

Nemak reports EBITDA of US\$132 M in 1Q23

Results driven by higher volume and improved product mix

Monterrey, Mexico. April 25, 2023. Nemak, S.A.B. de C.V. (BMV: NEMAK) (“Nemak” or the “Company”) announced today its operational and financial results for the first quarter of 2023 (“1Q23”). The following is a summary of the key figures for the period:

	First Quarter		
	2023	2022	Δ%
Volume (M. Equivalent units)	10.8	10.0	8.2
Revenues	1,257	1,131	11.1
EBITDA ¹	132	115	14.8
CAPEX	121	90	NA ²

US\$ Millions, except Volume

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

(2) NA = Not applicable

Message from the CEO

We started the year with positive results, delivering 11% revenue growth mainly on higher customer light-vehicle production, as well as new product launches in our e-mobility, structure, and chassis (EV/SC) segment. In turn, EBITDA grew by 15%, supported by the combined effect of volume and an improved product mix, partially offsetting the negative impacts of inflation.

On the sales and marketing front, we were awarded new business for approximately US\$30 million annually to supply complex housings for fully electric vehicles of a European customer, bringing our order book in our EV/SC segment to US\$1.63 billion annually. At the same time, we made further advances in the ramp-up of production in this segment, working toward the start-up of new facilities to manufacture battery housings for fully electric vehicles in Mexico, Germany, and the Czech Republic. We also continued to invest in expanding production of battery housings for fully electric vehicles at our Electric Mobility Center in Mexico, tapping into cutting-edge, tailor-made solutions to meet our customers’ evolving electrification and lightweighting needs.

During 2023, we will seek to continue to capitalize on industry recovery across our regions to drive business performance, while simultaneously harnessing our technological capabilities to reinforce our foundation for profitable growth in our product lines targeting the electric vehicle market.

Recent Developments

- During 1Q23, Nemak was awarded business worth approximately US\$30 million annually to produce complex housings for electric vehicles, bringing its order book in its e-mobility, structure, and chassis applications (EV/SC) segment to US\$1.63 billion annually.
- For the second consecutive year, Nemak received the CDP's top Supplier Engagement Rating of "A" for its efforts to actively engage with its suppliers to manage climate change.

Automotive Industry

	Millions of Units First Quarter		
	2023	2022	% Var
US Vehicle Sales SAAR ⁽¹⁾⁽²⁾	15.3	14.1	8.0
North America Vehicle Production ⁽²⁾	3.8	3.6	6.4
North America Nemak Customer Production ⁽²⁾	2.4	2.3	4.5
Europe Vehicles Sales SAAR ⁽¹⁾⁽²⁾	15.7	13.1	20.2
Europe Vehicle Production ⁽²⁾	4.4	3.9	11.7
Europe Nemak Customer Production ⁽²⁾	2.7	2.5	7.3

(1) SAAR = Seasonally Adjusted Annual Rate

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

For the quarter, US light-vehicle SAAR was 15.3 million units, up 8.0% year-over-year ("y-o-y"). This performance was largely driven by a 6.4% y-o-y growth in production, which reached 3.8 million units, following the gradual improvement in supply chain conditions, particularly semiconductors.

In Europe, light-vehicle SAAR increased 20.2% y-o-y to 15.7 million units. The foregoing was mainly driven by a 11.7% y-o-y increase in light-vehicle production in the region, which totaled 4.4 million units, reflecting the same dynamics as in North America.

Financial Results Summary

	First Quarter		
	2023	2022	Δ%
Volume (M. Equivalent units)	10.8	10.0	8.2
Revenues	1,257	1,131	11.1
Operating Income	49	35	40.0
EBITDA ¹	132	115	14.8
EBITDA ¹ / Eq. Unit	12.3	11.6	6.0
Net Income	(15)	6	NA ²
CAPEX	121	90	NA ²
Net Debt ³	1,423	1,276	11.5

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

1Q23 volume increased 8.2% y-o-y to 10.8 million equivalent units, supported by higher production from Nemak's customers and new product launches in all regions, mainly in the EV/SC segment.

1Q23 revenue grew 11.1% y-o-y to US\$1.3 billion, driven by higher volume and improved product mix, which more than offset the foreign exchange effects caused by the depreciation of the euro against the US dollar.

1Q23 EBITDA increased 14.8% y-o-y to US\$132 million, largely driven by higher volume and improved product mix, which partially offset effects of inflation. Consequently, EBITDA per equivalent unit was 6.0% higher y-o-y in 1Q23, finishing at US\$12.3. Derived from the aforementioned factors, 1Q23 Operating Income increased 40.0% y-o-y to US\$49 million.

In 1Q23, Nemak recorded a US\$15 million Net Loss, compared to the US\$6 million net income reported in the same period last year. This variation was mainly attributable to the non-cash effect of higher foreign exchange losses and higher financial expense, due to the increase in reference interest rates.

Capital expenditures amounted to US\$121 million in 1Q23, which were primarily allocated to the launch of new products in the EV/SC segment.

As of March 31, 2023, Nemak reported a Net Debt of US\$1.4 billion. The financial ratios were: Net Debt to LTM EBITDA, 2.5 times; and Interest Coverage, 7.5 times. These ratios compare with 2.5 and 5.0 times, respectively, at the end of 1Q22.

Regional Results

North America

In 1Q23, revenue increased 15.6% y-o-y, driven by a 12.1% y-o-y volume growth, which in turn was supported by higher production from Nemak's customers and the new product launches in the EV/SC segment. 1Q23 EBITDA was up 8.4% y-o-y, as higher volume and improved product mix partially offset inflationary pressures in the region.

Europe

1Q23 revenue increased 9.3% y-o-y, as a 4.7% y-o-y volume growth, driven by the same factors behind North America's performance, more than offset the negative effects of the euro's depreciation against the US dollar. 1Q23 EBITDA increased 5.4% y-o-y, as higher volume and improved product mix partially offset the effects brought about by inflation.

Rest of the World

In 1Q23, revenue declined 3.1% y-o-y, as a 1.8% y-o-y volume growth, mainly supported by Brazil, partially offset negative exchange rate effects. However, 1Q23 EBITDA increased 131.4% y-o-y, largely driven by improved product mix and operational efficiencies in the region.

Methodology for presentation of results

The report presents unaudited financial information. Figures are in US dollars, and financial ratios are calculated in the same currency. Due to rounding, minor differences may occur when calculating percent changes from one period to another.

Earnings webcast information

Nemak's First Quarter 2023 Earnings Webcast will be held on Wednesday, April 26, 2023, 1:00 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 <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 e-mobility, structure & chassis, and ICE powertrain applications. In 2022, it generated revenue of US\$4.7 billion. For more information about Nemak, visit <https://nemak.com/>

Nemak
Income Statement
Millions of Dollars

	For the first quarter of:		
	2023	2022	% Var.
Volume (million equivalent units)	10.8	10.0	8.2
Total revenues	1,257	1,131	11.1
Gross profit	132	102	29.4
Sales & administrative expenses	(84)	(68)	23.5
Other income (expenses) net	1	1	NA ²
Operating Income	49	35	40.0
Interest Expenses	(23)	(16)	43.8
Interest Income	2	1	NA ²
Foreign exchange gain (loss)	(26)	2	NA ²
Financing expenses net	(47)	(13)	NA ²
Participation in associates results	2	0	NA ²
Income Tax	(18)	(17)	NA ²
Net Income	(15)	6	NA ²

	2023	2022	% Var.
Operating Income	49	35	40.0
Depreciation, Amortization & Other Non-Cash items	83	80	3.8
EBITDA ¹	132	115	14.8
CAPEX	121	90	NA ²

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

(2) Not applicable

Nemak
Balance Sheet
Millions of Dollars

Assets	Mar-23	Dec-22	% Var
Cash and cash equivalents	270	417	(35.3)
Accounts receivable	724	636	13.8
Inventories	896	841	6.5
Other current assets	30	28	7.1
Total current assets	1,920	1,921	(0.1)
Investments in shares	27	24	12.5
Property, plant and equipment, net	2,693	2,631	2.4
Other assets	666	686	(2.9)
Total assets	5,306	5,263	0.8

Liabilities & stockholders' equity	Mar-23	Dec-22	% Var
Bank loans	116	87	33.3
Current maturities of long-term debt	14	29	(50.8)
Interest payable	13	7	85.7
Operating liabilities	1,721	1,693	1.7
Total current liabilities	1,864	1,815	2.7
Long-term debt	1,544	1,525	1.2
Labor liabilities	78	74	5.4
Other long term-liabilities	92	124	(25.8)
Total liabilities	3,578	3,539	1.1
Total stockholders' equity	1,728	1,724	0.2
Total liabilities & stockholders' equity	5,306	5,263	0.8

Nemak Regional Results

Millions of Dollars

For the first quarter of:

Volume (million equivalent units)	2023	2022	% Var.
North America	5.9	5.3	12.1
Europe	3.6	3.5	4.7
Rest of World	1.2	1.2	1.8
Total	10.8	10.0	8.2

Total Revenues*	2023	2022	% Var.
North America	696	602	15.6
Europe	426	390	9.3
Rest of World	135	139	(3.1)
Total	1,257	1,131	11.1

EBITDA ¹	2023	2022	% Var.
North America	74	68	8.4
Europe	43	41	5.4
Rest of World	16	7	131.4
Total	132	115	14.8

EBITDA ¹ Margin in %	2023	2022	% Var.
North America	11%	11%	(6.2)
Europe	10%	10%	(3.6)
Rest of World	12%	5%	138.9
Total	11%	10%	3.3

EBITDA ¹ USD/Equivalent units	2023	2022	% Var.
North America	12.5	12.9	(3.3)
Europe	11.8	11.7	0.7
Rest of World	13.0	5.7	127.3
Total	12.3	11.6	6.0

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

* To external customers