



Investor Presentation

UBS – Mexico City – March 2020

 **Nemak**

Innovative Lightweighting

Forward-looking statement

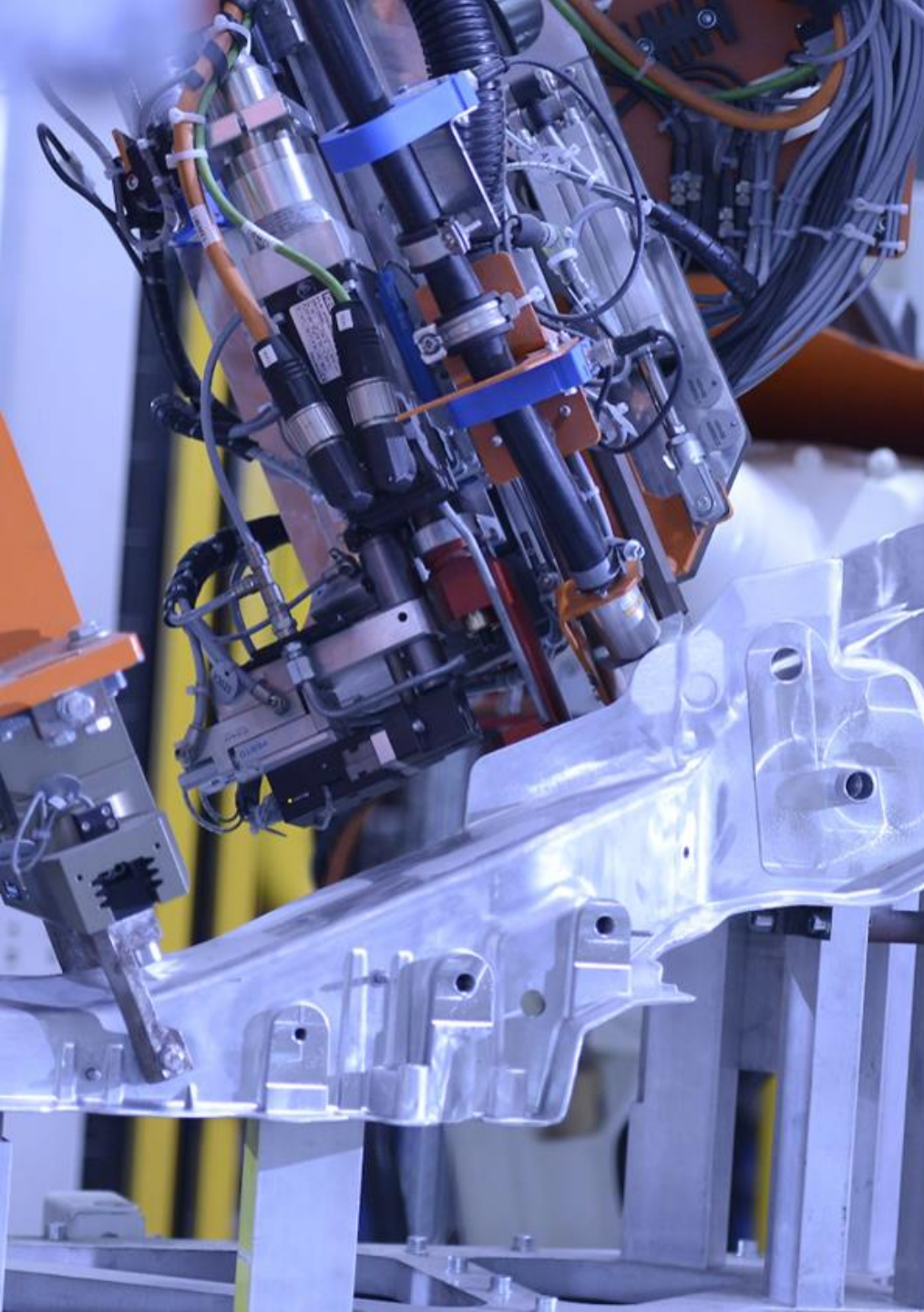


This presentation contains forward-looking information based on numerous variables and assumptions that are inherently uncertain. They involve judgments with respect to, among other things, future economic, competitive and financial market conditions and future business decisions, all of which are difficult 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



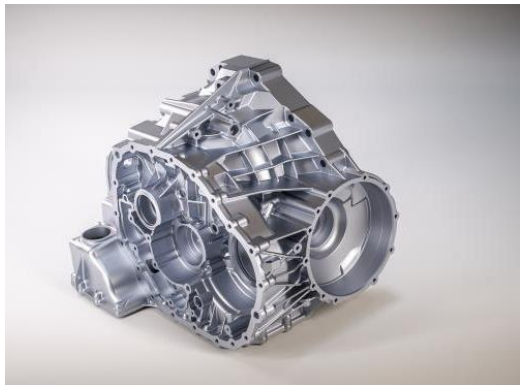
Engine Blocks



Longitudinal Members



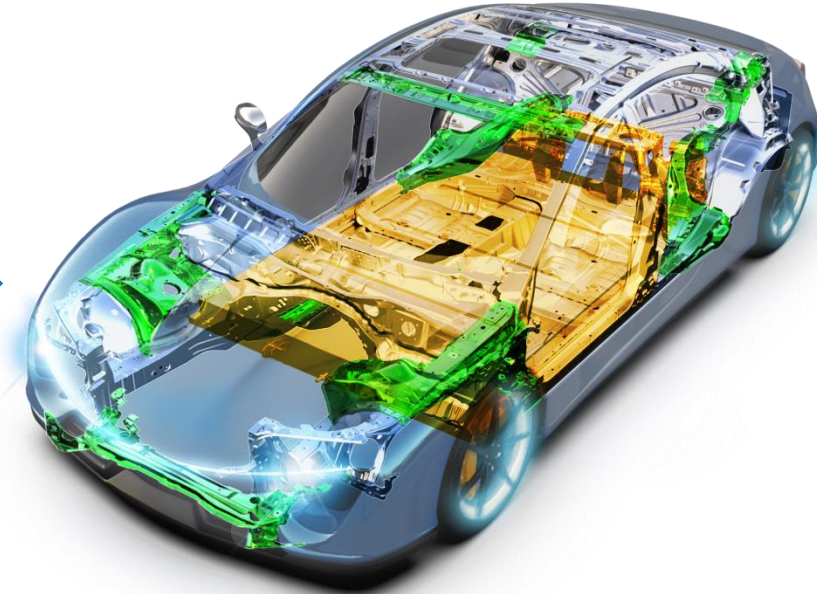
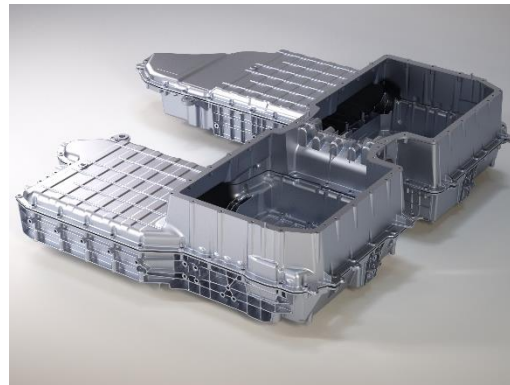
Transmission Cases



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

 40 years	    25 years	 20 years	 15 years	      10 years	
 35 years	  25 years	    20 years	  15 years	   10 years	
 FIAT CHRYSLER AUTOMOBILES 35 years	 20 years	 GROUPE 20 years	 15 years	 10 years	    ~2 years

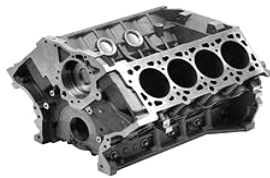
Strong competitive position



Product



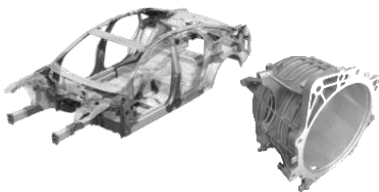
Cylinder heads



Engine blocks



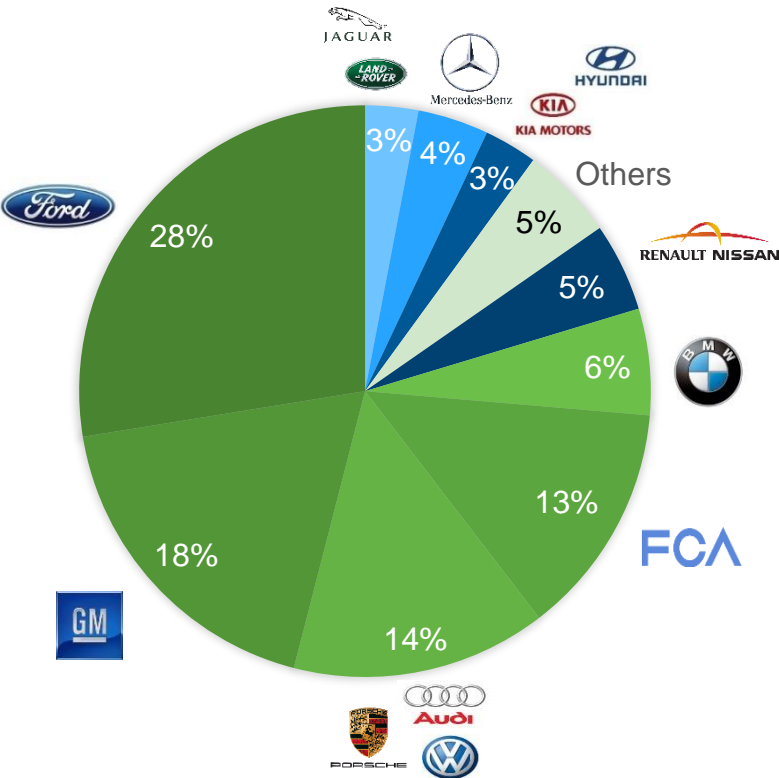
Transmissions components



Structural & EV components



Customer portfolio





Financial Overview / Recent Developments

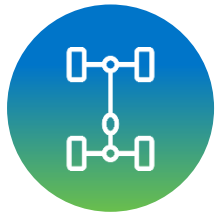


Financial Overview



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

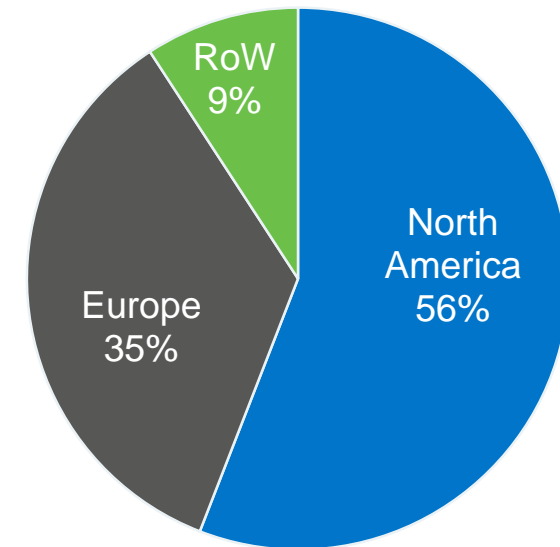
- Progress in sustainability initiatives
- USMCA agreement concluded

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

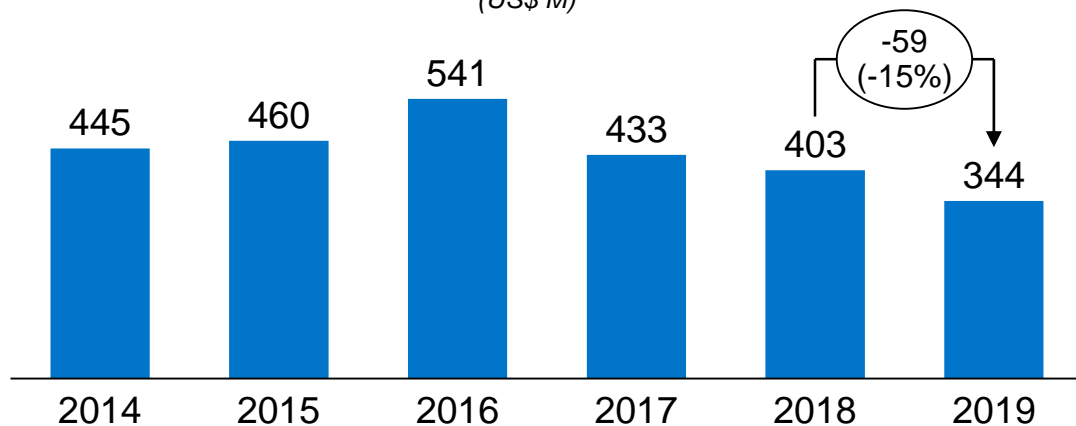
Revenue by Region



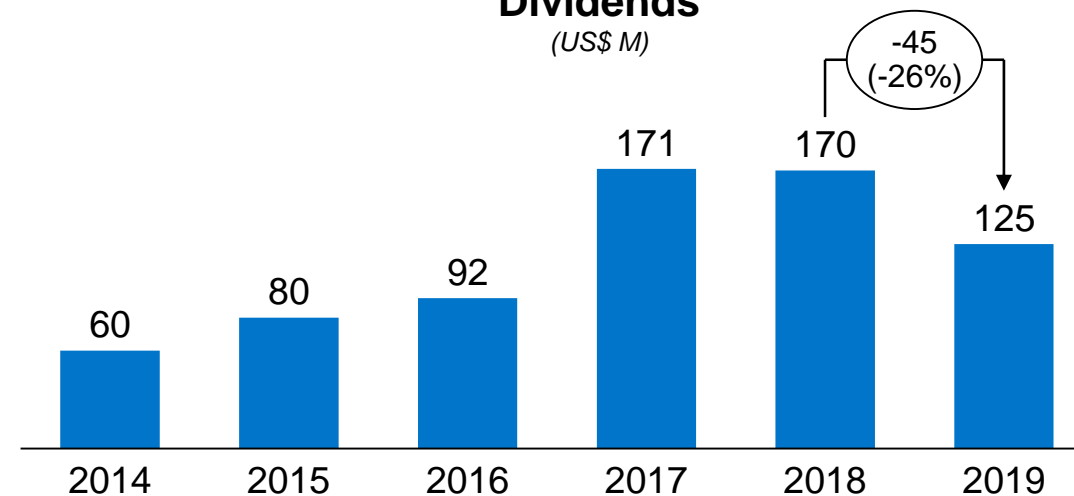
Financial performance



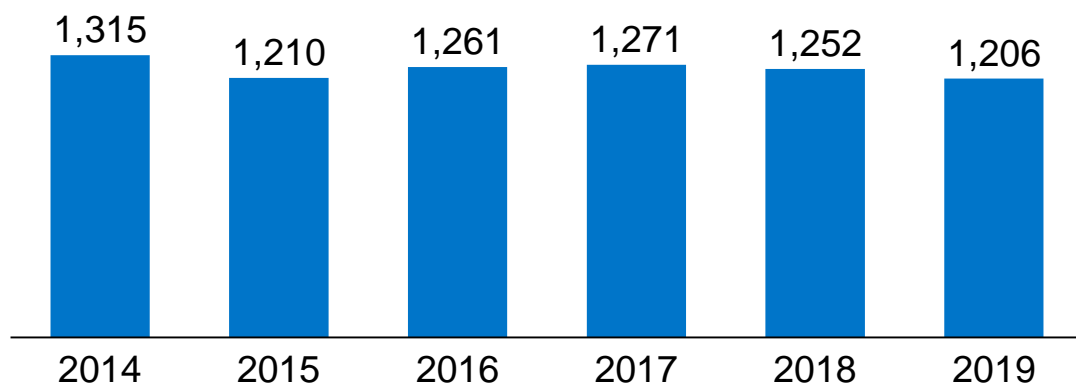
Capex
(US\$ M)



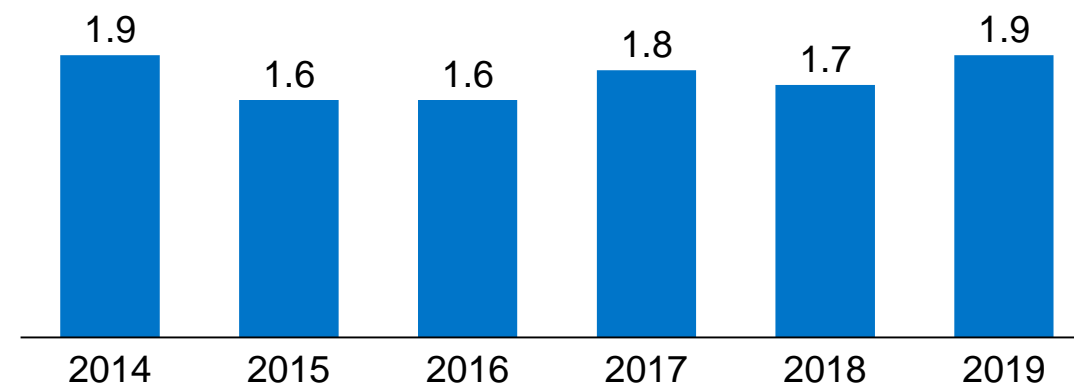
Dividends
(US\$ M)



Net Debt
(US\$ M)



Net Debt to EBITDA
(Times)



Challenges

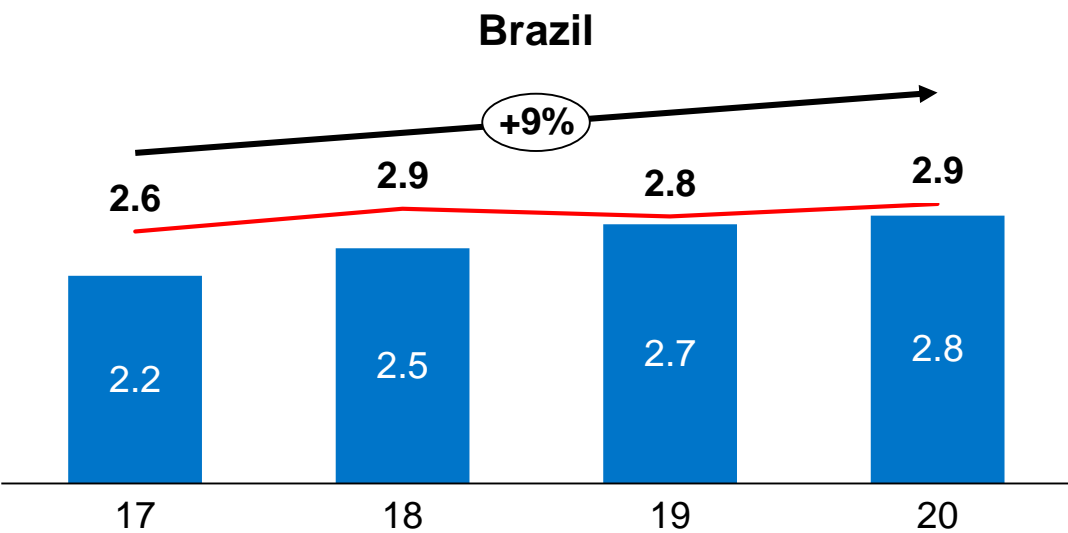
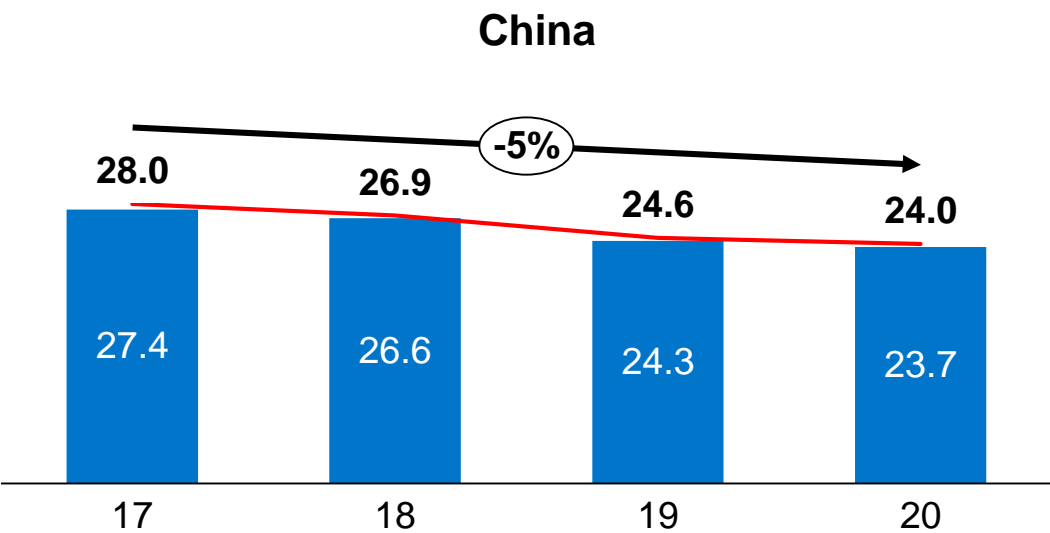
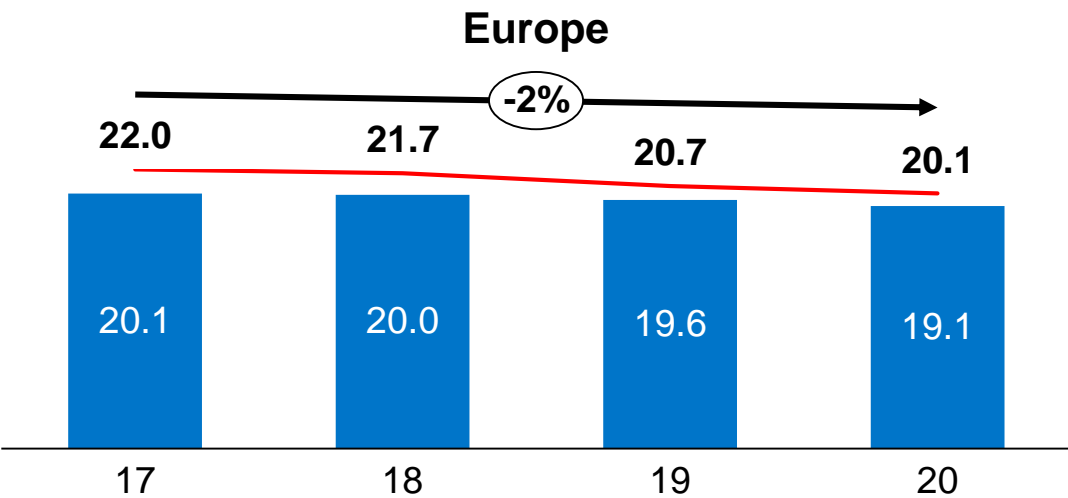
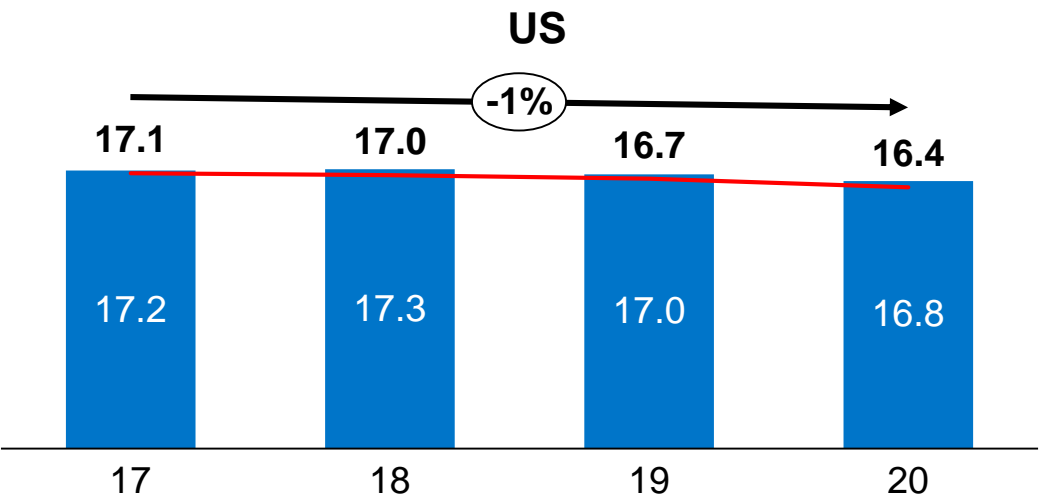
- Industry development
 - Customer-specific
 - Regional
- Phase-out of export program to China
- European market shift away from diesel

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)



2020 Guidance

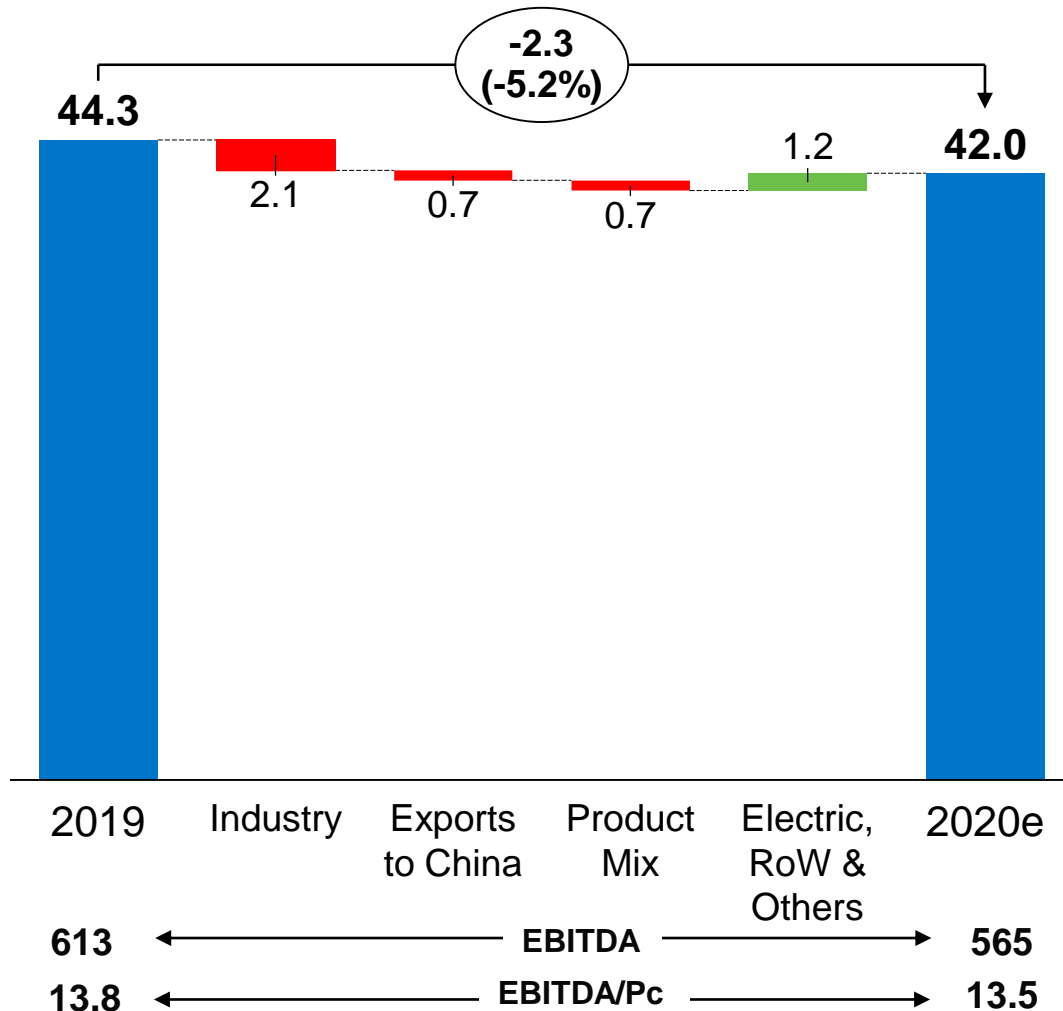


			Δ vs. 2019
Volume	(M Eq. Units)	42.0	(5.2)%
Sales	(US\$ B)	3.8	(5.4)%
EBITDA	(US\$ M)	565	(7.8)%*
CAPEX	(US\$ M)	290	54

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

* Excludes 2019 extraordinary item

2020 Guidance - Volume



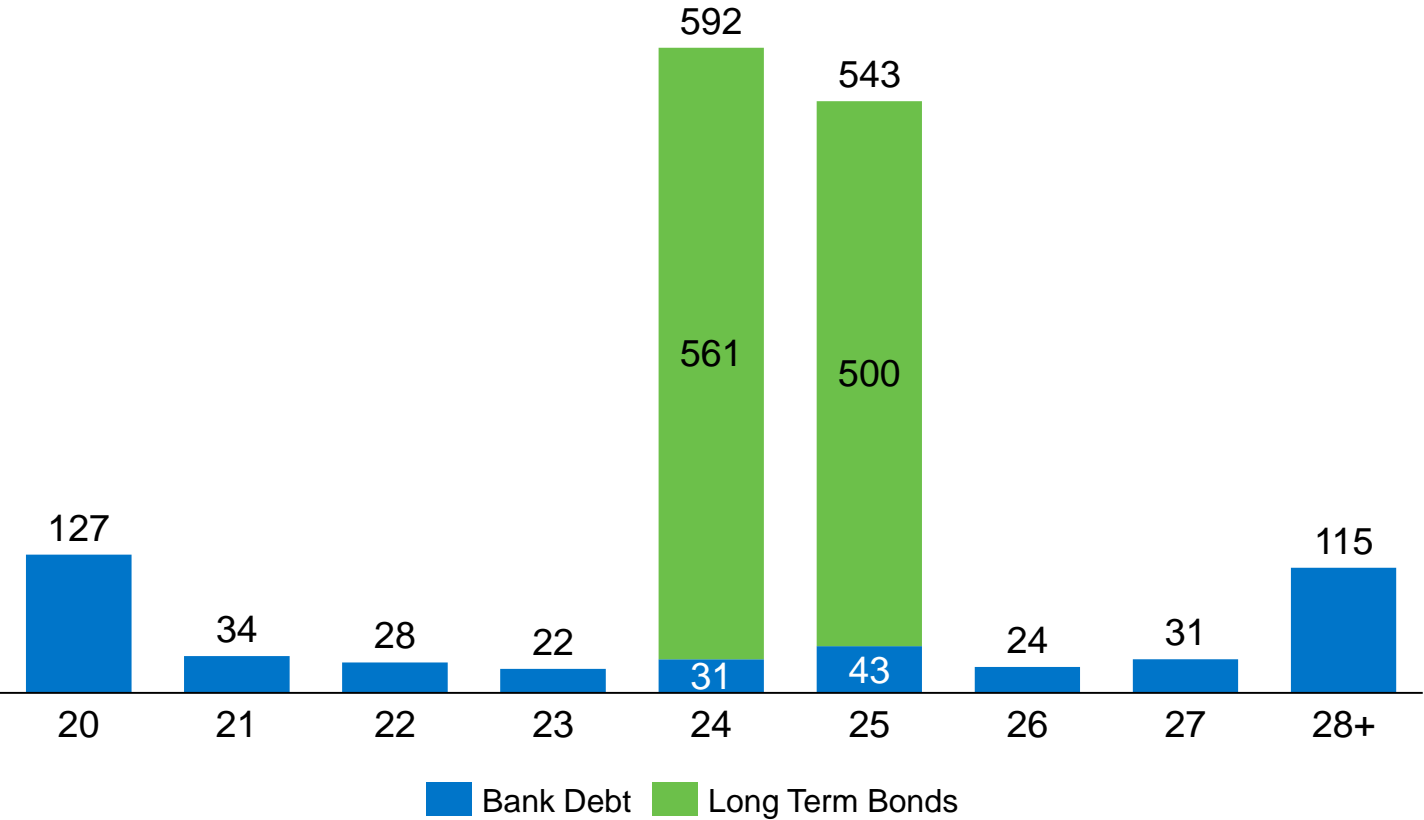
Comments

- 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

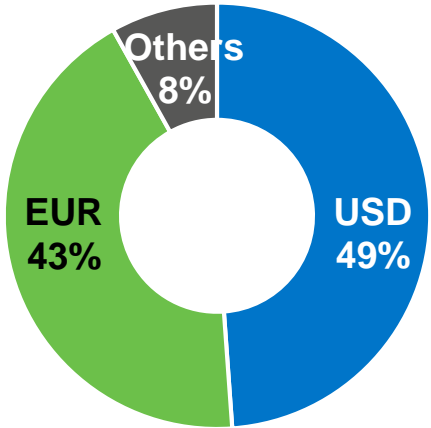
(US\$ M, Dec '19)

Average Life increased from 4.4 to 4.9 years*

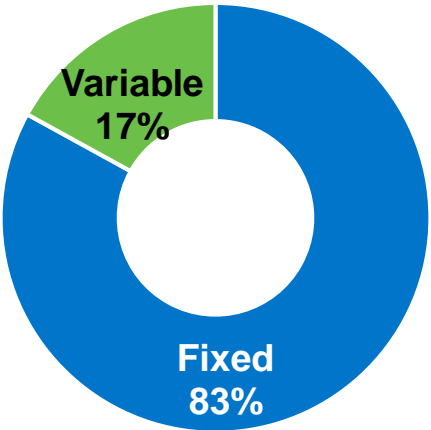


* Change vs Sept 30th, 2019

Currency Distribution



Rate Distribution



Recent Developments

Committed to world-class sustainability practices



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



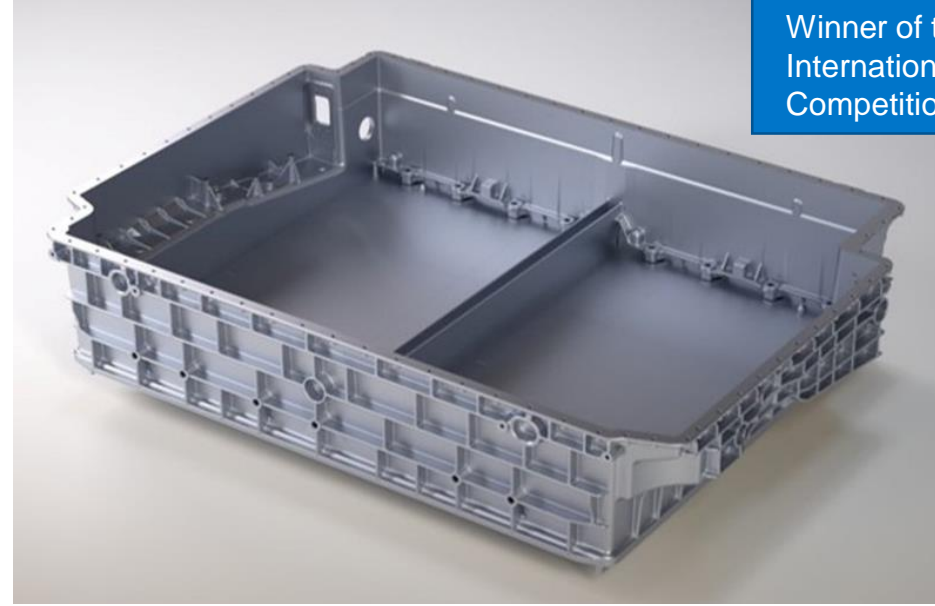
FTSE4Good

- 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

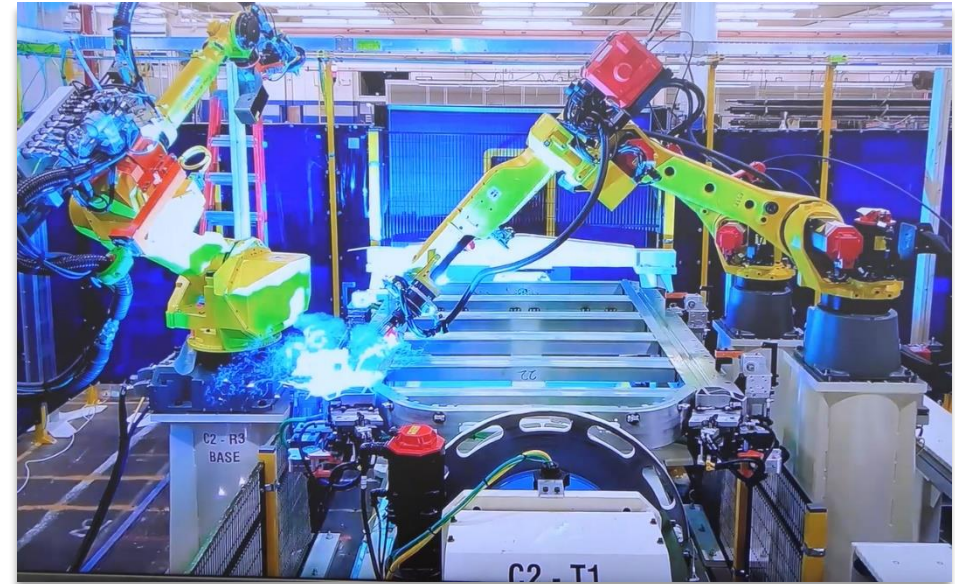
Structural component production in Europe, North America & Asia



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



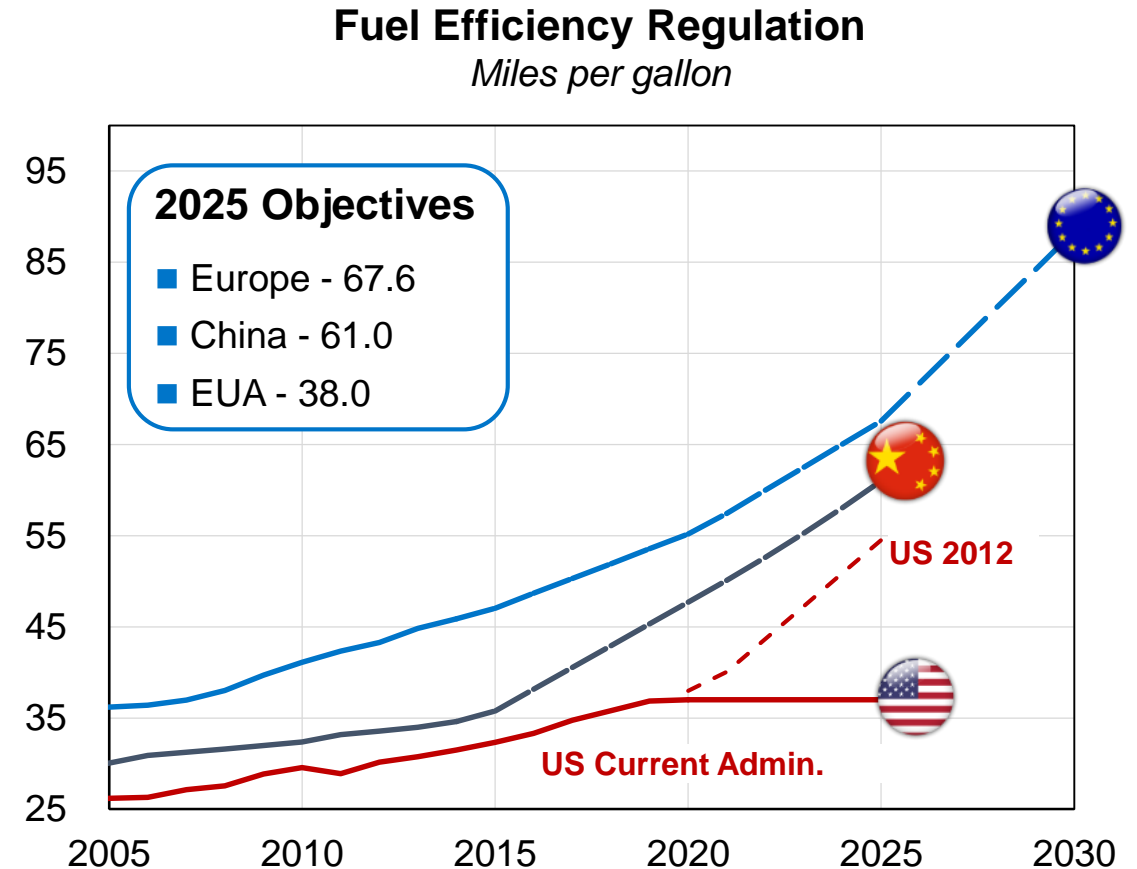
Vehicle structures

- Mix of lighter materials in vehicle structure



ICE

- Longer product life cycle in internal combustion engines



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

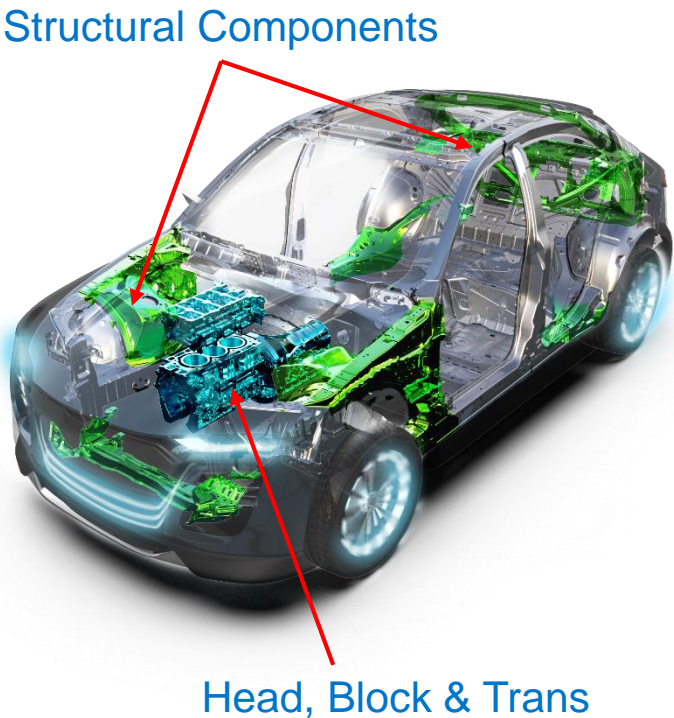
Ford Mustang Mach-E

Increasing Nemak content per vehicle



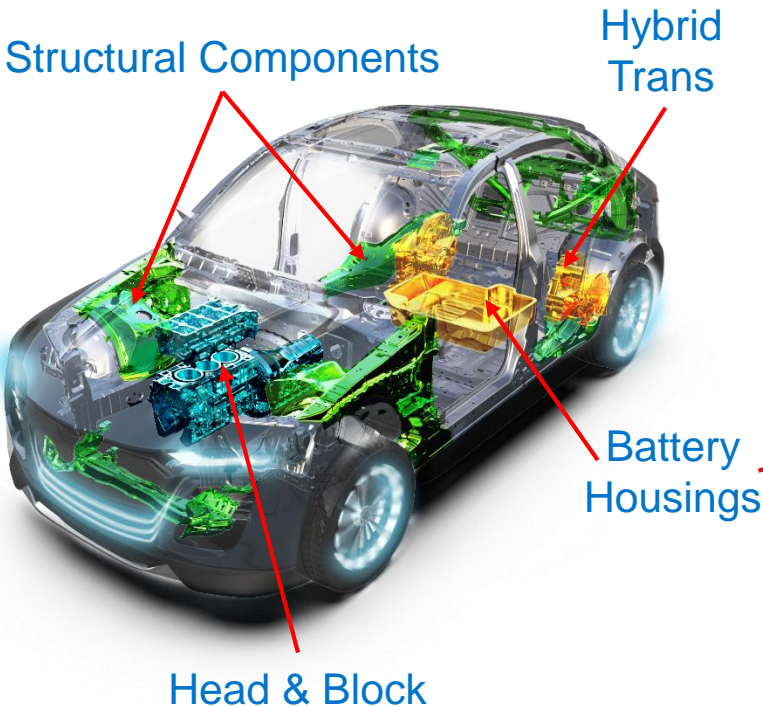
Combustion Engine

US\$450 – 500



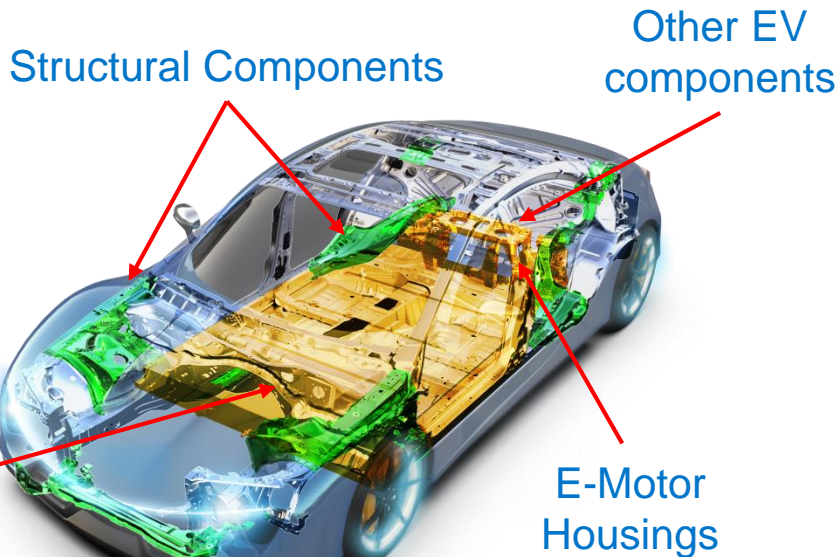
Hybrid

US\$480 – 580



Battery Electric

US\$550 – 700



Increased Value Added to Sales

Key takeaways



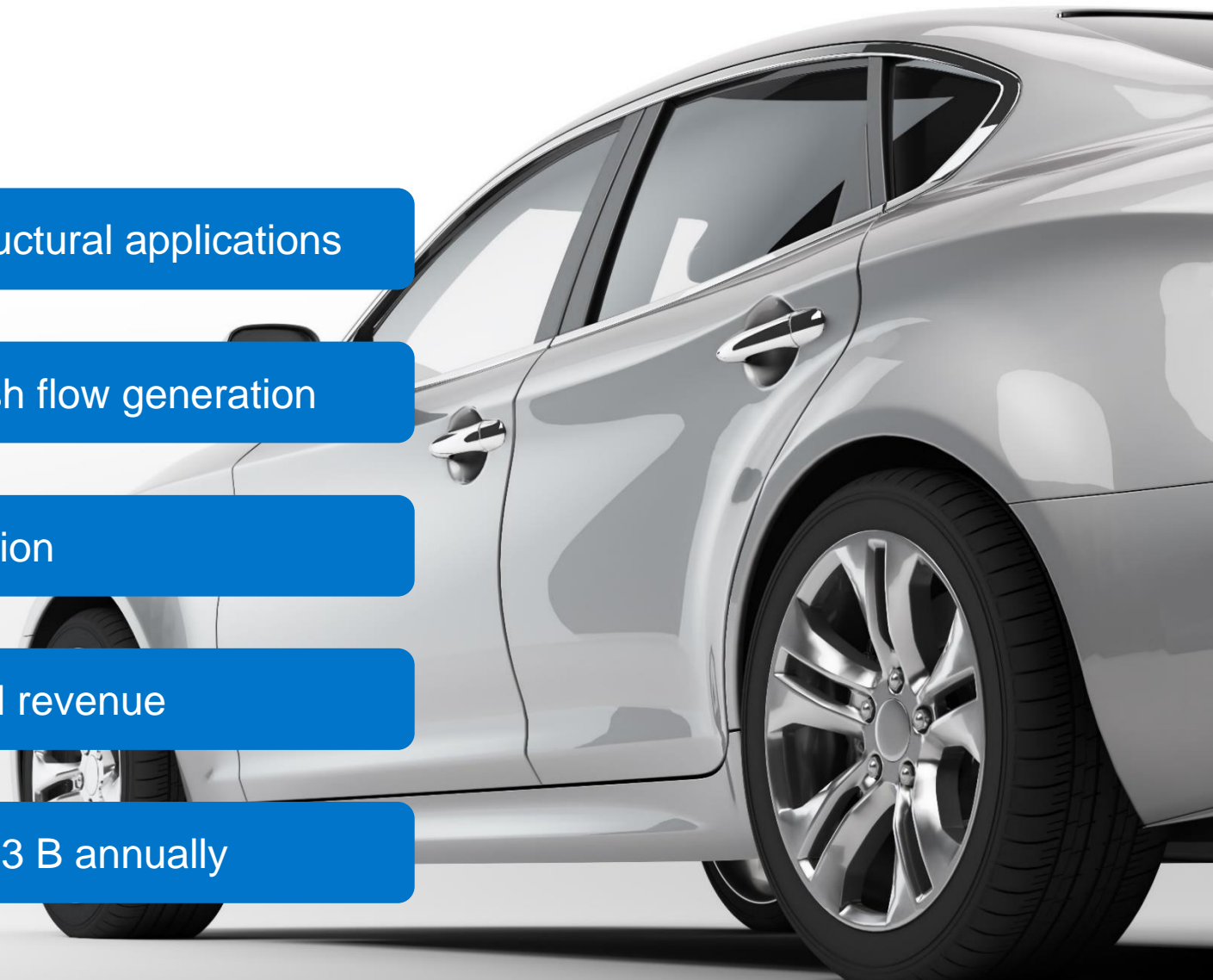
Positioned to capture growth in e-mobility and structural applications

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