	% Var.
North America	17.8	14.4	23.2	12.1	15.0	(19.5)
Europe	20.3	11.8	72.0	11.7	15.0	(22.2)
Rest of World	9.1	9.0	1.0	6.4	8.3	(22.3)
Total	17.6	13.1	34.4	11.3	14.4	(21.5)

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

* To external customers

Nemak
Income Statement
Millions of Pesos

	For the third quarter of:					For the nine months of:				
	2020	% of rev.	2019	% of rev.	% Var.	2020	% of rev.	2019	% of rev.	% Var.
Volume (million equivalent units)	10.1		10.6		(4.7)	25.0		33.8		(26.1)
Total revenues	19,767	100.0	18,700	100.0	5.7	46,778	100.0	59,208	100.0	(21.0)
Gross profit	3,299	16.7	2,824	15.1	16.8	5,272	11.3	8,888	15.0	(40.7)
Sales & administrative expenses	(1,097)	(5.5)	(1,337)	(7.1)	(18.0)	(3,723)	(8.0)	(4,073)	(6.9)	(8.6)
Other income (expenses) net	1	0.0	(645)	(3.4)	NA ²	(761)	(1.6)	(498)	(0.8)	52.8
Operating Income	2,203	11.1	841	4.5	162.0	788	1.7	4,316	7.3	(81.7)
Interest Expenses	(430)	(2.2)	(444)	(2.4)	(3.2)	(1,316)	(2.8)	(1,234)	(2.1)	6.6
Interest Income	17	0.1	35	0.2	(51.4)	55	0.1	224	0.4	(75.4)
Foreign exchange gain (loss)	349	1.8	(38)	(0.2)	NA ²	(893)	(1.9)	(80)	(0.1)	NA ²
Financing expenses net	(64)	(0.3)	(447)	(2.4)	(85.7)	(2,154)	(4.6)	(1,090)	(1.8)	97.6
Participation in associates results	(20)	(0.1)	26	0.1	NA ²	(28)	(0.1)	44	0.1	(163.6)
Income Tax	(143)	(0.7)	(449)	(2.4)	(68.2)	122	0.3	(1,370)	(2.3)	NA ²
Net Income	1,976	10.0	(29)	(0.2)	NA ²	(1,271)	(2.7)	1,901	3.2	NA ²

	2020	% of rev.	2019	% of rev.	% Var.	2020	% of rev.	2019	% of rev.	% Var.
Operating Income	2,203	11.1	841	4.5	162.0	788	1.7	4,316	7.3	(81.7)
Depreciation, Amortization & Other Non-Cash items	1,711	8.7	1,862	10.0	(8.1)	5,021	10.7	5,074	8.6	(1.0)
EBITDA ¹	3,915	19.8	2,703	14.5	44.8	5,809	12.4	9,390	15.9	(38.1)
CAPEX	1,078	5.5	1,436	7.7	NA ²	4,000	8.6	4,738	8.0	NA ²

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

(2) Not applicable

Nemak
Balance Sheet
Millions of Pesos

Assets	Sep-20	Dec-19	% Var
Cash and cash equivalents	14,458	5,883	145.8
Accounts receivable	10,902	7,860	38.7
Inventories	12,545	11,146	12.6
Other current assets	698	514	35.8
Total current assets	38,603	25,403	52.0
Investments in shares	642	615	4.4
Property, plant and equipment, net	57,131	48,140	18.7
Other assets	17,155	14,585	17.6
Total assets	113,531	88,744	27.9

Liabilities & stockholders' equity	Sep-20	Dec-19	% Var
Bank loans	8,466	2,028	NA
Current maturities of long-term debt	485	321	51.1
Interest payable	144	320	(55.0)
Operating liabilities	24,581	22,664	8.5
Total current liabilities	33,676	25,333	32.9
Long-term debt	36,875	25,921	42.3
Labor liabilities	1,579	1,407	12.2
Other long term-liabilities	2,709	2,140	26.6
Total liabilities	74,840	54,800	36.6
Total stockholders' equity	38,691	33,943	14.0
Total liabilities & stockholders' equity	113,531	88,744	27.9