



4Q20

Earnings Presentation

February 11, 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 © 2020 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
 - Prior periods are not restated

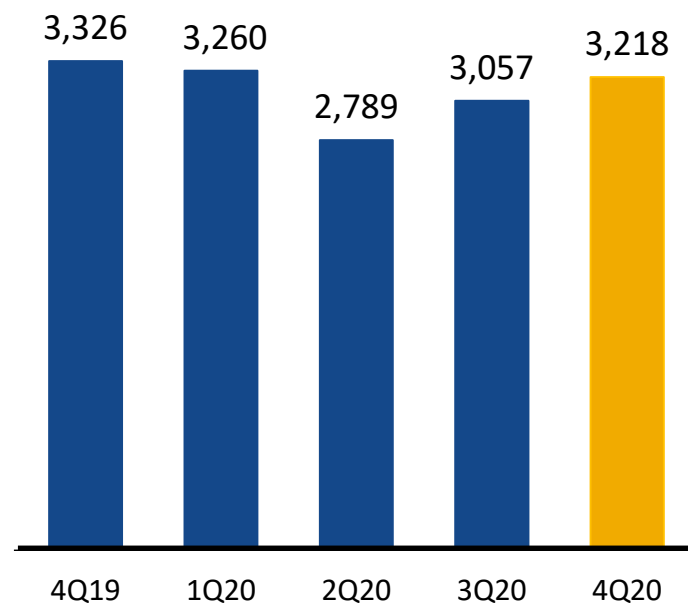
- The Consolidated Statement of Income presents Nemak's net revenues and expenses as a single line item "Profit (loss) from discontinued operations" as follows:
 - 4Q19: accumulated figures for the three months ended December 31, 2019
 - 4Q20: accumulated figures for the two months and 14 days ended December 14, 2020
 - 2019: accumulated figures for the 12 months ended December 31, 2019
 - 2020: accumulated figures for the 11 months and 14 days ended December 14, 2020
- 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 for the 12 months ended December 31, 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

- Continuation of **positive momentum** from third quarter
- Adaptability and resilience reflected in **2020 comparable EBITDA above pre-pandemic guidance** (ex-Nemak)
- **Net Debt down 7%** versus 4Q19 (ex-Nemak)
- **“Unlocking value” – significant progress** in three key implementation directives
 1. Enhance business Independence: **Successful Nemak Spin-off**
 2. Reduce debt: **committed to lowering debt through the potential sale of Axtel**
 3. Focus on core businesses
 - **Alpek** strengthened its operations with **acquisitions of Nova Chemicals’ styrenics business**
 - **Sigma** boosted efforts to **pursue new sources of revenue**

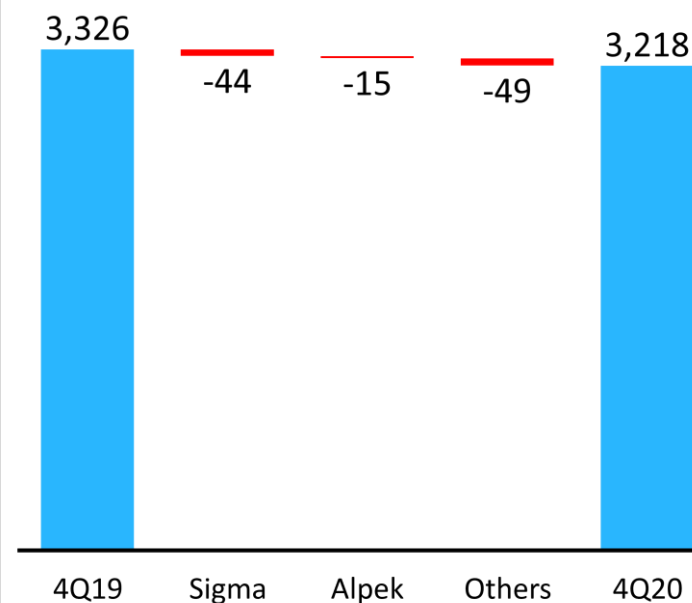
Revenues reflect continuation of positive momentum from third quarter

ALFA & Subs with Nemak as Discontinued Operations

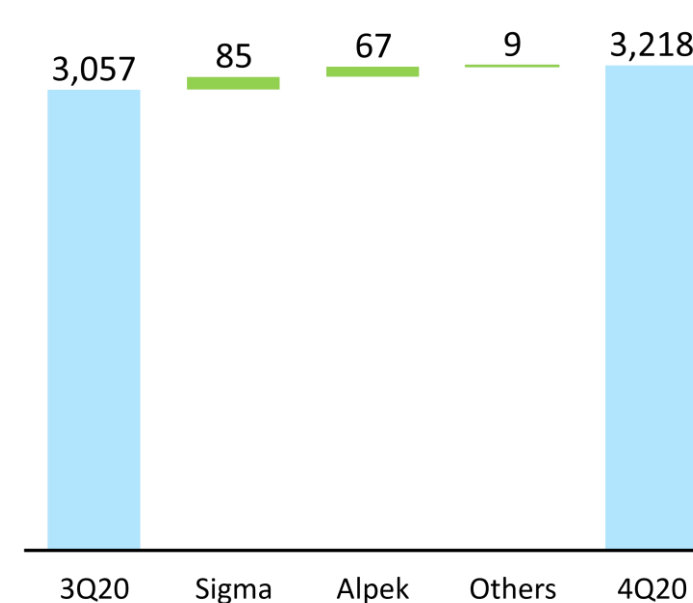
Revenues
(US \$ Million)



4Q20 vs 4Q19
(US \$ Million)



4Q20 vs 3Q20
(US \$ Million)

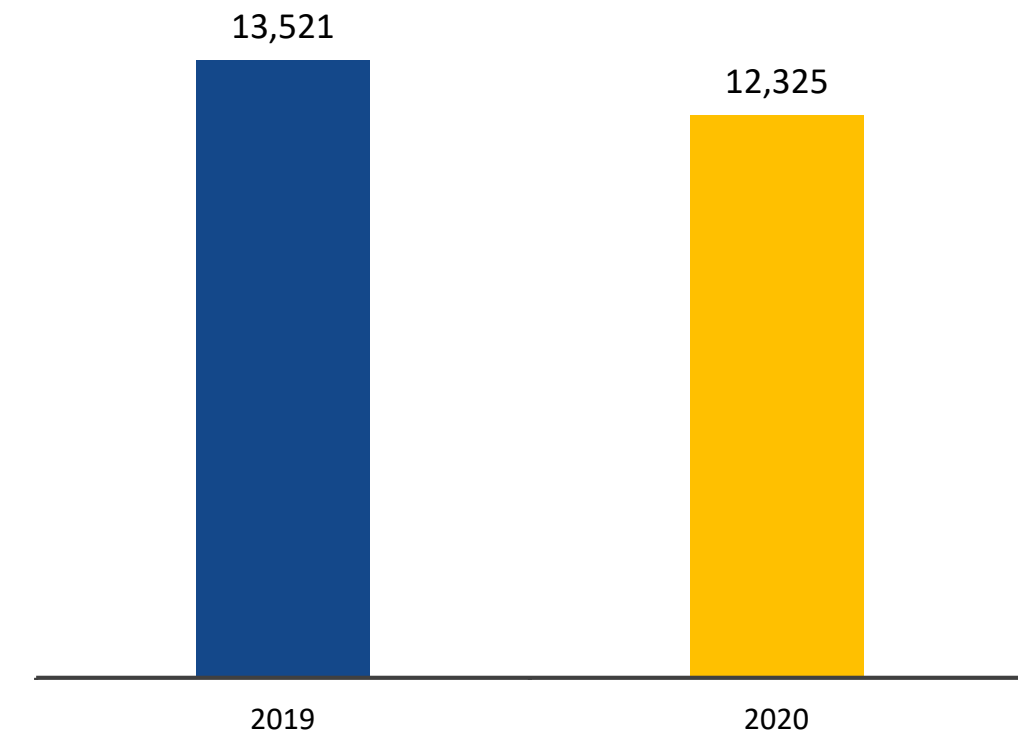


Consolidated revenues down 9% year-over-year mainly due to the impact of lower oil and feedstock prices in Alpek

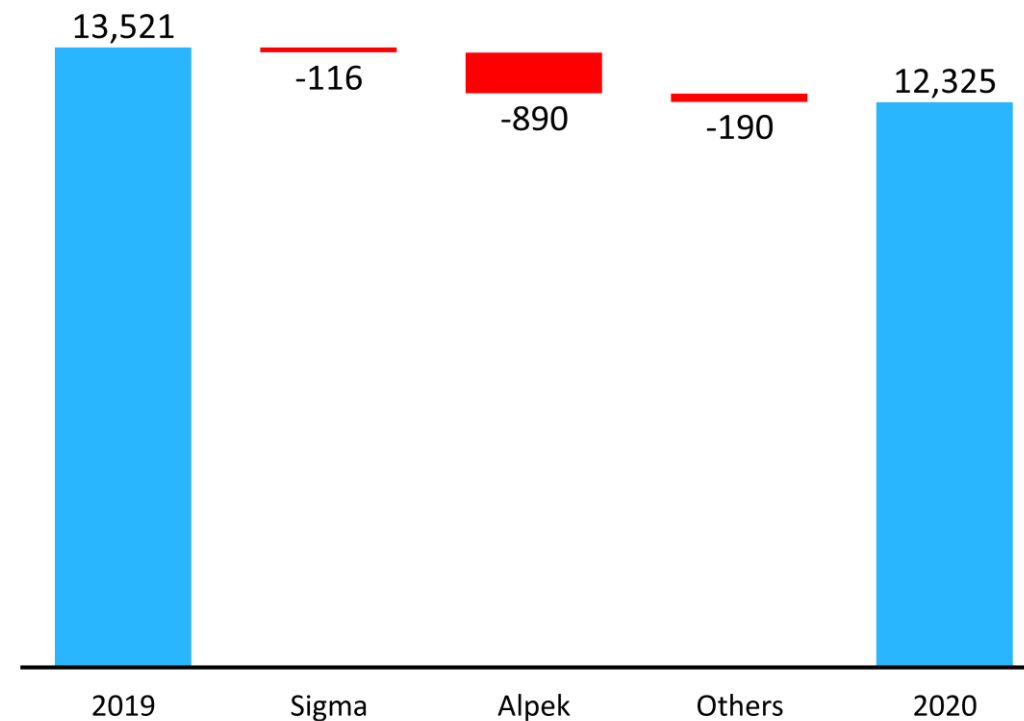


ALFA & Subs with Nemak as Discontinued Operations

Revenues
(US \$ Million)



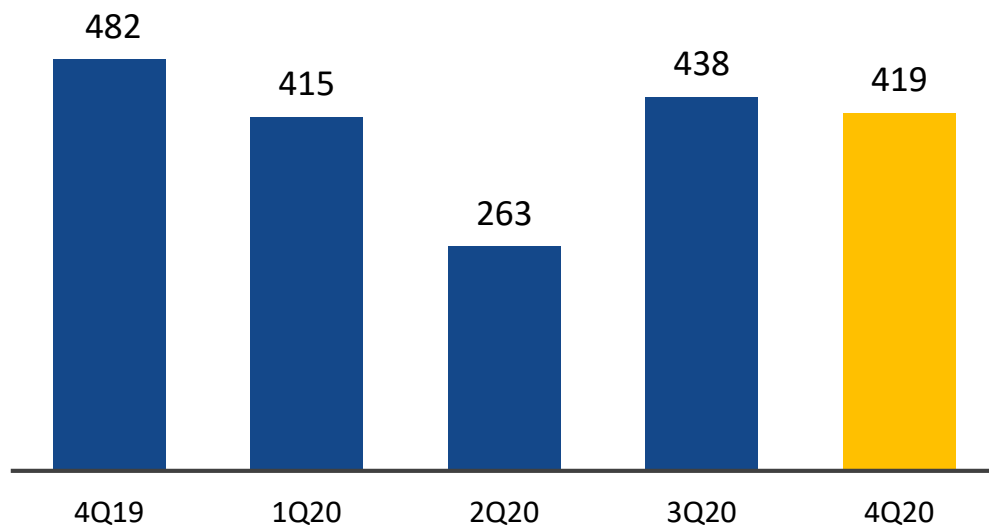
2020 vs 2019
(US \$ Million)



V-shaped recovery in EBITDA after 2Q20

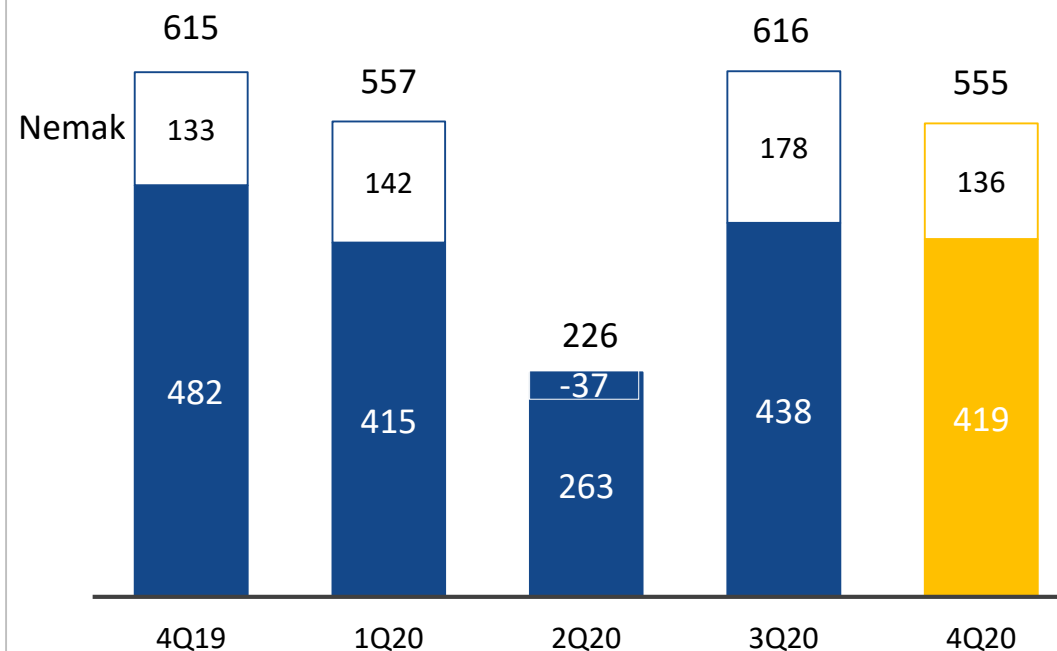
Reported EBITDA (US \$ Million)

with Nemak as Discontinued Operations



Proforma EBITDA (US \$ Million)

Including Nemak

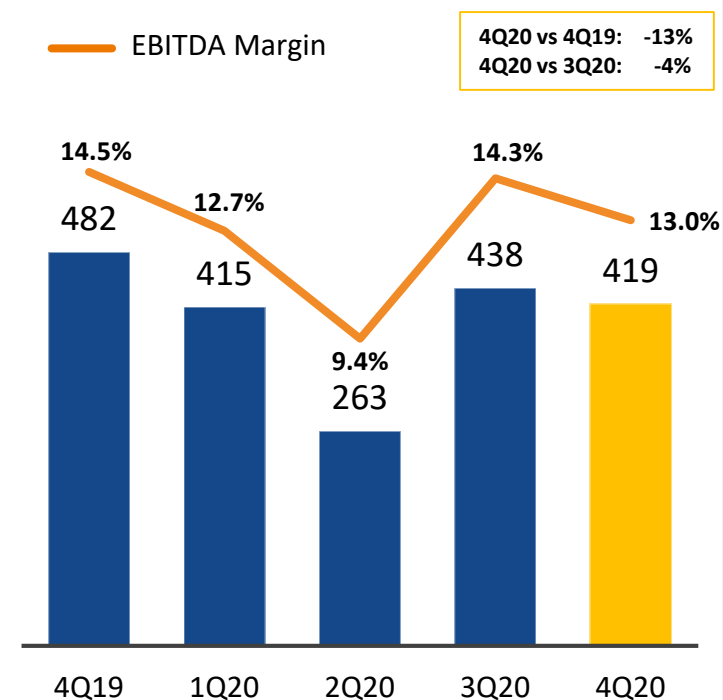


4Q20 Comparable EBITDA was the highest quarterly figure in 2020 as business performance continued to normalize



ALFA & Subs with Nemak as Discontinued Operations

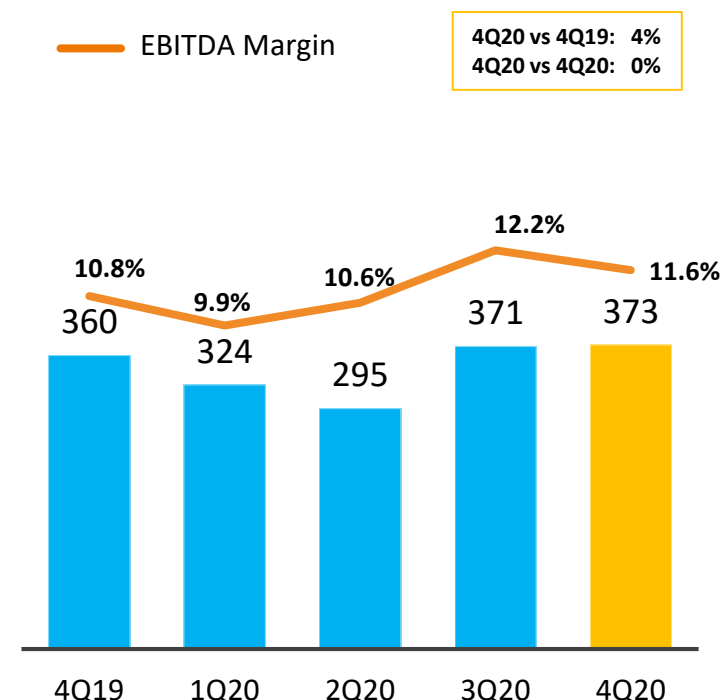
Reported EBITDA (US \$ Million)



Extraordinary Items

	4Q19	1Q20	2Q20	3Q20	4Q20
ALPEK	184	(17)	(36)	19	41
SIGMA	-	-	-	-	-
AXTEL	(4)	107	4	-	-
NEWPEK	(58)	-	-	48	4
TOTAL	122	91	(32)	67	46

Comparable EBITDA (US \$ Million)

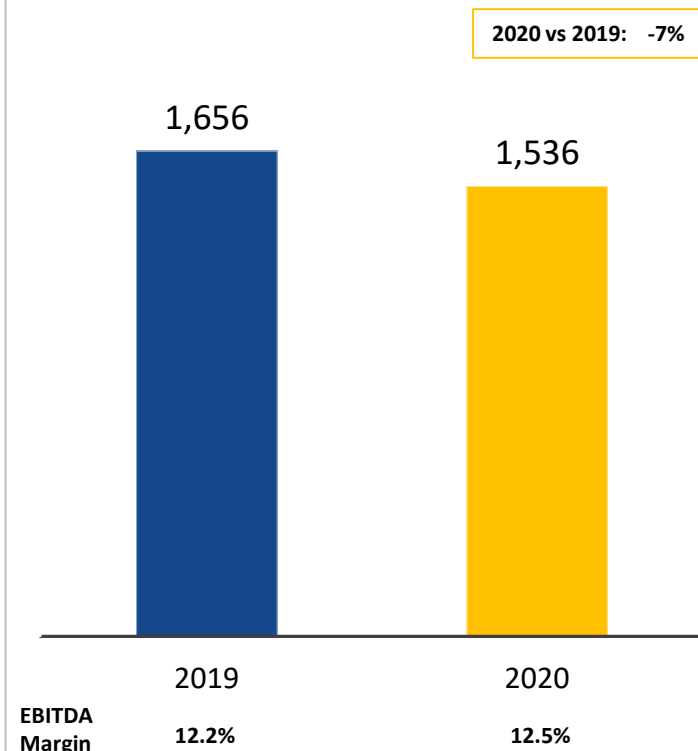


2020 Comparable EBITDA higher than pre-pandemic Guidance of US \$1.325 billion (ex-Nemak)



ALFA & Subs with Nemak as Discontinued Operations

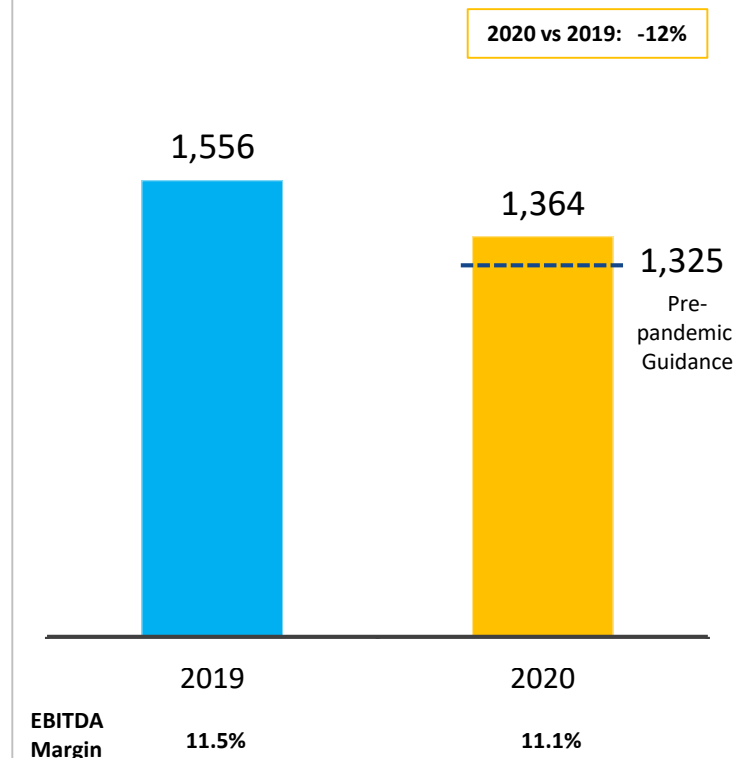
Reported EBITDA (US \$ Million)



Extraordinary Items

	2019	2020
ALPEK	128	7
SIGMA	-	-
AXTEL	35	111
NEWPEK	-63	52
TOTAL	100	171

Comparable EBITDA (US \$ Million)



Income Statement (US \$ Million)

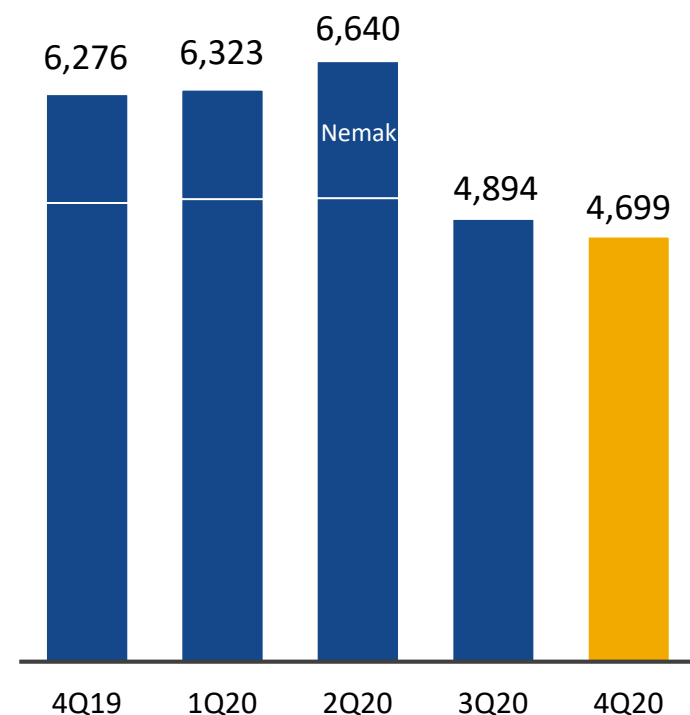
	4Q20	
Total Revenues	3,218	
Gross Profit	733	
Operating expenses and others	(504)	
EBITDA	419	
Operating income (loss)	229	
Financial cost, net	(58)	
Share of losses of associates	6	
Income Tax	(554)	1
Profit (loss) from continuing operations	(376)	
Profit (loss) from discontinued operations	496	2
Consolidated net income (loss)	120	
Controlling Interest	(63)	

Non-recurring line items

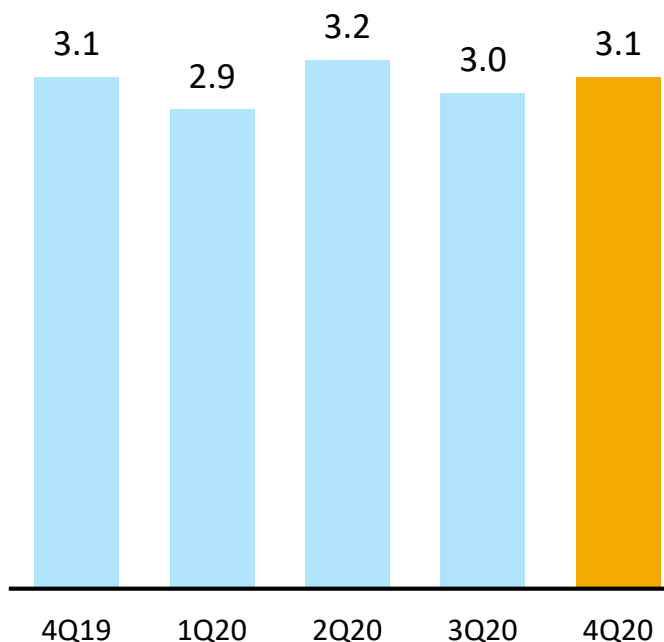
- 1 **Income Tax** includes a US \$382 million non-cash reserve for deferred income tax asset associated with an investment in shares of a subsidiary
- 2 **4Q20 Profit from Discontinued Operations** primarily comprised of:
 - i. US \$38 million profit from discount. ops. (Nemak)
 - ii. US \$581 million gain in translation effect due to the Nemak spin-off, minus
 - iii. US \$127 million tax from the Nemak spin-off

ALFA & Subs with Nemark as Discontinued Operations

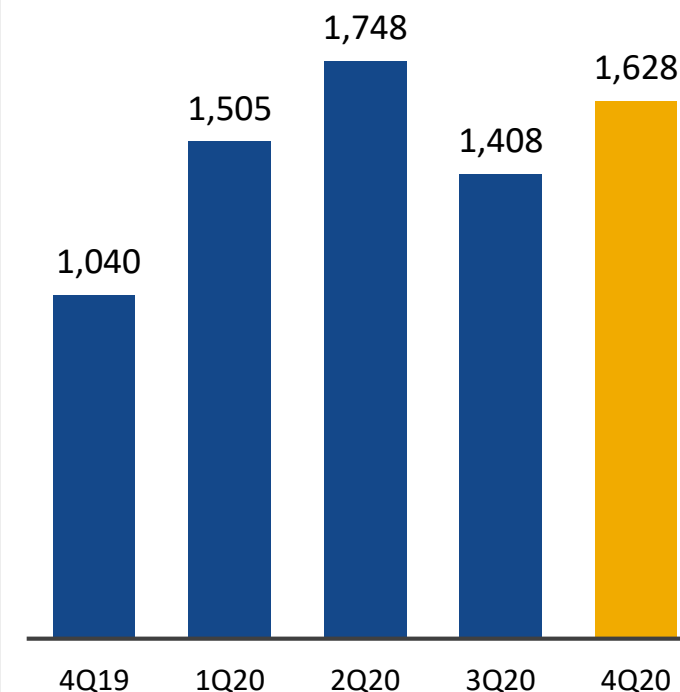
ALFA Net Debt
(US \$ Million)



Leverage Ratio¹
(Net Debt/EBITDA)









Cash
(US \$ Million)



1. Ratio calculated with Discontinued Ops. for all periods

ALFA's "Unlocking Value" – Progress in 4Q20

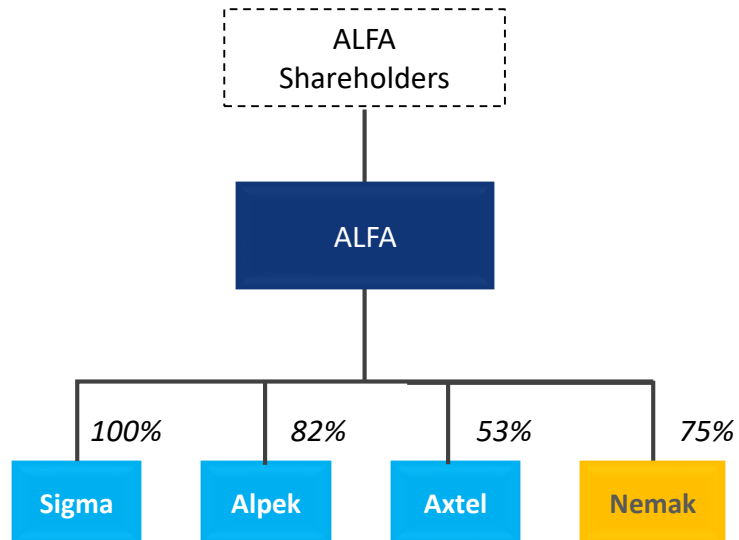


Business	Progress in 4Q20	Focus on core businesses	Reduce debt / Strengthen balance sheet	Enhance business independence
	Joint analysis with subsidiaries of all corporate services			✓
	Building high-performance team to execute new initiatives from concept to scaling	✓		
	Acquired expandable styrenics business in U.S.	✓		
	Refocus on attracting strategic proposals for individual business units (vs. whole Company)	✓	✓	
	Divestment of all its assets in Texas (3Q20)	✓	✓	
	First fully independent ALFA business after successful spin-off			✓

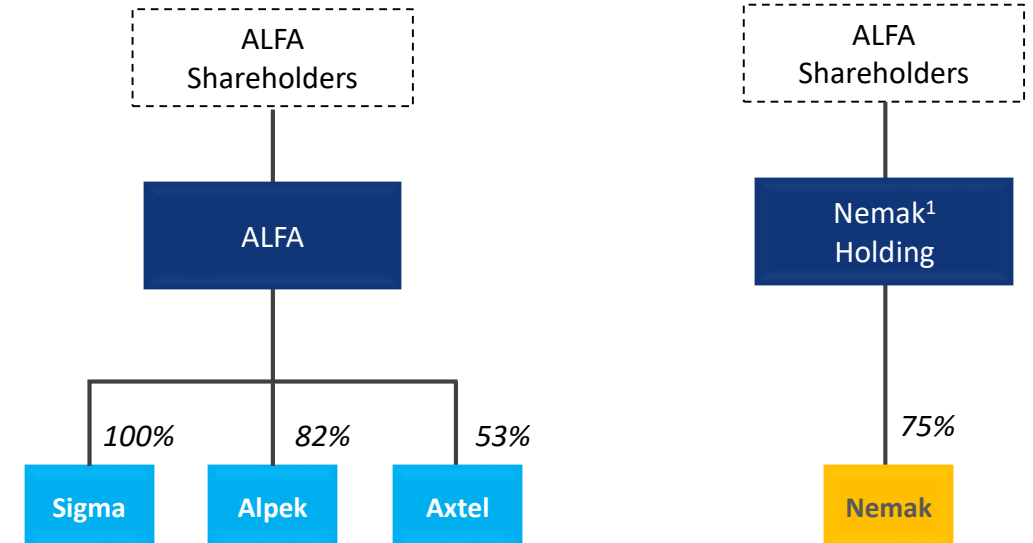
Nemak became the first fully independent ALFA business



Previous ALFA structure



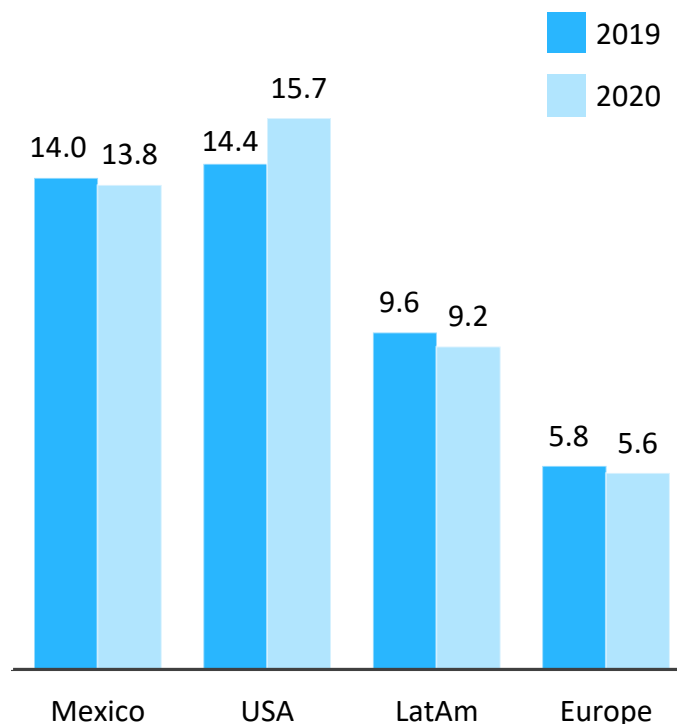
Current ALFA structure (Post Nemak spin-off)



Highlights

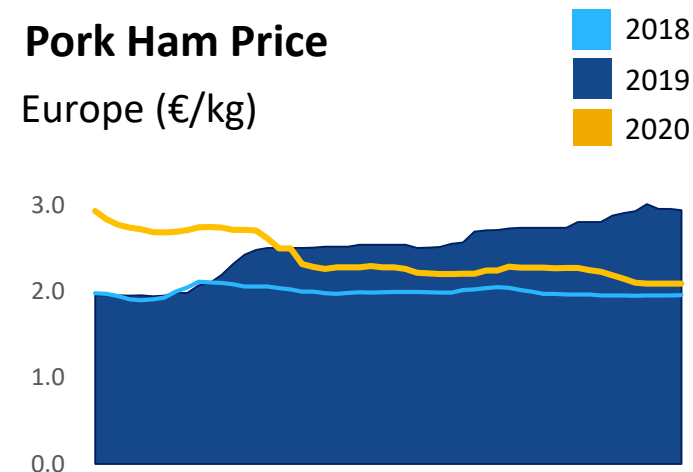
- Annual sales, in local currencies, excluding Foodservice results were up 6%, driven by growth in all regions.
- 2020 EBITDA above pre-pandemic guidance despite COVID- related impact on Foodservice channel
- Record annual revenue and EBITDA in the U.S.
- Gradual and sustained recovery in the Foodservice channel since April 2020
- Net Debt down 9% q-o-q and 12% y-o-y supported by solid operating performance, cash-flow-maximizing initiatives, and improvements in NWC

EBITDA Margin By Region

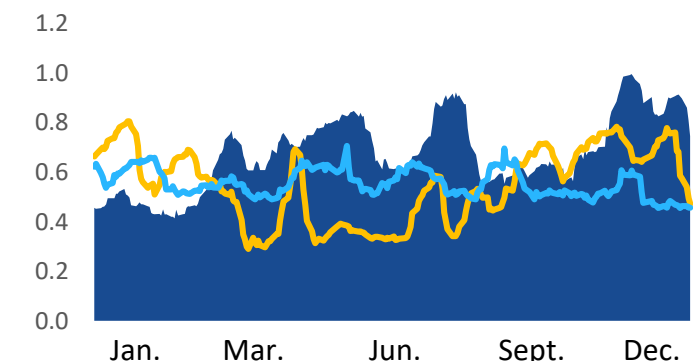


Pork Ham Price

Europe (€/kg)



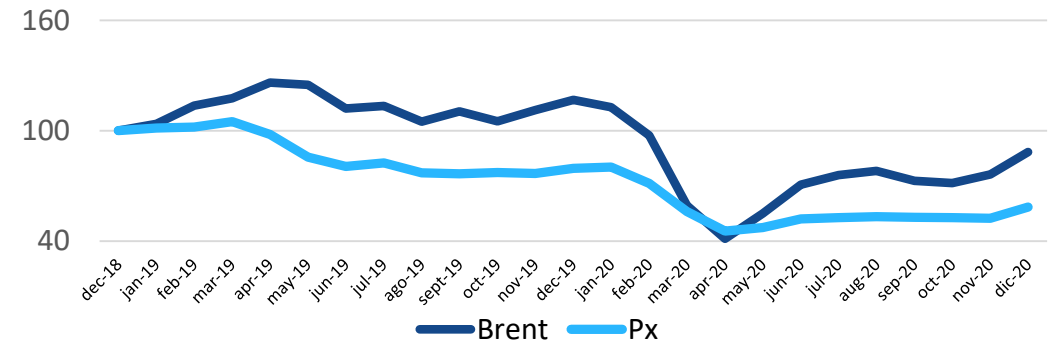
U.S. (\$/lb)



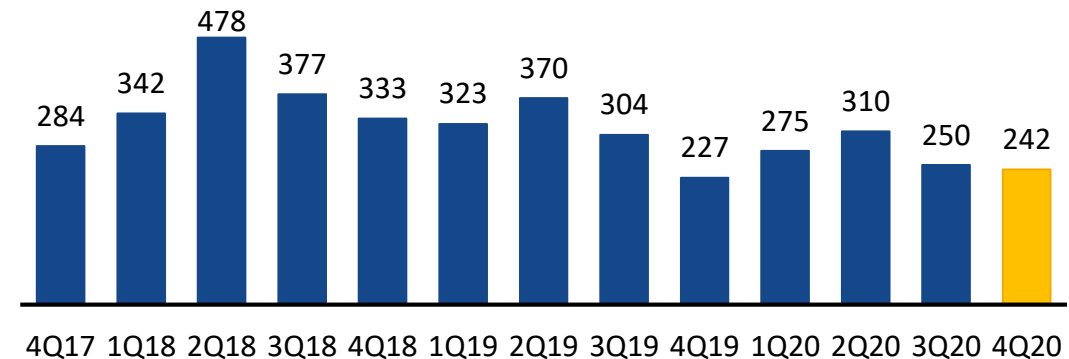
Highlights

- Record volume driven by solid demand for safe packaging materials and medical supplies
- Alpek recovered US \$40 million in debt from M&G Mexico; US \$120 million expected over the next four years
- Acquired NOVA Chemicals' expandable styrenics business in U.S. to become the 3rd largest EPS producer worldwide
- Net Debt down 11% and 4% when compared with 4Q19 and 3Q20, respectively

Paraxylene vs Brent Crude Oil Price (Base=100)



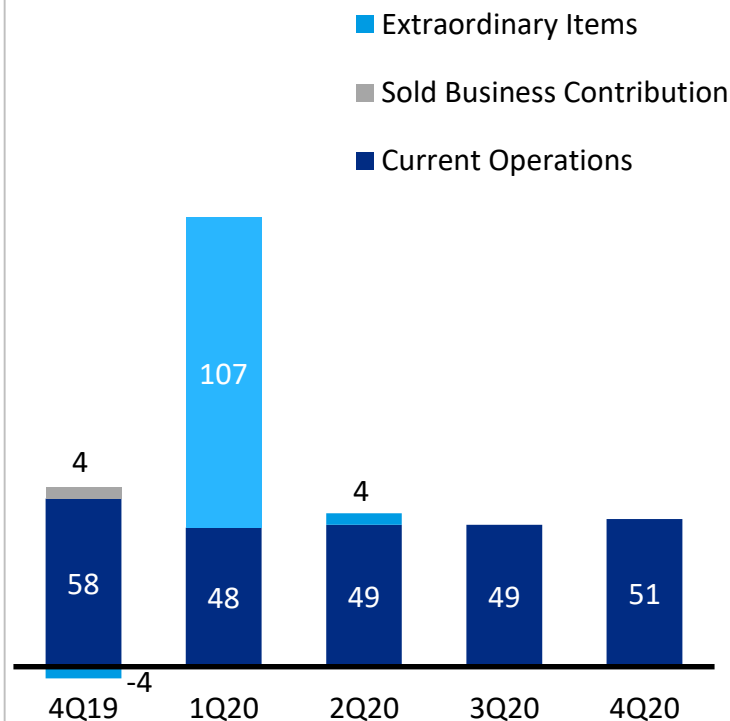
Margin: Asia PET to Px/MEG (US \$ / Ton)



Highlights

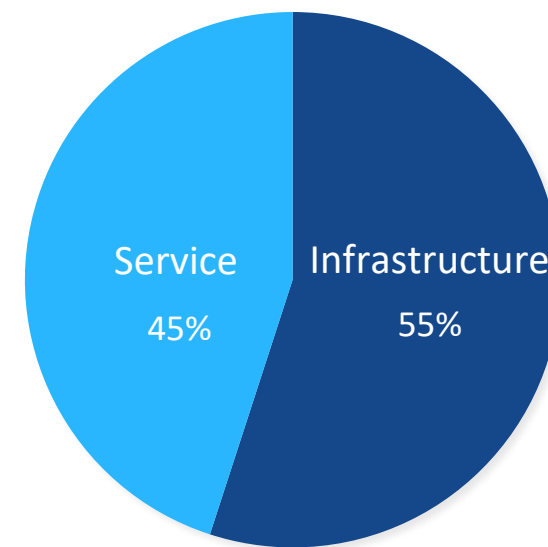
- Accumulated EBITDA up 17% versus 2019, including a US \$107 million one-time gain from the Data Center sale in 1Q20
- Redirecting efforts to attract strategic proposals for its Infrastructure unit
- Began CEO succession process; Rolando Zubirán retired after successful 22-year tenure
- Will partially repay US \$60 million of its *Senior Notes* in 1Q21

EBITDA (US \$ Million)



EBITDA by Business Unit

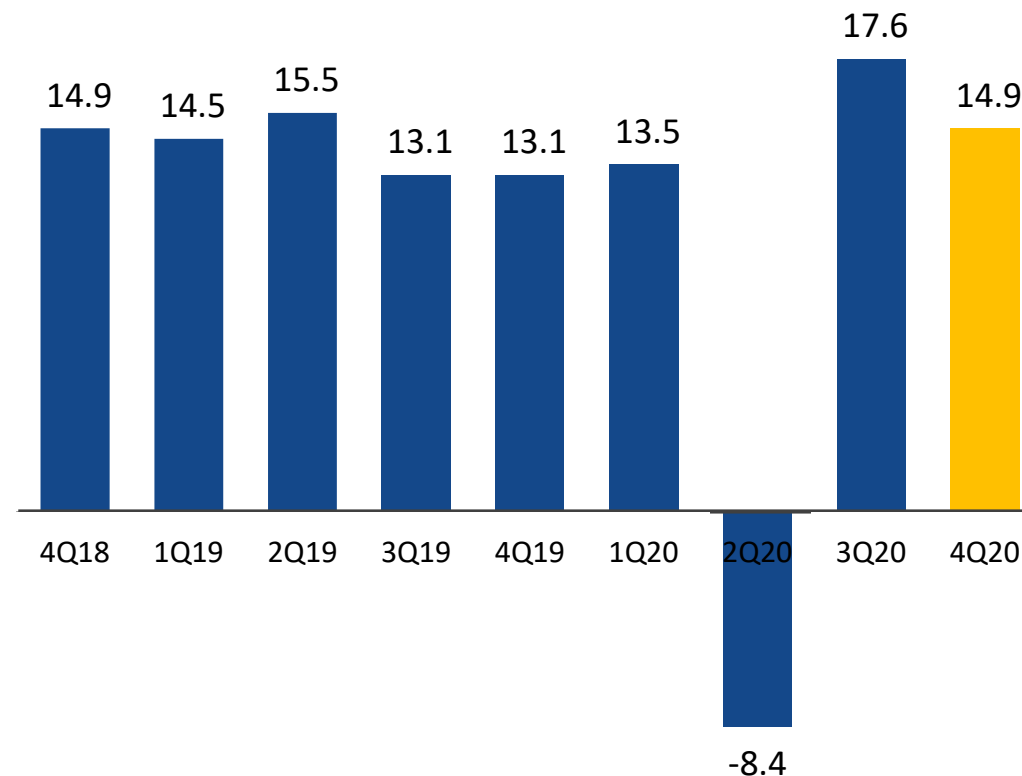
(Total 2020: US \$197 million excluding extraordinary items)



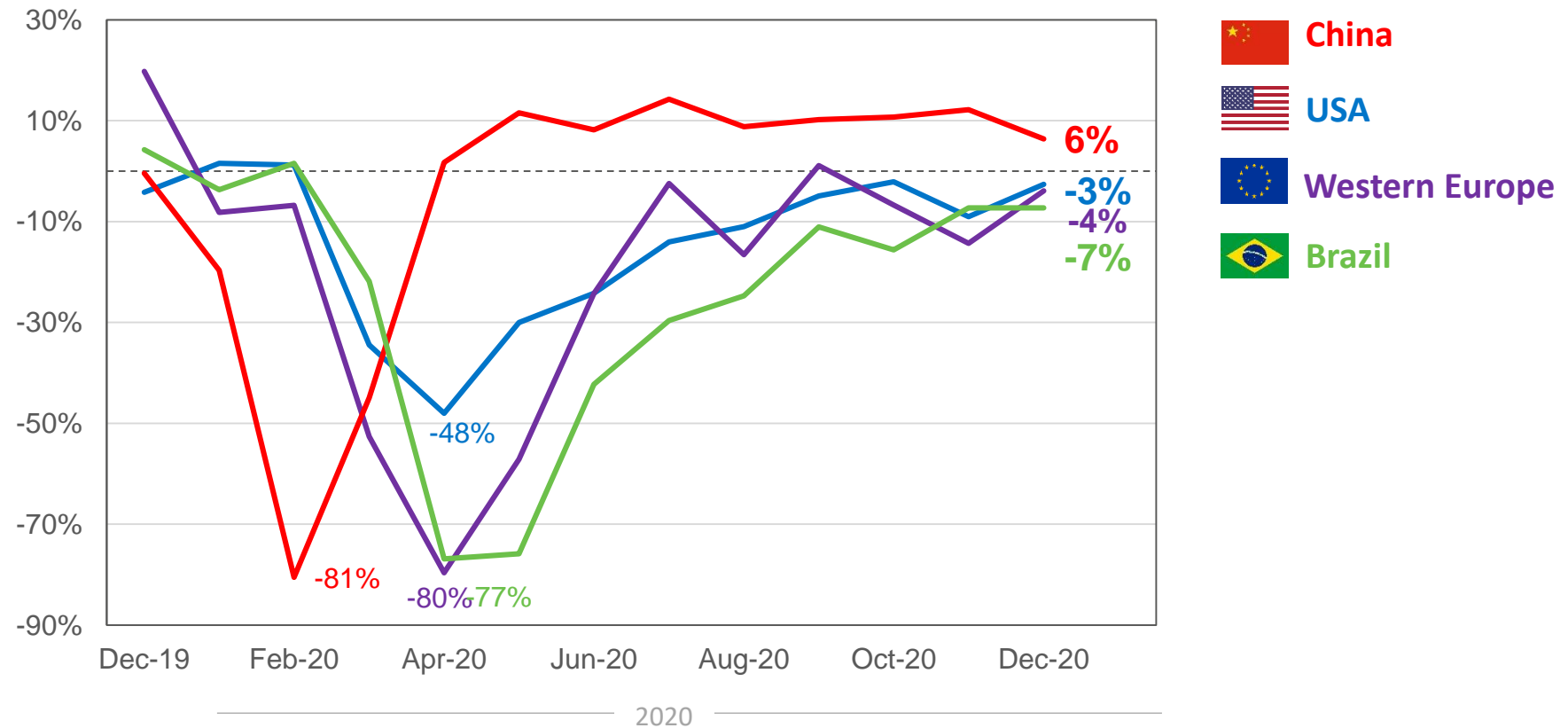
Highlights

- Highest unitary EBITDA for any second half (2H); 4Q20 EBITDA per equivalent unit up 14% y-o-y
- 2020 EBITDA above revised guidance announced in 3Q20
- During 2020, won contracts for US\$110 million annually to produce e-mobility and structural applications; order book grew to US \$850 million annually
- Net Debt/EBITDA of 2.8 times (2.5 times adjusting for non-recurring severance expenses)

EBITDA / Equivalent Unit



Vehicle Sales YoY Change





Contact

Hernán F. Lozano
V.P. of Investor Relations

T. +52 (81) 8748-2521
iralfa@alfa.com.mx