

# Nemak reports EBITDA of US\$157 M in 3Q22

Top-line and EBITDA growth driven by industry recovery and new product launches

Monterrey, Mexico. October 18, 2022. Nemak, S.A.B. de C.V. (BMV: NEMAK) ("Nemak" or the "Company") announced today its operational and financial results for the third quarter of 2022 ("3Q22"). The following is a summary of the key figures for the period:

	Third Quarter			Nine months		
	2022	2021	Δ%	2022	2021	Δ%
Volume (M. Equivalent units)	10.0	7.8	28.0	29.8	27.5	8.3
Revenues	1,219	860	41.7	3,547	2,854	24.3
EBITDA <sup>1</sup>	157	115	36.5	421	434	(3.0)
CAPEX	111	82	NA <sup>2</sup>	293	217	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

*We extended our positive top-line performance in the third quarter, largely on the back of higher customer production and new product launches in our e-mobility and structural applications (EV/SC) segment. In turn, improved business performance was supported by a richer product mix, new measures to mitigate inflation effects, and operating efficiencies.*

*We continued to advance with the ramp-up of our EV/SC segment, initiating series production of battery housings and structural parts for newly launched electric vehicles of global customers. Moreover, we harnessed our design engineering capabilities to win business supplying structural parts for next-generation SUVs of a European OEM in China, building on our track record of supporting the lightweighting needs of our customers amidst the vehicle electrification trend.*

*Given our ongoing efforts to drive execution, innovation, and resilience in our business, I am confident that we remain well positioned to achieve our main goals for the year while accelerating our growth trajectory in our EV/SC segment into the future.*

## Recent Developments

- During 3Q22, Nemak won contracts worth approximately US\$40 million annually. Out of this amount, the majority represented business to produce parts for e-mobility and structural applications (EV/SC).
- Nemak initiated the setup of three new plants—in Mexico, Germany, and the Czech Republic—dedicated to the production of battery housings for fully electric vehicles of global customers. This business, which was awarded in 1Q22, amounts to around US\$350 million in annual revenue, with total investment of US\$200 million.
- Nemak was selected as a winner of two Altair Enlighten Awards for its contributions to recent lightweighting and sustainability advancements in the automotive industry.

## Automotive Industry

	Millions of Units Third Quarter		
	2022	2021	% Var
U.S. Vehicle Sales SAAR <sup>(1)(2)</sup>	13.3	13.3	0.1
North America Vehicle Production <sup>(2)</sup>	3.7	2.9	24.5
North America Nemak Customer Production <sup>(2)</sup>	2.3	1.8	27.4
Europe Vehicles Sales SAAR <sup>(1)(2)</sup>	15.4	15.4	0.0
Europe Vehicle Production <sup>(2)</sup>	3.5	2.9	19.8
Europe Nemak Customer Production <sup>(2)</sup>	2.2	2.0	14.9

(1) SAAR = Seasonally Adjusted Annual Rate

(2) Source: S&P Global Mobility and Nemak estimates

For the quarter, U.S. light-vehicle sales SAAR showed a slight increase year-over-year ("y-o-y"), as historically low vehicle-inventory levels continued to constrain demand, notwithstanding signs of improvement in the period. However, light-vehicle production in North America increased 24.5% y-o-y, attributed mainly to easing semiconductor supply constraints in the industry.

In Europe, light-vehicle sales SAAR remained unchanged whereas light-vehicle production increased 19.8% compared to the same period last year. The latter was driven mainly by the same factors as in North America; regarding sales, continued effects of extended waiting times limited demand.

## Financial Results Summary

	Third Quarter			Nine months		
	2022	2021	Δ%	2022	2021	Δ%
Volume (M. Equivalent units)	10.0	7.8	28.0	29.8	27.5	8.3
Revenues	1,219	860	41.7	3,547	2,854	24.3
Operating Income	80	28	185.7	189	186	1.6
EBITDA <sup>1</sup>	157	115	36.5	421	434	(3.0)
EBITDA <sup>1</sup> / Eq. Unit	15.7	14.7	6.8	14.1	15.8	(10.8)
Net Income	19	(29)	NA <sup>2</sup>	55	56	NA <sup>2</sup>
CAPEX	111	82	NA <sup>2</sup>	293	217	NA <sup>2</sup>
Net Debt <sup>3</sup>	1,296	1,449	(10.6)			

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

3Q22 volume increased 28.0% y-o-y, largely driven by higher customer production and new product launches in Nemak's e-mobility and structural applications (EV/SC) segment.

3Q22 revenue rose 41.7% y-o-y, supported by higher volume and aluminum prices, which more than offset the effects of the depreciation of the euro against the U.S. dollar.

3Q22 EBITDA totaled US\$157 million, up 36.5% y-o-y, driven by higher volume, an improved sales mix reflecting increased production of EV/SC applications, and commercial negotiations, which altogether more than offset the foreign exchange translation effect. As a result, EBITDA per equivalent unit increased 6.8% y-o-y, to US\$15.7. 3Q22 Operating Income was US\$80 million, compared to US\$28 million in 3Q21, following the same dynamics as EBITDA.

3Q22 Net Income was US\$19 million, which compares to a US\$29 million net loss in the same period last year, as overall better results more than offset the impact of the accounting effect of the depreciation of the euro against the U.S. dollar.

Capital expenditures totaled US\$111 million in 3Q22, focused on new product launches, primarily in the Company's EV/SC segment.

As of September 30, 2022, Nemak reported a Net Debt of US\$1.3 billion. The financial ratios were: Net Debt to LTM EBITDA, 2.3 times; and Interest Coverage, 8.7 times. These ratios compare to 2.5 and 5.2 times, respectively, recorded at the end of 3Q21.

## Regional Results

### North America

In 3Q22, revenue increased 51.0% y-o-y due mainly to a combination of higher volume and higher aluminum prices. EBITDA was up 61.6% y-o-y, as volume together with commercial negotiations and an improved sales mix supported by production of EV/SC applications more than offset inflationary effects in the region.

### Europe

3Q22 revenue grew 26.6% y-o-y supported by the same factors as in North America, which more than offset the effects of the depreciation of the euro against the U.S. dollar. 3Q22 EBITDA increased 5.2% y-o-y, driven by higher volume, an improved sales mix reflecting increased production of EV/SC applications, and commercial negotiations, which altogether more than offset exchange rate and inflation-related impacts.

### Rest of the World

In 3Q22, revenue and EBITDA rose 41.8% and 48.0% y-o-y, respectively, largely supported by higher volumes in Brazil and China.

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### 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 Third Quarter 2022 Earnings Webcast will be held on Wednesday, October 19, 2022, 12:00 p.m. Eastern Time (11:00 a.m. Mexico City Time). To participate, please join the [live webcast](#) or dial as follows: Domestic U.S.: (877) 407-0784; International: 1-201-689-8560; Mexico Toll Free: 800 522 0034. If you are unable to participate, the transcript and audio recording of the event will be available on Nemak's website. For more information, please visit [investors.nemak.com](https://investors.nemak.com)

### Forward-looking statements

This report may contain certain "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to risks, uncertainty and changes in circumstances, which may cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements. All statements contained herein that are not clearly historical in nature are forward-looking and the words "anticipate", "believe", "expect", "estimate", "plan" and similar expressions are generally intend to identify forward-looking statements. Nemak is under no obligation (and expressly disclaims any such obligation) to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

### 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 [nemak.com](https://nemak.com)

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

	For the third quarter of:			For the nine months of:		
	2022	2021	% Var.	2022	2021	% Var.
Volume (million equivalent units)	10.0	7.8	28.0	29.8	27.5	8.3
Total revenues	1,219	860	41.7	3,547	2,854	24.3
Gross profit	155	90	72.2	391	381	2.6
Sales & administrative expenses	(77)	(60)	28.3	(216)	(192)	12.5
Other income (expenses) net	2	(1)	NA <sup>2</sup>	14	(3)	NA <sup>2</sup>
Operating Income	80	28	185.7	189	186	1.6
Interest Expenses	(19)	(55)	(65.5)	(52)	(95)	(45.3)
Interest Income	1	1	NA <sup>2</sup>	5	3	NA <sup>2</sup>
Foreign exchange gain (loss)	(6)	(15)	NA <sup>2</sup>	1	(16)	NA <sup>2</sup>
Financing expenses net	(24)	(69)	(65.2)	(46)	(108)	(57.4)
Participation in associates results	0	(2)	NA <sup>2</sup>	1	2	NA <sup>2</sup>
Income Tax	(37)	14	NA <sup>2</sup>	(88)	(25)	NA <sup>2</sup>
Net Income	19	(29)	NA <sup>2</sup>	55	56	NA <sup>2</sup>

	2022	2021	% Var.	2022	2021	% Var.
Operating Income	80	28	185.7	189	186	1.6
Depreciation, Amortization & Other Non-Cash items	77	86	(10.5)	232	247	(6.1)
EBITDA <sup>1</sup>	157	115	36.5	421	434	(3.0)
CAPEX	111	82	NA <sup>2</sup>	293	217	NA <sup>2</sup>

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

(2) Not applicable

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

Assets	Sep-22	Dec-21	% Var
Cash and cash equivalents	231	282	(18.1)
Accounts receivable	695	504	37.9
Inventories	838	826	1.5
Other current assets	43	33	30.3
Total current assets	1,807	1,645	9.8
Investments in shares	24	29	(17.2)
Property, plant and equipment, net	2,505	2,560	(2.1)
Other assets	629	693	(9.2)
Total assets	4,965	4,927	0.8

Liabilities & stockholders' equity	Sep-22	Dec-21	% Var
Bank loans	232	181	28.2
Current maturities of long-term debt	22	34	(35.9)
Interest payable	8	7	14.3
Operating liabilities	1,556	1,423	9.3
Total current liabilities	1,817	1,645	10.4
Long-term debt	1,273	1,365	(6.7)
Labor liabilities	70	71	(1.4)
Other long term-liabilities	116	121	(4.1)
Total liabilities	3,276	3,201	2.3
Total stockholders' equity	1,690	1,726	(2.1)
Total liabilities & stockholders' equity	4,965	4,927	0.8

## Nemak Regional Results

### Millions of Dollars

Volume (million equivalent units)	For the third quarter of:			For the nine months of:		
	2022	2021	% Var.	2022	2021	% Var.
North America	5.6	4.3	30.1	16.1	14.4	12.3
Europe	3.1	2.6	17.5	9.9	9.7	1.7
Rest of World	1.4	0.9	47.5	3.8	3.4	10.6
<b>Total</b>	<b>10.0</b>	<b>7.8</b>	<b>28.0</b>	<b>29.8</b>	<b>27.5</b>	<b>8.3</b>

Total Revenues*	2022	2021	% Var.	2022	2021	% Var.
North America	701	464	51.0	1,966	1,447	35.9
Europe	365	288	26.6	1,148	1,066	7.7
Rest of World	153	108	41.8	433	341	27.0
<b>Total</b>	<b>1,219</b>	<b>860</b>	<b>41.7</b>	<b>3,547</b>	<b>2,854</b>	<b>24.3</b>

EBITDA <sup>1</sup>	2022	2021	% Var.	2022	2021	% Var.
North America	90	56	61.6	242	211	14.8
Europe	51	48	5.2	148	191	(22.5)
Rest of World	16	11	48.0	31	31	(0.2)
<b>Total</b>	<b>157</b>	<b>115</b>	<b>36.5</b>	<b>421</b>	<b>434</b>	<b>(3.0)</b>

EBITDA <sup>1</sup> Margin in %	2022	2021	% Var.	2022	2021	% Var.
North America	13%	12%	7.0	12%	15%	(15.5)
Europe	14%	17%	(16.9)	13%	18%	(28.0)
Rest of World	10%	10%	4.4	7%	9%	(21.4)
<b>Total</b>	<b>13%</b>	<b>13%</b>	<b>(3.7)</b>	<b>12%</b>	<b>15%</b>	<b>(21.9)</b>

EBITDA <sup>1</sup> USD/Equivalent units	2022	2021	% Var.	2022	2021	% Var.
North America	16.3	13.1	24.2	15.0	14.7	2.2
Europe	16.5	18.4	(10.5)	14.9	19.6	(23.8)
Rest of World	11.3	11.2	0.4	8.2	9.1	(9.7)
<b>Total</b>	<b>15.7</b>	<b>14.7</b>	<b>6.8</b>	<b>14.1</b>	<b>15.8</b>	<b>(10.8)</b>

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

\*To external customers



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

	For the third quarter of:			For the nine months of:		
	2022	2021	% Var.	2022	2021	% Var.
Volume (million equivalent units)	10.0	7.8	28.0	29.8	27.5	8.3
Total revenues	24,665	17,217	43.3	71,873	57,482	25.0
Gross profit	3,123	1,793	74.2	7,917	7,695	2.9
Sales & administrative expenses	(1,550)	(1,203)	28.8	(4,372)	(3,860)	13.3
Other income (expenses) net	33	(20)	NA <sup>2</sup>	272	(64)	NA <sup>2</sup>
Operating Income	1,605	569	182.1	3,818	3,770	1.3
Interest Expenses	(378)	(1,098)	(65.6)	(1,051)	(1,898)	(44.6)
Interest Income	18	13	38.5	97	55	76.4
Foreign exchange gain (loss)	(115)	(309)	NA <sup>2</sup>	9	(331)	NA <sup>2</sup>
Financing expenses net	(475)	(1,394)	(65.9)	(945)	(2,174)	(56.5)
Participation in associates results	(1)	(32)	NA <sup>2</sup>	15	44	NA <sup>2</sup>
Income Tax	(752)	282	NA <sup>2</sup>	(1,784)	(504)	NA <sup>2</sup>
Net Income	377	(575)	NA <sup>2</sup>	1,103	1,137	NA <sup>2</sup>

	2022	2021	% Var.	2022	2021	% Var.
Operating Income	1,605	569	182.1	3,818	3,770	1.3
Depreciation, Amortization & Other Non-Cash items	1,563	1,727	(9.5)	4,703	4,978	(5.5)
EBITDA <sup>1</sup>	3,168	2,296	38.0	8,520	8,748	(2.6)
CAPEX	2,250	1,633	NA <sup>2</sup>	5,927	4,358	NA <sup>2</sup>

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

(2) Not applicable

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

Assets	Sep-22	Dec-21	% Var
Cash and cash equivalents	4,693	5,799	(19.1)
Accounts receivable	14,121	10,389	35.9
Inventories	17,007	16,995	0.1
Other current assets	881	685	28.6
Total current assets	36,702	33,868	8.4
Investments in shares	478	592	(19.3)
Property, plant and equipment, net	50,872	52,679	(3.4)
Other assets	12,770	14,257	(10.4)
Total assets	100,826	101,395	(0.6)

Liabilities & stockholders' equity	Sep-22	Dec-21	% Var
Bank loans	4,702	3,732	26.0
Current maturities of long-term debt	435	693	(37.2)
Interest payable	157	146	7.5
Operating liabilities	31,601	29,281	7.9
Total current liabilities	36,895	33,853	9.0
Long-term debt	25,845	28,093	(8.0)
Labor liabilities	1,424	1,454	(2.1)
Other long term-liabilities	2,349	2,482	(5.4)
Total liabilities	66,513	65,882	1.0
Total stockholders' equity	34,313	35,513	(3.4)
Total liabilities & stockholders' equity	100,826	101,395	(0.6)