



3Q21

Earnings Presentation

October 20, 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 met 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:

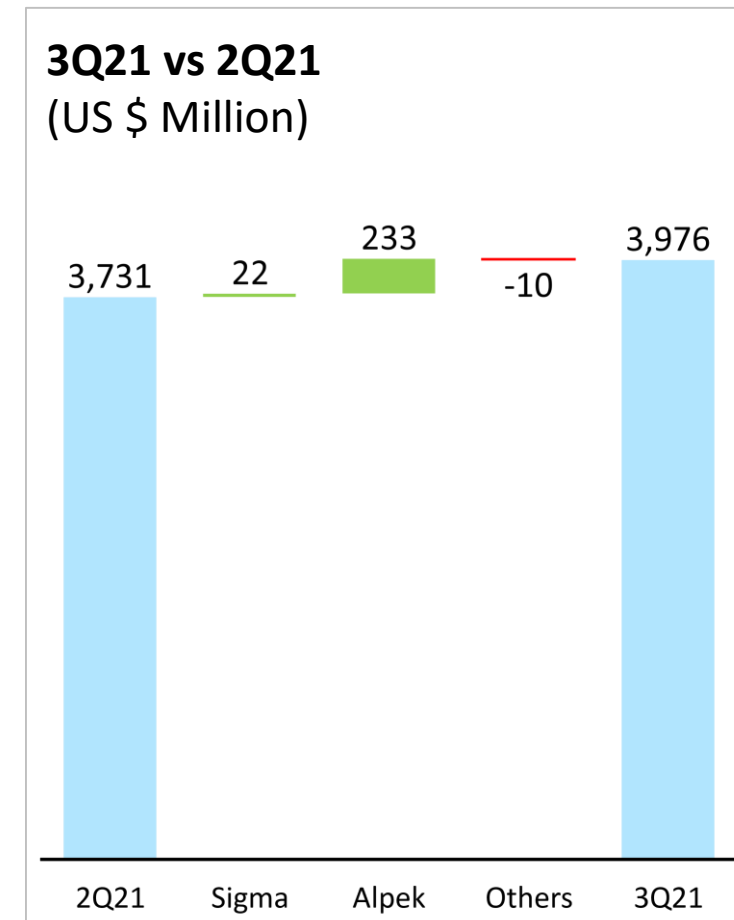
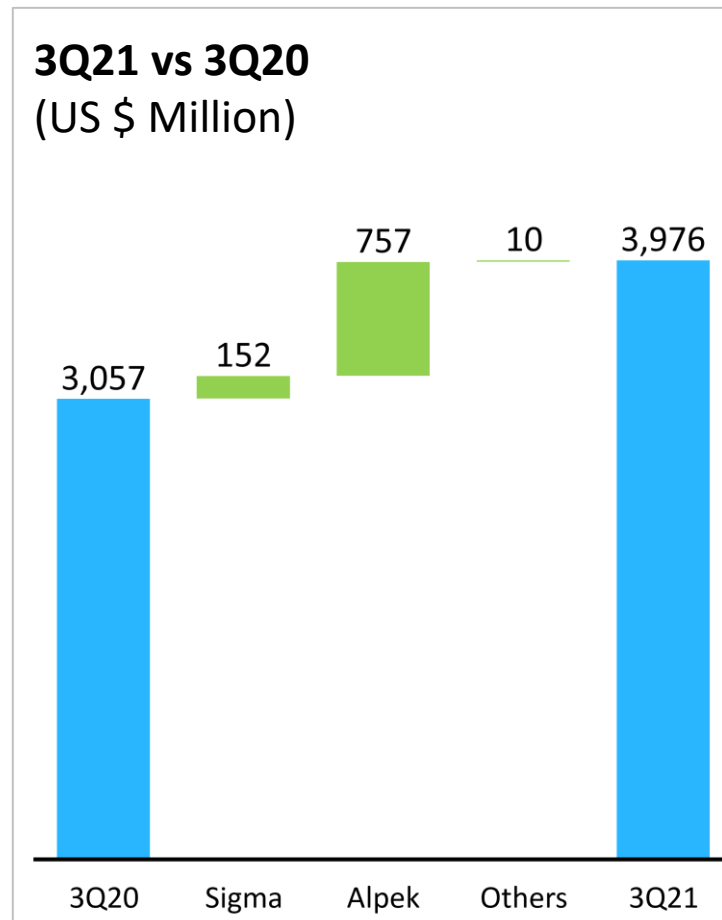
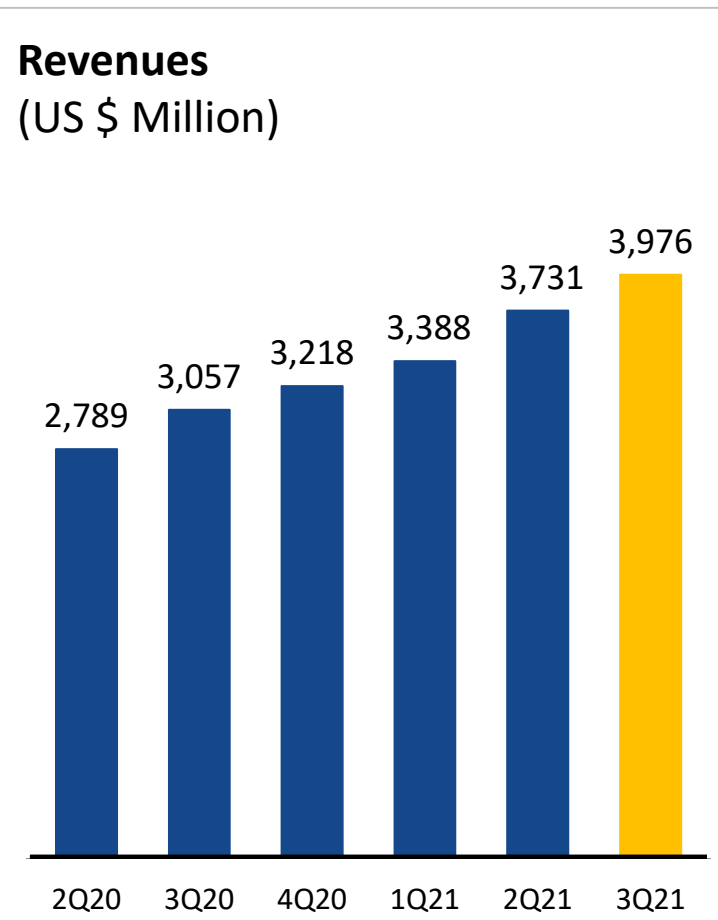
- The Consolidated Statement of Financial Position presents all items related to Nemak as follows:
  - At the close of 3Q20, as "Current assets from discontinued operations" and "Current liabilities from discontinued operations"
  - At the close of 4Q20, all items are eliminated
  - At the close of 3Q21, no figures shown related to Nemak
  - Prior periods to 3Q20 were 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
  - 3Q20 accumulated figures from the complete quarter
  - 3Q21 no figures shown 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 nine months ended September 30, 2020.
- 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.

- **Record accumulated EBITDA** of US \$1.517 billion
- **2021 EBITDA Guidance revised up 10% to US \$1.937 billion** driven by Alpek (previous US \$1.767 billion; original US \$1.448 billion)
- **Continue to advance on the three key components of our Unlocking Value Strategy**
  1. *Reducing Leverage*: Consolidated **leverage ratio of 2.5x; lowest since 2018**
  2. *Focusing on core businesses*: Sigma's **sale of operations in Belgium and the Netherlands**; ESG **"Project Evergreen" at Alpek**
  3. *Enhancing business independence*: **ALFA Corp headcount down 14% YTD** driven by personnel transfers to Subsidiaries

Revenue growth driven by higher average consolidated prices at Alpek and a better-than-expected recovery from the Foodservice channel and a stronger Mexican Peso at Sigma

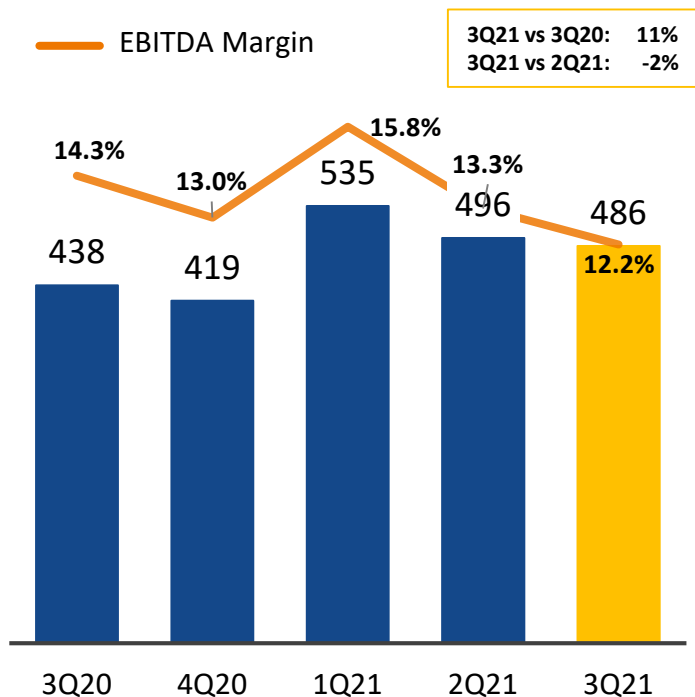
## ALFA & Subs with Nemark as Discontinued Operations



Comparable ALFA EBITDA was up 21% year-on-year, boosted by 52% growth at Alpek.

## ALFA & Subs with Nemark as Discontinued Operations

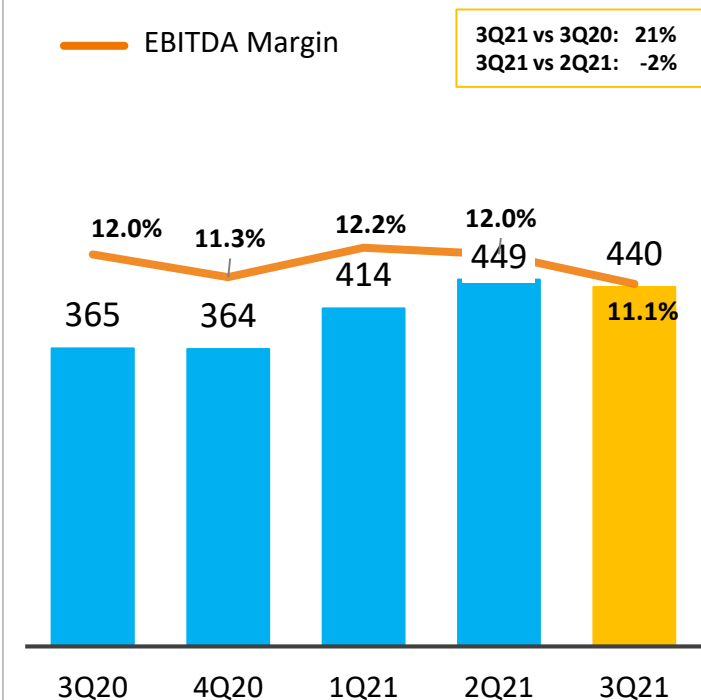
### Reported EBITDA (US \$ Million)



### Extraordinary Items

	3Q20	4Q20	1Q21	2Q21	3Q21
ALPEK Carry Fwd.	6	9	58	29	21
ALPEK Inv+Others	19	41	63	19	24
SIGMA	-	-	-	-	-
AXTEL	-	-	-	-	-
NEWPEK	48	4	-	-	-
<b>TOTAL</b>	<b>73</b>	<b>55</b>	<b>121</b>	<b>48</b>	<b>45</b>

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

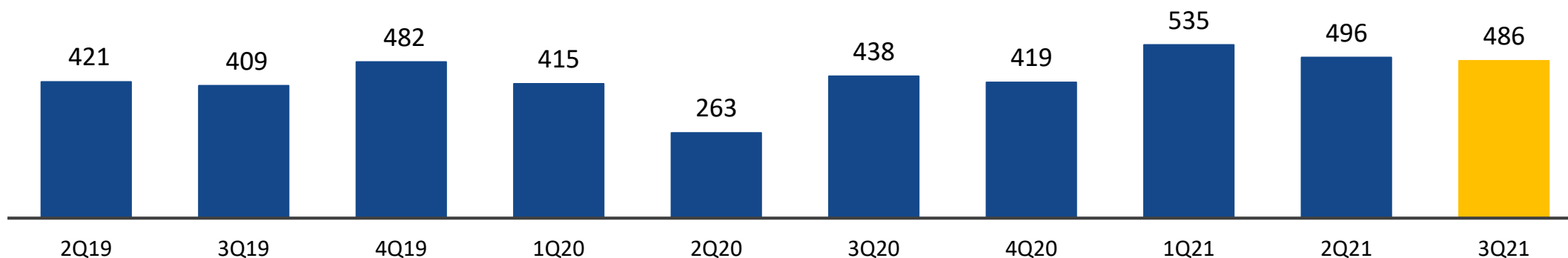


1. Extraordinary items include "Carry-forward gain (loss)" beginning 1Q21. Total figures from previous quarters include the carry-forward effect for comparability purposes.

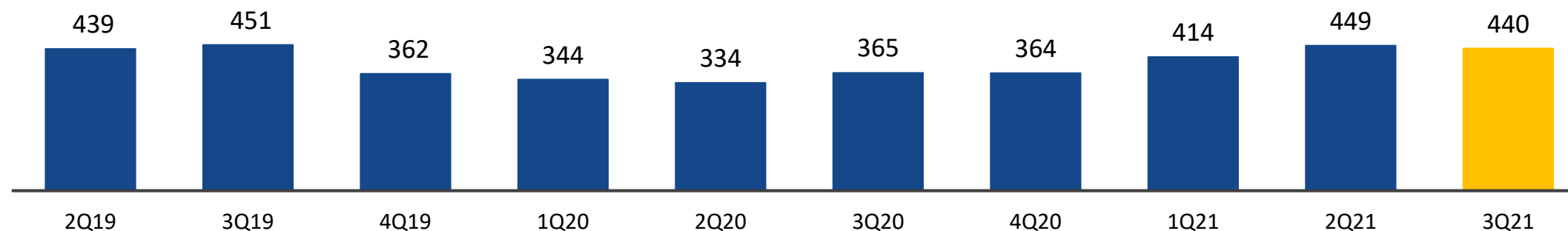
## Consolidated ALFA EBITDA with Nemak as Discontinued Operations (US \$ Million)



### Reported EBITDA



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



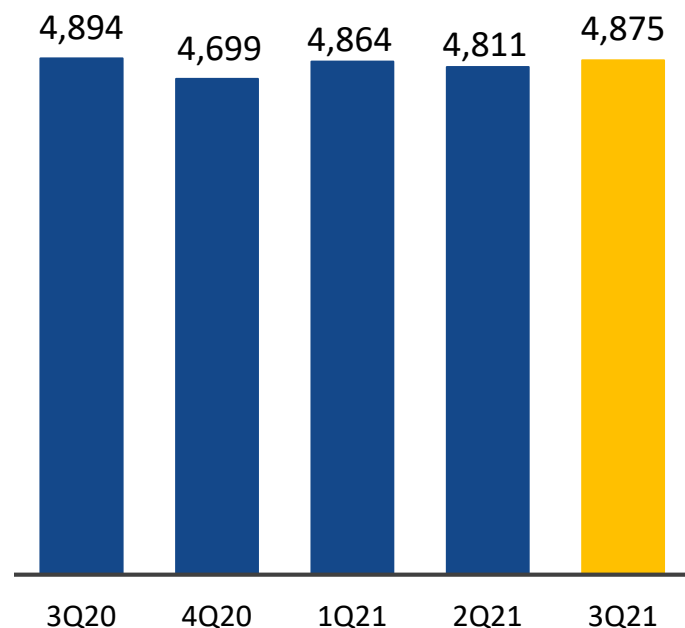
1. Extraordinary items include "Carry-forward gain (loss)". Total figures from previous quarters include the carry-forward effect for comparability purposes.



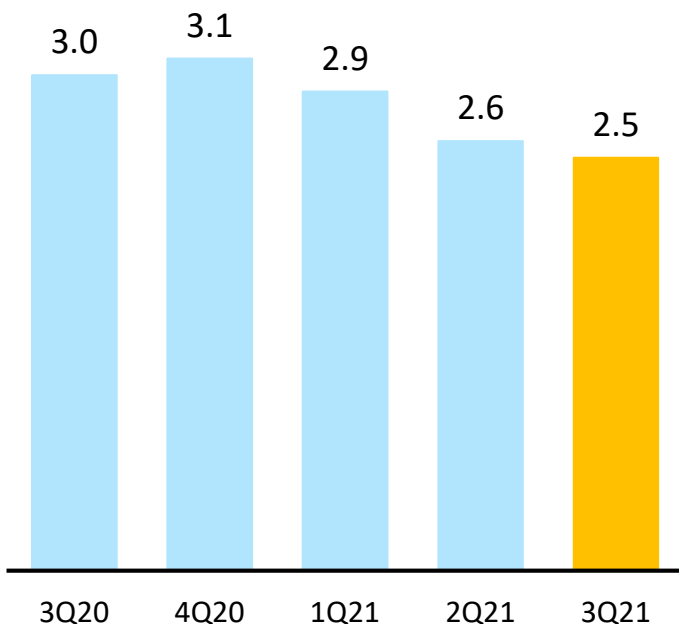
Third consecutive quarter of sequential decrease in consolidated net leverage ratio.  
Net leverage ratio reached 2.5 times; lowest since 2018

### ALFA & Subs with Nemak as Discontinued Operations

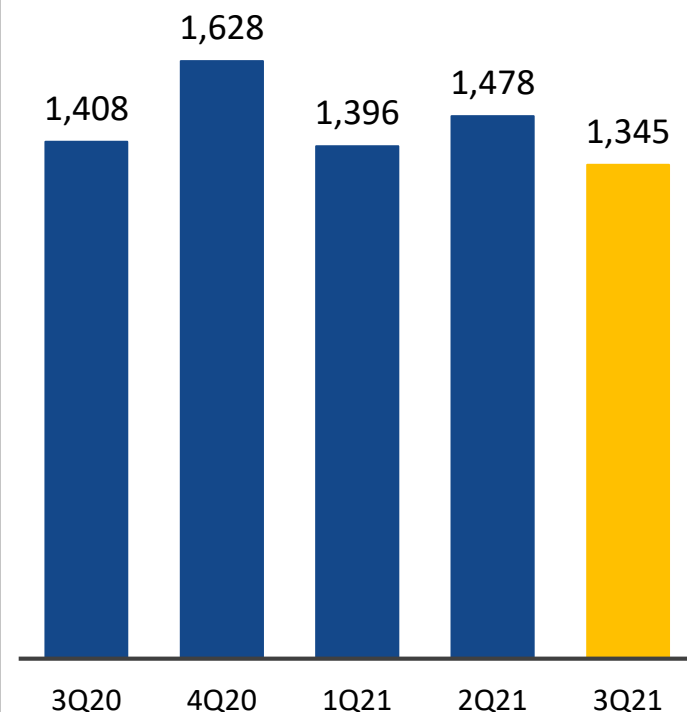
**ALFA Net Debt**  
(US \$ Million)



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



**Cash**  
(US \$ Million)



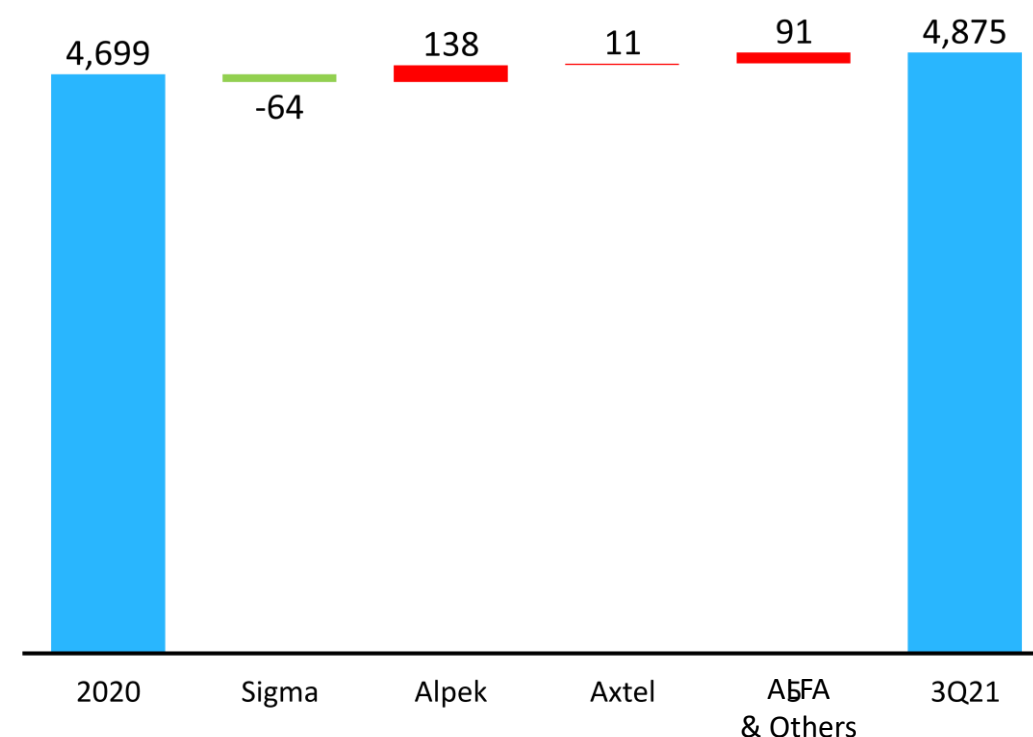
1. Ratio calculated with Discontinued Ops. for all periods

On an absolute basis, consolidated ALFA Net Debt has increased US \$176 million since year-end 2020 due primarily to Net Working Capital investment at Alpek.

### Change in Net Debt (US \$ Million)

	YTD '21
EBITDA	1,517
Net Working Capital	(539)
Capital Expenditures & Acquisitions	(369)
Net Financial Expenses	(298)
Taxes	(225)
Dividends	(189)
Other Sources (Uses)	(75)
<b>Decrease (Increase) in Net Debt</b>	<b>(176)</b>

### Change in Net Debt 3Q21 vs 2020 (US \$ Million)





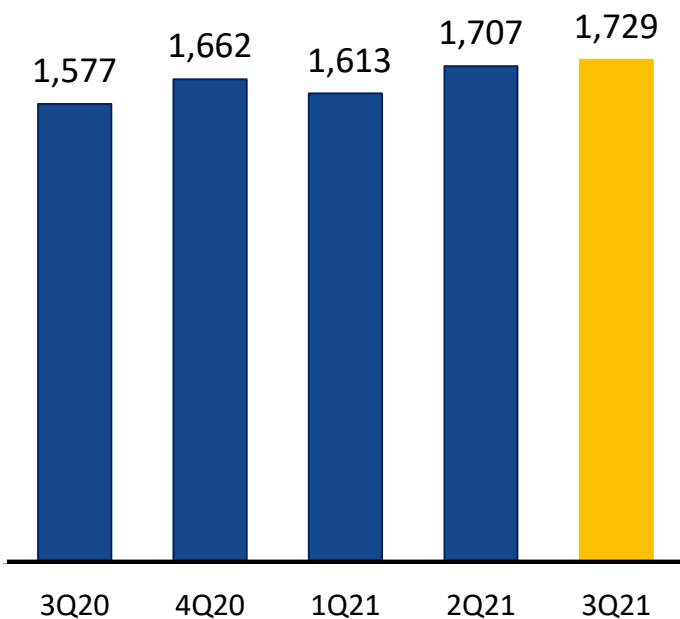
  
**Sigma**

**Earnings Presentation**

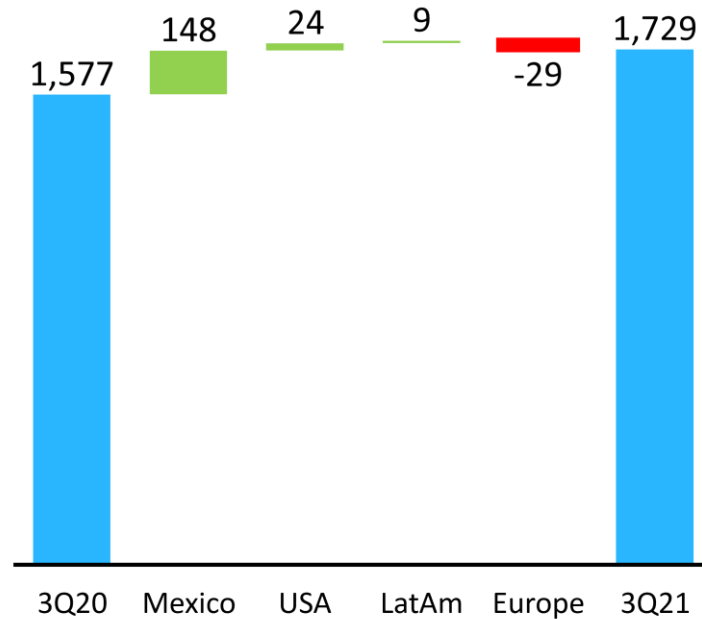
- Further progress in European profitability enhancement initiatives – **agreement to sell operations in Belgium and the Netherlands**
- **All-time high quarterly Consolidated Revenues** driven by record revenues in Mexico and the US
- **U.S. EBITDA impacted by industry-wide challenges** primarily related to inflationary cost pressures
- European results impacted by **temporary suspension of a license required for pork exports to China**
- **Foodservice channel recovery - EBITDA 11% above 3Q19** (pre-pandemic levels)



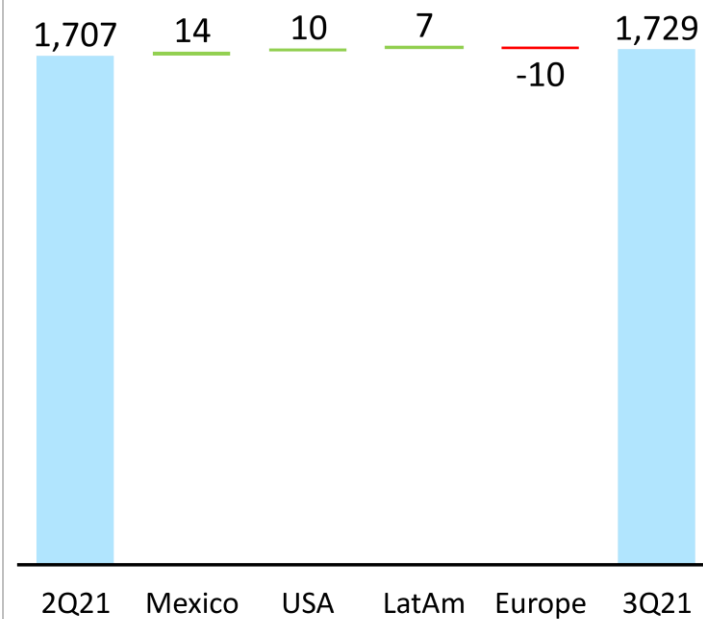
### Revenues (US \$ Million)



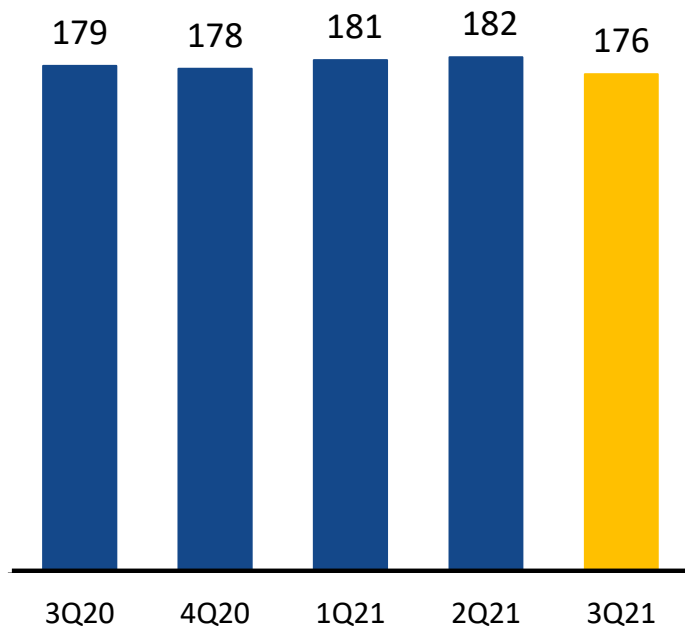
### 3Q21 vs 3Q20 (US \$ Million)



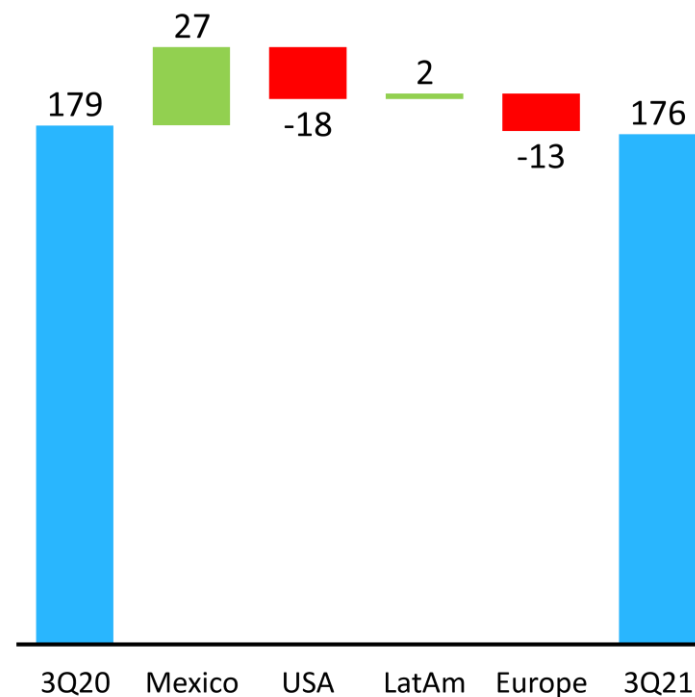
### 3Q21 vs 2Q21 (US \$ Million)



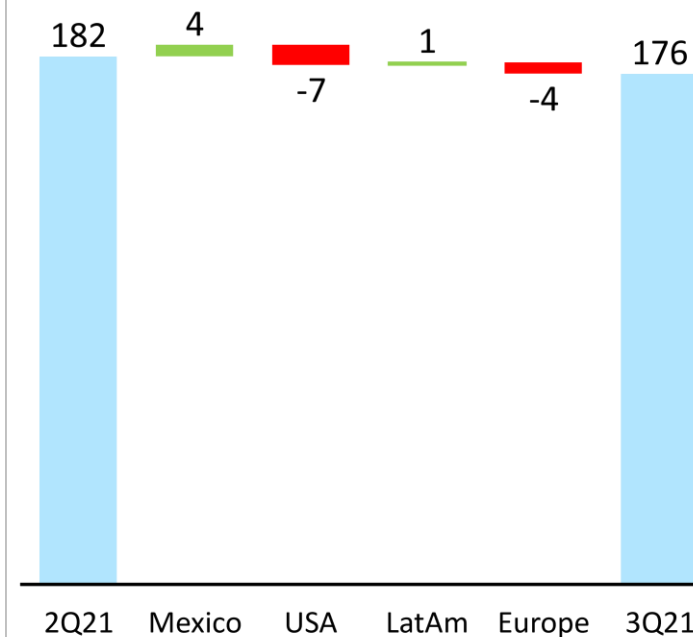
### EBITDA (US \$ Million)



### 3Q21 vs 3Q20 (US \$ Million)



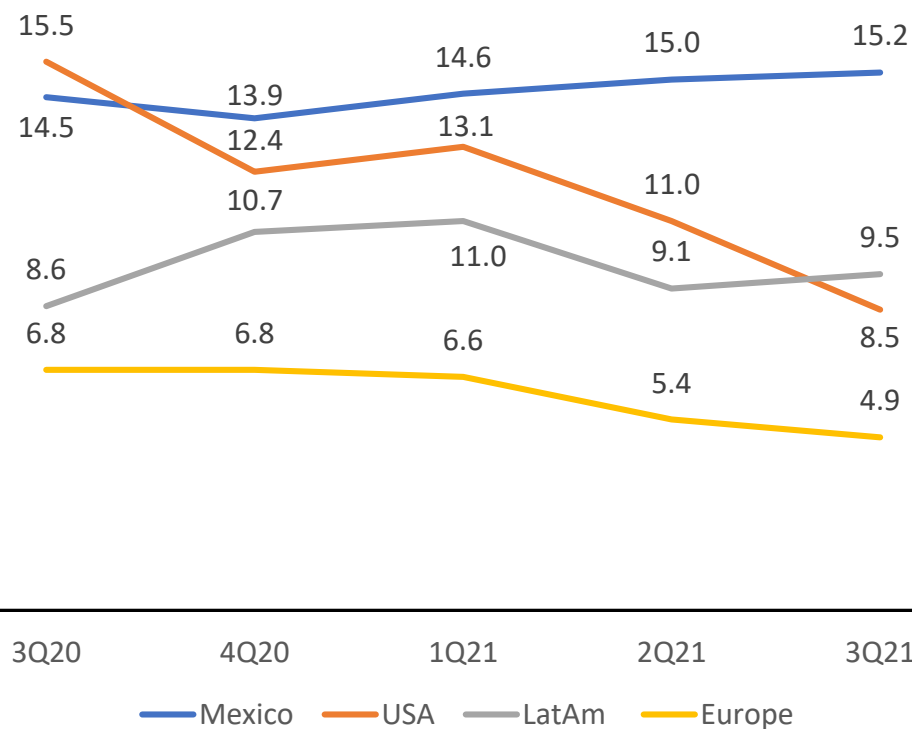
### 3Q21 vs 2Q21 (US \$ Million)



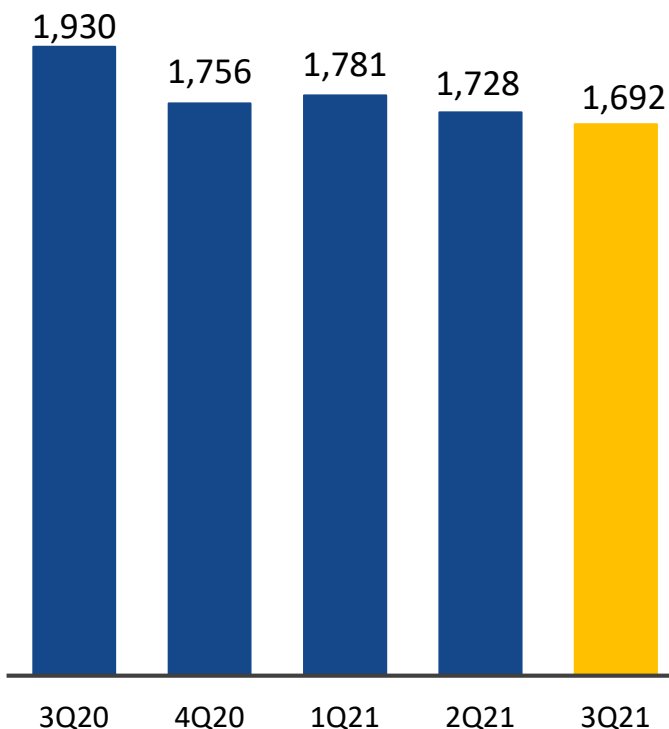
EBITDA Margin (%)



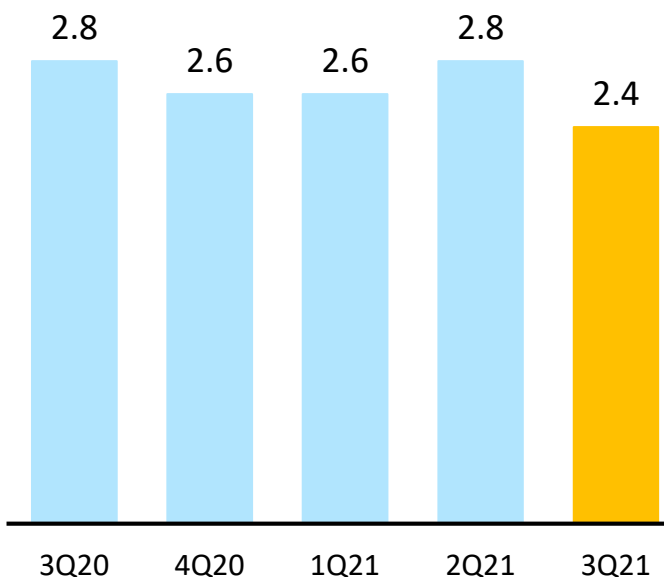
EBITDA Margin By Region (%)



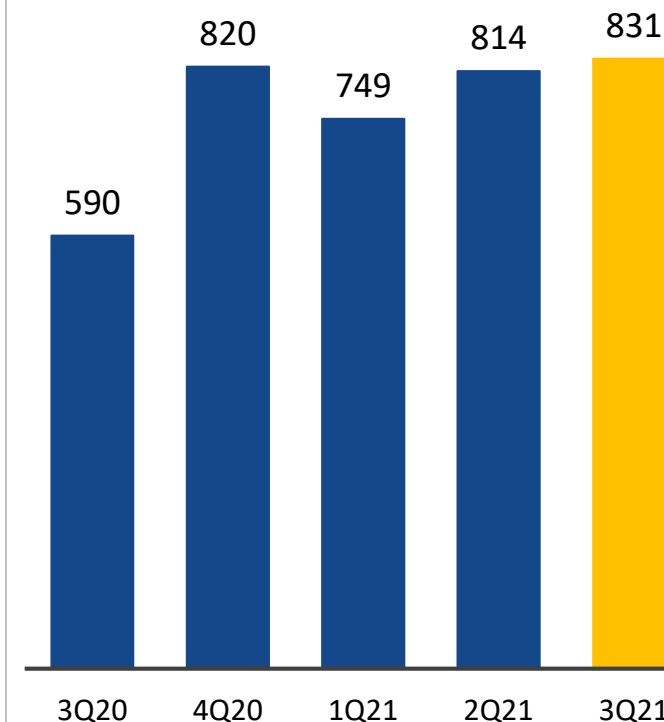
**Net Debt**  
(US \$ Million)



**Net Leverage Ratio**  
(Net Debt/EBITDA)



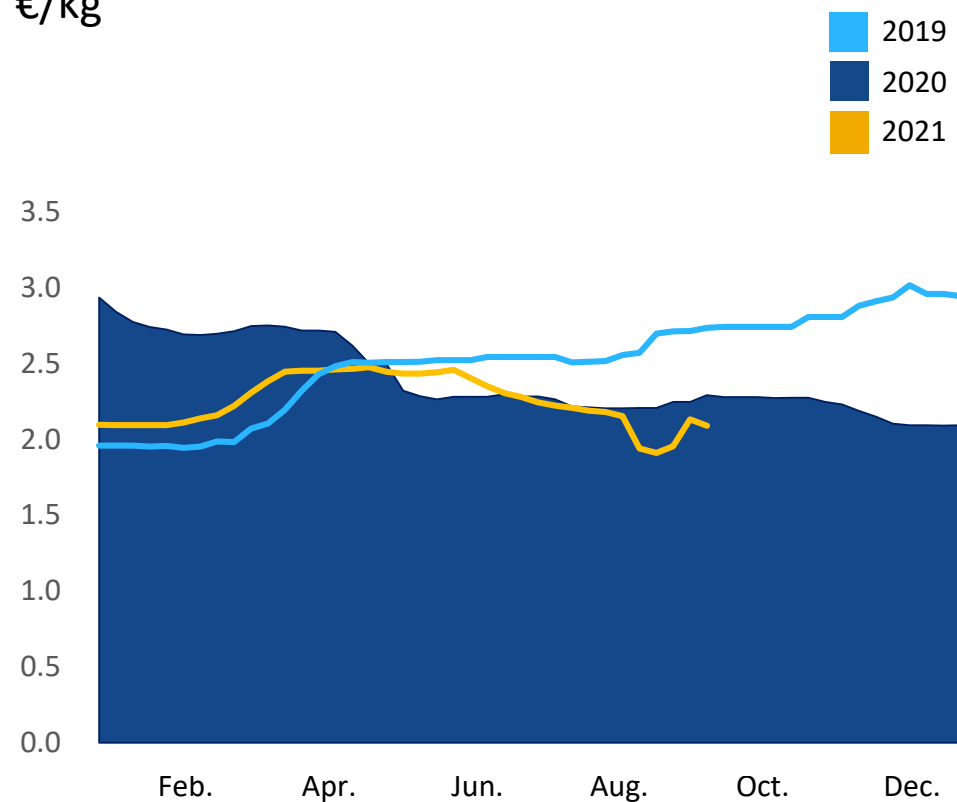
**Cash**  
(US \$ Million)





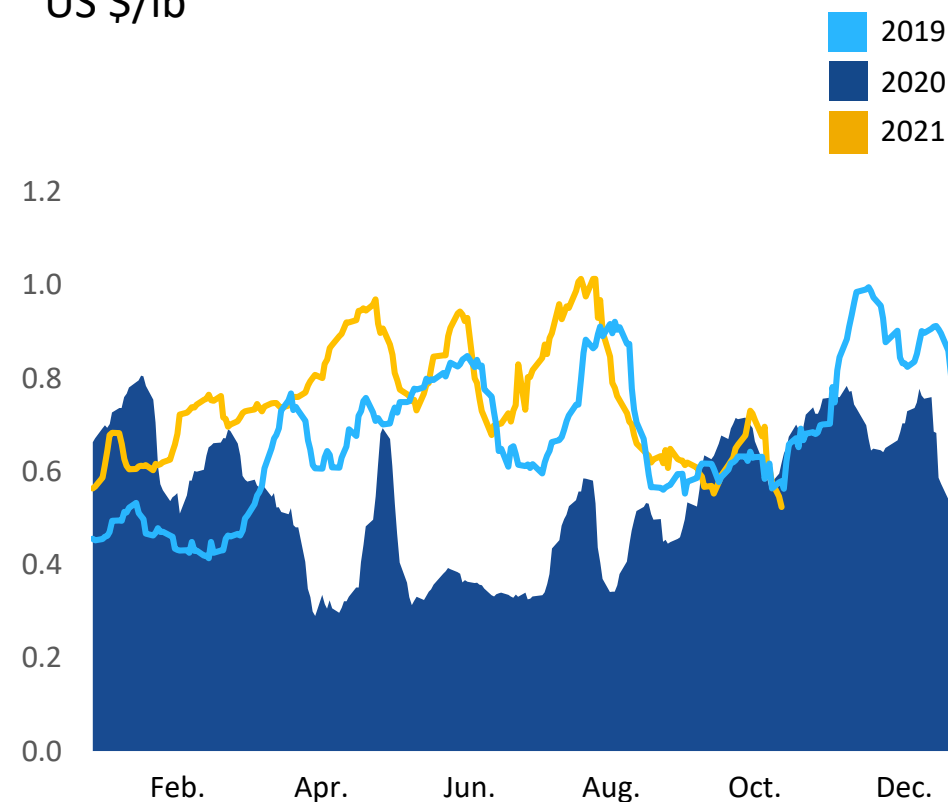
## Pork Ham Price in Europe

€/kg



## Pork Ham Price in U.S.

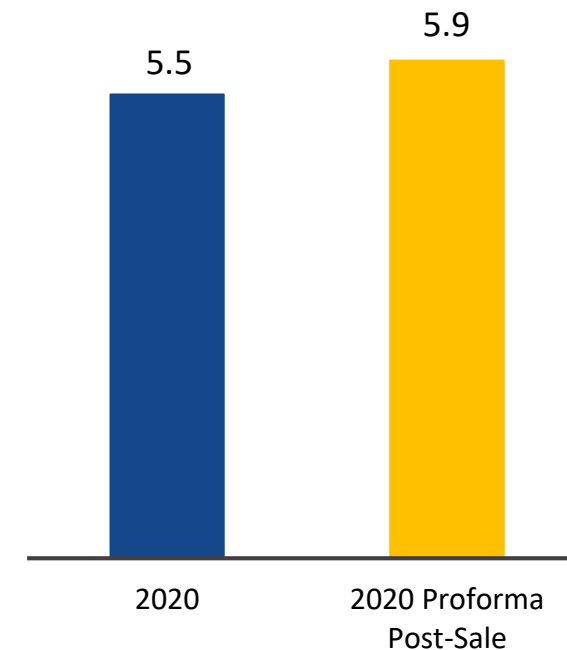
US \$/lb



## Overview

- Agreement to sell **operations in Belgium and the Netherlands** to Ter BekeGroup
- Represented ~1% of 2020 consolidated Sigma EBITDA
- Includes **six production facilities and certain brands**
  - Production Facilities: 5 in Belgium + 1 in the Netherlands
  - Brands: Marcassou, Imperial, Stegeman, Leielander, and Bistro
- Subject to clearance by competition authorities and local employee consultation rights

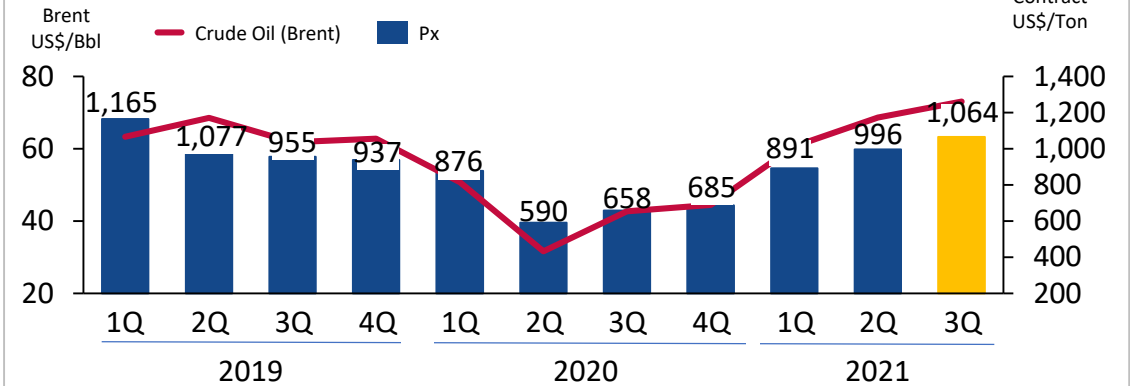
## Sigma Europe EBITDA Margin (%)



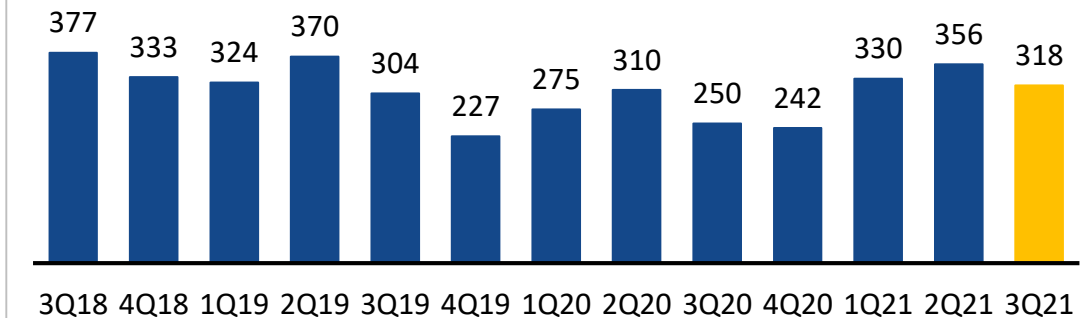
## Highlights

- 2021 EBITDA Guidance revised upwards 19% to US \$1.050 billion; 2021 Comparable EBITDA Guidance revised upwards 11% to US \$850 million
- Record high volume in Plastics & Chemicals segment of 271k tons
- Carried out first phase of Project Evergreen; focused on setting ambitious targets and concrete key actions for each of Alpek's ESG material issues including the following:
  - Carbon Emissions and Eco-efficiency:** Targeting a Scope 1 and 2 emissions reduction of 27.5% by 2030 (2019 base), reaching carbon neutrality by 2050 and begin measuring its Scope 3 emissions
  - Circularity** for PET: Increase its PET bottle recycling capacity to 300 thousand annual metric tons by 2025

## Paraxylene vs Brent Crude Oil Price



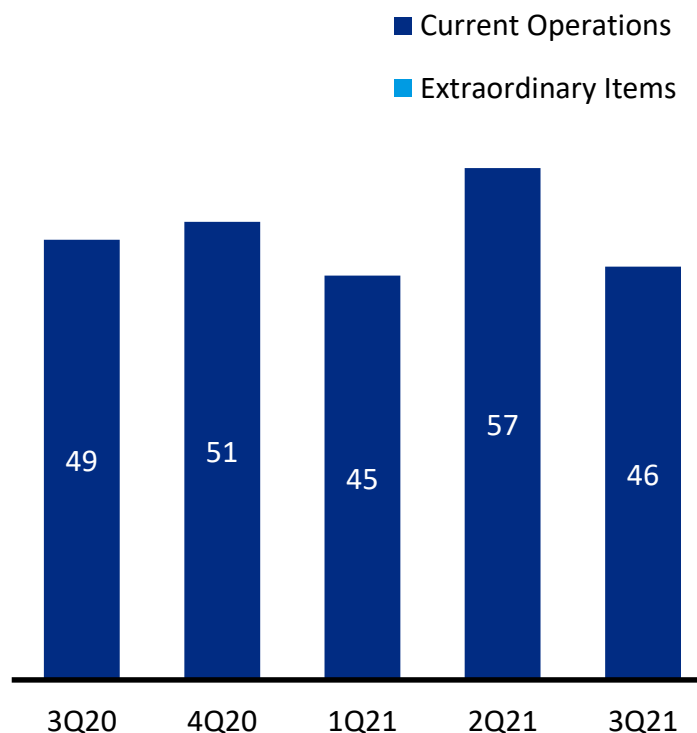
## Asian Margins Px/MEG to PET (US \$ / Ton)



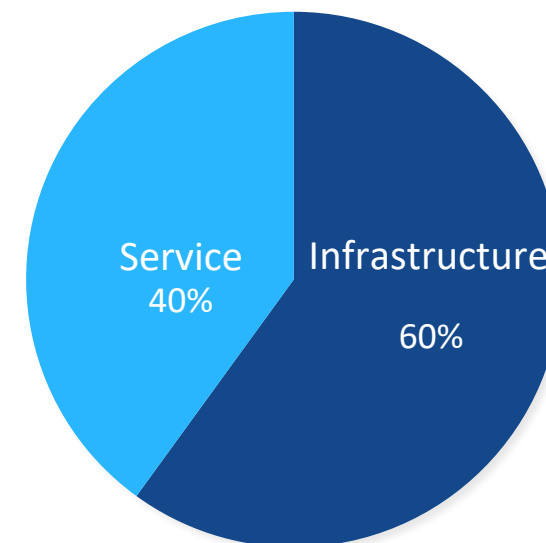
## Highlights

- Delay in project implementation due to limited availability of equipment amid the global semiconductor shortage
- Strong acquisition rate of highly specialized services year to date versus first nine months of 2020: Cybersecurity +13%, Cloud +72% and Systems Integration +29%
- Launched “Alestra Movil”, the first “Mobile Virtual Network Operator” (MVNO) in Mexico through a partnership with AT&T Mexico
- Actively engaged with potential buyers

## EBITDA (US \$ Million)



## EBITDA by Business Unit (YTD: US \$148 million)



# 2021 EBITDA Guidance revised up 10% to US \$1.937 billion driven by Alpek

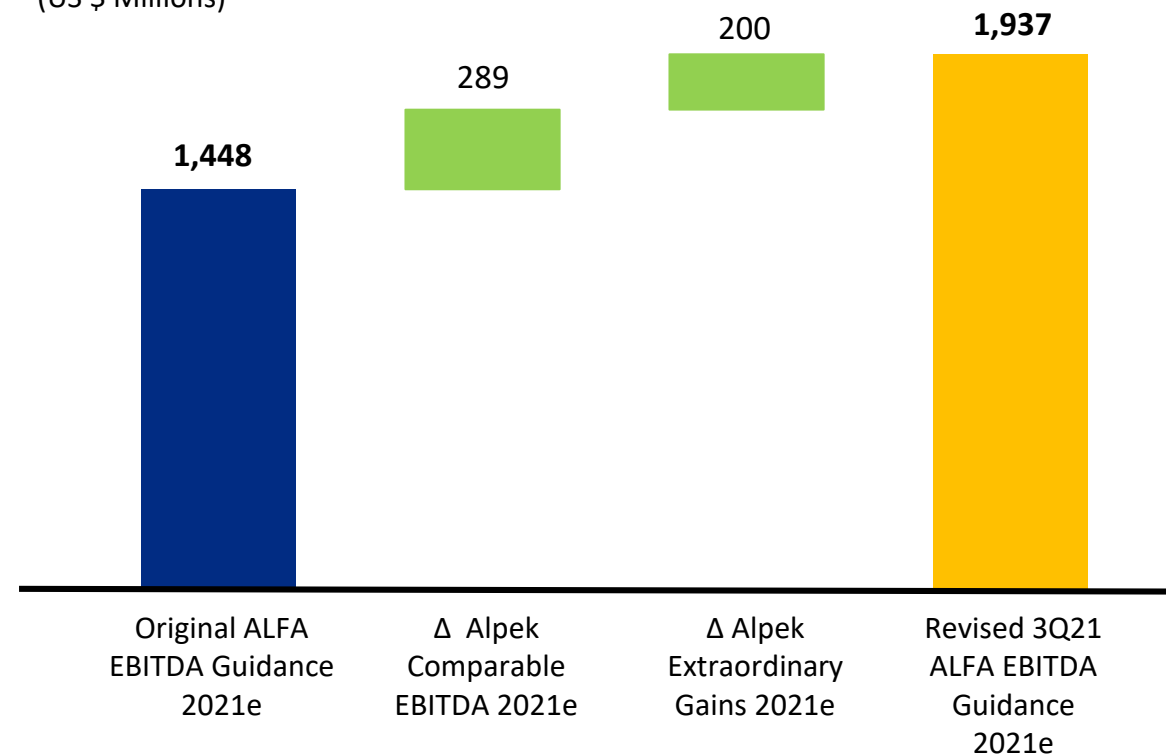


## 2021 EBITDA Guidance (Breakdown by Subsidiary)

(US \$ Millions)		Revised 3Q21	Revised 2Q21	Revised 1Q21	Original 2021
EBITDA	ALFA <sup>1</sup>	1,937	1,767	1,637	1,448
	Alpek <sup>2</sup>	1,050	880	750	561
	Sigma	725	725	725	725
	Axtel	209	209	209	209

## 2021 EBITDA Guidance (Original vs Revised 3Q21)

(US \$ Millions)



1 - Includes US \$200 million extraordinary items from Alpek (ALFA Comparable EBITDA: US \$1.737 billion)

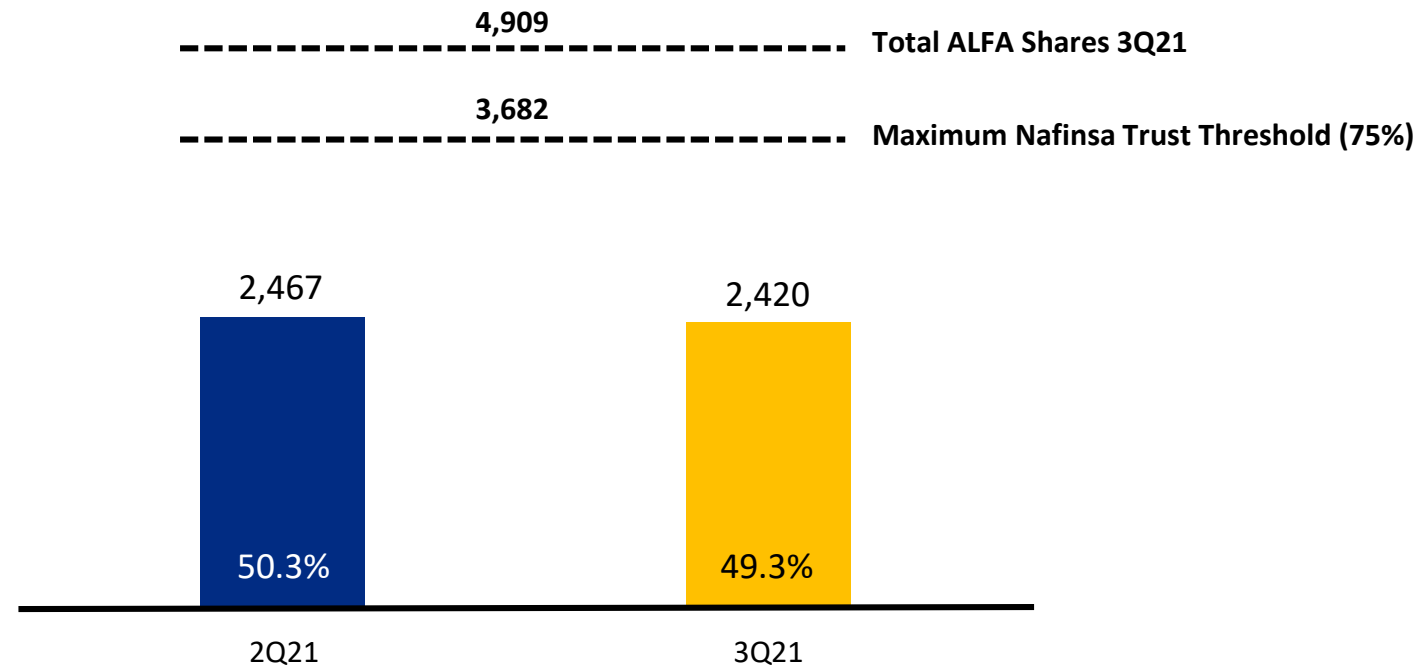
2 - Includes US \$200 million extraordinary items (Alpek Comparable EBITDA: US \$850 million)

## Recently expanded Nafinsa Trust threshold provides ample room for Foreign Ownership at ALFA



### ALFA Foreign Ownership

(Millions of shares)





## Contact

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