Nemak

2Q26 Earnings Conference Call

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Speakers

- Hervé Boyer, Chief Executive Officer
- Alberto Sada, Chief Financial Officer
- Denise Reyes, Investor Relations Officer

Denise Reyes: Good morning, everyone, and welcome to Nemak's second quarter 2026 earnings Webcast. I am Denise Reyes, Nemak's Investor Relations Officer, and I am pleased to host today's call, along with Hervé Boyer, Nemak's CEO, and Alberto Sada, CFO, who are here this morning to discuss the Company's business performance and answer any questions that you may have. As a reminder, today's event is being recorded and will be available on the Company's Investor Relations website.

Hervé Boyer, our CEO, will lead off today's call by providing an overview of business and financial highlights for the quarter. Alberto Sada, our CFO, will then discuss our financial results in more detail. Afterwards, we will open for a Q&A session, which participants may join live or submit written questions using the Q&A function.

Before we get started, let me remind you that information discussed on today's call may include forward-looking statements regarding the Company's future financial performance and prospects, which are subject to risks and uncertainties. Actual results may differ materially, and the Company cautions you not to place undue reliance on these forward-looking statements. Nemak undertakes no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events, or otherwise.

I will now turn the call over to Hervé Boyer.

Hervé Boyer: Thank you, Denise. Hello everyone, and welcome to Nemak's Second Quarter 2026 Earnings webcast.

During the period our revenue increased 19% year-over-year, primarily driven by contributions from the recently acquired operations and higher aluminum prices, while our underlying business remained broadly stable across key regions and customers. This solid top-line performance highlights the resilience of our ICE powertrain business and the execution of our growth strategy, alongside a clear focus on translating this momentum into improved earnings generation.

Within our global operations, we observed a particular dynamic in North America, where results reflected the ongoing adaptation of our operations to a changing production mix, with higher ICE volumes than originally anticipated, primarily driven by market conditions. This shift has resulted in temporary extraordinary expenses as we align resources accordingly. Going forward, we expect these non-recurring items to gradually taper off.

Within this context, EBITDA declined 6% year-over-year, reflecting the impact of these temporary factors in North America, a negative foreign exchange effect related to the Mexican peso, and a high comparison base that included one-time effects. On a sequential basis, however, our financial performance improved, with the EBITDA margin expanding from 9% in the first quarter to 11% in the second quarter, reflecting the initial benefits of our improvement plans and greater production stability.

We are also advancing targeted initiatives to further optimize our manufacturing footprint, particularly in Europe, with the objective of enhancing efficiency, adjusting capacity utilization, and strengthening our overall cost structure. As we pursue these objectives, we remain confident in our ability to deliver improved earnings performance.

As I continue to deepen my understanding of Nemak, my initial positive impressions have been borne out, particularly regarding our technical capabilities, longstanding customer relationships, and the strength of our operations.

From a strategic perspective, Nemak is well positioned to capture value on both fronts: the resilience and scale of our core ICE powertrain business, and the long-term growth opportunity in e-mobility, structure, and chassis applications.

Our ICE powertrain business remains solid, supported by long-term customer programs, efficient use of existing assets, and a strong cash generation profile. Due to the strong and sustained demand for ICE vehicles, we are confident this segment will remain highly relevant over the next decade.

We are also making consistent progress expanding our presence in e-mobility, structure, and chassis applications. In recent years, we have built a strong strategic foundation to capitalize on this opportunity, which is further enhanced by our recent acquisition. We are taking disciplined steps to continue developing our capabilities, improving our commercial position, and scaling our participation in these technologies.

Overall, our strategy is to maximize the value of our ICE powertrain business while advancing our position in e-mobility, structure, and chassis applications, translating this dual positioning into improved margins, stronger cash flow, and sustainable long-term value creation.

Turning to the recently acquired operations, we continue to make solid progress across all workstreams, with successful conclusion of the initial 100-day integration phase.

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During this period, we ensured full business continuity and maintained seamless customer deliveries, while successfully onboarding new colleagues into the organization. In parallel, we have begun integrating global systems and sharing best practices across operations.

We have identified a number of synergistic opportunities across all workstreams that will allow us to pursue the long-term value creation potential of the transaction. We now estimate these synergies to be in the range of 20 to 40 million dollars and expect to capture the full benefit by 2027.

As we move forward, our focus turns to execution, with emphasis on capturing synergies, advancing systems and process harmonization, and strengthening our joint value proposition. Integration is progressing as expected, and we remain confident in delivering the anticipated strategic and financial benefits.

Building on this progress, one of the key assets within the acquisition is our facility in Augusta, Georgia. This project is an important milestone in expanding our manufacturing footprint and advancing our capabilities in structural castings. The site has been developed as a highly automated, state-of-the-art Mega Casting facility in the United States supporting the production of large structural components.

Construction of this facility is substantially completed, key equipment has been installed, and the first production shots successfully achieved, marking an important step toward operational readiness. This phase is critical to ensuring consistent quality, operational efficiency, and cost performance as volumes increase. We expect to begin operations in the second half of this year and will focus on ramping up production and achieving stable operations throughout 2027 and 2028.

Turning to commercial activity, year-to-date we have secured approximately 400 million dollars of annual revenue in awarded contracts. Of this amount, around 60% corresponds to ICE Powertrain programs, while the remaining 40% relates to e-mobility, structure, and chassis applications. This is consistent with our balanced positioning and reflects the continued relevance of the ICE segment alongside the growth potential of our e-mobility, structure, and chassis applications segment, which accounted for 13% of consolidated revenue during the quarter.

In terms of customer engagement and recognition, I am pleased to highlight that Nemak received Porsche’s Supplier Quality Rating for 2025, achieving an “A” grade classification at our Altenmarkt and Dillingen facilities in Europe. This recognizes our ability to consistently meet demanding standards across quality, delivery, and operational reliability. It also highlights the breadth of our capabilities in ICE Powertrain and e-mobility, structure, and chassis applications, reinforcing our position as a trusted partner to a leading premium OEM.

We are also actively engaging with emerging OEMs, particularly in China, as reflected in the organization of two recent technology days with some of our new Chinese customers. These events provided a focused platform to showcase our comprehensive portfolio of solutions across ICE Powertrain and e-mobility, structure, and chassis applications, as well as our multi-material capabilities.

Throughout these interactions, we held multiple high-level meetings with senior leadership and engineering teams, with in-depth discussions on application development, future technologies, and potential areas of collaboration. This engagement translated into tangible outcomes, including multiple commercial leads, technical inquiries, and follow-up activities such as plant visits and additional meetings.

We believe that strengthening our relationships with Chinese OEMs will reinforce our presence in key markets, and position Nemak to capture future growth opportunities.

During the quarter we made solid strides in the e-mobility, structure, and chassis applications segment, supporting customers across multiple regions with the start of production of several key programs.

In Europe, we advanced important structural applications, including starting production of a Mega Brace for Ford, which is manufactured using high-pressure die casting technology. In addition, production of a full EV battery housing for Mercedes-Benz's EQ platform is ramping up at our new facility in the Czech Republic. This multi-material solution leverages our recently integrated joining and assembly capabilities and highlights our ability to deliver complex, integrated systems.

In China, we continued to expand our presence with leading OEMs through multiple program launches. We started production of a shock tower, marking our first aluminum high-pressure die casting component for SAIC. We also initiated production of an EV differential case for BYD at our facility in Kunshan, leveraging the capabilities of our recently acquired operations. In addition, we began production of a large shock tower for Li Auto at one of our facilities in Suzhou, further improving our position in high-growth EV platforms.

Overall, these program launches reflect the breadth of our capabilities, from large structural components to complex multi-material systems, and show our progress in scaling our participation in the e-mobility, structure, and chassis applications segment across regions and customers.

Turning to innovation: R&D and product development are highly active, with a strong pipeline of projects across key areas of the business. Our development initiatives are further strengthened by the combined platform resulting from the recent acquisition.

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Our current portfolio of projects focuses on four main areas. First, we are advancing differentiated products with existing assets, where we continue to see ample opportunities, particularly in high-pressure die casting and structural components.

Second, we are driving improvements in margin and competitiveness across our core processes, including optimizing cycle times and enhancing process parameters, thus improving overall efficiency and cost performance.

Third, we are leveraging sustainability as a commercial differentiator, with continued progress in developing low-carbon alloys and solutions aligned with our customers' decarbonization goals.

Finally, we are exploring opportunities to expand our market participation, supported by our growing technology portfolio and our ability to extend our capabilities across a broader range of components and applications.

Together, these efforts reflect our commitment to innovation as a key driver of competitiveness, profitability, and long-term value creation.

In sustainability matters, I am pleased to share that Nemak was included in the Dow Jones Best-in-Class Indices for the seventh consecutive year. This recognition reflects our excellent environmental, social, and governance practices, as well as our commitment to integrate sustainability into our strategy and operations.

In particular, it highlights our focus on operational efficiency, emissions reduction, and responsible resource management, along with our dedication to transparency and strong governance standards.

This concludes my remarks. Thank you for your attention, I will now hand the call over to Alberto.

Alberto Sada: Thank you, Hervé. Good morning, everyone.

I will begin with an overview of automotive industry developments across our key regions, followed by a review of our consolidated and regional financial results for the second quarter of 2026.

During the quarter, revenue increased 19% year-over-year, mainly reflecting the incorporation of the recently acquired operations and higher aluminum prices. EBITDA declined 6% compared to the same period last year, primarily due to lower amount of commercial compensations, foreign exchange effect from the Mexican peso appreciation, as well as extraordinary operating costs associated with adjustments in some production lines in North America running at high utilization rates.

Turning to the automotive industry, in North America, market conditions remained generally resilient. Vehicle inventories remained largely unchanged between 49 and 50 days of supply, reflecting a balanced supply-and-demand environment. On the production side, output decreased 1% year-over-year to 3.9 million units, while OEMs continued awaiting initial discussions regarding the renewal of the USMCA.

Regarding this agreement, Mexico and Canada both confirmed support for extending the agreement, while the U.S. opted to continue working toward an updated version rather than renew the current terms. This opens an annual review process as the parties work toward alignment ahead of the treaty's 2036 term. Importantly, the agreement remains fully in force today, with existing preferential tariffs across North America continuing without interruption. Talks between the parties continue, with topics like automotive content rules and Section 232 tariffs on steel and aluminum, reportedly among the areas under discussion. We reiterate that under Nemak's commercial agreements, our customers take possession of the products "Ex-works" our facilities, taking full responsibility for all logistics, export and import activities, including duties. We remain confident in the strength of our North American operations and will continue to monitor the process closely.

In Europe, sales have been supported by electrification, increasing 3% year-over-year to 16.9 million units, also on the back of vehicle imports, mainly from Asian OEMs. In turn, production decreased 6% to 3.9 million units, due mainly to lower exports to the United States and China, which may benefit our American customers.

In China, market conditions remained challenging during the quarter, contracting 22% year-over-year on a SAAR-basis to 22 million units, mostly related to reduced subsidy programs and recent policy changes that introduced caps on incentives have influenced consumer behavior.

Despite softer domestic demand, production has remained supported by strong export activity, decreasing only 3% year-over-year to 7.5 million vehicles.

In South America, industry conditions remained positive, supported by favorable lending activity, fleet renewal programs, and resilient consumer demand, increasing sales on a SAAR basis to 3.1 million units. In parallel, production in the region grew 4% to 700 thousand units, supported by strong export activity.

Turning to our financial results, please note that all 2026 results include the consolidation of GF Casting Solutions operations.

Revenue was 1.5 billion dollars, representing a 19% increase versus the second quarter of last year. This improvement is driven by the incorporation of the recently acquired operations contributing with 157 million dollars, and higher aluminum prices, and to a lesser extent, to favorable foreign exchange effects in Europe and Rest of World.

ICE Powertrain revenue totaled approximately 1.3 billion dollars, while E-Mobility, Structure and Chassis revenue amounted to approximately $197 million, representing 13% of consolidated revenue.

EBITDA was 171 million dollars, below the 182 million reported in the second quarter of 2025. The year-over-year decline reflects the high comparison base associated with one-time compensations recorded last year, as well as increased operating expenses in North America related to higher production at some facilities, and the adverse effect of the Mexican peso appreciation against the US dollar, which more than offset the contribution of the acquisition.

Operating income totaled 49 million dollars, compared to 77 million in the same period last year, mainly reflecting the lower EBITDA performance, extraordinary costs related to the acquisition, and higher depreciation and amortization from the integrated assets. It's worth noting that SG&A this quarter includes these extraordinary costs, as well as a reclassification of costs from cost of goods sold to SG&A related to the previous quarter, which add up to approximately 15 million dollars. Excluding these extraordinary effects, we expect recurring SG&A to be in the range of 110 million dollars per quarter. Net result was a 13-million-dollar loss, driven by the lower operating income, and higher income tax, partially offset by lower non-cash foreign exchange losses.

Turning to the balance sheet: Net debt stood at approximately 1.76 billion dollars at the end of June.

As anticipated, net debt levels remained stable despite the normal seasonality of working capital requirements during the first half of the year, combined with financing needs associated with higher business activity and the integration of acquired operations. Importantly, we expect working capital consumption to normalize progressively during the second half of the year.

On a pro forma basis, the net-debt-to-EBITDA ratio stood at approximately 2.9 times vs 2.4 times at year end, reflecting the seasonal working capital increase as well as the debt incurred for the acquisition of GF Casting Solutions. Despite this increase, our commitment to deleveraging remains unchanged. We continue targeting leverage levels closer to 2.0 times over the medium term through a combination of EBITDA growth, disciplined capital allocation, and free cash flow generation.

In turn, interest coverage ratio was 5.2 times, which compares versus 4.9 times last year.

Cash and cash equivalents totaled approximately $284 million, providing ample liquidity and financial flexibility.

In turn, capital expenditure totaled $110 million during the quarter, above the same period of last year. The increase was mainly driven by investments associated with the Georgia facility, which remains a strategic priority as we continue preparing for future structural and e-mobility programs. We continue to apply a disciplined approach to capital allocation, prioritizing projects with attractive returns and leveraging existing assets whenever possible.

Moving to our regional results. In North America, revenue increased 2.5% year-over-year to 704 million dollars, supported by stable volume and higher aluminum prices. In turn, EBITDA declined 31% compared to the same period last year, to 61 million dollars, largely affected by the appreciation of the Mexican peso, as well as higher operating costs associated with elevated production levels in certain programs.

In Europe, revenue increased 39% year-over-year to 571 million dollars, primarily due to the incorporation of GF Casting Solutions operations and favorable foreign-exchange effects. EBITDA increased 17% compared to last year to 80 million dollars, reflecting the contribution from the acquired operations, partly offset by one-off commercial items.

In the Rest of the World, revenue increased 34% year-over-year to 229 million dollars, benefiting from the additional operations incorporated through the acquisition and favorable product mix. EBITDA improved 21% to 30 million dollars as a result of the contribution from the expanded operation.

Overall, we remain focused on executing our strategic priorities while maintaining financial discipline. The integration of GF Casting Solutions continues progressing according to plan, and we remain committed to accelerating synergy capture, improving profitability, and strengthening free cash flow generation.

Supported by our diversified footprint, solid liquidity position, and proactive approach to capital management, we believe Nemak remains well positioned to continue creating sustainable long-term value for all stakeholders.

With this, I would like to turn the call back over to Denise.

Denise Reyes: Thank you, Alberto. We are now ready to move on to the Q&A portion of the event; If you would like to ask your question live, please press the 'Raise Hand' button at the bottom of your screen. When it’s your turn to ask a question, you will be granted permission to speak. Questions will be addressed in the order that they are received, calling the name of the next person on the line.

You may also place a written question using the Q&A function, also located at the bottom of your screen. Questions will be addressed in the order they are received.

We will now open the floor for questions.

Denise Reyes: The first question is from Isaac Gonzalez Coppel from GBM. Isaac, please proceed with your question.

Isaac Gonzalez: Hi, everyone. Just a quick question. Could you elaborate on the extraordinary expenses associated with the high production levels at certain North America facilities? And should we expect these costs to continue on the upcoming quarters?

Alberto Sada: Yes, yes, hi, Isaac, this is Alberto. Yeah, as highlighted, we have been, for this present year, ongoing with extraordinary additional expenses at certain operations in North America.

Primarily driven by increases in certain platforms. As we know, North America market has been focusing on maintaining it for longer term, the ICE applications, particularly the high displacement type of components. So, that is unfortunately having extra costs on our operations that have been there for the first quarter and second quarter. The amount of those extraordinary expenses range between $7 to $10 million for the region. And we expect those to gradually be facing off in the next quarters as we stabilize and as we move forward with certain adaptations on the equipment to handle the new variance requirements by our customers.

Isaac Gonzalez: Very clear, thank you.

Denise Reyes: Thank you, Alberto. The next question is from Emilio Fuentes, also from GBM. Emilio, please go ahead.

Emilio Fuentes: EBITDA guidance. Currently, it's around $640 million. How comfortable do you see yourself reaching this target? Especially since you would have to see minimal acceleration the second half, given your first half performance.

Hervé Boyer: Hervé speaking, thanks for the question, Emilio and, I will let certainly Alberto complement. I think the guidance is still there, if you look at our performance for the first half, you see a difference between Q1 and Q2. Q1 was particularly low, so Q2 is more reflective of, what, we are capable to do, and, as, we just mentioned, we are also, gradually, getting better in our North American operations, which has had to adapt to this new business environment, so we are still on track to deliver the guidance.

Emilio Fuentes: Thank you.

Hervé Boyer: Comment?

Alberto Sada: Yeah, no, I mean, it's totally in alignment with that, and as you can see, the sequential improvement is quite visible, and we'll start also seeing more contribution for the integration of Georg Fischer, as well as stabilization on these extraordinary costs. So, yeah, at this point, we feel comfortable with the guidance.

Emilio Fuentes: Thank you, very clearly. And I may add that you mentioned the contribution of GF castings on revenue for the quarter. I don't know if I heard it right, was it $157 million dollars?

Alberto Sada: Yes

Emilio Fuentes: Thank you

Denise Reyes: All right, thank you. The next question that we have is from Jonathan Koutras from J.P. Morgan. Jonathan, please proceed with your question.

Jonathan Koutras: Yeah, hi, thank you, Denise. Thanks also, Herve and Alberto. I have three quick questions. The first is just to confirm, the extraordinary expenses for higher volumes in North America, those are $7 to $10 million per quarter, just to confirm that. That's per quarter. The second question is if you could share a little bit more on the expected synergies from GF, the 20 to 40 million, where they stemming from? And the third one, the company has mentioned a lot, the investments made in the new Georgia facility, but if you could share what is the expected top line tailwind, or maybe what is the improvement or increase in capacity volumes that is expected from this facility. Thank you.

Hervé Boyer: Okay, thanks for the question, Jonathan. So, the improvement that Alberto mentioned, yes is quarterly. For the other cost for the quarter, we don't expect that to go down to zero this quarter, but to significantly reduce already in the first quarter, and we are monitoring it. I am personally monitoring it very closely, almost on a daily basis, at least on the weekly basis, so, I can confirm and can be extremely confident on our ability to reduce those extra costs in the third quarter. The second question relates to the synergies, and we have already announced restructuring in Europe, right? So, consolidation of the production is one obviously streamlining the fixed cost in order to maximize the marginal improvement coming from this incremental revenue is another area which we are addressing in order to generate those synergies on top of many other aspects, and we have a very structured program management integration process.

Where we really tackle all the facets of the businesses, we try not to leave anything uncovered in order to really maximize the synergies, and something I can tell you, I'm still in my discovery phase of this company, but it is extremely clear for me that this deal is highly synergistic. And the last, question relates to the top line of Georgia factory. So, mid-term obviously all this is based on the volume of our customer but we expect revenue to top at a level of $170 to $200 million a year.

Jonathan Koutras: Perfect, thank you.

Denise Reyes: Thank you, the next question is from Isaac Gonzalez Coppel from GBM. Isaac, please go ahead with your question.

Isaac Gonzalez: Sorry, I forgot to lower my hand.

Denise Reyes: Okay, that's alright, thank you. The next question we have is from David Cervantes from Actinver. David, please proceed.

David Cervantes: Okay, can you hear me now?

Denise Reyes: Yeah, David, we hear you.

David Cervantes: Okay, thank you. Well, you have said that you do not expect any negative impact from the USMCA review and that current contracts pass through any charge cost to customers. But the specific proposal on the table during this week in this third round is not a new tariff, it's a tightening of the rules of origin to require a higher share of U.S. specific content within the regional value content calculations. Can you walk us to Nemak's current sourcing mixed by country within North America? Specifically, what share of your regional counting today will still count if the US pushes for a U.S. origin sub-threshold rather than a North American wide one, and whether your pass-through contacts cover a scenario where you lose duty free access, rather than face a new duty. Thanks.

Alberto Sada: Yes, David, thanks for the question. I think, as highlighted certainly the situation on the USMCA discussions is quite fluid and we'll have to see how things evolve. But for sure, the content of origin is something that's on the table and that relates certainly to what took place even on this, renegotiation of USMCA that took place a few years ago under the first administration of President Trump. And there, you may recall that the rules of origin changed from North America percentage content of 62.5% to 75%. At the end, that, I believe, turned to be very positive in general for the industry. Altogether, as there was more regionalization of production and therefore for the supply base as well. Going forward, it's still to be seen what that regional content may look like. There could be some U.S. content, which is already included in this USMCA negotiation, but applies specifically to assembly of vehicles. It doesn't apply to particular components assembly. So certainly, that drives certain localization to the U.S. of assembly operations of vehicles, not necessarily productions.

At the end I think we do have the means to support the current levels of regional content, and certainly they need to be increased. Certainly, we will find ways to do that. Recall that most of our cost is, on one side, the aluminum, which gets sourced regionally in most cases. But, to the extent that we need to source more, certainly we will move in that direction, with the adequate commercial adjustments to our customers, if that represents any type of incremental cost. But at the end, as highlighted also, the Ex-Works component of our commercial agreement gives full responsibility to our customers for any situation related to duties and tariffs. So we don't… this is not pass-through; this is essentially their work. They are the ones that do the whole import process. We don't do any import

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process, and they're the ones that, if they need to pay any duties, will pay them. It's not us going back and asking for a refund, but them doing the whole import activity themselves.

So, we feel confident on that. Certainly, we'll work together with our customers to minimize impact if, at the end, this means, let's say, fulfilling certain regional contents. And if that means additional cost for us, we will certainly pass it on to the customers.

David Cervantes: Thank You

Alberto Sada: Your welcome

Denise Reyes: Thank you. There are no more live questions, so we will now move on to the written questions.

Denise Reyes: The first question is from Declan Hanlon from Santander. Can you provide a same-store sales comparison excluding the GF business for the second quarter, or provide a proforma comparison as if the GF business was owned in the second quarter of 2026? Or 2025.

Alberto Sada: Yeah, I think this was already explained. I mean, we have revenue from George Fischer of $157 million in the second quarter, so if we compare legacy business quarter over quarter, that is an increment of close to $80 million on a revenue base.

Denise Reyes: Thank you, Alberto. The next question is also from Declan Hanlon from Santander. Could you please quantify the working capital impacts during the quarter?

Alberto Sada: Yeah, working capital, as discussed, has a seasonality effect. You can see that from the fourth quarter of last year to the first quarter, there was an increase in working capital. From the first to the second quarter, working capital stayed, I would say, in all practical means, fairly stable, which is what we should be seeing. That working capital, going forward, should be reduced, particularly as we end the year in 2026.

Denise Reyes: Thank you. The next question is from Oleksiy Soroka from ING. Is there an impact of the aluminum prices on the profitability?

Alberto Sada: Yeah, I think aluminum prices, as noted, are full pass-through components to our customers. So, certainly, we have different means of acquiring aluminum. To the extent that the formulas reflect correctly our cost, we're fine. If the formulas don't reflect the cost, we certainly sit down with our customers to negotiate any potential adjustments, as we have done in the past. For now, it's a full pass-through.

Denise Reyes: Thank you, Alberto. And I will switch back to the live questions, since we have an additional question from Jonathan Koutras from J.P. Morgan. Jonathan, please go ahead with your question.

Jonathan Koutras: Yeah, thanks, Denise. Just because nobody asked before, if the team could share what was the EBITDA margin at GF during the quarter. And Alberto mentioned the reclassification of costs towards SG&A; if he could share a little bit more color on that as well, please.

Alberto Sada: Second one. Yeah, we had, I mean, as we were going through the integration of George Fischer, we had, unfortunately, an issue last quarter where we had certain cost of goods sold, or let's say, SG&A costs booked on cost of goods sold, so we had to reverse that effect. And we also had extraordinary expenses of integration in the second quarter. So, altogether, that was $15 million. About half of that is the reclassification; the other half are integration costs. And that's why, when you normalize for those effects, the ongoing SG&A cost should be in the neighborhood of $110 million, with the SG&A cost of George Fischer integration.

Jonathan Koutras: Got it, and the EBITDA margin at GF?

Alberto Sada: Yeah, it's…

Jonathan Koutras: Something you're opening, or…

Alberto Sada: No, actually not. We are not providing yet guidance, but I think, at the end, GF margin is consistent with what we are expecting from the company, with what we had in the past. So it won't deviate too much from the average that you see on our consolidated figures. I mean, a little bit plus, depending on certain seasonality effects. But, in general, I think we are quite satisfied with the way that the EBITDA performance has taken place at George Fischer, which is consistent with what we had seen during the due diligence phase.

Jonathan Koutras: You got it, thank you, Alberto.

Alberto Sada: You're welcome, Jonathan.

Denise Reyes: Thank you. There are no further questions at this time, and with that, we conclude today's event. I would just like to take this opportunity to thank everyone for participating. Please feel free to contact us if you have any follow-up questions or comments. This concludes today's Earnings Webcast. Have a good day.

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