

# Nemak reports EBITDA of US\$128 M in 4Q23

## Surpasses guidance on the back of industry recovery

Monterrey, Mexico. February 13, 2024. Nemak, S.A.B. de C.V. (BMV: NEMAK) ("Nemak" or the "Company") announced today its operating and financial results for the fourth quarter of 2023 ("4Q23") and full-year 2023 ("FY2023"). The following is a summary of the key figures for the period:

	Fourth Quarter			Twelve months		
	2023	2022	Δ%	2023	2022	Δ%
Volume (M. Equivalent units)	9.7	9.7	0.6	42.0	39.5	6.4
Revenues	1,141	1,119	2.0	4,993	4,667	7.0
EBITDA <sup>1</sup>	128	121	5.8	578	542	6.6
CAPEX	155	176	NA <sup>2</sup>	537	468	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

*As we move into 2024, I am pleased to announce that Nemak successfully surpassed its 2023 guidance on volume, revenues, and EBITDA, demonstrating resilience and strategic growth capabilities amidst a dynamic landscape for the automotive industry. Our commitment to innovation and agility were key to this achievement, enabling us to capitalize on the recovery in global light-vehicle sales and production.*

*This year, our revenue reached a record high of ~US\$5.0 billion. In turn, EBITDA posted 7% year-over-year ("y-o-y") growth. This performance is largely attributed to industry recovery and new product launches, particularly in the e-mobility, structure, and chassis applications ("EV/SC") segment, as well as the conclusion of commercial negotiations.*

*Another significant milestone was the growth in our EV/SC segment, where revenues increased to US\$575 million, marking a 22% improvement over 2022, and underscoring our commitment to lead the industry's transformation. Of the US\$440 million in contracts awarded during 2023, 40% corresponds to our EV/SC business, bringing our order book for this segment to US\$1.75 billion annually.*

*Maintaining our commitment to our customers, employees, and shareholders to create value through innovative lightweighting solutions for the automotive industry, it is important to highlight that our differentiated capabilities in the internal combustion engine segment provide us with the flexibility and solvency to capitalize on various scenarios in the transition to electrification. Our operational transformation, including the set-up of new facilities, aligns with this vision. As we step into 2024, we are confident in our abilities to lead and continue innovating in this dynamic industry.*

## Recent Developments

- In FY2023, Nemak secured contracts valued at approximately US\$440 million annually, 40% of this amount corresponds to the EV/SC segment. The order book for this business concluded the year at US\$1.75 billion annually.
- For the fifth consecutive year, Nemak was included in the Dow Jones MILA Pacific Alliance Sustainability Index, setting it apart as the sole automotive company to achieve this recognition.
- Nemak's CDP (Carbon Disclosure Project) score of "B" for climate change was reaffirmed, reflecting its commitment to make sustainable mobility possible.
- The Company earned Top Employer Certification in Poland, complementing existing certifications in Brazil, Germany, Mexico, and the USA, highlighting its commitment to a best-in-class employee experience.

## Automotive Industry

	Millions of Units Fourth Quarter			Millions of Units Twelve Months		
	2023	2022	% Var	2023	2022	% Var
US Vehicle Sales SAAR <sup>(1)(2)</sup>	15.6	14.1	10.3	15.6	13.9	12.3
North America Vehicle Production <sup>(2)</sup>	3.7	3.8	(1.7)	15.6	14.3	9.5
North America Nemak Customer Production <sup>(2)</sup>	2.3	2.4	(6.0)	9.8	9.5	2.8
Europe Vehicles Sales SAAR <sup>(1)(2)(3)</sup>	16.2	14.6	10.8	16.9	14.4	17.5
Europe Vehicle Production <sup>(2)(3)</sup>	4.2	4.0	4.5	16.7	14.8	12.4
Europe Nemak Customer Production <sup>(2)(3)</sup>	2.7	2.6	3.1	10.8	9.8	10.2

(1) SAAR = Seasonally Adjusted Annual Rate

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

(3) Figures exclude Russia

For 4Q23 and FY2023, U.S. light-vehicle SAAR was 15.6 million units, a growth of 10.3% and 12.3% y-o-y, respectively. This increase reflected strong demand for light vehicles in the region, despite high interest rates, and still-elevated car prices. However, 4Q23 light-vehicle production in North America decreased by 1.7% y-o-y, settling at 3.7 million units, as OEMs seek to optimize inventories. In contrast, FY2023 light-vehicle production in North America increased 9.5% y-o-y, reaching 15.6 million units. This increase was largely due to improving supply chains, and inventory recovery.

In Europe, 4Q23 and FY2023 light-vehicle SAAR climbed 10.8% and 17.5% y-o-y, respectively, to 16.2 and 16.9 million units. This growth was supported by pent-up demand and incentives, despite challenging macroeconomic conditions during the year. 4Q23 light-vehicle production in Europe was 4.5% higher than the same period last year, totaling 4.2 million units. FY2023 production in Europe rose 12.4% y-o-y to 16.7 million units, largely driven by the normalization of critical supply chains.

## Financial Results Summary

	Fourth Quarter			Twelve months		
	2023	2022	Δ%	2023	2022	Δ%
Volume (M. Equivalent units)	9.7	9.7	0.6	42.0	39.5	6.4
Revenues	1,141	1,119	2.0	4,993	4,667	7.0
Operating Income	(13)	(3)	NA <sup>2</sup>	177	186	(4.8)
EBITDA <sup>1</sup>	128	121	5.8	578	542	6.6
EBITDA <sup>1</sup> / Eq. Unit	13.1	12.5	4.8	13.7	13.7	0.0
Net Income	(26)	(4)	NA <sup>2</sup>	4	51	NA <sup>2</sup>
CAPEX	155	176	NA <sup>2</sup>	537	468	NA <sup>2</sup>
Net Debt <sup>3</sup>	1,556	1,236	25.9			

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

In 4Q23 and FY2023, volume posted increases of 0.6% and 6.4% y-o-y, respectively, driven by industry recovery in all regions. This was supported by improved light-vehicle sales and inventory build-up, as well as the ramp-up of the EV/SC segment.

Revenue for 4Q23 grew 2.0% y-o-y, to US\$1.1 billion. In FY2023, revenue increased by 7.0% y-o-y to US\$5.0 billion, driven by higher volume and a better product mix.

EBITDA for 4Q23 improved by 5.8% y-o-y to US\$128 million. For FY2023, it rose by 6.6% y-o-y to US\$578 million. This performance was driven by top-line growth, increased contribution of EV/SC products, and commercial negotiations that addressed inflation. Throughout the year, the appreciation of the Mexican peso and launch expenses weighed on results.

EBITDA per equivalent unit for 4Q23 increased by 4.8% y-o-y to US\$13.1, up from US\$12.5 in 4Q22. For FY2023, it remained steady at US\$13.7.

The operating result for 4Q23 was a loss of US\$13 million compared to a US\$3 million loss in 4Q22, largely explained by recognizing impairment of idle long-lived assets. For FY2023, operating income decreased by 4.8% y-o-y to US\$177 million, explained by the same factor, as well as higher depreciation, related to increased fixed assets.

For 4Q23, the Company reported a net loss of US\$26 million, compared to a US\$4 million net loss in 4Q22. FY2023 net income was US\$4 million, a decrease from US\$51 million in the previous year. The bottom line was impacted by higher interest rates, foreign exchange effects in the comprehensive financing result, and partially offset by favorable accounting effects in taxes.

In 4Q23, capital investments were US\$155 million, a decrease from US\$176 million in 4Q22. For FY2023, capital investments totaled US\$537 million, up from US\$468 million in FY2022. These funds were primarily allocated towards new product launches, particularly in the EV/SC segment, the construction of new manufacturing facilities, and the retrofitting of existing capacity.

As of December 31, 2023, Nemak's Net Debt was US\$1.6 billion. The financial ratios were: Net Debt to LTM EBITDA, 2.7 times, compared to 2.3 times at the end of 4Q22, and Interest Coverage of 4.8 times, versus 7.9 times recorded at the end of 4Q22.

## Regional Results

### North America

During 4Q23, North America revenue decreased by 8.2% y-o-y to US\$572 million, due to lower volume, derived from lower production by OEMs. EBITDA totaled US\$56 million, a decrease of 19.6% y-o-y, as the appreciation of the Mexican peso against the US dollar, lower volume, and launch expenses weighed on regional performance.

### Europe

In 4Q23, revenue grew by 15.7% y-o-y to US\$424 million, largely driven by higher volume and the effect of the appreciation of the euro against the US dollar. EBITDA in the region increased by 30.8% y-o-y to US\$57 million, due to recoveries from commercial negotiations and an improved product mix, which more than offset inflationary impacts.

### Rest of the World

During 4Q23, revenue reached US\$144 million, up 11.2% y-o-y, primarily attributed to higher volume and improved product mix. EBITDA in the region grew by 97.1% y-o-y to US\$15 million, resulting from an improved product mix and sustained operating efficiencies.

### 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 Fourth Quarter 2023 Earnings Webcast will be held on Wednesday, February 14, 2024, 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 <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 intended 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 2023, it generated revenue of US\$5.0 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:		
	2023	2022	% Var.	2023	2022	% Var.
Volume (million equivalent units)	9.7	9.7	0.6	42.0	39.5	6.4
Total revenues	1,141	1,119	2.0	4,993	4,667	7.0
Gross profit	94	113	(16.8)	537	505	6.3
Sales & administrative expenses	(86)	(76)	13.2	(344)	(292)	17.8
Other income (expenses) net	(21)	(39)	(46.2)	(16)	(26)	(38.5)
Operating Income	(13)	(3)	NA <sup>2</sup>	177	186	(4.8)
Interest Expenses	(41)	(23)	78.3	(129)	(75)	72.0
Interest Income	2	1	NA <sup>2</sup>	7	6	16.7
Foreign exchange gain (loss)	(29)	(10)	NA <sup>2</sup>	(57)	(10)	NA <sup>2</sup>
Financing expenses net	(68)	(32)	NA <sup>2</sup>	(179)	(79)	NA <sup>2</sup>
Participation in associates results	(6)	(1)	NA <sup>2</sup>	2	(1)	NA <sup>2</sup>
Income Tax	62	32	NA <sup>2</sup>	3	(56)	NA <sup>2</sup>
Net Income	(26)	(4)	NA <sup>2</sup>	4	51	NA <sup>2</sup>

  

	2023	2022	% Var.	2023	2022	% Var.
Operating Income	(13)	(3)	NA <sup>2</sup>	177	186	(4.8)
Depreciation, Amortization & Other Non-Cash items	141	124	13.7	402	356	12.9
EBITDA <sup>1</sup>	128	121	5.8	578	542	6.6
CAPEX	155	176	NA <sup>2</sup>	537	468	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-23	Dec-22	% Var
Cash and cash equivalents	323	417	(22.5)
Accounts receivable	606	636	(4.7)
Inventories	904	846	6.8
Other current assets	30	28	7.1
Total current assets	1,862	1,926	(3.3)
Investments in shares	26	21	22.5
Property, plant and equipment, net	2,868	2,631	9.0
Other assets	752	686	9.6
Total assets	5,508	5,265	4.6

  

Liabilities & stockholders' equity	Dec-23	Dec-22	% Var
Bank loans	264	87	NA <sup>1</sup>
Current maturities of long-term debt	57	29	95.1
Interest payable	11	7	57.1
Operating liabilities	1,655	1,693	(2.2)
Total current liabilities	1,987	1,815	9.5
Long-term debt	1,540	1,525	1.0
Labor liabilities	90	74	21.6
Other long term-liabilities	121	122	(0.8)
Total liabilities	3,738	3,537	5.7
Total stockholders' equity	1,770	1,728	2.4
Total liabilities & stockholders' equity	5,508	5,265	4.6

(1) Not applicable

## Nemak Regional Results

### Millions of Dollars

Volume (million equivalent units)	For the fourth quarter of:			For the twelve months of:		
	2023	2022	% Var.	2023	2022	% Var.
North America	5.1	5.4	(6.1)	22.7	21.5	5.6
Europe	3.4	3.0	10.5	13.9	13.0	7.6
Rest of World	1.3	1.3	4.8	5.4	5.0	7.2
<b>Total</b>	<b>9.7</b>	<b>9.7</b>	<b>0.6</b>	<b>42.0</b>	<b>39.5</b>	<b>6.4</b>

Total Revenues*	2023	2022	% Var.	2023	2022	% Var.
North America	572	623	(8.2)	2,714	2,589	4.8
Europe	424	366	15.7	1,702	1,515	12.4
Rest of World	144	130	11.2	578	563	2.7
<b>Total</b>	<b>1,141</b>	<b>1,119</b>	<b>1.9</b>	<b>4,993</b>	<b>4,667</b>	<b>7.0</b>

EBITDA <sup>1</sup>	2023	2022	% Var.	2023	2022	% Var.
North America	56	69	(19.6)	290	312	(7.0)
Europe	57	44	30.8	218	192	13.8
Rest of World	15	8	97.1	70	39	80.3
<b>Total</b>	<b>128</b>	<b>121</b>	<b>5.8</b>	<b>578</b>	<b>542</b>	<b>6.6</b>

EBITDA <sup>1</sup> Margin in %	2023	2022	% Var.	2023	2022	% Var.
North America	10%	11%	(12.5)	11%	12%	(11.2)
Europe	13%	12%	13.0	13%	13%	1.3
Rest of World	11%	6%	77.3	12%	7%	75.6
<b>Total</b>	<b>11%</b>	<b>11%</b>	<b>3.8</b>	<b>12%</b>	<b>12%</b>	<b>(0.3)</b>

EBITDA <sup>1</sup> USD/Equivalent units	2023	2022	% Var.	2023	2022	% Var.
North America	11.0	12.9	(14.4)	12.8	14.5	(11.9)
Europe	17.0	14.4	18.3	15.7	14.8	5.8
Rest of World	11.7	6.2	88.0	13.0	7.7	68.2
<b>Total</b>	<b>13.1</b>	<b>12.5</b>	<b>4.8</b>	<b>13.7</b>	<b>13.7</b>	<b>0.0</b>

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

\*To external customers