



2Q19

Earnings Presentation

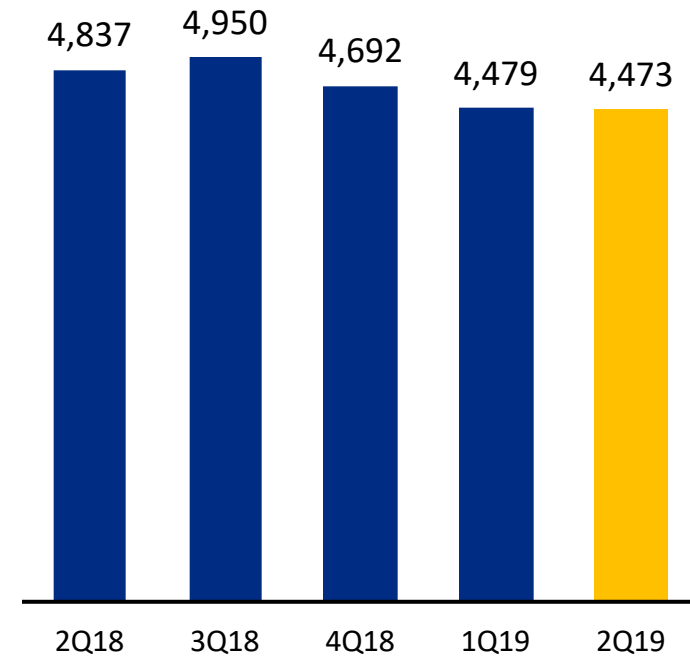
July 17, 2019

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, results are likely to vary from those set forth in this presentation. Copyright © 2019 ALFA, S.A.B. de C.V. All rights reserved. Reproduction and distribution is forbidden without the prior written consent of ALFA, S.A.B. de C.V.

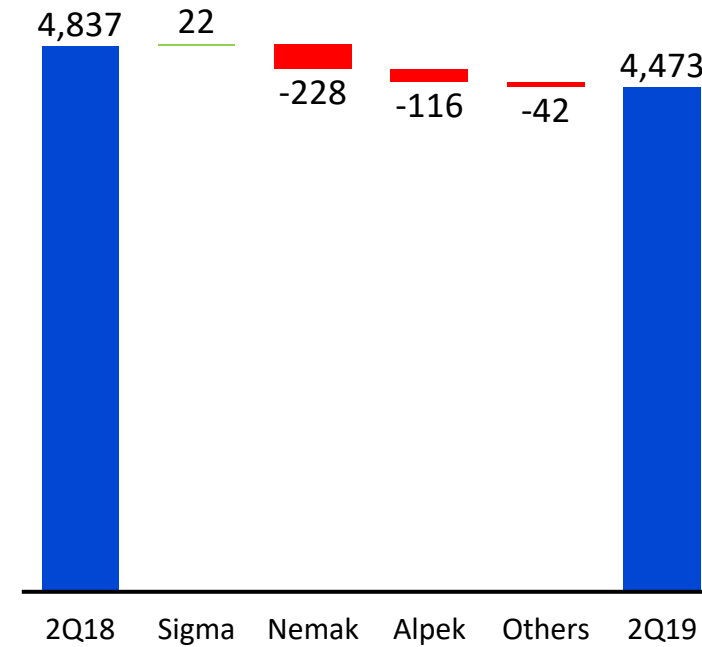
- YTD consolidated results on track to meet 2019 Guidance
- Alpek and Sigma performed better than expected in 2Q19, even as both faced challenging raw material prices
- Value-enhancing strategic initiatives advancing as planned – Axtel concluded Mass Market business sale
- Net debt down vs 1Q19 supported by solid operating cash generation

Revenues down Y-o-Y due to lower feedstock prices in Alpek and lower volume in Nemak

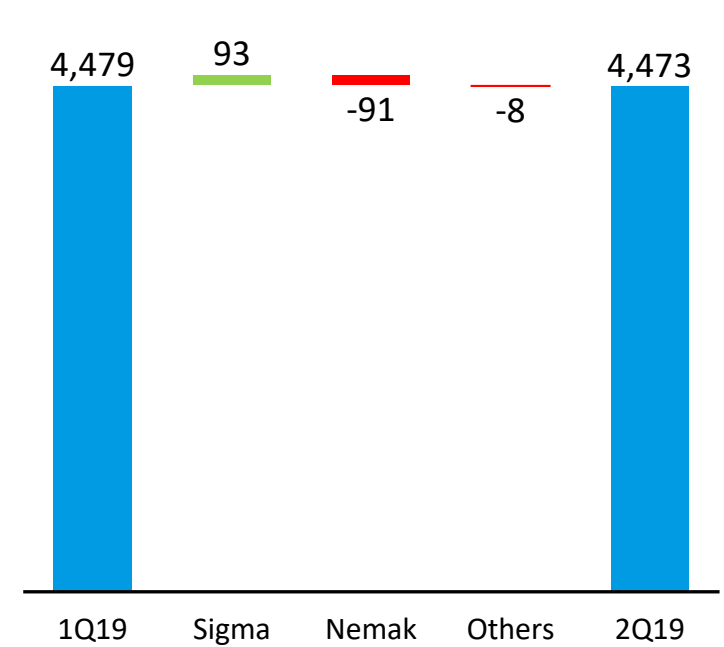
**Revenues  
(US \$ Million)**



**2Q19 vs 2Q18  
(US \$ Million)**

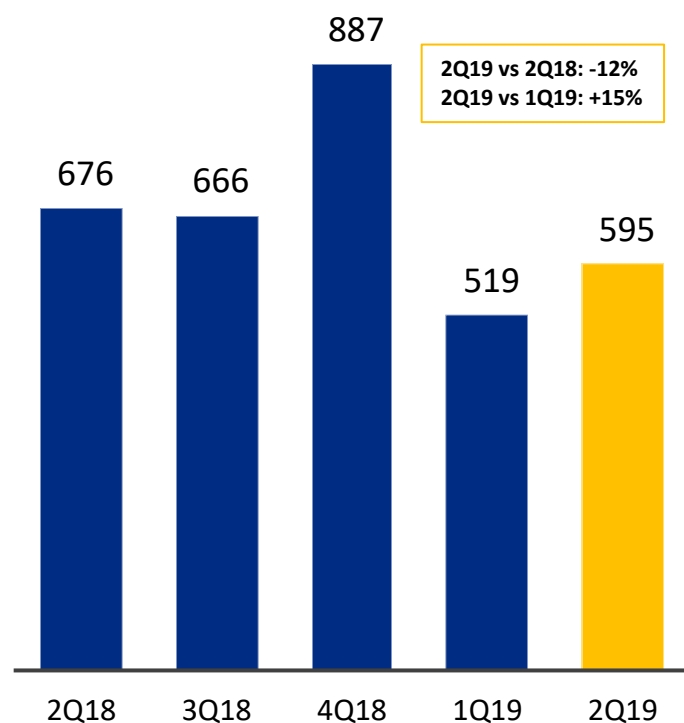


**2Q19 vs 1Q19  
(US \$ Million)**



# Sequential 2Q19 EBITDA improvement in line with expectations

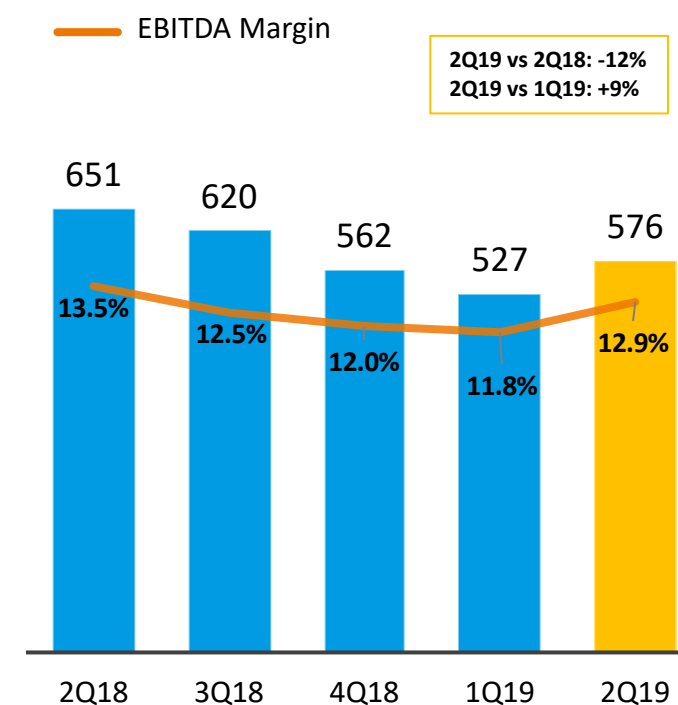
## Reported EBITDA (US \$ Million)



## Extraordinary Items

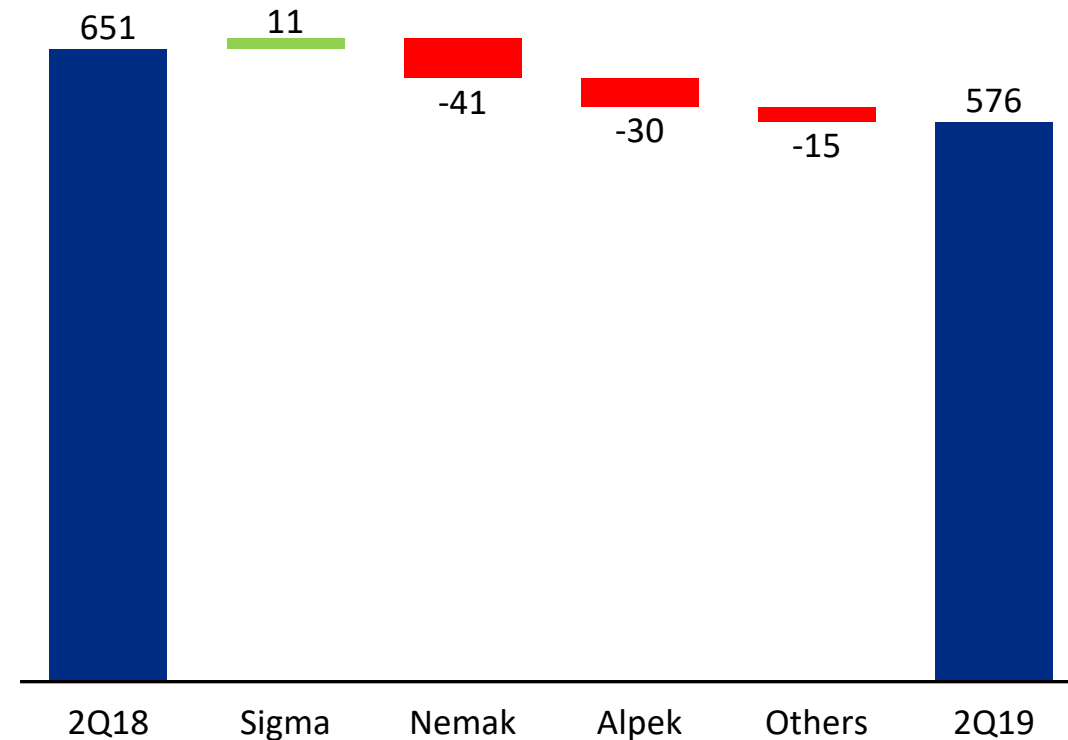
	2Q18	3Q18	4Q18	1Q19	2Q19
ALPEK	20	40	188	(8)	(28)
SIGMA	-	6	3	-	-
NEMAK	-	-	-	-	8
AXTEL	5	0	112	-	39
NEWPEK	-	-	22	-	-
<b>TOTAL</b>	<b>25</b>	<b>46</b>	<b>325</b>	<b>(8)</b>	<b>19</b>

## Comparable EBITDA (US \$ Million)

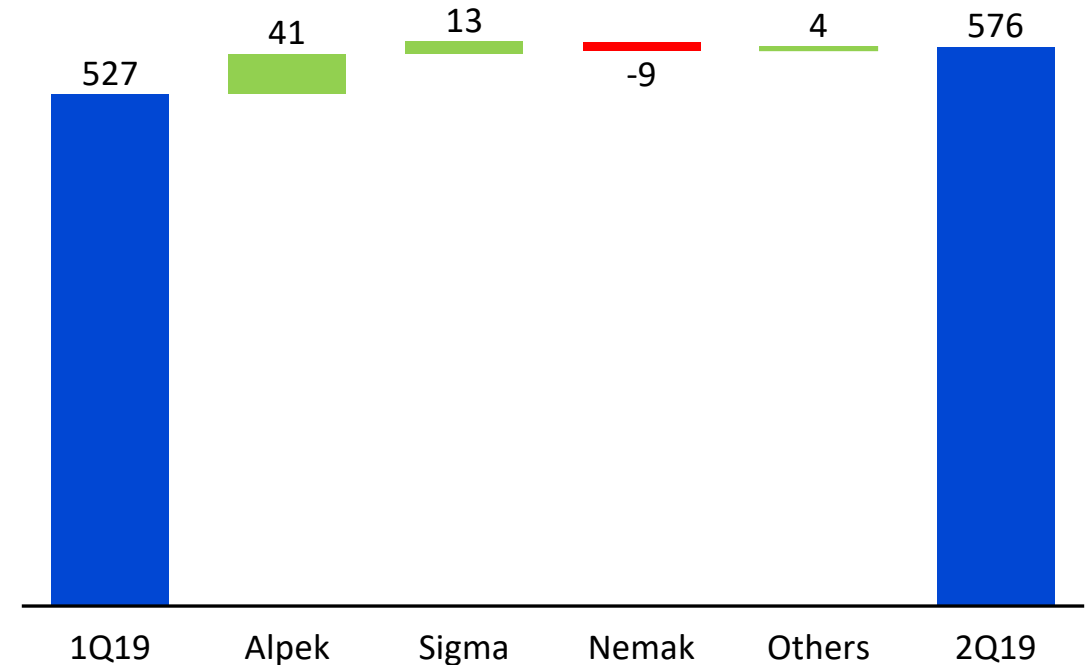


Lower Y-o-Y Comparable EBITDA; recovery versus 1Q19 in most businesses

**Comparable EBITDA 2Q19 vs 2Q18  
(US \$ Million)**

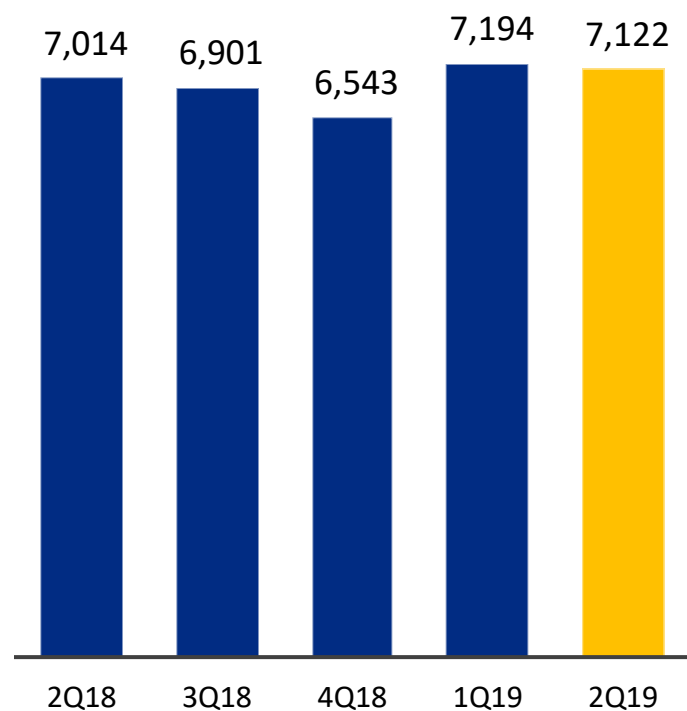


**Comparable EBITDA 1Q19 vs 2Q19  
(US \$ Million)**

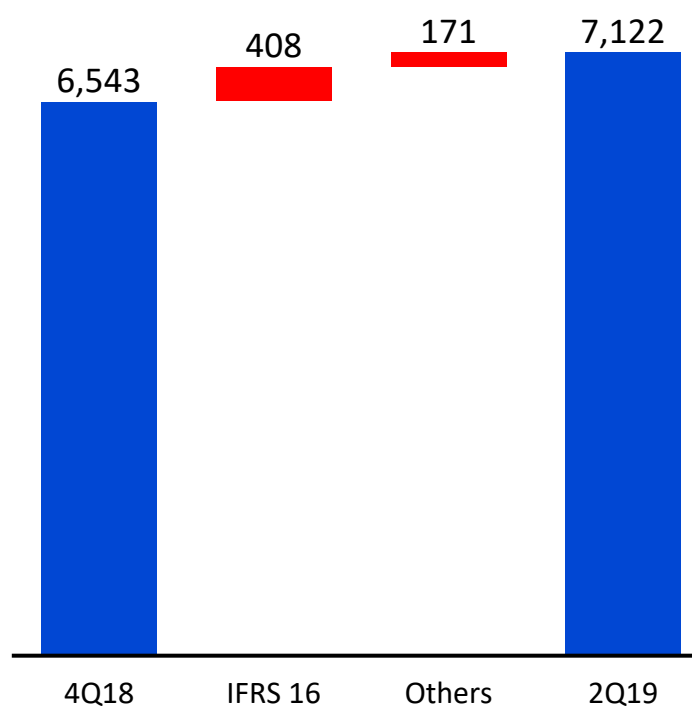


ALFA Net Debt up YTD mainly due to adopting new accounting standard (IFRS 16)

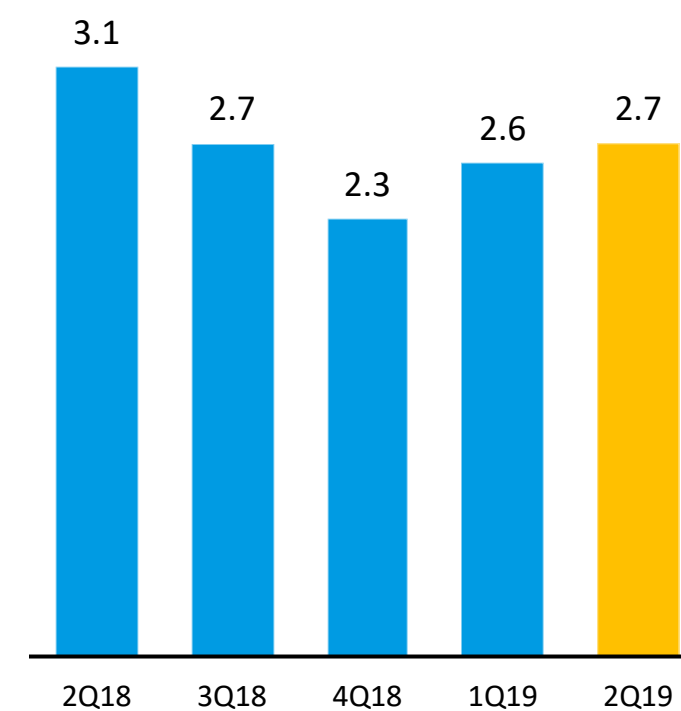
**ALFA Net Debt  
(US \$ Million)**



**Net Debt 2Q19 vs 4Q18  
(US \$ Million)**



**Leverage Ratio  
(Net Debt/EBITDA)**



## Progress on value-enhancing initiatives to further strengthen balance sheet and increase return on invested capital

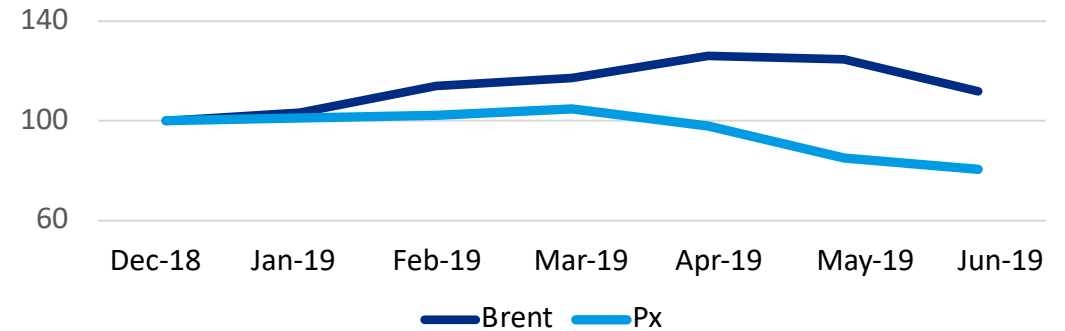
- **Alpek**
  - On track to close US \$800 million sale of two cogeneration power plants in coming months
- **Axtel**
  - Completed Mass Market business sale in 2Q19
  - Advanced process to monetize majority stake of Data Centers in Monterrey and Queretaro
  - Dividing its operations into two business units: “Infrastructure” and “Service”
- **Newpek**
  - Seeking to monetize U.S. assets



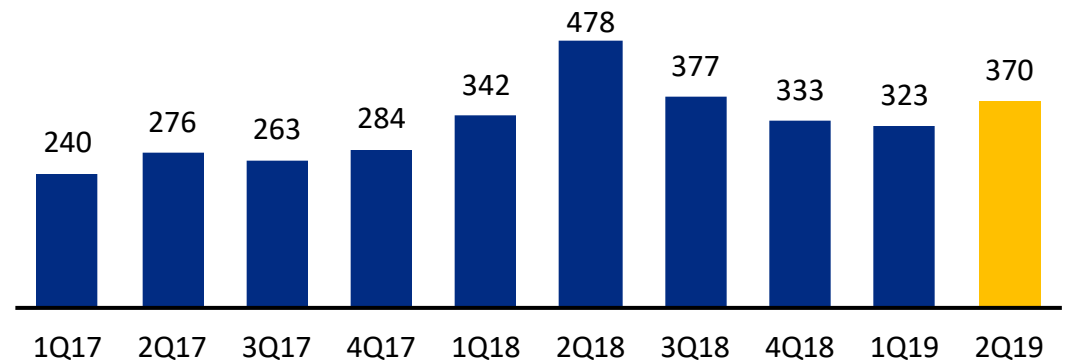
### 2Q19 Highlights

- Solid recovery after 1Q19 despite Paraxylene price decline
- Paraxylene price disconnection vs. crude oil due to new capacity in China
- Sustained recovery in Asian polyester margins
- Sale of two cogeneration power plants expected in coming months

Paraxylene vs Brent Crude Oil Price (Base=100)



Margin: Asia PET to Px/MEG (US \$ / Ton)





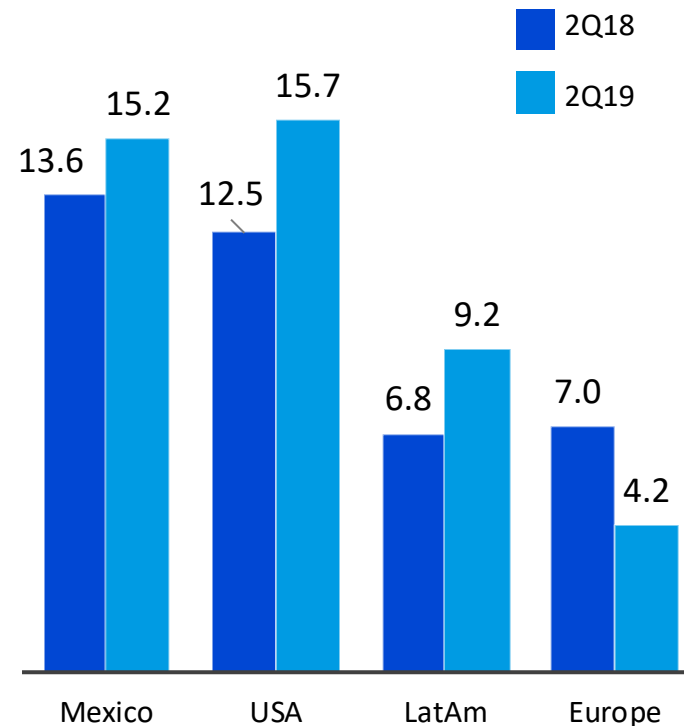
Y-o-Y EBITDA growth driven by solid margins amid pork price volatility due to African Swine Fever



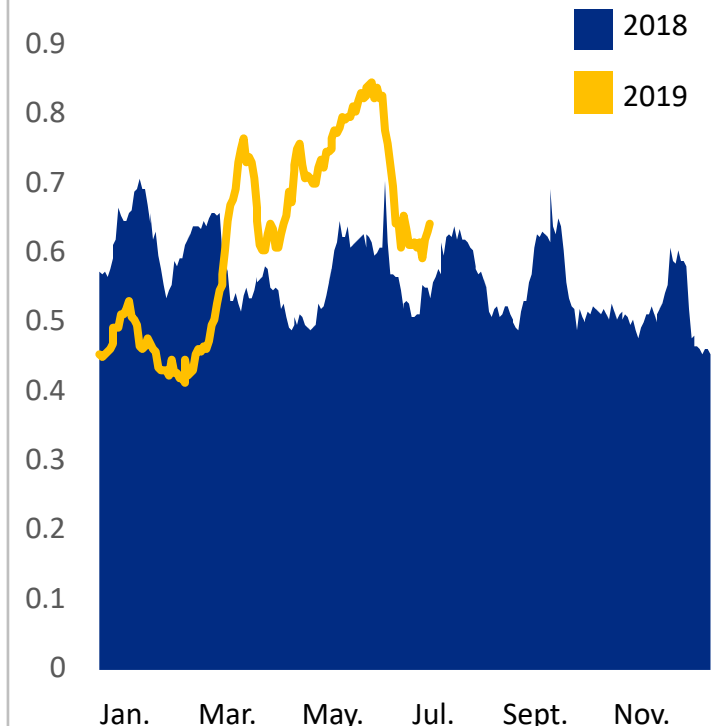
### 2Q19 Highlights

- Margin expansion in Mexico, U.S. and LatAm
- Impact of higher pork prices due to ASF virus was mitigated in most regions
- Risk of further pork price volatility remains
- Sigma initiated partial hedging of its pork needs
- Closure of small facility in The Netherlands in 2Q19
- Other initiatives underway to improve margins in Europe

### EBITDA Margin By Region 2Q19 vs 2Q18 (%)



### U.S. Pork Ham Price (US \$/lb)

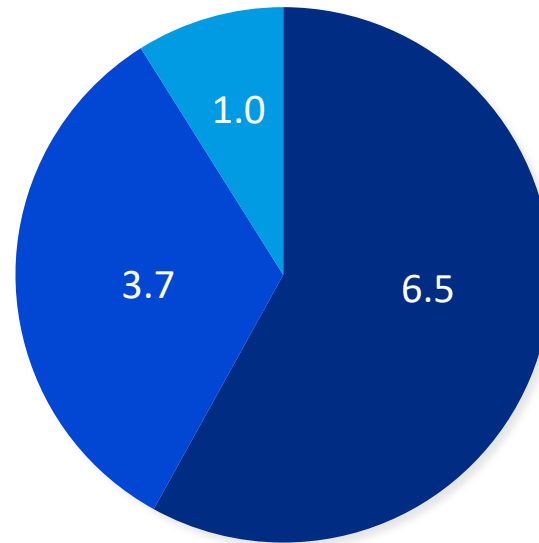


### 2Q19 Highlights

- Results in line with expectations
- Low demand from OEM customers amid softening industry conditions
- Plan to cease operations of small plant (~1%) in Canada by mid-2020
- Stable EBITDA per equivalent unit supported by operating efficiencies

### Volume 2Q19

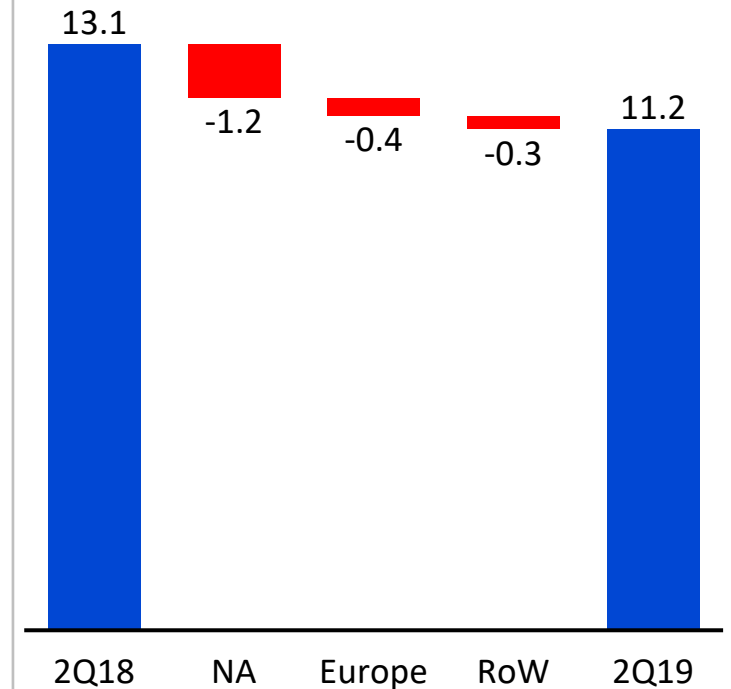
(Total: 11.2 Million Equivalent Units)



- North America
- Europe
- Rest of World

### Volume 2Q19 vs 2Q18

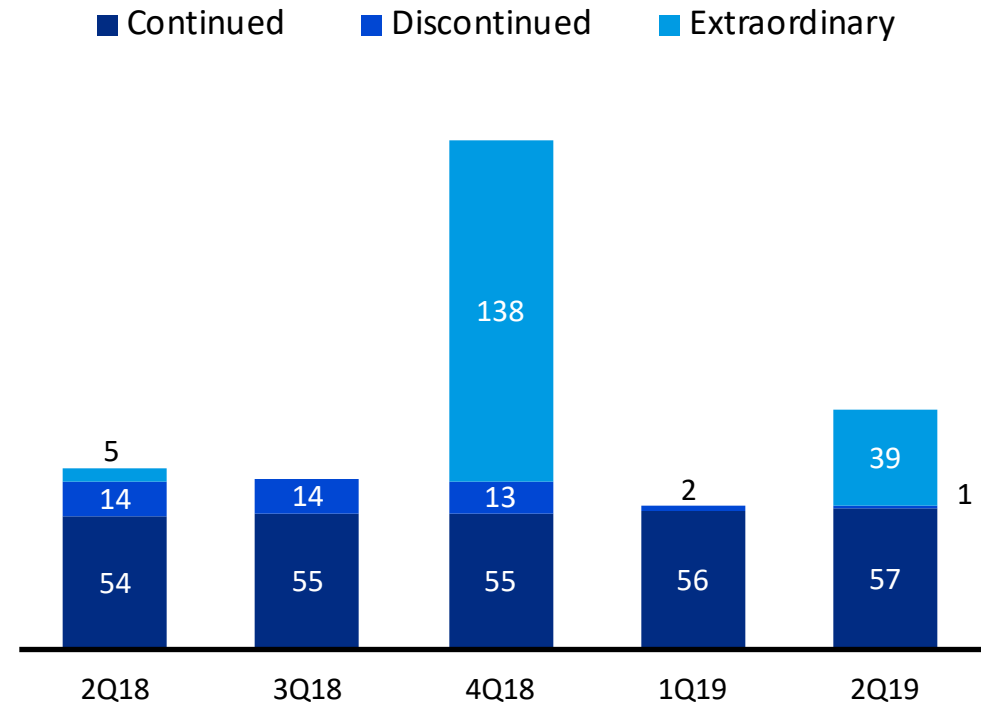
(Million Equivalent Units)



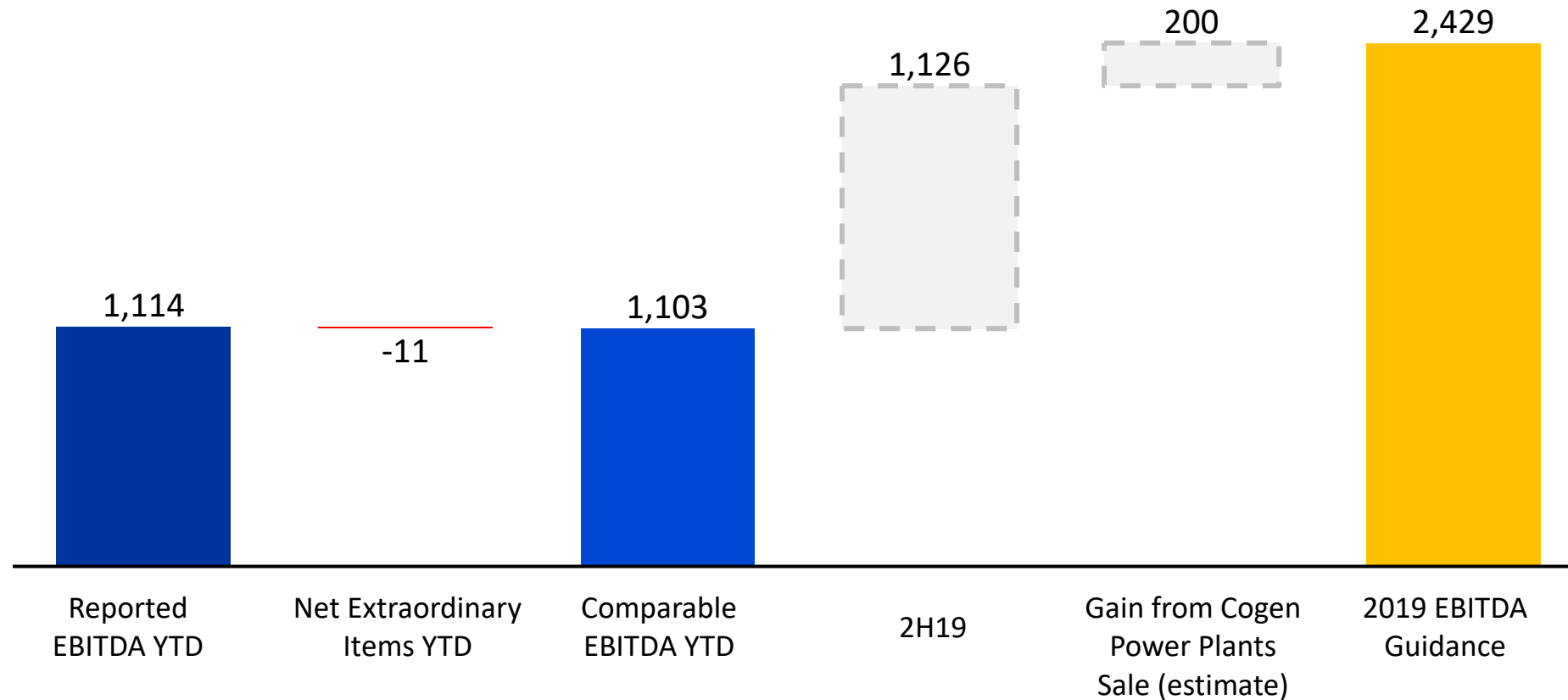
### 2Q19 Highlights

- Better-than-expected EBITDA driven by operating efficiencies
- Completed Mass Market business sale in 2Q19
- Strategic initiatives:
  - Advanced process to monetize majority stake of Data Centers in Monterrey and Queretaro
  - Functional separation: “Infrastructure” and “Service” business units

### EBITDA (US \$ Million)



# ALFA on-track to achieve full year EBITDA Guidance





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