



2Q21

Earnings Presentation

July 21, 2021



## Safe Harbor

This presentation 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. 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 are likely to vary from those set forth in this presentation. Copyright © 2021 ALFA, S.A.B. de C.V. All rights reserved. Reproduction and distribution is forbidden without the prior written consent of ALFA, S.A.B. de C.V.

On August 17, 2020, ALFA's shareholders approved to spin-off ALFA's share ownership of Nemak into a new, listed entity: Controladora Nemak, S.A.B. de C.V. ("Controladora Nemak"). The shares of "Controladora Nemak" were distributed to ALFA shareholders and began trading on the Mexican Bolsa on December 14, 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:

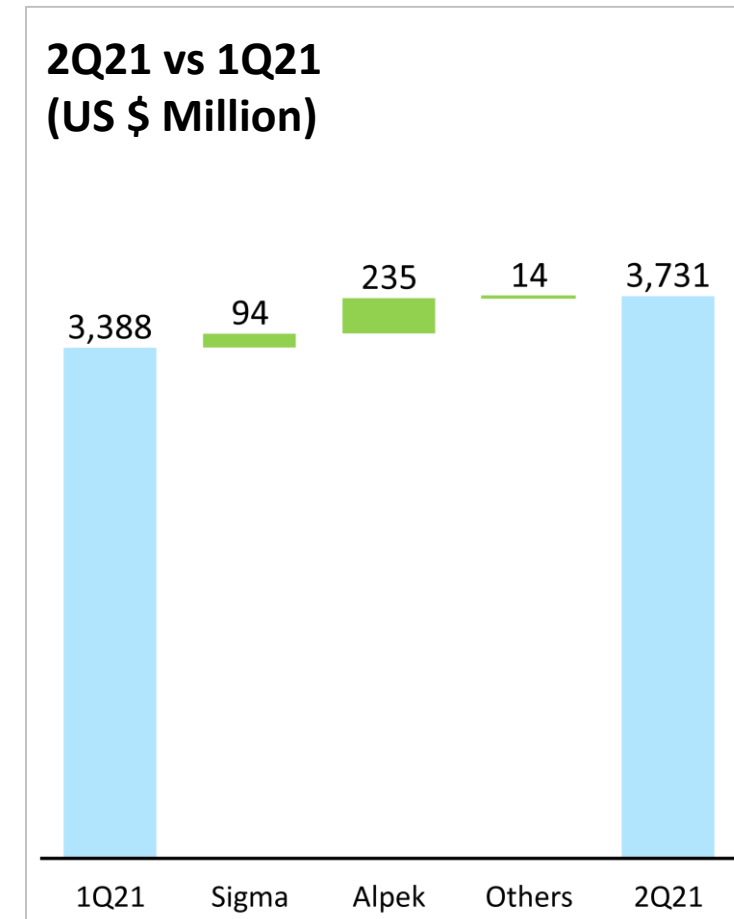
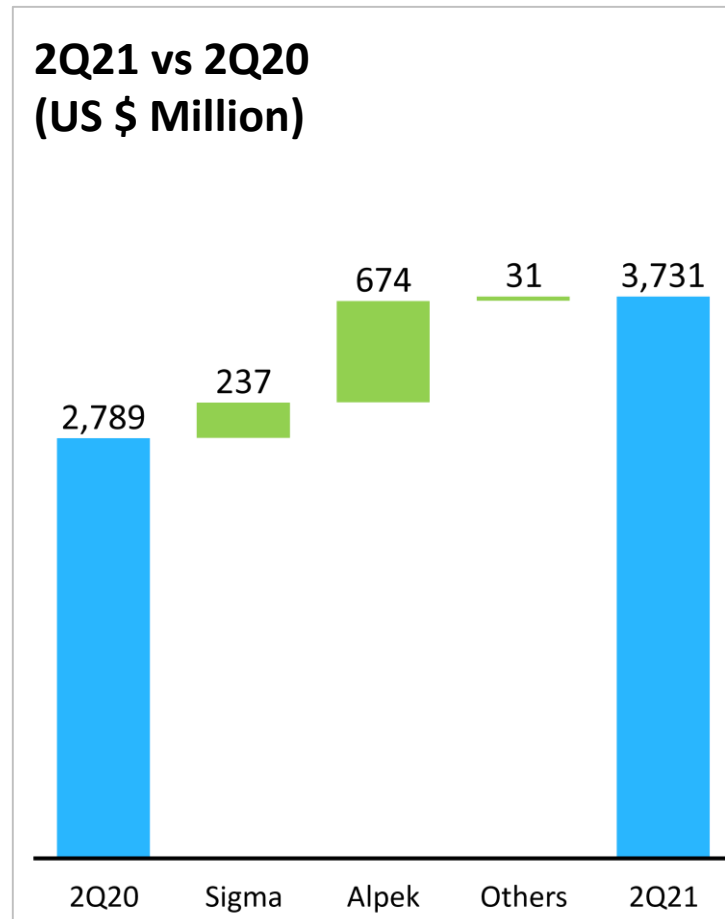
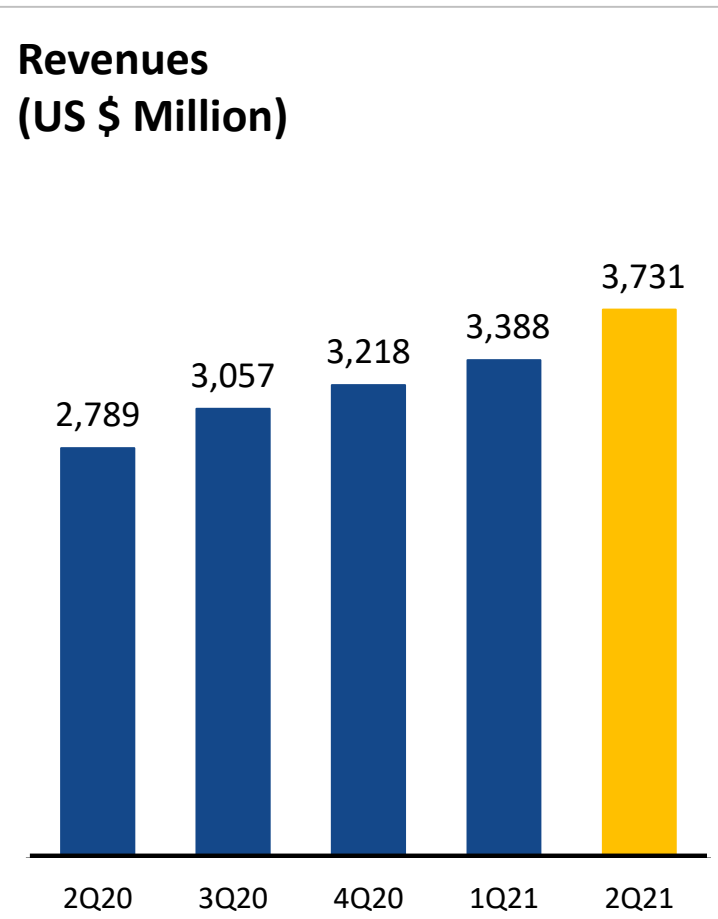
- The Consolidated Statement of Financial Position presents all items related to Nemak as follows:
  - At the close of 3Q20, as "Current assets from discontinued operations" and "Current liabilities from discontinued operations"
  - At the close of 4Q20, all items are eliminated
  - At the close of 2Q21, no figures related to Nemak
  - 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" as follows:
  - 4Q20: accumulated figures for the two months and 14 days ended December 14, 2020
  - 2Q20: accumulated figures from the complete quarter
  - 2Q21: no figures related to Nemak
- 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 six months ended June 30, 2020
- The Change in Net Debt also presents Nemak's Net Debt balance as "Net Debt from discontinued operations" at the close of 2Q20. Prior periods are not restated

- 2Q21 **Consolidated EBITDA** was the second **highest** quarterly figure since 2019
- **Accumulated EBITDA** of US \$1.0 billion set a new **record** for any first half of the year
- Successfully obtained all regulatory approvals to **expand the maximum threshold of the Nafinsa Trust to 75%**
- 2021 **EBITDA Guidance revised upwards 8% to US \$1.767 billion** driven by Alpek
- **Steady progress on Unlocking Value** transformation plan
  - **Reducing Leverage:** Net Debt to EBITDA of 2.6x, down from 3.3x in 2Q20 and 2.9x in 1Q21
  - **Focusing on core businesses:** boost underlying value of individual businesses (e.g. Alpek rPET facility acquisition)
  - **Enhancing business independence:** initial transfers of personnel from ALFA to Subsidiaries

Revenue growth driven mainly by higher prices and volume at Alpek as well as Foodservice channel recovery plus favorable foreign exchange trends at Sigma

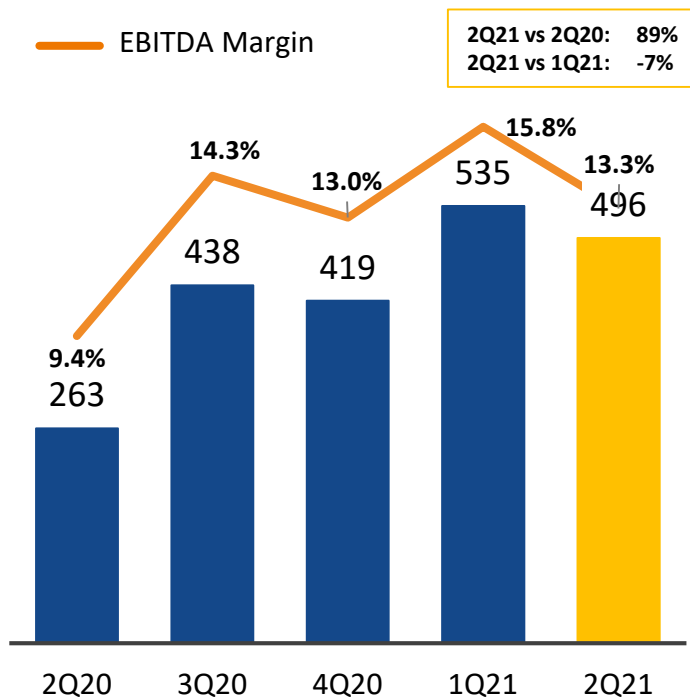
## ALFA & Subs with Nemark as Discontinued Operations



Second highest Reported and Comparable ALFA EBITDA since 2019. Comparable EBITDA of US \$449 million driven by gains of 51% at Alpek, 17% at Axtel and 15% at Sigma

## ALFA & Subs with Nemak as Discontinued Operations

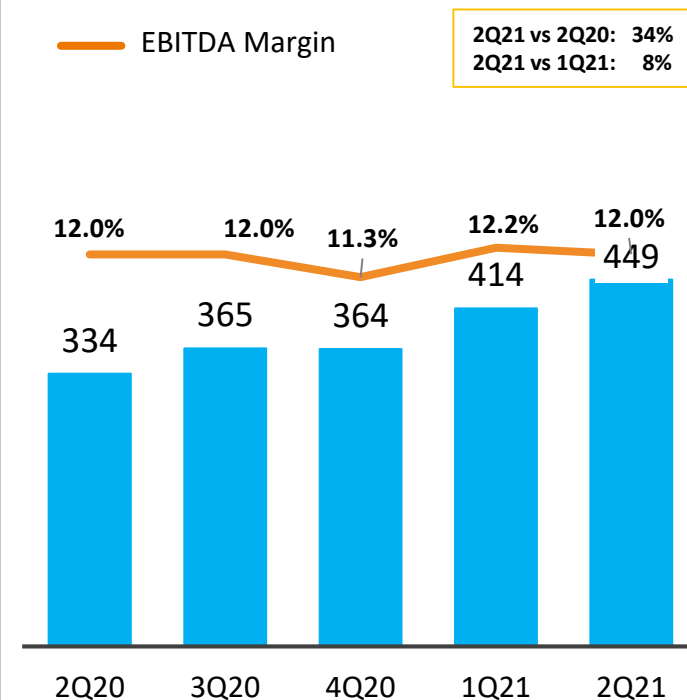
### Reported EBITDA (US \$ Million)



### Extraordinary Items

	2Q20	3Q20	4Q20	1Q21	2Q21
ALPEK Carry Fwd.	(39)	6	9	58	29
ALPEK Others	(36)	19	41	63	19
SIGMA	-	-	-	-	-
AXTEL	4	-	-	-	-
NEWPEK	-	48	4	-	-
<b>TOTAL</b>	<b>(71)</b>	<b>73</b>	<b>55</b>	<b>121</b>	<b>48</b>

### Comparable EBITDA<sup>1</sup> (US \$ Million)

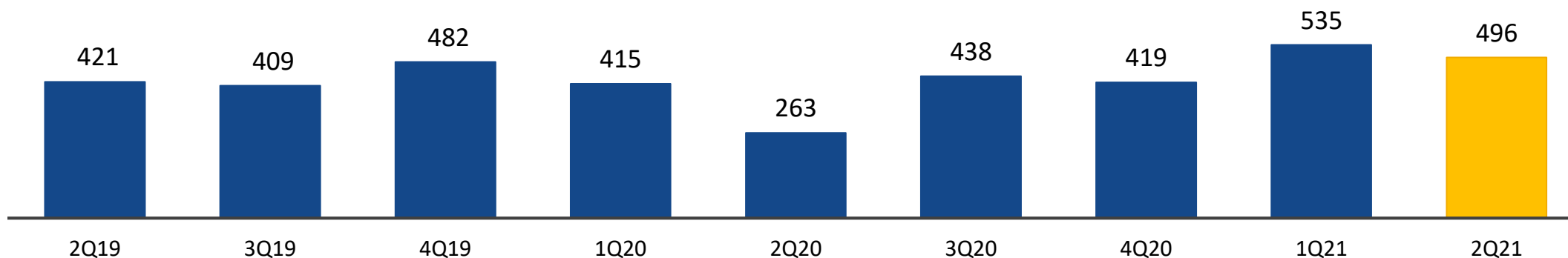


1. Extraordinary items include "Carry-forward gain (loss)" beginning 1Q21. Total figures from previous quarters include the carry-forward effect for comparability purposes.

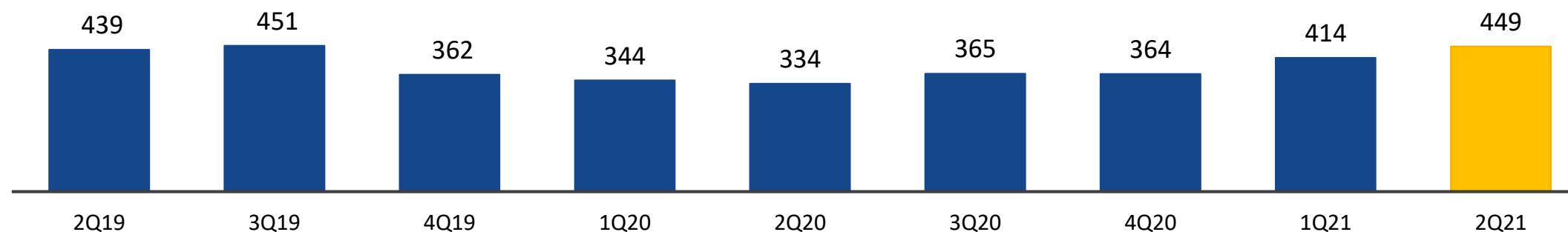
## Consolidated ALFA EBITDA with Nemak as Discontinued Operations (US \$ Million)



### Reported EBITDA



### Comparable EBITDA <sup>1</sup>

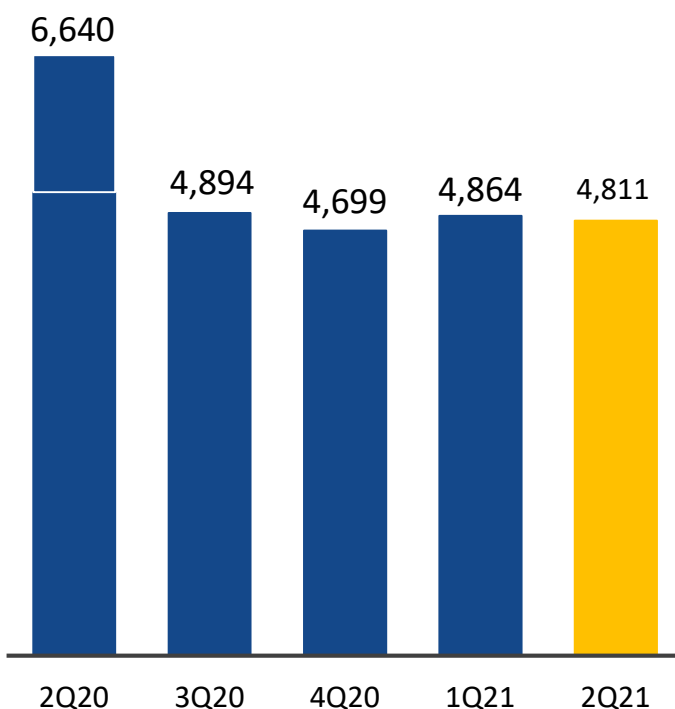


1. Extraordinary items include "Carry-forward gain (loss)". Total figures from previous quarters include the carry-forward effect for comparability purposes.

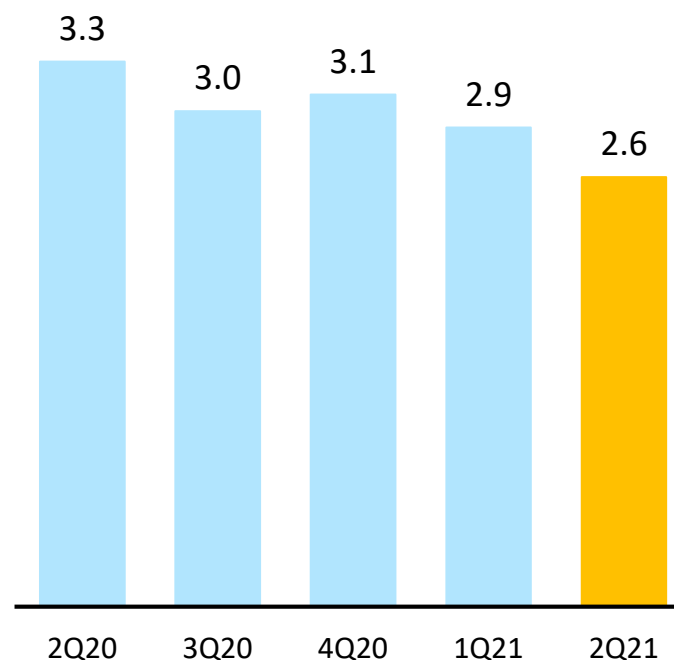
Net Debt decreased US \$1.829 billion since 2Q20 due to Nemak spin-off and strong cash flow generation. Leverage ratio of 2.6 times is the lowest since 2018.

## ALFA & Subs with Nemak as Discontinued Operations

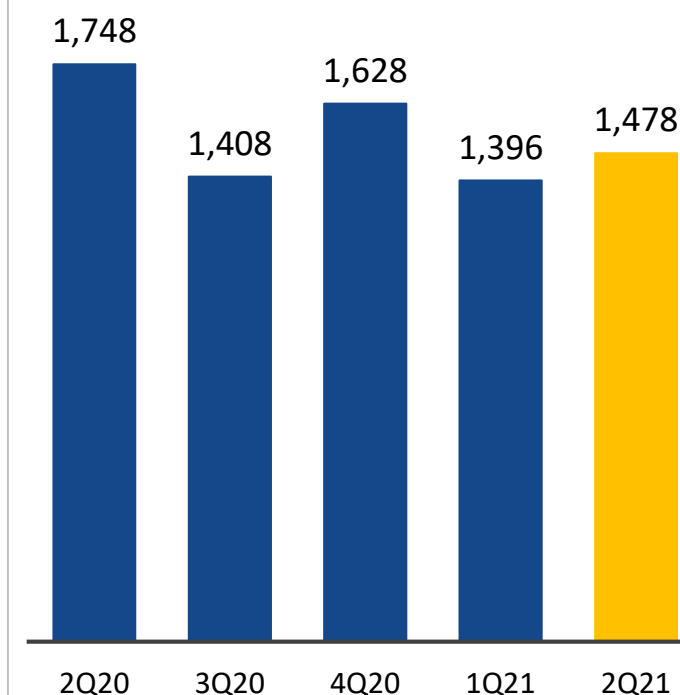
**ALFA Net Debt  
(US \$ Million)**



**Leverage Ratio<sup>1</sup>  
(Net Debt/EBITDA)**



**Cash  
(US \$ Million)**

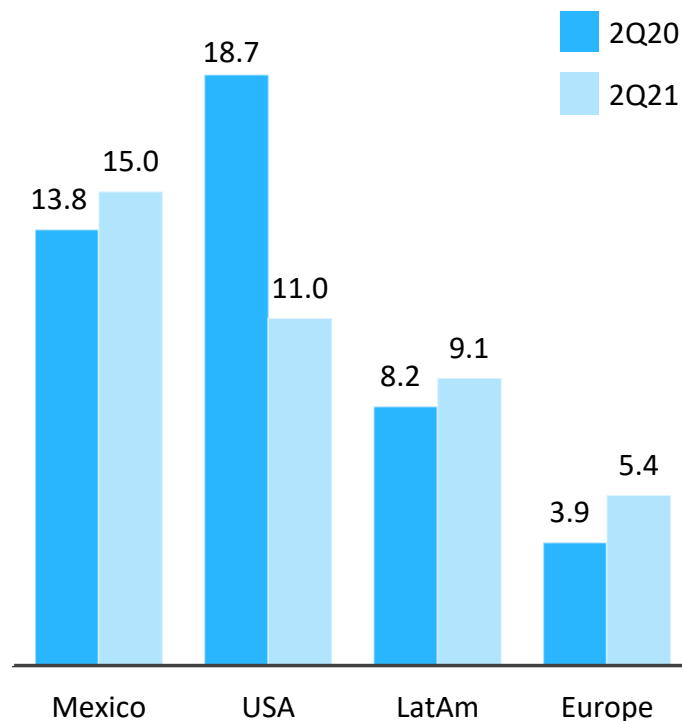


1. Ratio calculated with Discontinued Ops. for all periods

## Highlights

- Stronger-than-expected recovery in Foodservice channel with EBITDA up 11% versus pre-pandemic levels (2Q19)
- Raw material costs pressure partially offset by 5% average price increase in local currency
- Acceleration program “Tastech by Sigma” received more than 360 applications and selected 12 startups to complete joint pilot tests in its four regions
- Net Leverage of 2.4x explained by solid operating performance and a slower CAPEX deployment

## EBITDA Margin By Region (%)

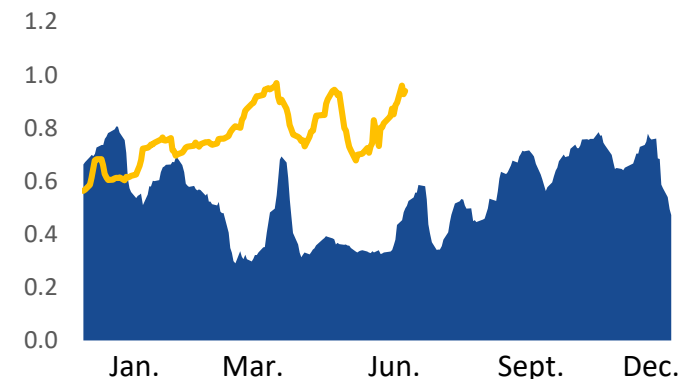


## Pork Ham Price

Europe (€/kg)



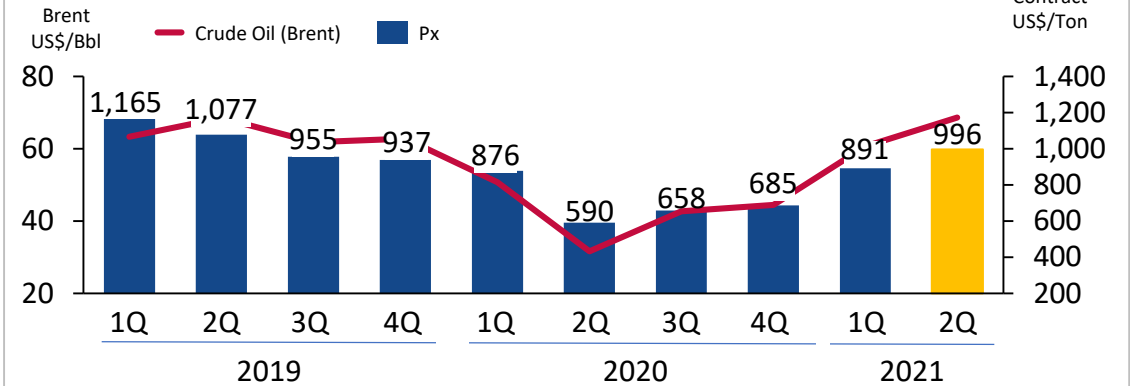
U.S. (\$/lb)



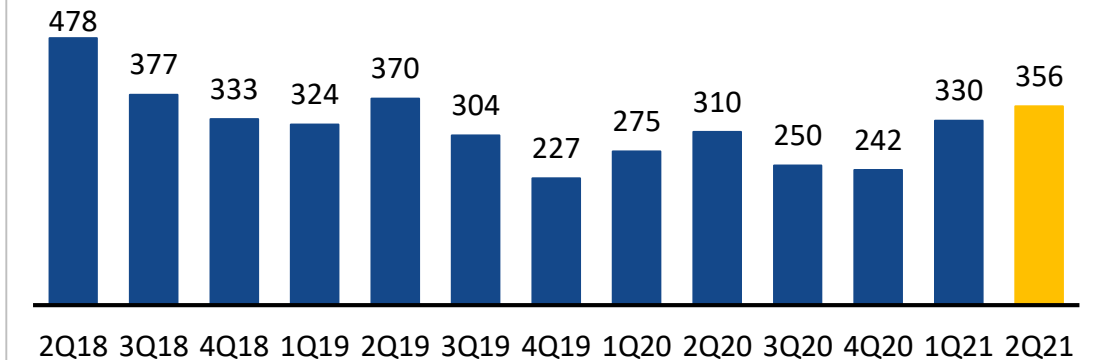
## Highlights

- Completed acquisition of state-of-the-art integrated rPET facility in Pennsylvania, U.S.
- Paid dividends of U.S. \$128 million during 2Q21, as approved at Annual Shareholders' Meeting
- Included in "S&P/BMV Total Mexico ESG Index" given strong improvement in its ESG metrics in 2020
- 2021 EBITDA Guidance revised upwards 17% to US \$880 million, reflecting YTD performance and a stronger margin outlook

## Paraxylene vs Brent Crude Oil Price



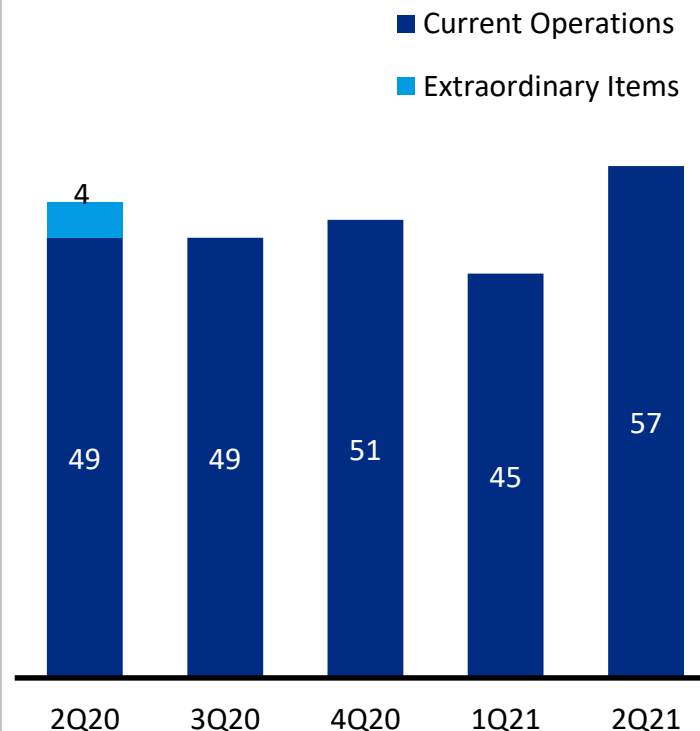
## Margin: Asia PET to Px/MEG (US \$ / Ton)



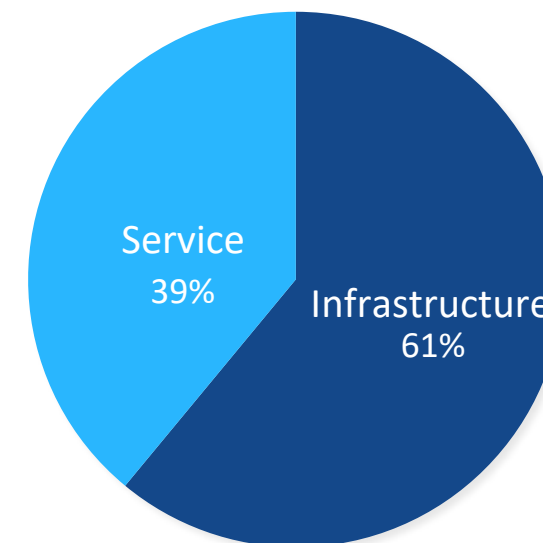
## Highlights

- Actively engaged with potential buyers of its Infrastructure business unit
- Growth in value-added and digital transformation services of Enterprise segment customers, as well as third-party revenues in Infrastructure unit offset Government segment underperformance
- Alestra received certifications and recognitions from several technology partners, such as Amazon Web Services and DELL Technologies
- YTD results on track with full-year guidance
- 1.5 million total shares repurchased YTD

## EBITDA (US \$ Million)



## EBITDA by Business Unit (YTD: US \$102 million)

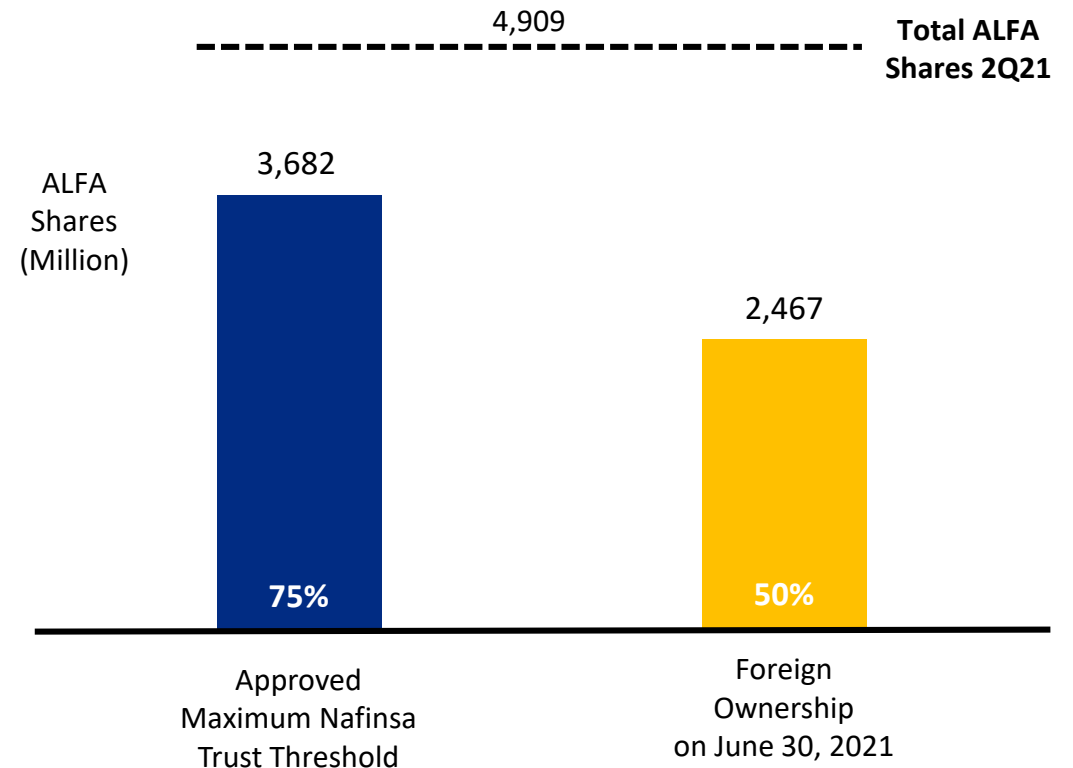


Successfully obtained all regulatory approvals and completed required amendments to expand the maximum Nafinsa Trust threshold to 75% of ALFA's shares outstanding

## Key Milestones - COMPLETED

- ✓ Shareholder approval to amend ALFA bylaws
- ✓ Foreign Investment Directorship (Ministry of Economy) approval to expand trust from 50% to 75%
- ✓ CNBV authorization and other regulatory requirements
- ✓ Nafinsa Trust amendment

## Foreign Ownership vs Threshold



# 2021 EBITDA Guidance revised up 8% to US \$1.767 billion due to stronger Alpek outlook

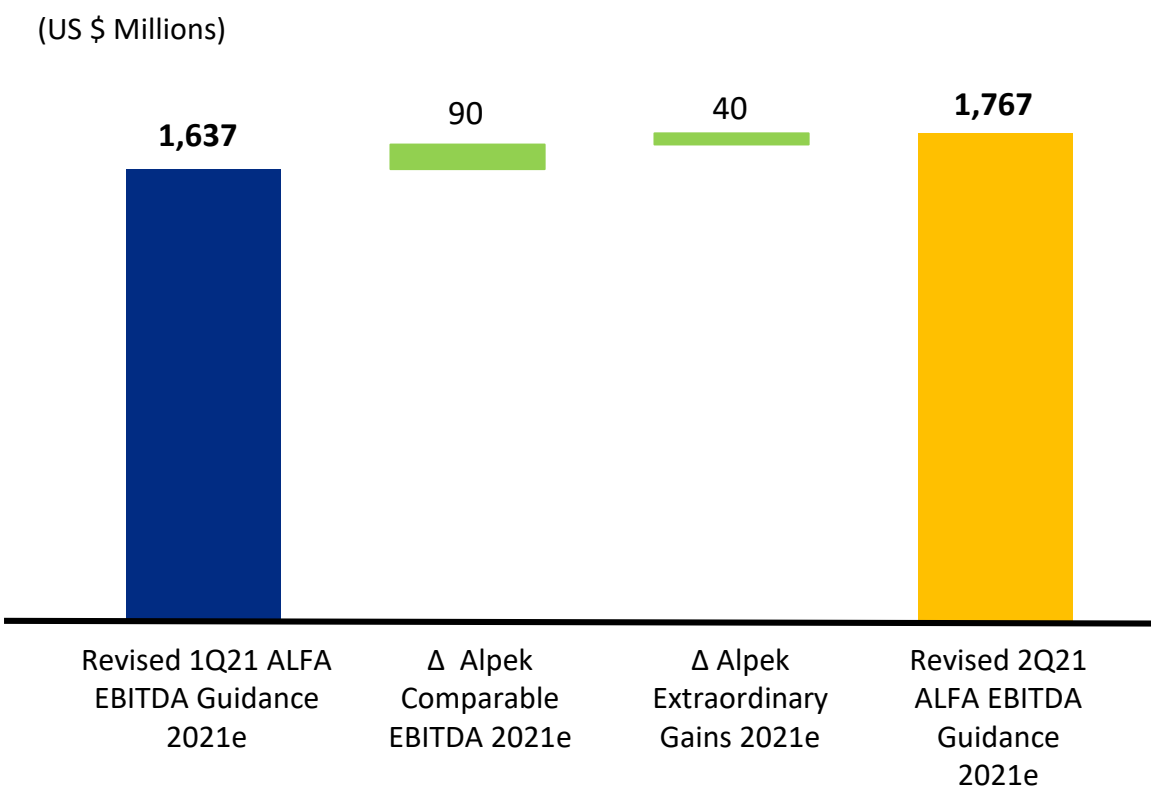


## 2021 EBITDA and Capex Guidance

(US \$ Millions)		Revised 2Q21	Revised 1Q21	Previous 2021
EBITDA	ALFA <sup>1</sup>	1,767	1,637	1,448
	Alpek <sup>2</sup>	880	750	561
	Sigma	725	725	725
	Axtel	209	209	209

(US \$ Millions)		Revised 2Q21	Previous 2021
Capex	ALFA	628	588
	Alpek	250	210
	Sigma	270	270
	Axtel	98	98

## 2021 EBITDA Guidance (Revised 1Q21 vs 2Q21)



1 - Includes US \$115 million inventory gains and carryforward effect from Alpek (Comparable EBITDA: US \$1,652 million)

2 - Includes US \$115 million inventory gains and carryforward effect (Comparable EBITDA: US \$765 million)



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