



Investor Presentation

UBS – Mexico City – March 2020

 **Nemak**

Innovative Lightweighting

Forward-looking statement

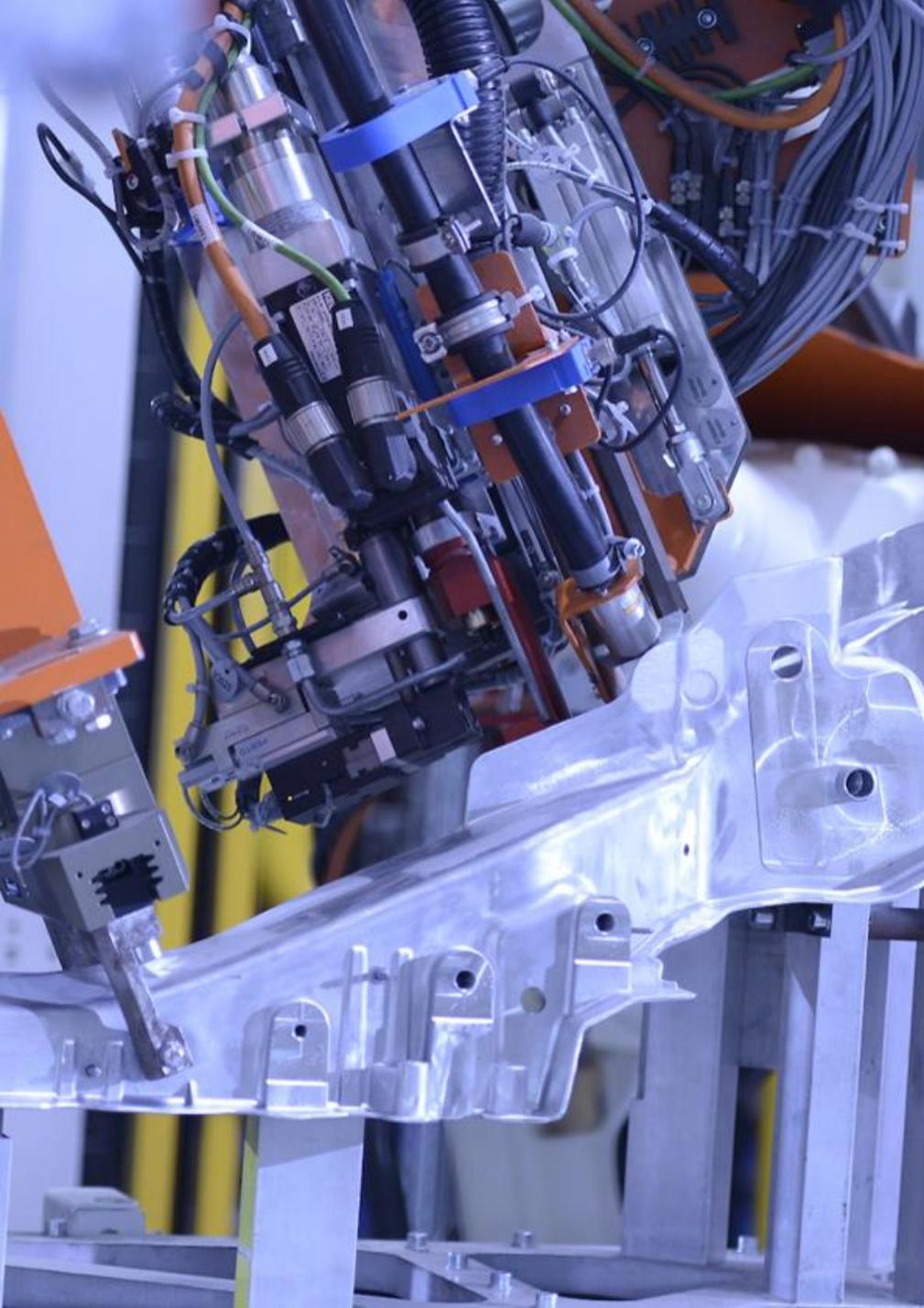


This presentation contains forward-looking information based on numerous variables and assumptions that are inherently uncertain. They involve judgments with respect to, among other things, future economic, competitive and financial market conditions and future business decisions, all of which are difficult or impossible to predict accurately. Accordingly, actual results are likely to vary from those set forth in this presentation.



Nemak Overview





Nemak Today

Leading provider of innovative lightweighting solutions

2019 Revenues
US \$4.0 Billion

2019 EBITDA¹
US \$621 Million

Diversified product portfolio

Sole supplier in ~90% of sales

Strong customer base

1 in 4 new vehicles sold has a Nemak component

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

Broad portfolio of automotive lightweighting solutions



Cylinder Heads



Engine Blocks



Longitudinal Members



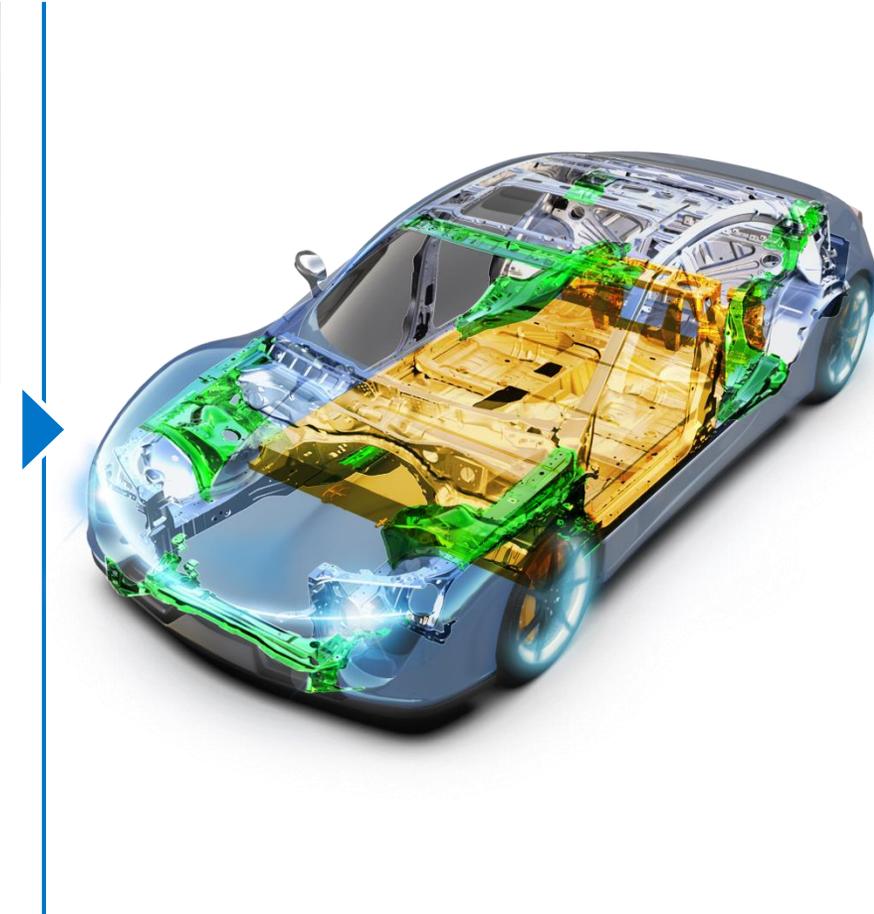
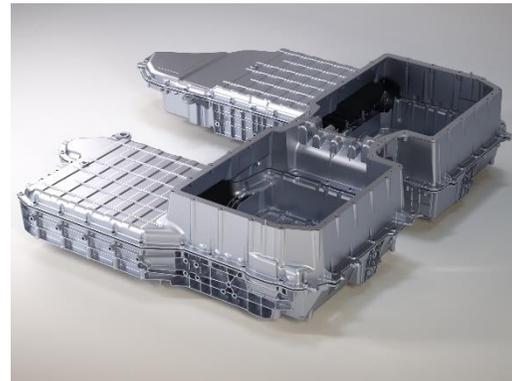
Transmission Cases



E-Motor Housings



Battery Housings



State-of-the-art facilities in major automotive markets



38

Manufacturing facilities

16

Countries

~23K

Employees

Solid and long-standing customer relationships



 <p>40 years</p>	 <p>25 years</p>	 <p>20 years</p>	 <p>15 years</p>	 <p>10 years</p>	
 <p>35 years</p>	 <p>25 years</p>	 <p>20 years</p>	 <p>15 years</p>	 <p>10 years</p>	
 <p>35 years</p>	 <p>20 years</p>	 <p>20 years</p>	 <p>15 years</p>	 <p>10 years</p>	 <p>~2 years</p>

Strong competitive position



Product



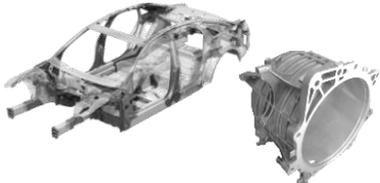
Cylinder heads



Engine blocks

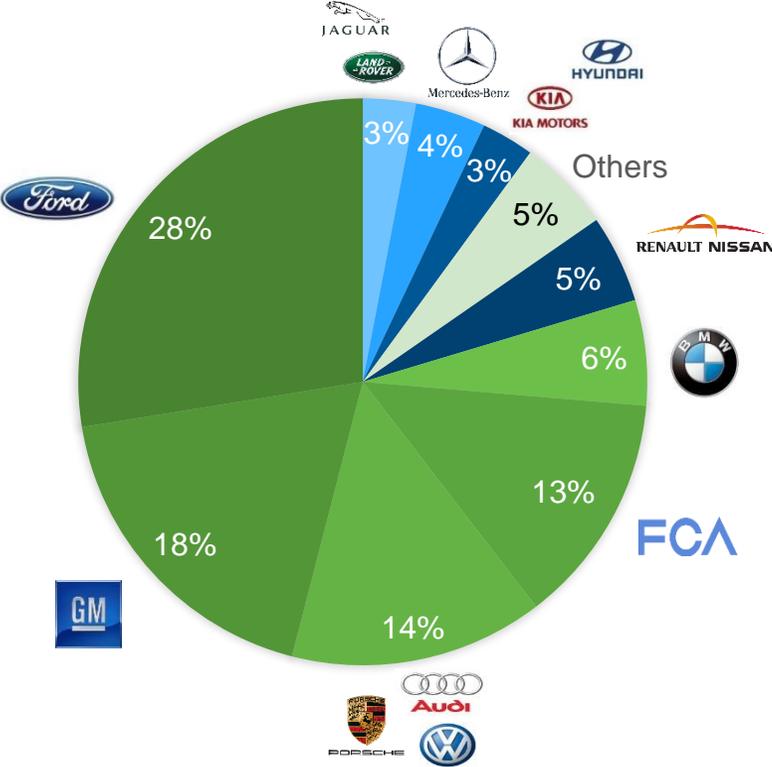


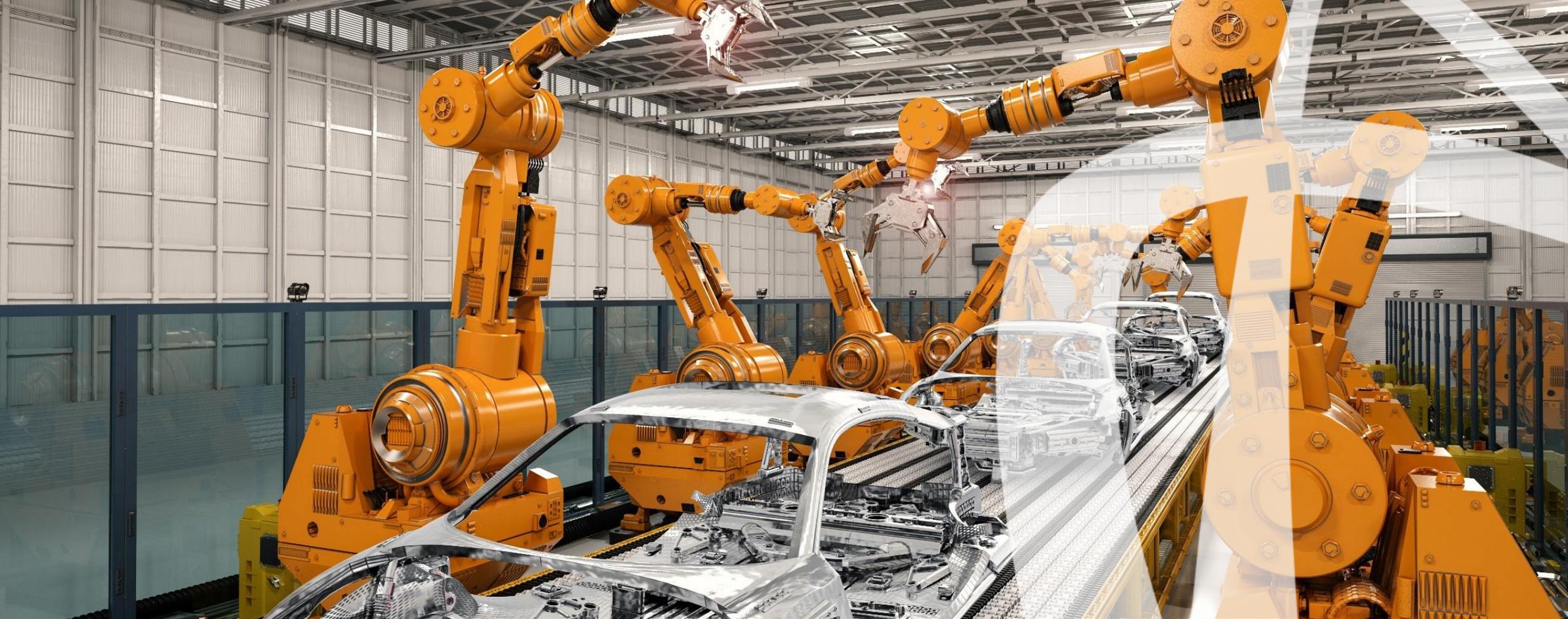
Transmissions components



Structural & EV components

Customer portfolio





Financial Overview / Recent Developments

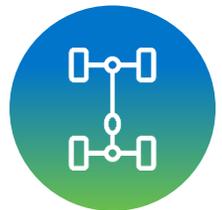


Financial Overview



Financial results

- EBITDA at Guidance, despite lower-than-expected volume
- Net Debt to EBITDA at 1.9x



Structural & EV components business

- Successful new product launches
- Technological capabilities & footprint support growth
- E-mobility driving new contracts



Industry developments

- Customer production headwinds in North America
- Europe and Asia affected by softer industry conditions
- Favorable South America outlook



Others

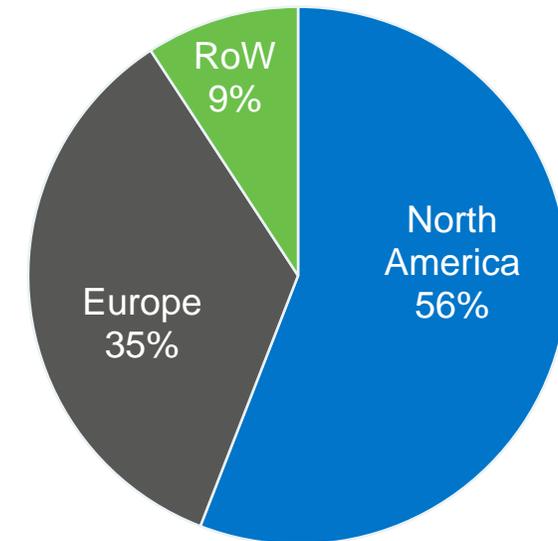
- Progress in sustainability initiatives
- USMCA agreement concluded

2019 Financial highlights

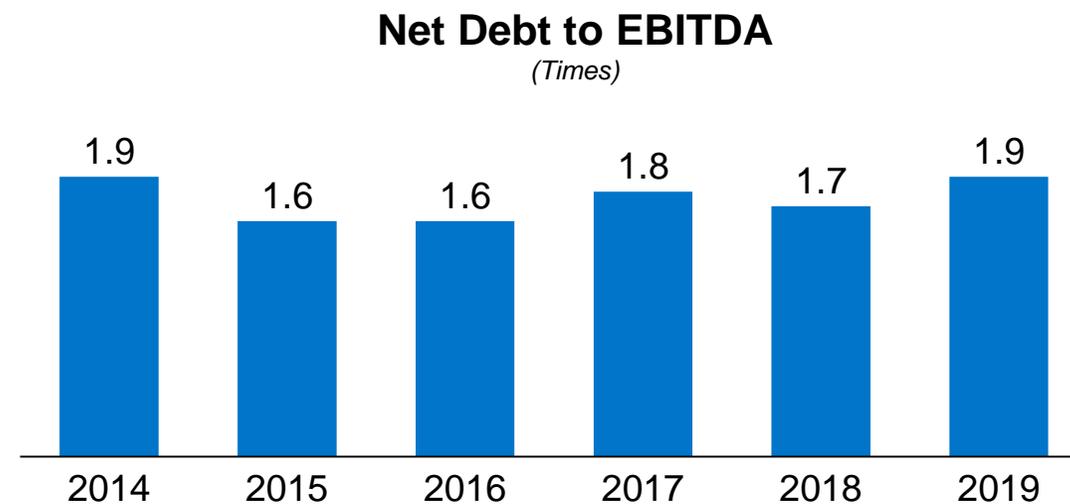
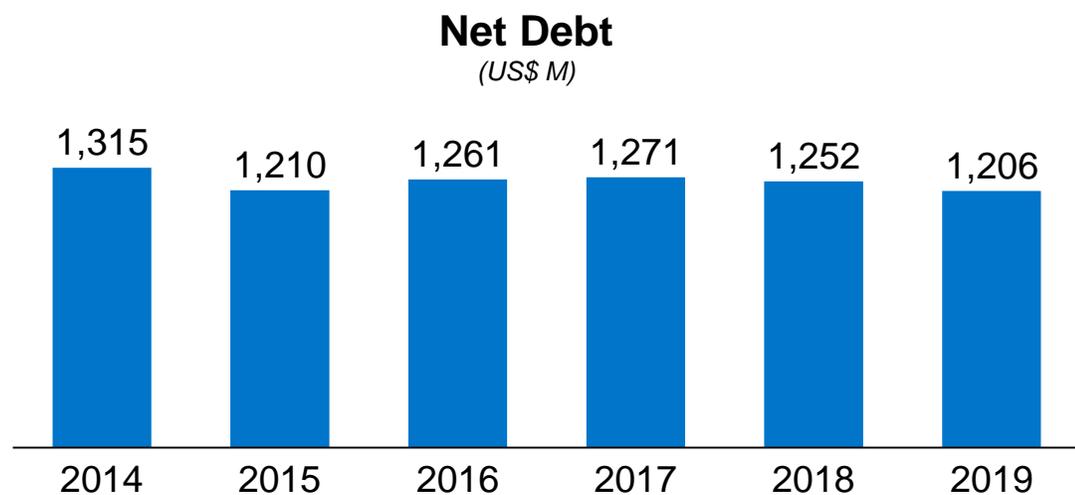
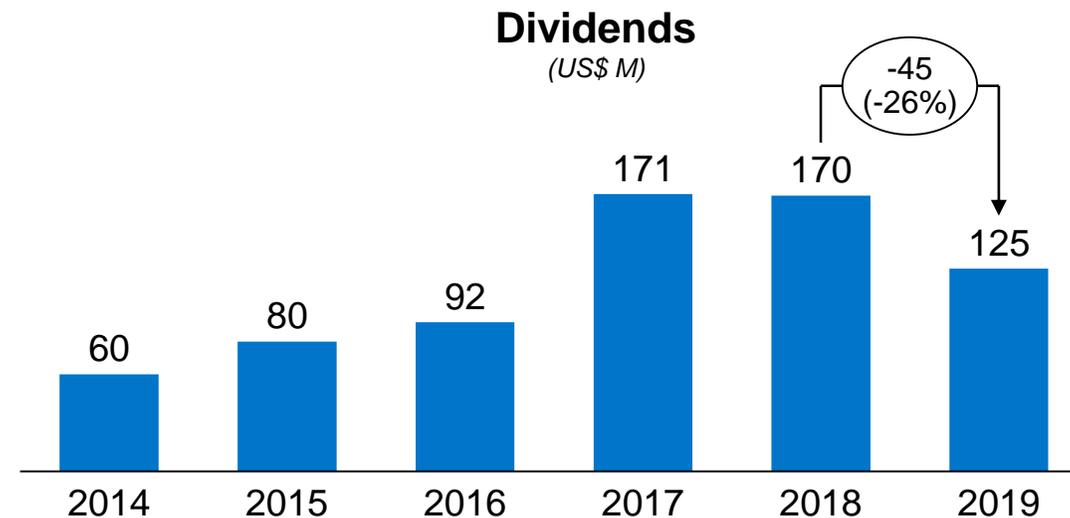
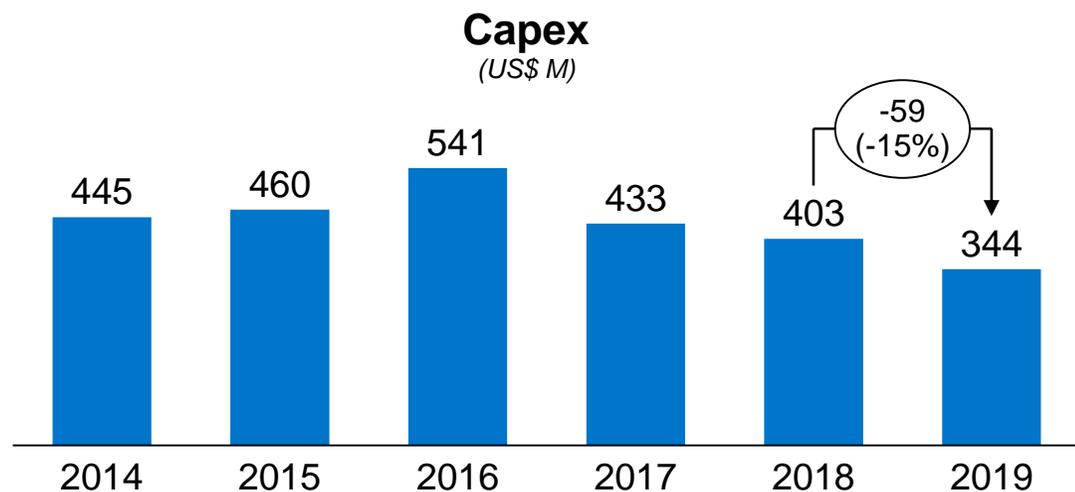


	Guidance	Actual	Δ vs. Guidance 2019
Volume (M Units)	46.0	44.3	(3.7)%
Sales (US\$ B)	4.4	4.0	(8.7)%
EBITDA (US\$ M)	620	621	0.2%
EBITDA / Pc (US\$)	13.5	14.0	4.0%
CAPEX (US\$ M)	320	344	24

Revenue by Region



Financial performance



Challenges

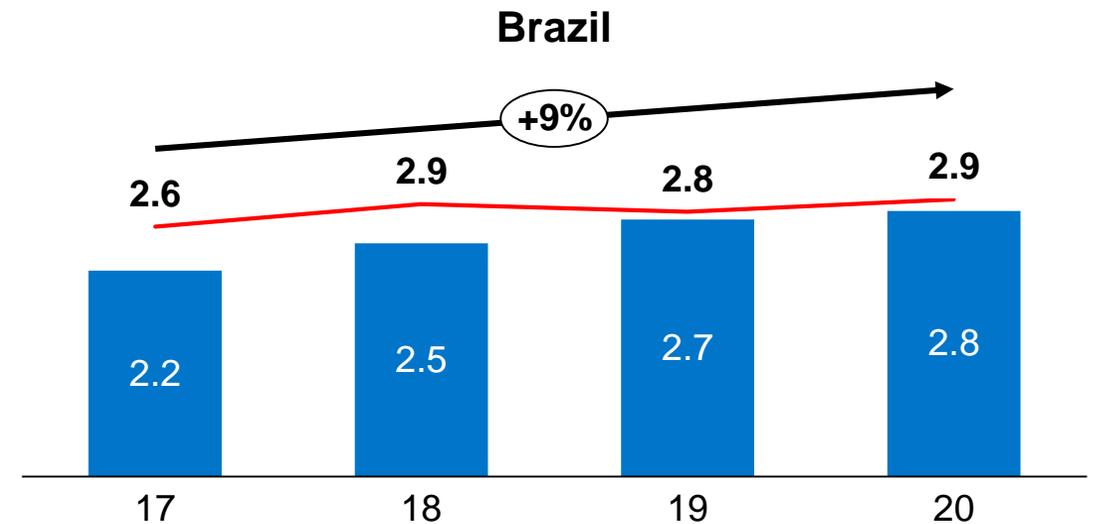
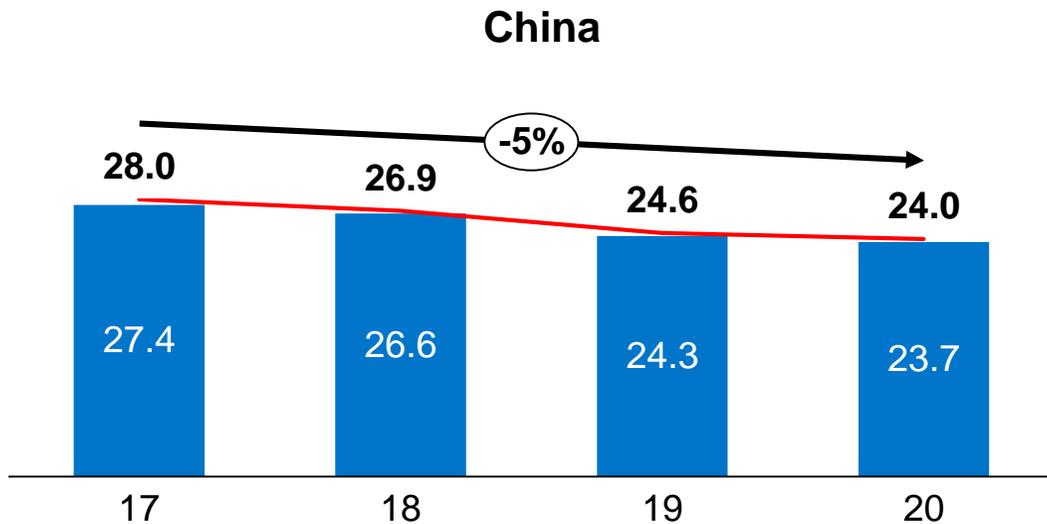
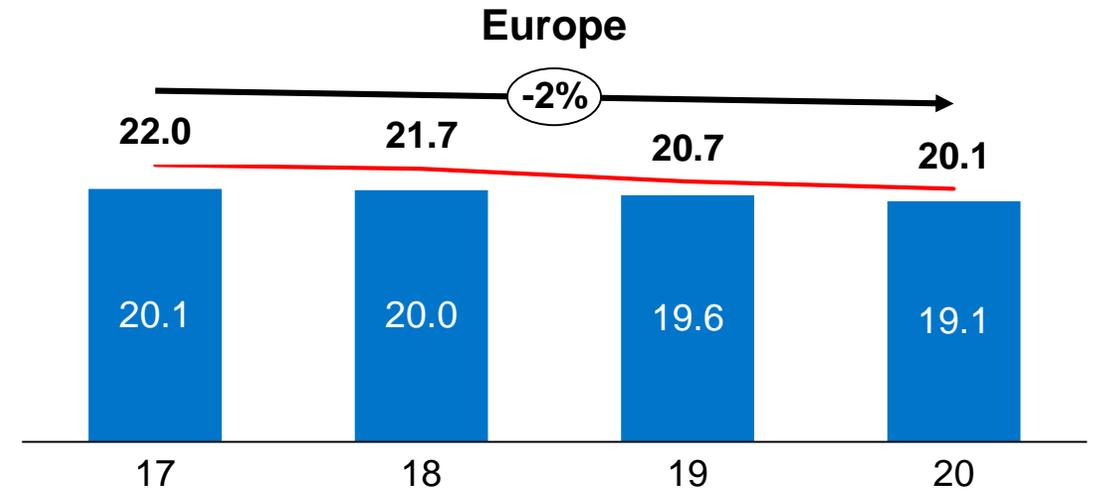
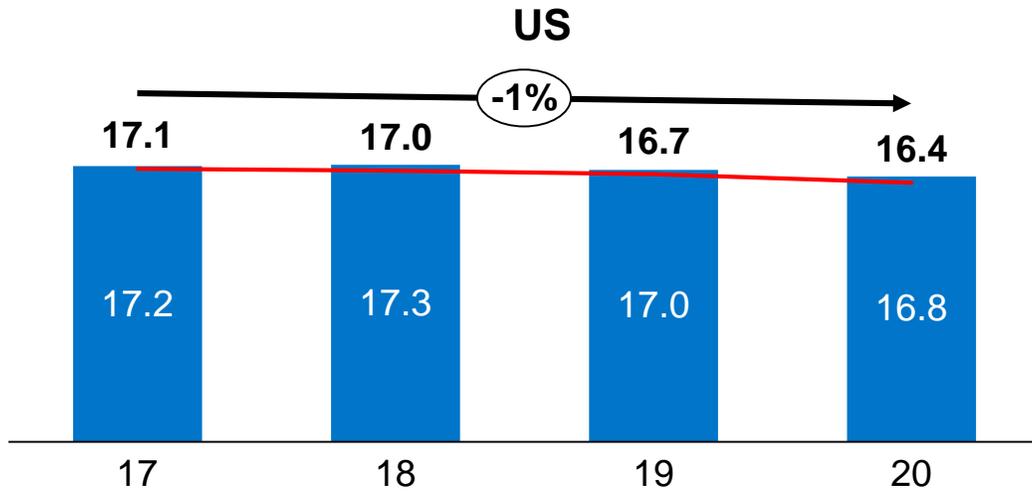
- Industry development
 - Customer-specific
 - Regional
- Phase-out of export program to China
- European market shift away from diesel

Opportunities

- 12 product launches globally in structural & EV components business
- Market share growth in Brazil
- Cost-reduction program
- Capacity restructuring

Auto industry trend – Light Vehicle Sales

(M Units)



— Vehicle Production

2020 Guidance

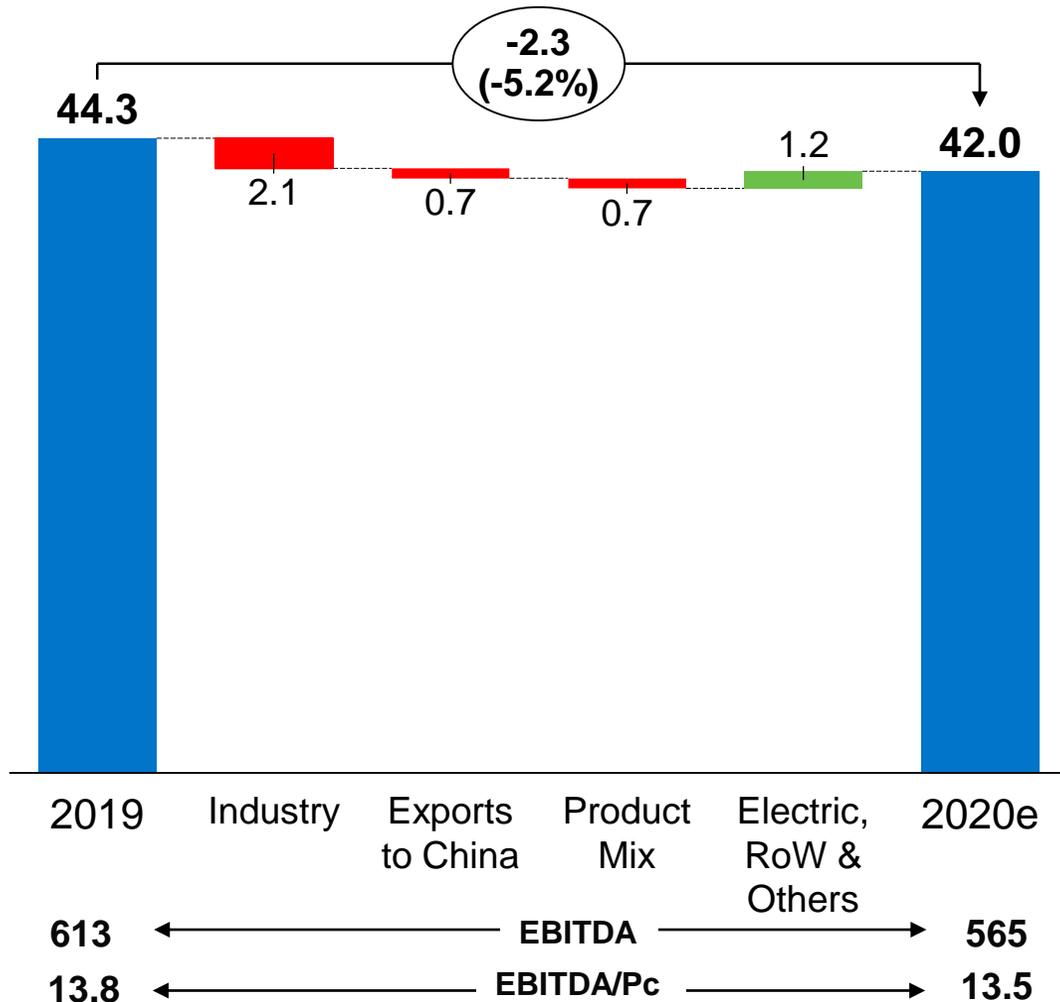


		Δ vs. 2019
Volume (M Eq. Units)	42.0	(5.2)%
Sales (US\$ B)	3.8	(5.4)%
EBITDA (US\$ M)	565	(7.8)%*
CAPEX (US\$ M)	290	54

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

* Excludes 2019 extraordinary item

2020 Guidance - Volume



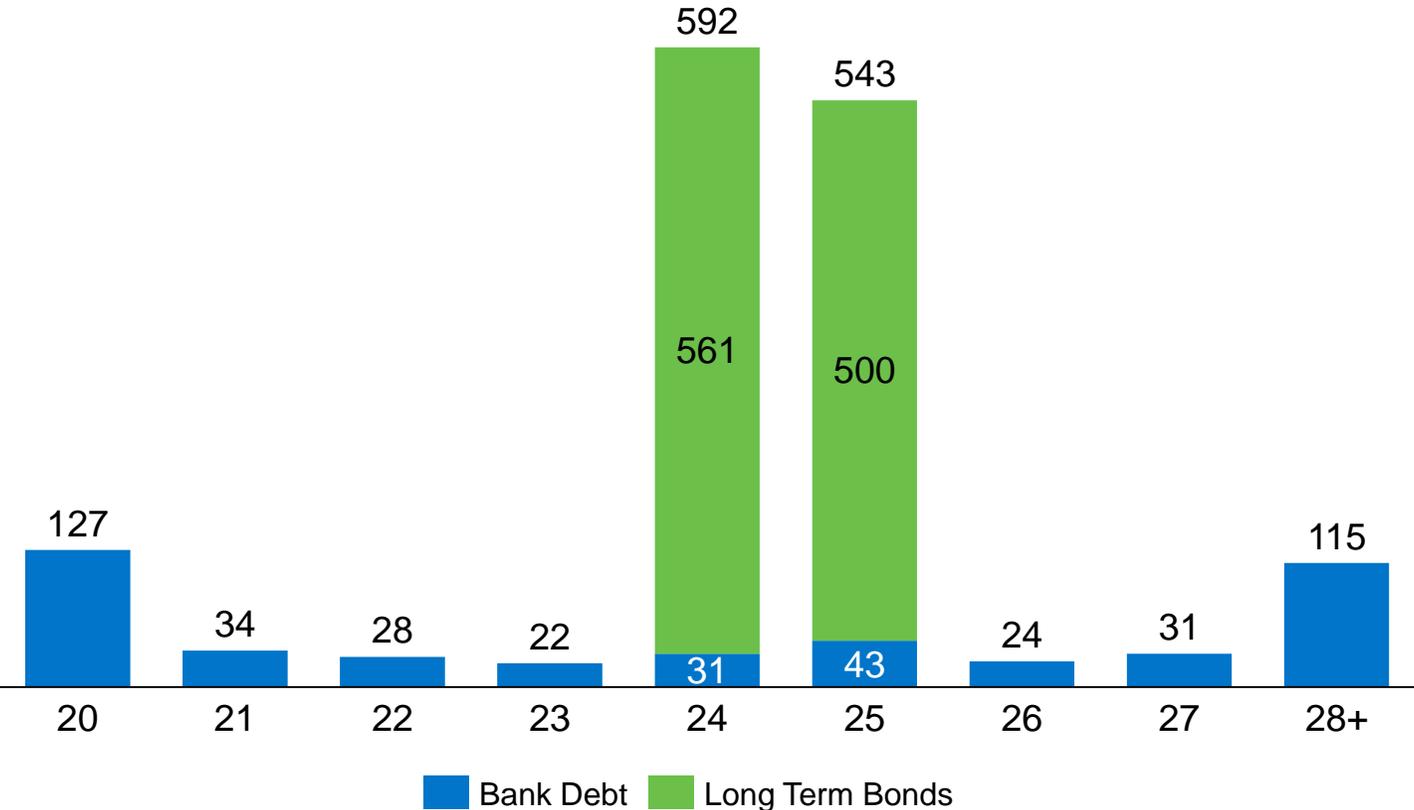
Comments

- Expected reduction mainly in North America.
 - Customer production
 - Exports to China
 - Product mix
- New SC/EV applications and powertrain growth in Brazil partially offset volume headwinds.
- Volume accounts for most of EBITDA reduction
 - Targeted efficiency initiatives to conserve margins
- Dividend of ~US\$ 50M (US\$ 0.0164 per share)
- Share buy-back program increased to MXN\$ 2,500M

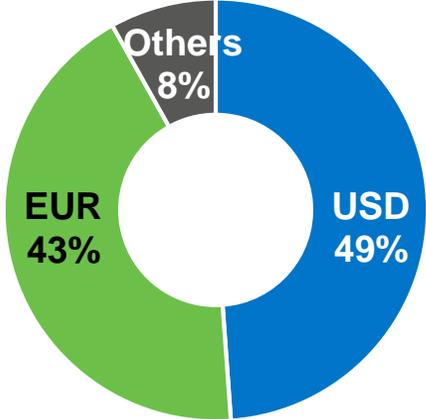
Amortization Schedule

(US\$ M, Dec '19)

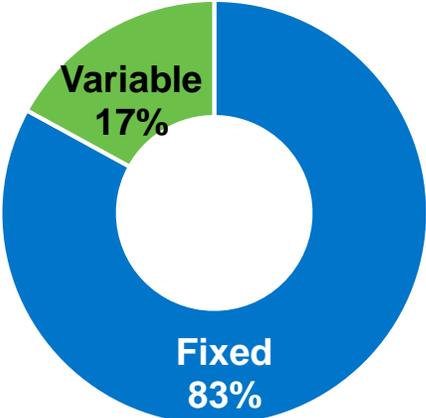
Average Life increased from 4.4 to 4.9 years*



Currency Distribution



Rate Distribution



* Change vs Sept 30th, 2019

Recent Developments

Committed to world-class sustainability practices



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

MEMBER OF

**Dow Jones
Sustainability Indices**



In collaboration with

a RobecoSAM brand



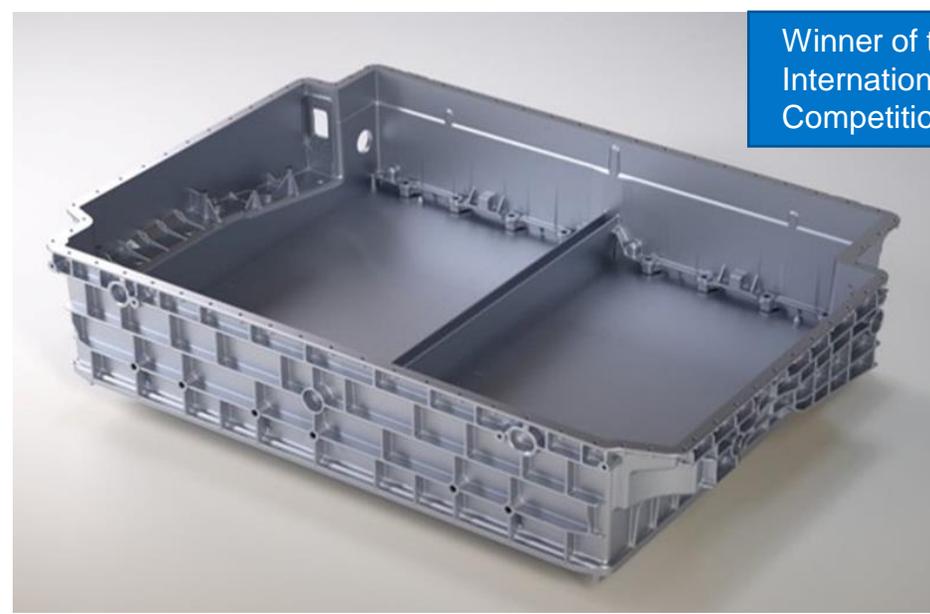
FTSE4Good

- Nemak to set science-based emission targets
- Lightweighting solutions facilitate customer efforts to reduce CO₂ footprint
- Intensive use of aluminum from recycled sources
- Selected to join two stock indices comprised of companies with leading economic, social and environmental practices:
 - DJSI MILA Pacific Alliance
 - FTSE4Good (London Stock Exchange)

Innovation as a competitive advantage

- Invest ~2% revenue in Research & Development
- Increased focus on electrification businesses
 - Battery housings and e-motor housings
- Nemak innovations contributing to new orders
 - Highly integrated e-motor housings in CPS®
 - 3D-printing capabilities enhance value proposition
 - Co-design of structural & EV components

Winner of the 2020
International Die Casting
Competition



Nemak battery housing featuring joining & assembly capabilities

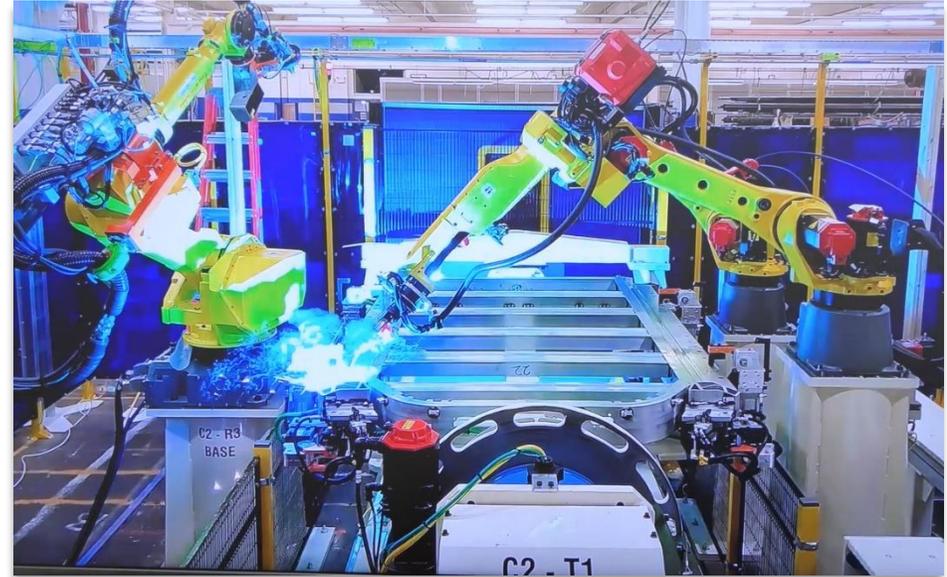
Structural component production in Europe, North America & Asia



E-mobility business



- Leveraging technological capabilities and footprint to supply EV components
- Broad range of solutions spanning casting as well as joining and assembly
- Progress in EV components:
 - All-electric applications
 - Electric Mobility Center in North America
 - Production of e-motor housings in Europe
 - Successful production launch of battery housings for hybrid vehicle applications in North America and Europe
- Continued ramp-up during next ~2 years



Nemak to supply battery housings to Ford Mustang Mach-E



- Setting-up production facility in North America fully dedicated to assembly of e-mobility applications.
- Ford Mach-E Battery Housing:
 - 2.2 x 1.5 meter structure
 - Multiple aluminum components
 - State-of-the-art joining and assembly processes.
- Investment for first phase: ~US\$25 M





2025 Strategy Update





Electrification

- Faster adoption in industry



Vehicle structures

- Mix of lighter materials in vehicle structure

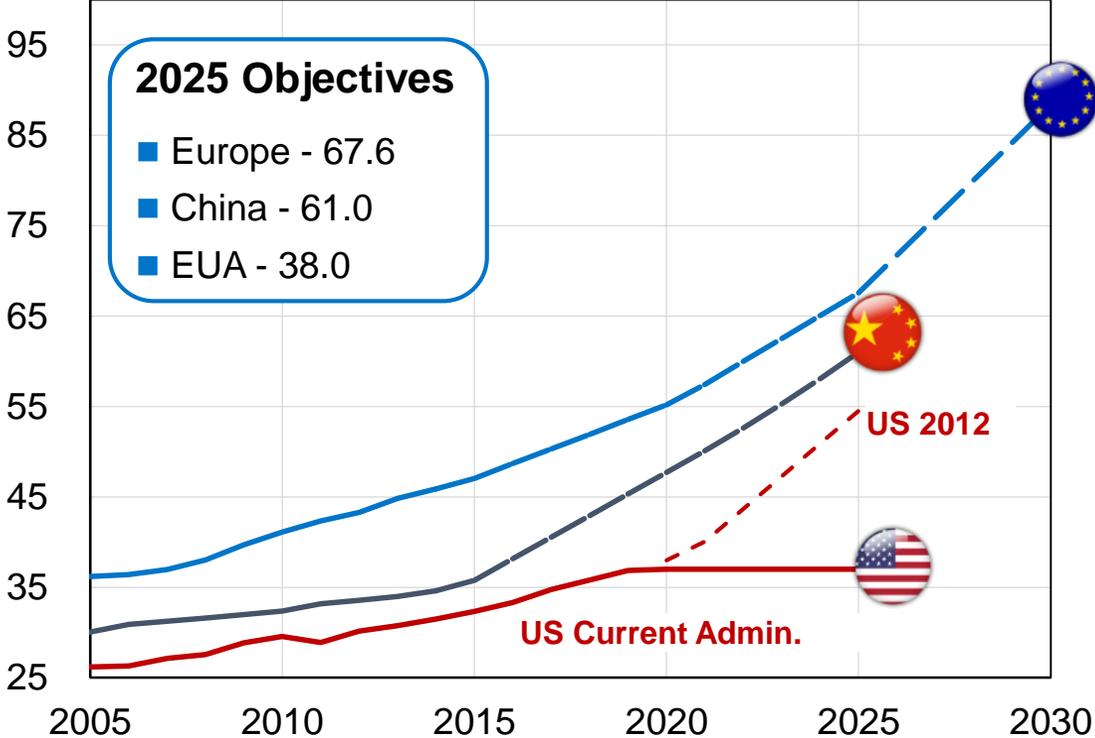


ICE

- Longer product life cycle in internal combustion engines

Fuel Efficiency Regulation

Miles per gallon



Source: International Council of Clean Transportation

Solid development in new business avenues

- Awarded business to-date for ~US\$750 M in structural & EV components
 - Pipeline of sales prospects amounts to ~US\$1.3 B



Awarded SC/EV business – select applications



Battery Housing

*Mercedes-Benz
GLE Hybrid*



Subframe

BMW iNext



E-Motor Housing

BMW i8



E-Motor Housing

Jaguar I-Pace



Subframe

AMG SL232



Longitudinal Member

BMW i4

Awarded SC/EV business – select applications



Subframe

Volvo Polestar



E-Motor Housing

Porsche Taycan



A-Pillar

Mercedes-Benz EQS



Battery Housing

BMW X5



Battery Housing

Jeep Wrangler Hybrid



Battery Housing

Ford Mustang Mach-E

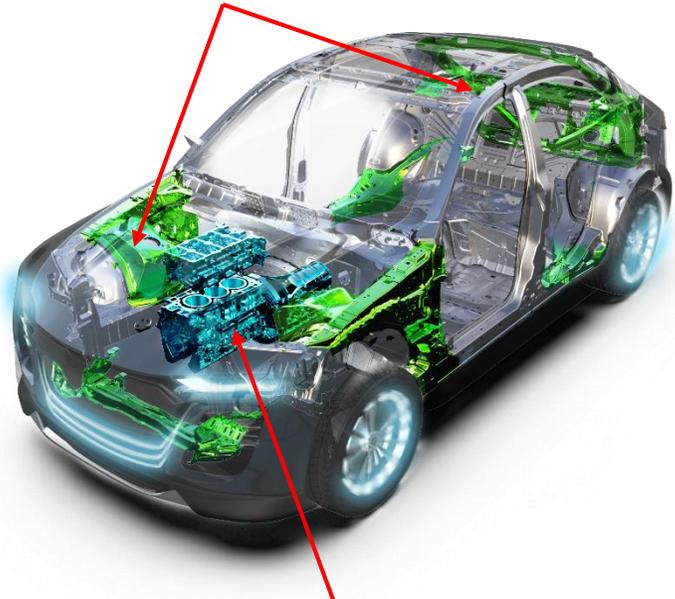
Increasing Nemak content per vehicle



Combustion Engine

US\$450 – 500

Structural Components

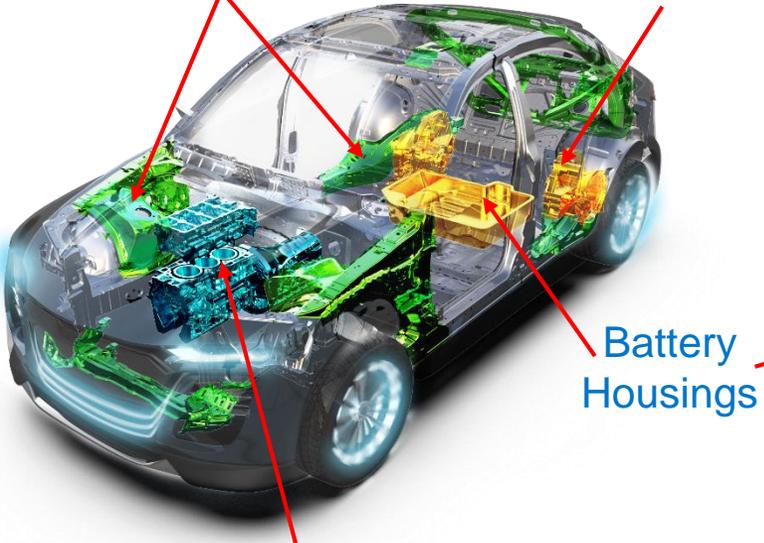


Head, Block & Trans

Hybrid

US\$480 – 580

Structural Components Hybrid Trans

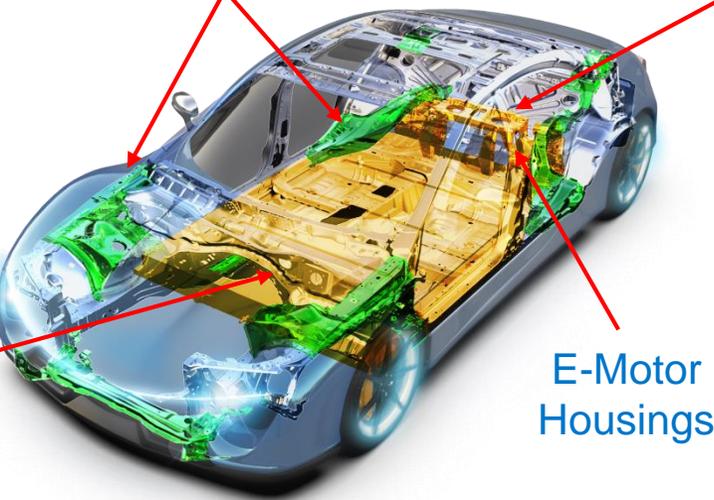


Head & Block

Battery Electric

US\$550 – 700

Structural Components Other EV components



E-Motor Housings

Increased Value Added to Sales

Key takeaways



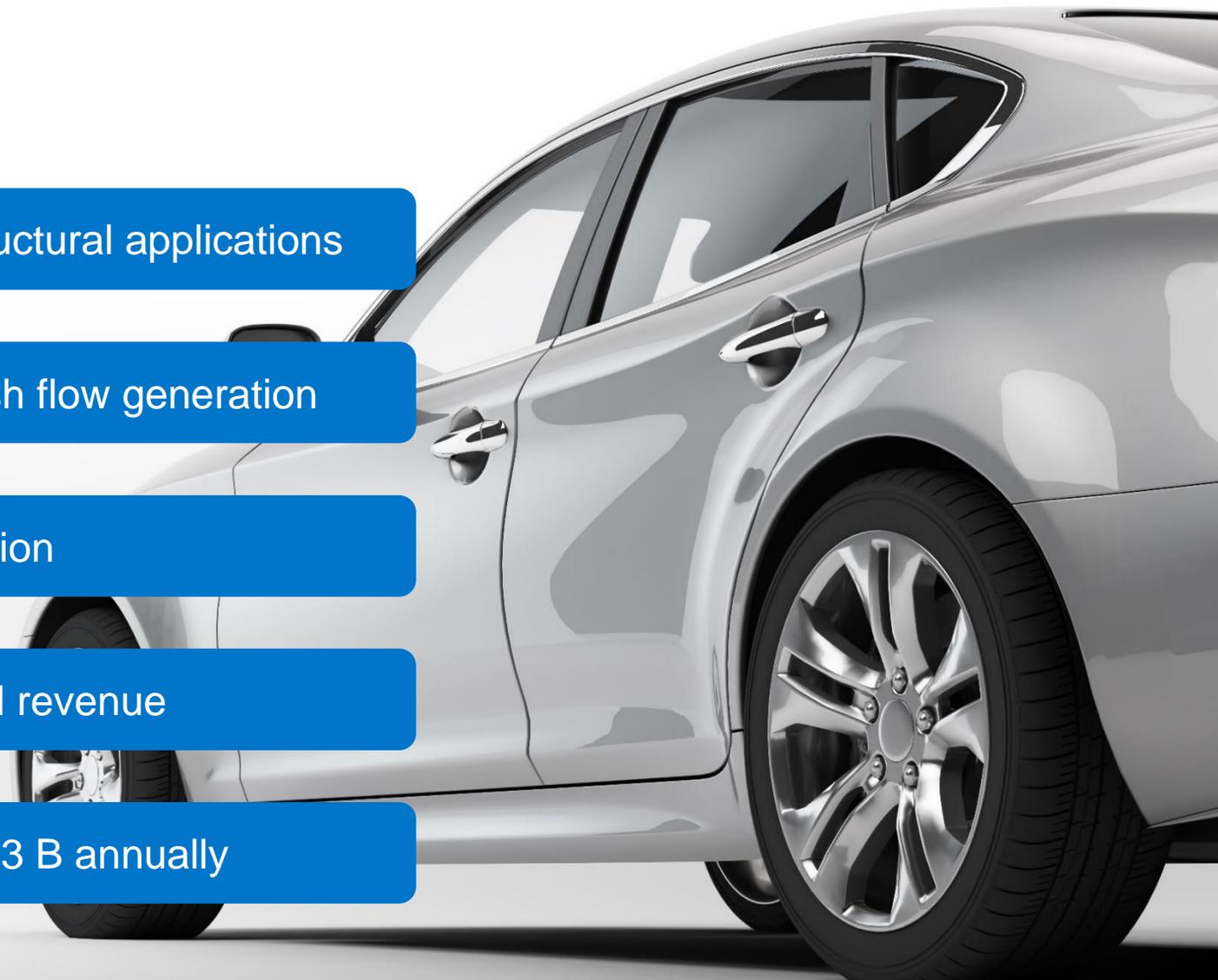
Positioned to capture growth in e-mobility and structural applications

Profitable combustion engine business drives cash flow generation

Prudent financial management and capital allocation

Order book in SC/EV worth ~US\$750 M in annual revenue

Pursuing sales prospects in SC/EV worth ~US\$1.3 B annually





Nemak

Innovative Lightweighting