

# Nemak reports 4Q21 EBITDA of US\$133 M

Beats quarterly EBITDA implicit in Guidance, bringing annual EBITDA per equivalent unit to all-time highs

Monterrey, Mexico. February 23, 2022. Nemak, S.A.B. de C.V. (BMV: NEMAK) (“Nemak” or the “Company”) announced today its operational and financial results for the fourth quarter of 2021 (“4Q21”) and full-year 2021 (“FY2021”). The following is a summary of the key figures for the period:

	Fourth Quarter			Twelve months		
	2021	2020	Δ%	2021	2020	Δ%
Volume (M. Equivalent units)	8.2	10.1	(18.5)	35.7	35.1	1.8
Revenues	945	946	(0.1)	3,798	3,151	20.5
EBITDA <sup>1</sup>	133	150	(11.3)	567	432	31.3
CAPEX	144	81	NA <sup>2</sup>	360	269	NA <sup>2</sup>

US\$ Millions, except Volume

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

(2) NA = Not applicable

## Message from the CEO

*During 2021, we achieved record results based largely on our efforts to harness an improved product mix—supported by the continued ramp-up of our e-mobility and structural applications (EV/SC) segment—along with operating efficiencies. Notwithstanding continued effects of the global semiconductor shortage on customer light-vehicle production, and therefore our volumes, we matched our best-ever EBITDA per equivalent unit on a full-year basis and set a new record for EBITDA per equivalent unit in a fourth quarter, all while surpassing our guidance for full-year EBITDA.*

*At the same time, we made strides towards reinforcing our leadership position in the transition towards a more sustainable mobility. The successful launch of new products supporting our customers’ electrification plans enabled us to more than double revenue generation in our EV/SC segment versus the previous year. Furthermore, we exceeded our target to secure business to produce these parts worth US\$1 billion annually, more than a year earlier than expected. Going forward, we aim to continue to build on our progress in growing this segment, with a focus on bringing our EV/SC order book to at least US\$2 billion annually by 2025.*

*Looking ahead to 2022, we will seek to maintain best-in-class performance in our business while simultaneously tapping into innovation and cutting-edge technology to capitalize on new growth avenues linked to the changing mobility landscape.*

## Recent Developments

- During 2021, Nemak won contracts worth a total of approximately US\$1.1 billion annually.
- Nemak successfully completed the placement of two bond issuances, enabling it to refinance its previously held 2024 and 2025 senior notes. One issuance was comprised of €500 million, with a 7-year maturity and bearing a 2.25% coupon; the other was comprised of US\$500 million with a 10-year maturity bearing a 3.625% coupon. As a result of these transactions, the Company extended the average life of its debt from 3.95 to 7.34 years while reducing its financing costs.
- Nemak's commitment to innovation and cutting-edge technology enabled it to win several customer awards, including two World Excellence awards from Ford; Supplier of the Year from GM; and an award for quality performance in support of Volkswagen Group in China.
- Nemak received the CDP's top Supplier Engagement Rating of "A" for its steps to actively engage with suppliers to manage climate change. Additionally, Nemak received a score of "B" in the CDP's internationally recognized Climate Change questionnaire, which places it above the North American regional average as well as the average for the Company's sector.

## Automotive Industry

	Millions of Units Fourth Quarter			Millions of Units Twelve Months		
	2021	2020	% Var	2021	2020	% Var
U.S. Vehicle Sales SAAR <sup>(1)</sup>	12.8	16.0	(20.3)	15.1	14.6	3.3
North America Vehicle Production <sup>(2)</sup>	3.2	3.9	(17.0)	12.9	13.0	(0.6)
North America Nemak Customer Production <sup>(2)</sup>	2.1	2.5	(14.5)	8.2	8.4	(2.4)
Europe Vehicles Sales SAAR <sup>(1)(2)</sup>	14.2	18.8	(24.6)	16.1	16.5	(2.1)
Europe Vehicle Production <sup>(2)</sup>	3.7	5.1	(27.9)	15.3	16.2	(5.4)
Europe Nemak Customer Production <sup>(2)</sup>	2.5	3.4	(28.0)	10.1	10.9	(7.0)

(1) SAAR = Seasonally Adjusted Annual Rate

(2) Source: IHS Markit and Nemak estimates

For the quarter, U.S. light-vehicle SAAR totaled 12.8 million units, a 20.3% year-over-year ("y-o-y") drop, as sales continued to be constrained by the limited availability of new vehicles due to the global semiconductor supply shortage. However, FY2021 light-vehicle sales increased 3.3% y-o-y to 15.1 million units, as industry recovery was limited by supply chain constraints. In turn, 4Q21 and FY2021 light-vehicle production in North America fell 17.0% and 0.6% y-o-y, respectively, reflecting effects of the semiconductor shortage on customer production.

In Europe, SAAR and light-vehicle production in the fourth quarter declined 24.6% and 27.9% y-o-y, respectively, closing at 14.2 and 3.7 million units. FY2021 light-vehicle sales and

production totaled 16.1 and 15.3 million units, respectively, down 2.1% and 5.4% y-o-y. These variations are explained by the same trends observed in North America.

## Financial Results Summary

	Fourth Quarter			Twelve months		
	2021	2020	Δ%	2021	2020	Δ%
Volume (M. Equivalent units)	8.2	10.1	(18.5)	35.7	35.1	1.8
Revenues	945	946	(0.1)	3,798	3,151	20.5
Operating Income	43	55	(21.8)	229	107	114.0
EBITDA <sup>1</sup>	133	150	(11.3)	567	432	31.3
EBITDA <sup>1</sup> / Eq. Unit	16.2	14.9	8.7	15.9	12.3	29.3
Net Income	(50)	14	NA <sup>2</sup>	5	(34)	NA <sup>2</sup>
CAPEX	144	81	NA <sup>2</sup>	360	269	NA <sup>2</sup>
Net Debt <sup>3</sup>	1,306	1,227	6.4			

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

During 4Q21, volume declined 18.5% y-o-y, driven by lower light-vehicle production among Nemak's customers across all regions, resulting from the global semiconductor shortage. Despite these effects, Nemak's FY2021 volume increased 1.8% y-o-y, driven by the launch of new products, mostly in its EV/SC segment.

4Q21 Revenue decreased slightly y-o-y, as higher aluminum prices almost offset the fall in volume. FY2021 Revenue grew 20.5% y-o-y, on the back of the combined effect of higher aluminum prices and equivalent units sold.

During 4Q21, EBITDA decreased 11.3% y-o-y to US\$133 million, as effects of lower volume were partially offset by an improved product mix, largely attributable to the integration of new EV/SC products, and the successful completion of commercial negotiations. Nonetheless, EBITDA per equivalent unit in 4Q21 increased 8.7% y-o-y to US\$16.2, the best figure ever recorded for a fourth quarter. Operating Income for the quarter was US\$43 million, 21.8% lower y-o-y, driven by the same trends that affected EBITDA performance.

FY2021 EBITDA rose 31.3% y-o-y to US\$567 million, surpassing the target set in Nemak's 2021 Guidance, supported by the same factors that drove EBITDA performance in the quarter, along with slightly higher volume and greater operating efficiencies achieved through tighter cost and expense control throughout the year. Consequently, FY2021 EBITDA per equivalent unit was US\$15.9, matching the best annual figure achieved by Nemak in its history and

representing a growth of 29.3% y-o-y. FY2021 Operating Income increased 114.0% y-o-y to US\$229 million.

Nemak recorded a US\$50 million Net Loss in the 4Q21, which compares to a US\$14 million Net Income in the same period of 2020, mainly explained by non-cash charges resulting from the revaluation of deferred income tax assets in the Company's US operations. For FY2021, Nemak posted a US\$5 million Net Income, compared to a US\$34 million Net Loss in FY2020, as the drivers behind Operating Income were enough to more than compensate for the mentioned non-cash charges and the refinancing costs of the senior notes due 2024 and 2025. Adjusting for these non-recurring items, FY2021 Net Income would have been US\$90 million.

Capital expenditures were US\$144 million and US\$360 million in 4Q21 and FY2021, respectively, compared to US\$81 million and US\$269 million in the corresponding periods of the previous year. Most of these funds were earmarked for new product launches, with an increased focus on the Company's EV/SC segment.

As of December 31, 2021, Nemak reported a Net Debt of US\$1.3 billion. Financial ratios were: Net Debt to LTM EBITDA, 2.3 times; and, Interest Coverage, 5.2 times. Excluding the above-mentioned non-recurring refinancing costs, Interest Coverage would have been 7.0 times. These ratios compare to 2.8 and 5.6 times, respectively, recorded at the end of 4Q20.

## Regional Results

### North America

In 4Q21, revenue increased 4.6% y-o-y, as higher aluminum prices more than offset effects of lower volume. 4Q21 EBITDA decreased 21.3%, mainly due to lower volume. FY2021 revenue rose 17.4% y-o-y, as higher aluminum prices more than compensated for effects of lower volume, while EBITDA increased 9.2% y-o-y, supported by an improved product mix and operating efficiencies.

### Europe

4Q21 revenue decreased 5.9% y-o-y, as effects of a 15.6% y-o-y decline in volume were partially offset by higher aluminum prices. EBITDA for the quarter fell 11.2% y-o-y, as volume effects more than offset an improved product mix and commercial negotiations in the region. FY2021 revenue and EBITDA were up 23.2% and 58.0% y-o-y, attributable mainly to higher volume, together with the same drivers as in North America.

### Rest of the World

In 4Q21, revenue dropped 1.9% y-o-y, following the same drivers observed in the other regions. 4Q21 EBITDA increased 100.8% y-o-y, mainly explained by the completion of customer negotiations in Brazil. FY2021 revenue climbed 26.0% y-o-y, due to higher volume and aluminum prices. FY2021 EBITDA increased 80.8% y-o-y, supported by the same drivers behind the quarterly performance, together with higher volume.

### Methodology for presentation of results

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

### Earnings webcast information

Nemak's Fourth Quarter 2021 Conference Call will be held on Thursday, February 24, 2022, 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: 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 <https://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 2021, it generated revenue of US\$3.8 billion. For more information about Nemak, visit [www.nemak.com/](http://www.nemak.com/)

**Nemak**  
**Income Statement**  
**Millions of Dollars**

	For the fourth quarter of:			For the twelve months of:		
	2021	2020	% Var.	2021	2020	% Var.
Volume (million equivalent units)	8.2	10.1	(18.5)	35.7	35.1	1.8
Total revenues	945	946	(0.1)	3,798	3,151	20.5
Gross profit	90	130	(30.8)	471	389	21.1
Sales & administrative expenses	(55)	(61)	(9.8)	(247)	(235)	5.1
Other income (expenses) net	8	(14)	NA <sup>2</sup>	5	(48)	NA <sup>2</sup>
Operating Income	43	55	(21.8)	229	107	114.0
Interest Expenses	(17)	(21)	(19.0)	(112)	(81)	38.3
Interest Income	1	1	0.0	3	3	0.0
Foreign exchange gain (loss)	(4)	(7)	NA <sup>2</sup>	(20)	(50)	NA <sup>2</sup>
Financing expenses net	(20)	(27)	(25.9)	(129)	(128)	0.8
Participation in associates results	(3)	0	NA <sup>2</sup>	(1)	(1)	NA <sup>2</sup>
Income Tax	(70)	(15)	NA <sup>2</sup>	(94)	(12)	NA <sup>2</sup>
Net Income	(50)	14	NA <sup>2</sup>	5	(34)	NA <sup>2</sup>

  

	2021	2020	% Var.	2021	2020	% Var.
Operating Income	43	55	(21.8)	229	107	114.0
Depreciation, Amortization & Other Non-Cash items	91	94	(3.2)	338	325	4.0
EBITDA <sup>1</sup>	133	150	(11.3)	567	432	31.3
CAPEX	144	81	NA <sup>2</sup>	360	269	NA <sup>2</sup>

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

(2) Not applicable

**Nemak**  
**Balance Sheet**  
**Millions of Dollars**

Assets	Dec-21	Dec-20	% Var
Cash and cash equivalents	282	437	(35.5)
Accounts receivable	504	463	8.9
Inventories	826	633	30.5
Other current assets	33	31	6.5
Total current assets	1,645	1,564	5.2
Investments in shares	29	32	(9.4)
Property, plant and equipment, net	2,560	2,581	(0.8)
Other assets	693	773	(10.3)
Total assets	4,927	4,949	(0.4)

Liabilities & stockholders' equity	Dec-21	Dec-20	% Var
Bank loans	181	195	(7.2)
Current maturities of long-term debt	34	34	0.0
Interest payable	7	17	(58.8)
Operating liabilities	1,423	1,309	8.7
Total current liabilities	1,645	1,555	5.8
Long-term debt	1,365	1,417	(3.7)
Labor liabilities	71	79	(10.1)
Other long term-liabilities	121	110	10.0
Total liabilities	3,201	3,161	1.3
Total stockholders' equity	1,726	1,788	(3.5)
Total liabilities & stockholders' equity	4,927	4,949	(0.4)

## Nemak Regional Results

### Millions of Dollars

	For the fourth quarter of:			For the twelve months of:		
	2021	2020	% Var.	2021	2020	% Var.
<b>Volume (million equivalent units)</b>						
North America	4.3	5.3	(18.7)	18.7	19.5	(4.2)
Europe	2.9	3.4	(15.6)	12.6	11.4	10.6
Rest of World	1.1	1.4	(24.7)	4.4	4.2	5.8
<b>Total</b>	<b>8.2</b>	<b>10.1</b>	<b>(18.5)</b>	<b>35.7</b>	<b>35.1</b>	<b>1.8</b>
<b>Total Revenues*</b>						
North America	485	464	4.6	1,932	1,645	17.4
Europe	339	360	(5.9)	1,405	1,140	23.2
Rest of World	121	123	(1.9)	461	366	26.0
<b>Total</b>	<b>945</b>	<b>946</b>	<b>(0.1)</b>	<b>3,798</b>	<b>3,151</b>	<b>20.5</b>
<b>EBITDA <sup>1</sup></b>						
North America	61	77	(21.3)	272	249	9.2
Europe	57	64	(11.2)	248	157	58.0
Rest of World	16	8	100.8	47	26	80.8
<b>Total</b>	<b>133</b>	<b>150</b>	<b>(11.3)</b>	<b>567</b>	<b>432</b>	<b>31.3</b>
<b>EBITDA <sup>1</sup> Margin in %</b>						
North America	12%	17%	(24.7)	14%	15%	(7.0)
Europe	17%	18%	(5.7)	18%	14%	28.2
Rest of World	13%	7%	104.7	10%	7%	43.5
<b>Total</b>	<b>14%</b>	<b>16%</b>	<b>(11.2)</b>	<b>15%</b>	<b>14%</b>	<b>8.9</b>
<b>EBITDA <sup>1</sup> USD/Equivalent units</b>						
North America	14.1	14.5	(3.2)	14.6	12.8	14.0
Europe	19.8	18.8	5.2	19.7	13.8	42.8
Rest of World	15.2	5.7	166.7	10.6	6.2	70.8
<b>Total</b>	<b>16.2</b>	<b>14.9</b>	<b>8.7</b>	<b>15.9</b>	<b>12.3</b>	<b>29.3</b>

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

\* To external customers

**Nemak**  
**Income Statement**  
**Millions of Pesos**

	For the fourth quarter of:			For the twelve months of:		
	2021	2020	% Var.	2021	2020	% Var.
Volume (million equivalent units)	8.2	10.1	(18.5)	35.7	35.1	1.8
Total revenues	19,596	19,548	0.2	77,078	66,325	16.2
Gross profit	1,858	2,711	(31.5)	9,552	7,982	19.7
Sales & administrative expenses	(1,141)	(1,258)	(9.3)	(5,001)	(4,980)	0.4
Other income (expenses) net	175	(274)	NA <sup>2</sup>	111	(1,035)	NA <sup>2</sup>
Operating Income	892	1,179	(24.3)	4,662	1,967	137.0
Interest Expenses	(360)	(430)	(16.3)	(2,259)	(1,746)	29.4
Interest Income	16	20	(20.0)	71	76	(6.6)
Foreign exchange gain (loss)	(74)	(127)	NA <sup>2</sup>	(405)	(1,020)	NA <sup>2</sup>
Financing expenses net	(418)	(537)	(22.2)	(2,593)	(2,690)	(3.6)
Participation in associates results	(67)	(1)	NA <sup>2</sup>	(22)	(29)	NA <sup>2</sup>
Income Tax	(1,458)	(303)	NA <sup>2</sup>	(1,962)	(181)	NA <sup>2</sup>
Net Income	(1,051)	338	NA <sup>2</sup>	85	(933)	NA <sup>2</sup>

	2021	2020	% Var.	2021	2020	% Var.
Operating Income	892	1,179	(24.3)	4,662	1,967	137.0
Depreciation, Amortization & Other Non-Cash items	1,882	1,938	(2.9)	6,859	6,959	(1.4)
EBITDA <sup>1</sup>	2,774	3,117	(11.0)	11,522	8,926	29.1
CAPEX	2,985	1,655	NA <sup>2</sup>	7,343	5,655	NA <sup>2</sup>

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

(2) Not applicable

**Nemak**  
**Balance Sheet**  
**Millions of Pesos**

Assets	Dec-21	Dec-20	% Var
Cash and cash equivalents	5,799	8,720	(33.5)
Accounts receivable	10,389	9,229	12.6
Inventories	16,995	12,630	34.6
Other current assets	685	613	11.7
Total current assets	33,868	31,192	8.6
Investments in shares	592	635	(6.8)
Property, plant and equipment, net	52,679	51,491	2.3
Other assets	14,257	15,414	(7.5)
Total assets	101,395	98,732	2.7

Liabilities & stockholders' equity	Dec-21	Dec-20	% Var
Bank loans	3,732	3,894	(4.2)
Current maturities of long-term debt	693	671	3.3
Interest payable	146	346	(57.8)
Operating liabilities	29,281	26,115	12.1
Total current liabilities	33,853	31,027	9.1
Long-term debt	28,093	28,277	(0.7)
Labor liabilities	1,454	1,568	(7.3)
Other long term-liabilities	2,482	2,193	13.2
Total liabilities	65,882	63,065	4.5
Total stockholders' equity	35,513	35,667	(0.4)
Total liabilities & stockholders' equity	101,395	98,732	2.7