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EARNINGS REPORT

Second Quarter 2020 (2Q20)

Monterrey, N.L., Mexico, July 16, 2020.

ALFA, S.A.B. de C.V. (BMV: ALFAA) (ALFA), a holding company that manages a diversified portfolio of leading subsidiaries with global operations, announced today its unaudited results for the second quarter of 2020 ("2Q20"). All figures have been prepared in accordance with International Financial Reporting Standards ("IFRS").

ALFA reports 2Q20 EBITDA of US \$231 million

2Q20 HIGHLIGHTS

ALFA	<ul style="list-style-type: none"> Solid financial position; US \$2.4 B Consolidated Cash plus US \$2.6 B available Credit Lines Strong sequential monthly EBITDA improvement; +230% June vs April
Alpek	<ul style="list-style-type: none"> Continuous operations, resilient demand and better-than-expected reference margins Strong underlying fundamentals offset by temporary drop in oil and feedstock prices
Sigma	<ul style="list-style-type: none"> Continuous operations and lower-than-expected pork prices Low Foodservice demand and MXN depreciation weighed on 2Q20 results
Nemak	<ul style="list-style-type: none"> All facilities successfully resumed operations by June as OEMs restarted production Rapid cost realignment; US \$125 million savings 2Q20 vs 1Q20
Axtel	<ul style="list-style-type: none"> Continuous operations and better-than-expected performance driven by Infrastructure unit Restarted Infrastructure unit sale process and monetized unused spectrum concessions

SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	2Q20	1Q20	2Q19	Ch. % vs. 1Q20	Ch. % vs. 2Q19	YTD '20	YTD '19	Ch. %
ALFA Revenues	3,192	4,167	4,473	(23)	(29)	7,359	8,952	(18)
Alpek	1,175	1,433	1,643	(18)	(28)	2,608	3,286	(21)
Sigma	1,470	1,637	1,609	(10)	(9)	3,107	3,126	(1)
Nemak	403	907	1,011	(56)	(60)	1,309	2,113	(38)
Axtel	132	157	166	(16)	(21)	289	339	(15)
Newpek	7	16	20	(55)	(63)	24	43	(45)
ALFA EBITDA¹	231	563	595	(59)	(61)	795	1,114	(29)
Alpek	74	111	161	(33)	(54)	185	301	(39)
Sigma	159	169	179	(6)	(11)	327	345	(5)
Nemak	(37)	142	174	(126)	(121)	105	349	(70)
Axtel	53	156	97	(66)	(45)	208	155	35
Newpek	(8)	(6)	(6)	(44)	(38)	(13)	(14)	4
Majority Net Income	(88)	170	95	(152)	(193)	82	161	(49)
CAPEX & Acquisitions²	(128)	(180)	(180)	29	29	(308)	(392)	21
Net Debt	6,640	6,323	7,122	5	(7)	6,640	7,122	(7)
Net Debt/LTM EBITDA [*]	3.4	2.7	2.7					
LTM Interest Coverage ^{3*}	4.4	5.3	6.0					

* Times. LTM = Last 12 months. 1 EBITDA = Operating Income + depreciation and amortization + impairment of assets. 2 Gross amount; does not include divestments 3 Interest Coverage = EBITDA/Net Financial Expenses



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Message from ALFA's President

"First and foremost, I hope that you and your loved ones are safe and healthy as we are still living through an unprecedented event that has significantly impacted the global community. Our thoughts and prayers go out to everyone who has been affected directly or indirectly by COVID-19.

ALFA's efforts remain focused on the continued safety and health of our employees and our ongoing ability to serve our customers responsibly, providing essential goods and services.

We took early decisive action in all our operations to protect the well-being of our employees and their families through training and awareness campaigns, increased hygiene and sanitization protocols, virtual collaboration, workspace distancing and personal protective equipment, among others.

ALFA and all its Subsidiaries have taken an active role in the global fight against COVID-19 by donating medical supplies, approximately six million meals and web connectivity. Also, by collaborating in a comprehensive ventilator performance enhancement effort, among other relief initiatives.

At the same time, we made some difficult but proactive adjustments as we strive to capture approximately US \$850 million in estimated cost savings and cash flow benefits by the end of the year; including Net Working Capital, CAPEX and Dividends, among others. These initiatives are necessary to mitigate the virus-related impact to our businesses and to ensure that we emerge from the crisis in a stronger leadership position.

Nemak is rapidly realigning its cost structure amid lower light-vehicle production volumes, realizing US \$125 million in savings between 1Q20 and 2Q20. Similarly, Sigma adjusted and reallocated resources from its Foodservice channel to other parts of its business amid lower demand from hotels and restaurants.

We also acted decisively during the quarter to further strengthen the Company's financial position. Alpek and Nemak shareholders approved the revocation of dividends for a combined amount of US \$119 million. Alpek shareholders also delegated authority to its Board for a potential payment of revoked dividends on a future date.

Additionally, certain bank loans were amended with new financial covenant thresholds to reflect the temporary distortions brought about by COVID-19. Also, ALFA and several of its businesses obtained new credit lines totaling US \$720 million to reinforce liquidity.

At the close of 2Q20, ALFA's consolidated cash balance was US \$2.397 billion, plus US \$2.633 billion in available credit lines. The Company's cash position is comparable to the EBITDA generated in full year 2019 and is larger than the aggregate amount of debt maturities between 2020 and 2022.

During the second quarter, large portions of the global economy were subject to restrictions or disruptions caused by the ongoing fight against the virus. In April, auto production plummeted more than 90% in North America and Europe; Brent oil prices dropped to the lowest level since 2002; and the Mexican Peso depreciated to a record low monthly average of Ps \$24 per USD.

In turn, ALFA's 2Q20 results were impacted by these temporary distortions. However, it was encouraging to see sequential improvement on key macro variables as many countries and sectors of the global economy started a gradual transition to the "new normal". We are cautiously optimistic that the worst part of the economic shutdowns may be behind us.

From an operational standpoint, all our manufacturing facilities were up and running by the end of the quarter. Alpek, Sigma and Axtel operated at capacity throughout 2Q20 given the essential nature of their business and resilient underlying demand.

In addition, certain key variables such as reference polyester margins and pork prices were better than expected for Alpek and Sigma, respectively.

Unfortunately, this was more than offset by an estimated US \$329 million COVID-19 related impacts on 2Q20 Consolidated EBITDA in connection with i) multi-week shutdowns at Nemark; ii) lower oil and feedstock prices at Alpek; iii) lower Foodservice demand; and iv) Mexican Peso depreciation at Sigma and Axtel. This unprecedented combination of impacts was also reflected in a Controlling Interest Net Loss of US \$88 million during the quarter.

Noteworthy, ALFA's 2Q20 Consolidated EBITDA of US \$231 million showed significant sequential monthly improvements as virtually all OEMs had restarted operations by June; average Brent oil prices recovered more than 70% versus April; and the Mexican Peso gained almost 10% intra-quarter. Hence, June EBITDA accounted for almost 60% of 2Q20 Consolidated EBITDA.

Beyond the immediate response to COVID-19 and the associated near-term impact on results, all subsidiaries are moving ahead with their long-term initiatives. Key recent developments include:

- i) Axtel restarted its Infrastructure unit sale process and monetized unused spectrum concessions
- ii) Newpek is in the final stage to sell the majority of its U.S. assets
- iii) Nemark won new business to produce structural parts for EVs worth US \$10 million annually, and received the "Launch of the Year" award from VW for a plug-in hybrid battery housing
- iv) Sigma created new "Global Plant-based" business unit to boost this category across geographies

We are encouraged by the early signs of stabilization but acknowledge that there is limited visibility to provide reliable Guidance at this time. ALFA and its subsidiaries will continue to ensure the highest safety standards, focus on business continuity, and pursue long-term strategic initiatives.

My sincere appreciation to every member of our teams for their hard work and dedication in order to maintain essential food supply at Sigma; materials for food & beverage packaging and medical supplies at Alpek; connectivity for virtual collaboration at Axtel; and to rapidly adjust as well as effectively resume operations at Nemark. I also thank our customers, suppliers, partners and creditors who have all come together to address this situation."

Álvaro Fernández



ALFA (BMV: ALFAA) Consolidated Financial Results

INCOME STATEMENT (US \$ MILLIONS)

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD `20	YTD `19	Ch. %
				1Q20	2Q19			
Total Revenues	3,192	4,167	4,473	(23)	(29)	7,359	8,952	(18)
Gross Profit	519	780	842	(34)	(38)	1,299	1,666	(22)
Operating expenses and others	(542)	(465)	(505)	(17)	(7)	(1,007)	(1,071)	6
EBITDA	231	563	595	(59)	(61)	795	1,114	(29)
Operating income (loss)	(24)	315	336	(108)	(107)	292	595	(51)
Financial cost, net	(60)	(291)	(121)	79	51	(351)	(216)	(62)
Share of losses of associates	(5)	2	0	(427)	-	(4)	3	(242)
Income Tax	(21)	149	(80)	(114)	74	128	(155)	183
Consolidated net income (loss)	(109)	175	135	(162)	(181)	66	226	(71)
Controlling Interest	(88)	170	95	(152)	(193)	82	161	(49)
EBITDA/Revenues (%)	7.2	13.5	13.3			10.8	12.4	

Total Revenues were US \$3.192 billion, down 29% when compared to 2Q19 mainly due to the effect of lower volume in Nemark, feedstock prices in Alpek and Foodservice demand in Sigma. Accumulated Revenues were US \$7.359 billion, down 18% versus 2019, also due primarily to Nemark and Alpek. Year-to-date, 68% of consolidated ALFA revenues were derived from outside Mexico, also known as “Foreign Sales” (see table 2).

EBITDA was US \$231 million, down 61% year-on-year. 2Q20 EBITDA includes a US \$70 million net loss from extraordinary items comprised mainly of a non-cash inventory loss of US \$42 million at Alpek and US \$38 million non-recurring severance expenses at Nemark. Adjusting for extraordinary items in all periods, Comparable ALFA EBITDA was US \$301 million, US \$473 million and US \$577 million in 2Q20, 1Q20 and 2Q19, respectively.

In addition to the US \$42 million inventory loss and US \$38 million non-recurring severance expenses, 2Q20 EBITDA was impacted by an estimated US \$249 million in COVID-19 related losses comprised of: i) US \$160 million from multi-week shutdowns at Nemark; ii) US \$39 million in raw material carryforward at Alpek; iii) US \$23 million from lower Foodservice demand at Sigma; and iv) US \$27 million in Mexican Peso conversion effect at Sigma and Axtel. As reference, adjusting for extraordinary items plus virus-related impacts, 2Q20 Proforma EBITDA was US \$550 million.

Accumulated Comparable ALFA EBITDA was US \$774 million, down 30% versus the US \$1.104 billion in 2019 as temporary, COVID-19 related distortions weighed on 2020 results (see tables 3, 4, 5 and 6).

Operating Loss was US \$24 million, down from Operating Income of US \$336 million in 2Q19 reflecting the decrease in EBITDA explained above and a US \$31 million non-cash asset impairment recognized by Newpek as a result of lower oil and natural gas prices. Accumulated Operating Income was US \$292 million, down 51% compared to US \$595 million in the first half of 2019 (see table 3).

Comprehensive Financing Expense (CFE) of US \$60 million, was down from US \$121 million in 2Q19. It is important to note that 2Q20 CFE includes a US \$53 million exchange rate gain reflecting the appreciation of the Mexican Peso at quarter-end 2Q20 versus 1Q20. Accumulated Comprehensive Financing Expense was US \$351 million, up 62% compared to the US \$216 million in 2019 which benefited from lower foreign exchange losses amid a more stable currency environment (see table 7).

Controlling Interest Net Loss was US \$88 million, compared to US \$95 million gain in 2Q19 as the decrease in Operating Income was partially offset by lower Taxes and Comprehensive Financing Expense. Accumulated Controlling Interest Net Income was US \$82 million, down 49% versus 2019 as lower Operating Income and higher Comprehensive Financing Expense was partially offset by an Income Tax benefit resulting from a gain in Deferred Taxes associated with the depreciation of the Mexican Peso at the close of 1Q20 (see table 8).

CHANGE IN NET DEBT (US \$ MILLIONS)

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD '20	YTD '19	Ch. %
				1Q20	2Q19			
EBITDA	231	563	595	(59)	(61)	794	1,114	(29)
Net Working Capital	(181)	(55)	31	(229)	(684)	(236)	(177)	(33)
Capital Expenditures & Acquisitions	(128)	(180)	(180)	29	29	(308)	(392)	21
Net Financial Expenses	(112)	(113)	(114)	1	2	(225)	(228)	1
Taxes	(64)	(203)	(233)	68	73	(267)	(309)	14
Dividends	(3)	(133)	(10)	98	70	(136)	(172)	21
Other Sources / Uses	(61)	74	(17)	(182)	(259)	13	(415)	103
Decrease (Increase) in Net Debt	(317)	(47)	72	(574)	(540)	(364)	(579)	37

Net Debt was US \$6.640 billion at the close of 2Q20, down 7% versus 2Q19 and up 5% versus 1Q20. On an absolute basis, consolidated ALFA Net Debt increased US \$364 million from year-end 2019 as temporary COVID-19 related distortions weighed on 2Q20 EBITDA.

As of June 30, 2020, Cash totaled US \$2.397 billion, up \$1.031 billion versus year-end 2019 as ALFA and its Subsidiaries reinforced liquidity by drawing down a portion of available credit lines. At the close of 2Q20, ALFA had US \$2.633 billion in undrawn Credit Lines. Financial ratios at the close of 2Q20 were: Net Debt to EBITDA 3.4 times and Interest Coverage 4.4 times, compared with 2.7 and 6.0 times, respectively in 2Q19. Certain bank loans were amended with new financial covenant thresholds to reflect temporary distortions caused by COVID-19 (see tables 6 and 9).

Net Working Capital was US \$181 million during 2Q20, mainly due to a temporary decrease in Nemark's operating activity caused by the multi-week shutdown of its operations. Net Working Capital is expected to decrease in coming months as Nemark's operations stabilize.

Capital Expenditures (CAPEX) & Acquisitions was US \$128 million in 2Q20, down 29% versus 2Q19 and 1Q20. The review process is ongoing for potential deferral or reduction of planned investments as part of the actions taken to mitigate the impact from COVID-19. Accumulated CAPEX totaled US \$308 million in 2020, down 21% year-on-year.

Dividends correspond to US \$3 million paid to minority shareholders at Nemark. Accumulated Dividends totaled US \$136 million, including the first installment paid to ALFA Shareholders in March, plus dividends paid to minority shareholders at the subsidiary level.

RECENT DEVELOPMENTS - ALFA

<p>COVID-19</p>	<ul style="list-style-type: none"> • ALFA focused on Safety and Business Continuity amid COVID-19 <ul style="list-style-type: none"> - Ensure the highest health/safety standards to protect the well-being of employees, customers, suppliers and community - Preserve the continuity and long-term sustainability of our businesses • Safety <ul style="list-style-type: none"> - Increased hygiene and sanitization protocols - Employee training and awareness campaigns - Reorganization of on-site personnel - Physical distancing - Travel restrictions - Closely monitoring health and government agency recommendations • Business Continuity <ul style="list-style-type: none"> - Task forces coordinating immediate response to adapt operations - Serving our customers responsibly – providing essential goods / services - Contributing to our communities • Strong financial position and financial flexibility <ul style="list-style-type: none"> - Maximize liquidity - Reduce costs and expenses - Defer certain CAPEX in all subsidiaries - Optimize working capital - Review dividends
<p>Share Repurchase Program</p>	<ul style="list-style-type: none"> • 105.8 million total shares repurchased YTD (~US \$46 million) • 145.9 million total shares repurchased and held at the Treasury (~US \$83 million)

Total Mexico ESG Index	<ul style="list-style-type: none">• ALFA included in the new S&P/BMV Total Mexico ESG Index• 29 constituents selected based on sustainability criteria
2020 Guidance	<ul style="list-style-type: none">• 2020 Guidance withdrawn in 1Q20, expected to be reinstated as soon as a reliable estimate can be determined

Results by Business



Alpek (BMV: ALPEKA) – Petrochemicals

37% of ALFA's revenues in 2Q20

SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD `20	YTD `19	Ch. %
				1Q20	2Q19			
Volume (ktons)	1,109	1,184	1,121	(6)	(1)	2,293	2,208	4
Polyester	933	967	887	(4)	5	1,900	1,744	9
Plastic & Chemicals	176	217	234	(19)	(25)	393	463	(15)
Revenues	1,175	1,433	1,643	(18)	(28)	2,608	3,286	(21)
Polyester	925	1,094	1,242	(15)	(25)	2,020	2,481	(19)
Plastic & Chemicals	221	300	375	(26)	(41)	521	751	(31)
EBITDA	74	111	161	(33)	(54)	185	301	(39)
Polyester	33	58	96	(43)	(65)	91	176	(48)
Plastic & Chemicals	40	49	61	(17)	(34)	89	115	(22)
CAPEX & Acquisitions¹	27	15	38	82	(28)	42	106	(61)
Net Debt	1,428	1,436	2,084	(1)	(31)	1,428	2,084	(31)
Net Debt / LTM EBITDA [*]	1.9	1.7	2.2					
LTM Interest Coverage ^{2*}	6.9	7.3	8.1					

* Times. LTM = Last 12 months

1 Gross amount; does not include divestments

2 Interest Coverage = EBITDA/Net Financial Expenses

Volume was 1,109 ktons, down 1% versus 2Q19. Polyester volume growth, supported by solid PET demand and the recent acquisition of the PET plant in the U.K., was offset by lower Plastics & Chemicals volume reflecting a decrease in Expandable Polystyrene (EPS) sales amid lower construction activity as well as a decrease in the commercialization of low-margin industrial chemicals. Accumulated volume was up 4% when compared with 1H19; on pace to reach new record, driven by the Polyester segment.

Revenues totaled US \$1.175 billion in 2Q20, down 28% year-on-year, due to a 28% decrease in average consolidated prices resulting from the drop in oil and feedstock prices. Accumulated Revenues were US \$2.608 billion, down 21% versus 1H19 as volume growth was more than offset by a 26% decrease in average prices.

EBITDA was US \$74 million, including a US \$42 million non-cash inventory loss and a US \$6 million net gain related to an insurance payout resulting from a fire that occurred at the Altamira PTA facility in 3Q18. Adjusting for extraordinary items, Alpek's Comparable 2Q20 EBITDA was US \$110 million, down 42% when compared to 2Q19 which benefitted primarily from higher polyester and polypropylene margins, as well as a more favorable oil and feedstock price environment.

Alpek was also impacted by a US \$39 million raw material carry forward (RMCF) effect resulting from the abrupt decline in feedstock prices. Adjusting for extraordinary items plus RMCF, Proforma 2Q20 EBITDA was down 31% year-on-year and up 1% quarter-on-quarter.

Accumulated EBITDA as of June 30, 2020 was US \$185 million and accumulated Comparable EBITDA totaled US \$238 million, down 39% and 29%, respectively versus 1H19 EBITDA.

Capital expenditures (CAPEX) & Acquisitions were US \$27 million in 2Q20, compared to US \$38 million in 2Q19. Most of these funds were used for minor asset replacements and normal maintenance CAPEX. Accumulated CAPEX totaled US \$42 million, 61% lower than in the first half of 2019.

Net Debt was US \$1.428 billion, down 31% and 1% when compared with 2Q19 and 1Q20, respectively. Cash totaled US \$610 million at the end of the second quarter, up \$224 million versus year-end 2019 as Alpek reinforced its liquidity by drawing down a portion of available credit lines. Financial ratios at the end of 2Q20 were Net Debt to EBITDA of 1.9 times and Interest Coverage of 6.9 times.

RECENT DEVELOPMENTS - ALPEK

<p>COVID-19</p>	<ul style="list-style-type: none"> • Safety and business continuity <ul style="list-style-type: none"> - Protocols – additional hygiene practices, safety gear, health checkpoints, travel restrictions, and home-office wherever possible - Operations update – No interruptions to operations as Alpek is supplying materials for essential industries - Financial position highlights – Alpek maintains strong leverage of 1.9 times Net Debt/EBITDA - Cost reduction and cash benefits – Alpek focused on protecting Free Cash Flow through lower CAPEX and improved Net Working Capital • Product benefits / characteristics <ul style="list-style-type: none"> - Materials used to produce essential goods (syringes, face masks, medical gowns and packaging for water, food and virus tests) - Hygiene, safety and convenience among PET packaging benefits during this time
<p>Shareholders' Meeting</p>	<ul style="list-style-type: none"> • Alpek shareholders approved Board recommendation to suspend previously approved dividend of US \$81.6 million • Board can review decision based on business results and evolution of COVID-19 pandemic

(See "Appendix – 2Q20 Reports of Listed Businesses" for Alpek's complete 2Q20 Earnings Report)

Sigma – Food Products

46% of ALFA's revenues in 2Q20



SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD '20	YTD '19	Ch. %
				1Q20	2Q19			
Revenues	1,470	1,637	1,609	(10)	(9)	3,107	3,126	(1)
Mexico	527	679	678	(22)	(22)	1,206	1,331	(9)
Europe	535	572	550	(7)	(3)	1,107	1,059	5
United States	298	268	262	11	14	567	501	13
LatAm	110	118	119	(7)	(8)	228	235	(3)
EBITDA	159	169	179	(6)	(11)	327	345	(5)
Mexico	73	90	103	(19)	(29)	163	194	(16)
Europe	21	25	23	(17)	(11)	46	51	(10)
United States	56	42	41	32	36	98	77	28
LatAm	9	11	11	(16)	(21)	20	23	(14)
CAPEX & Acquisitions¹	35	23	31	53	15	58	56	3
Net Debt	1,996	2,037	2,050	(2)	(3)	1,996	2,050	(3)
Net Debt / LTM EBITDA*	2.9	2.9	2.9					
LTM Interest Coverage ^{2*}	5.5	5.9	6.2					

* Times. LTM = Last 12 months

¹ Gross amount; does not include divestments

² Interest Coverage = EBITDA/Net Financial Expenses

During the quarter, Sigma's operations continued facing the COVID-19 global contingency, one of the biggest challenges in its history. The company's priority continued to be protecting the health and safety of its employees as they continue "bringing communities everywhere favorite food to love", as stated by the institutional purpose. To achieve this, strict preventive measures and protocols are being implemented and constantly updated across geographies in order to better protect employees, customers, suppliers and consumers. Thanks to its dedicated and talented team, Sigma has rapidly adapted to minimize the impact of COVID-19.

Revenues amounted to US \$1.470 billion, down 9% when compared to 2Q19. Results were mainly impacted by the FX conversion effect in Mexico and a decrease in Foodservice sales across regions, amid the temporary closure of hotels and restaurants. On a currency neutral basis and excluding Foodservice results, sales during 2Q20 were 7% higher year-on-year. During 2Q20, revenues in local currencies and excluding Foodservice results increased 8% in Mexico, 3% in Europe, 13% in the U.S. and 10% in Latin America, all versus 2Q19. Accumulated Revenues were US \$3.107 billion, slightly below when compared to the same period in 2019 (see table 12). On a currency neutral basis and excluding Foodservice results, accumulated sales were up 9% year-on-year.

EBITDA was US \$159 million, down 11% year-on-year mainly due to the FX conversion effect in Mexico and the impact on the results of the Foodservice distribution channel. On a currency neutral basis and excluding results from Foodservice, 2Q20 Proforma EBITDA increased 12% when compared to 2Q19. Accumulated EBITDA was US \$327 million, down 5% versus the first half of 2019. On a currency neutral basis and excluding Foodservice results, accumulated Proforma EBITDA was up 9% year-on-year (see table 13).

Capital expenditures (CAPEX) & Acquisitions amounted to US \$35 million in 2Q20, mainly for maintenance projects across all regions. Accumulated CAPEX totaled US \$58 million.

Net Debt was US \$1.996 billion, down 3% and 2% when compared to 2Q19 and 1Q20, respectively. Cash totaled US \$655 million at the end of the second quarter, up US \$135 million versus year end 2019, as Sigma reinforced its liquidity by drawing down a portion of its credit lines as a precautionary measure amid COVID-19. Sigma also reinforced its liquidity by increasing available committed credit lines from US \$289 million to US \$739 million during the quarter. Financial ratios at the end of 2Q20 were Net Debt to EBITDA of 2.9 times and Interest Coverage of 5.5 times (see table 14).

INDUSTRY COMMENTS - SIGMA

During the second quarter, COVID-19 presented a challenge to the global economy due to the effects of the preventive lockdown on consumer behavior and on the operations of some companies, leading to lower economic growth expectations and higher unemployment. As a result, in 2Q20, consumer confidence was lower across the globe, when compared to last year.

In Mexico, the average consumer confidence indicator reported by INEGI (Instituto Nacional de Estadística y Geografía – National Institute for Statistics and Geography) was 29% and 27% lower when compared to 2Q19 and 1Q20, respectively. Additionally, same-store-sales reported by the National Association of Supermarkets and Department Stores (ANTAD) decreased 21% year-on-year in nominal Pesos, mainly due to lower sales from department and non-essential goods stores.

In the U.S., the average consumer confidence index reported by The Conference Board in 2Q20 decreased 30% year-on-year, due to effects of COVID-19 on the economy. In contrast, food retail sales reported by the U.S. Census Bureau were 13% higher when compared to 2Q19 primarily reflecting a change in consumer behavior from eating out to eating more at home.

In Europe, the average consumer confidence index reported by the European Commission decreased from negative 7.0 in 2Q19 to negative 18.5 in 2Q20. Similar to the other regions, food retail sales, according to Eurostat, increased 3% year-on-year.

During 2Q20, key raw material prices remained below 2Q19 and 1Q20 levels due to high inventory levels in the U.S. and lower commercial activity worldwide associated with the COVID-19 lockdown. In Europe, both pork ham and pork shoulder prices decreased 4% and 3% year-on-year, respectively. When compared to 1Q20, prices for pork ham and pork shoulder were down 12% and 16%, respectively.

In the U.S., pork ham prices decreased 47% versus 2Q19 and 39% versus 1Q20. In regards to poultry prices, turkey breast and turkey thigh were 20% and 17% lower, respectively, year-on-year, whereas chicken was 5% higher year-on-year. When compared to 1Q20, turkey breast and turkey thigh prices decreased 7% and 23%, respectively, while chicken prices increased 5%.

Given that Sigma's operations in Mexico source most of its raw materials from the U.S., the decrease on raw materials prices was offset by a 22% year-on-year depreciation of the Mexican peso against the dollar.

RESULTS BY REGION - SIGMA

During 2Q20, sales in Mexico accounted for 36% of the quarter's total, while Europe represented 36%, the U.S. 20%, and Latin America 8%.

Mexico Peso-denominated 2Q20 sales and EBITDA decreased 5% and 14% year-on-year, respectively, mainly impacted by lower results from the Foodservice channel due to the temporary closure of hotels and restaurants as a COVID-19 preventive measure. Excluding Foodservice results, sales and EBITDA in pesos increased 8% and 6% versus 2Q19, respectively.

Europe 2Q20 sales and EBITDA in Euros were 1% and 9% lower, respectively, when compared to 2Q19, mostly due to a lower sales volume on the Foodservice channel caused by the contingency, particularly in Spain. Excluding Foodservice results, sales and EBITDA in Euros increased 3% and decreased 5% versus 2Q19, respectively.

United States had an outstanding performance in 2Q20. Sales and EBITDA increased 14% and 36% year-on-year, respectively, boosted by record-high volume. The Mainstream and Hispanic business segments posted strong results supported by an effective ramp-up of operations amid higher demand.

LatAm 2Q20 sales and EBITDA in local currencies were down 5% and 19%, respectively, versus 2Q19. Lower sales in the Foodservice channel, mainly in Peru, impacted the results of the region. Excluding Foodservice results, revenues and EBITDA increased 10% and 12% versus 2Q19, respectively.

RECENT DEVELOPMENTS - SIGMA

<p>COVID-19</p>	<p>Global and regional task forces continue working on the following workstreams:</p> <ul style="list-style-type: none"> • Safety & Business continuity <ul style="list-style-type: none"> - As of today, all production plants and distribution centers continue operating following strict health & safety protocols to prevent the spread of the virus - Sigma has developed and applied +90 safety protocols and procedures in order to take care of employees, customers, suppliers and consumers - Sigma’s supply chain has not presented disruptions • Liquidity <ul style="list-style-type: none"> - Strong cash position of US \$655 million <ul style="list-style-type: none"> ▪ Short-term debt of US \$305 million maturing 3Q20, that was disbursed during 1Q20 as a precautionary measure to ensure cash position, was prepaid during 2Q20 ▪ US \$177 million were disbursed maturing April 2021 - New committed credit lines for US \$450 million <ul style="list-style-type: none"> ▪ Total available: US \$739 million - Comfortable debt profile – next long-term maturity in 2024 - Financial Discipline (Cost, Expenses & CAPEX)
<p>New Business Unit – “Global Plant-based”</p>	<ul style="list-style-type: none"> • Sigma created a new “Global Plant-based” business unit that will work across geographies and together with central areas to boost its plant-based foods category
<p>Innovation</p>	<ul style="list-style-type: none"> • During the first half of 2020, +250 new products were launched through Sigma’s innovation platform • Currently, the company has an innovation pipeline of +750 products • Some of the most relevant launches of the first six months were the Veggie balls in Europe and Mexican traditional cheeses in the U.S.
<p>Tastech by Sigma</p>	<ul style="list-style-type: none"> • Tastech, Sigma’s first worldwide acceleration program, postponed to September, via online, its presentation of pilot test results due to COVID-19 • During May, a special edition of the program was launched to address challenges presented by COVID-19. Currently, one startup is working on a pilot test related to digital connections with customers and consumers in Europe
<p>Financial Hedges</p>	<ul style="list-style-type: none"> • Sigma continued its hedging strategy to cover the US dollar needs for the Mexican operations. At the end of 2Q20, FX forwards amounted US \$445 million @22.58 MXN/USD, equivalent to approximately seven months of US dollar needs

(See “Financial Statements” for Sigma’s 2Q20 Balance Sheet and Income Statement)

Nemak (BMV: NEMAK) – Aluminum Autoparts

13% of ALFA's revenues in 2Q20



SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD '20	YTD '19	Ch. %
				1Q20	2Q19			
Volume (Million Equivalent Units)	4.4	10.5	11.2	(58)	(61)	14.9	23.3	(36)
North America	2.2	6.1	6.5	(64)	(66)	8.3	13.6	(39)
Europe	1.5	3.4	3.7	(56)	(60)	4.9	7.7	(36)
Rest of World	0.7	1.0	1.0	(30)	(30)	1.7	2.0	(15)
Revenues	403	907	1,011	(56)	(60)	1,309	2,113	(38)
North America	182	508	557	(64)	(67)	689	1,169	(41)
Europe	156	323	368	(52)	(57)	479	772	(37)
Rest of World	65	76	87	(14)	(25)	141	173	(19)
EBITDA	(37)	142	174	(126)	(121)	105	349	(70)
North America	(24)	91	100	(126)	(124)	67	209	(68)
Europe	(16)	46	59	(135)	(127)	30	126	(76)
Rest of World	3	5	16	(40)	(81)	8	15	(47)
CAPEX & Acquisitions¹	42	97	76	(57)	(45)	139	172	(19)
Net Debt	1,515	1,210	1,297	25	17	1,515	1,297	17
Net Debt / LTM EBITDA *	4.0	2.1	1.9					
LTM Interest Coverage ^{2*}	4.8	8.1	10.0					

* Times. LTM = Last 12 months

1 Gross amount; does not include divestments

2 Interest Coverage = EBITDA/Net Financial Expenses

Volume was 4.4 million equivalent units, down 61% when compared to 2Q19, largely attributed to temporary shutdowns in light-vehicle production for most of the quarter in North America and Europe amid COVID-19. In these regions, Nemak facilities gradually restarted operations in May following shutdowns lasting approximately eight consecutive weeks on average. In Rest of World, volume growth in China, which operated continuously during the quarter, was more than offset by lower volume in South America due to temporary shutdowns.

Revenues totaled US \$403 million in 2Q20, down 60% year-over-year, resulting from lower volume and, to a lesser extent, aluminum prices. Accumulated Revenues were US \$1.309 billion, down 38% versus the first half of 2019.

EBITDA was negative US \$37 million, down 121% versus 2Q19, including US \$38 million in non-recurring severance expenses. Excluding this extraordinary item, Comparable EBITDA for the quarter was US \$1 million, primarily due to lower volume. Moreover, Nemak estimates that the multi-week shutdowns due to COVID-19 had a US \$160 million impact on 2Q20 EBITDA. Adjusting for severance expenses and the impact from the temporary shutdowns, Proforma 2Q20 EBITDA was US \$161 million. Accumulated EBITDA was US \$105 million, down 70% versus the same period last year.



Capital expenditures (CAPEX) & Acquisitions totaled US \$42 million focused primarily on executing essential investments to support the ramp-up of production associated with customer vehicle launches. Accumulated CAPEX was US \$139 million.

Net Debt totaled US \$1.515 billion at the close of 2Q20, up 17% and 5% when compared to 2Q19 and 1Q20, respectively. Cash totaled US \$649 million at the end of the second quarter, up US \$322 million versus year-end 2019 as Nemark reinforced its liquidity by drawing down a portion of available credit lines. Financial ratios at the end of 2Q20 were Net Debt to EBITDA of 4.0 times and Interest Coverage of 4.8 times. Certain loan agreements were amended with new financial covenant thresholds in response to the above-mentioned effects in the quarter. Adjusting for non-recurring severance expenses, financial ratios were 3.6 times and 5.2 times, respectively.

RECENT DEVELOPMENTS - NEMAK

<p>COVID-19</p>	<ul style="list-style-type: none"> • Safeguard employee wellbeing <ul style="list-style-type: none"> - Redesign work environments—from production lines to common areas—to protect the health and safety of its people - Global communication and training program to reinforce the implementation of key preventive measures in this regard • Further optimizing costs, expenses, cash flow, and liquidity <ul style="list-style-type: none"> - Improvements to cost structure; project management approach to drive greater efficiency in operations - Deferment of non-essential CAPEX, use of credit lines and execution of amendments to loan agreements • Ensure business continuity <ul style="list-style-type: none"> - Supporting new vehicle launches as well as the longer-term strategies of its customers - Meet immediate supply needs while growing contract backlog across main business segments
<p>Shareholder Meeting</p>	<ul style="list-style-type: none"> • Nemark shareholders approved Board recommendation to cancel dividends for 2020 of US \$37.5 million
<p>New Contracts</p>	<ul style="list-style-type: none"> • New contracts in 2Q20 worth a total of approximately US \$150 million in annual revenue, 45 percent of which represented incremental business, primarily to produce cylinder heads, engine blocks, and structural and EV components
<p>Structural and Electric Vehicle (SC/EV) Components</p>	<ul style="list-style-type: none"> • Awarded business worth approximately US \$10 million in annual revenue to supply structural applications to all-electric vehicles of a European OEM • Total order book in this segment to-date grew to approximately US \$830 million or 83% of the US \$1 billion target for 2022

Awards

- Received the “General Motors Supplier of the Year Award” for the 16th time, remaining as one of the most recognized suppliers in the award’s history
- Received the Volkswagen Group Award 2020 in the category “Launch of the Year”, recognizing its exceptional service and outstanding innovation capacity in providing lightweighting solutions for new, mass-market plug-in hybrid vehicles

(See “Appendix - 2Q20 Reports of Listed Businesses” for Nemak’s complete 2Q20 Earnings Report)

Axtel (BMV: AXTELCPO) – IT & Telecom

4% of ALFA's revenues in 2Q20

axtel



SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD '20	YTD '19	Ch. %
				1Q20	2Q19			
Revenues	132	157	166	(16)	(21)	289	339	(15)
Services - Enterprise	82	102	106	(19)	(22)	185	211	(12)
Services - Government	19	27	23	(29)	(18)	46	50	(9)
Infrastructure	56	59	64	(5)	(11)	115	127	(9)
Eliminations	(26)	(31)	(32)	16	17	(57)	(63)	(9)
Mass Market	0	0	5	-	(100)	0	14	(100)
EBITDA	53	156	97	(66)	(45)	208	155	35
CAPEX & Acquisitions¹	18	36	22	(48)	(15)	54	41	31
Net Debt	593	586	764	1	(22)	593	764	(22)
Net Debt / LTM EBITDA*	1.9	1.6	1.8					
LTM Interest Coverage ^{2*}	4.5	5.0	4.9					

* Times. LTM = Last 12 months

1 Gross amount; does not include divestments

2 Interest Coverage = EBITDA/Net Financial Expenses

Revenues totaled US \$132 million, down 21% year-on-year mainly due to the depreciation of the Mexican Peso. On a currency neutral basis, Axtel's comparable 2Q20 revenues increased 2% versus 2Q19 driven by growth in the Infrastructure business unit. Accumulated Revenues were US \$289 million, down 15% versus same period last year mainly due to the impact of discontinued operations (Mass Market and Data Centers) and the depreciation of the Mexican Peso. On a currency neutral basis and adjusting for the effect of discontinued operations, accumulated Revenues were down 1% year-on-year.

EBITDA was US \$53 million, down 45% year-on-year, including a US \$4 million one-time gain from the monetization of unused spectrum concessions in 2Q20 and a US \$39 million gain from the sale of the Mass Market business in 2Q19. Adjusting for extraordinary items, 2Q20 Comparable EBITDA was US \$49 million, down 15% year-on-year. On a currency neutral basis and adjusting for the effect of discontinued operations, 2Q20 Proforma EBITDA was 8% higher year-on-year. Accumulated EBITDA was US \$208 million, up 35% versus first half 2019, including a US \$107 million one-time gain from the Data Center sale in 1Q20. Adjusting for extraordinary items and the contribution of recently sold businesses, accumulated EBITDA was down 10% year-on-year or up 1% on a currency neutral basis as Infrastructure unit EBITDA growth was offset by lower EBITDA from the Service unit.

Capital expenditures (CAPEX) & Acquisitions totaled US \$18 million in 2Q20, down 15% when compared to 2Q19. Accumulated CAPEX was US \$54 million, up 31% year-on-year mainly due to US \$22 million of non-recurring investment in the renewal of spectrum frequencies.

Net Debt was US \$593 million at the close of 2Q20, down 22% and up 1% when compared to 2Q19 and 1Q20, respectively. Cash totaled US \$157 million at the end of the second quarter, up \$112 million versus year-end 2019. Financial ratios at the close of 2Q20 were: Net Debt to EBITDA of 1.9 times and Interest Coverage of 4.5 times.

RECENT DEVELOPMENTS - AXTEL

<p>COVID-19</p>	<ul style="list-style-type: none"> • Safety and business continuity <ul style="list-style-type: none"> - 85% of Axtel employees are working in home office scheme • “Axtel Digital” project <ul style="list-style-type: none"> - Axtel is automating most of its processes to become an end-to-end digital company; from the design and ordering of new solutions to the completion of the cash conversion cycle • Products <ul style="list-style-type: none"> - Together with its technological partners, Axtel defined a new value proposition that will facilitate its customers the adoption of digital solutions that allow them to operate under the “new normal” • Solid liquidity <ul style="list-style-type: none"> - Cash balance of US \$144 million, plus US \$13 million in escrow until January next year. 80% of cash balance is denominated in dollars. - Axtel drew down US \$47 million from its committed credit facility and Ps. \$315 million in short-term loans, further strengthening its liquidity position
<p>3.5 GHz sale to Telcel</p>	<ul style="list-style-type: none"> • In late June, upon receiving regulatory approval, Axtel signed an agreement to transfer 50 MHz in the 3.5 GHz band to Telcel • After the decommission of Wimax and the monetization of the mass-market segment, Axtel had no further use for this spectrum frequency
<p>2020 est. EBITDA and CAPEX</p>	<ul style="list-style-type: none"> • First-semester performance was in line with the company’s pre-COVID-19 expectations, reflecting the resilience and positive prospects of the Infrastructure unit, stable Enterprise segment as well as digitalization and cost containment initiatives • As a result, 2020 EBITDA is expected to reach a similar level to 2019 pro forma EBITDA (~Ps \$4,240 million) • 2020 CAPEX is expected to be in the US \$80-90 million range, including US \$22 million already invested in the renewal of spectrum frequencies
<p>Monetization Infrastructure</p>	<ul style="list-style-type: none"> • In July, process to attract investment proposals for the Infrastructure unit and the Company was resumed • Evidence of more stable market conditions, the resilience and performance of Axtel Networks, and the sustained interest from investors • Comparable assets or companies have maintained their valuation multiples, supporting expectations for a similar pre-COVID valuation

(See “Appendix - 2Q20 Reports of Listed Businesses” for Axtel’s complete 2Q20 Earnings Report)

Newpek – Oil & Gas



Less than 1% of ALFA's revenues in 2Q20

SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD '20	YTD '19	Ch. %
				1Q20	2Q19			
Volume (MBOEPD)¹	4.8	6.3	5.4	(24)	(11)	5.6	5.6	(1)
Liquid & others (%)	56	62	56			59	56	
Revenues	7	16	20	(55)	(63)	24	43	(45)
Mexico	4	8	14	(45)	(69)	12	31	(60)
Foreign	3	8	6	(64)	(48)	11	11	3
EBITDA	(8)	(6)	(6)	(44)	(38)	(13)	(14)	4
CAPEX & Acquisitions²	4	6	0	(29)	-	10	2	519
Net Debt	(6)	(6)	(11)	3	44	(6)	(11)	44

1 Thousand Barrels of Oil Equivalents Per Day
2 Gross amount; does not include divestments

Volume averaged 4.8 thousand barrels of oil equivalents per day (MBOEPD) during 2Q20, down 11% versus 2Q19. Volume decreased 24% versus 1Q20 due to the natural decline in well productivity and lower drilling for new wells in Mexico and United States (see table 15).

Revenues were US \$7 million in 2Q20, down 63% year-on-year mainly due to lower prices and volume. Revenues versus 1Q20 was down 55%, reflecting the lower prices and volume. (see table 15).

EBITDA was a loss of US \$8 million in 2Q20, mainly due to lower prices and volume, versus a loss of US \$6 million in 2Q19 (see table 16).

Capital Expenditures (CAPEX) & Acquisitions was US \$4 million during 2Q20 as Newpek continues to operate the Mexican assets in line with minimum contract requirements. The review process is ongoing for potential deferral or reduction of planned investments as part of the actions taken to mitigate the impact from COVID-19.

Net Debt negative US \$6 million at the end of the quarter (see table 17).

INDUSTRY COMMENTS - NEWPEK

By quarter end oil prices recovered after reaching historic lows due to COVID-19 lockdowns globally. OPEC+ agreed to cut production by 9.7 million barrels of oil per day (MMbpd) during May and June, many countries eased lockdown measures that had been implemented to hold down the COVID-19 outbreak. West Texas Intermediate (WTI) averaged US \$29 per barrel, down 50% compared to 2Q19, but reached US \$40 per barrel by the end of June as OPEC+ members showed high compliance in its cut agreement and global oil demand started to recover.

The U.S. rig count decreased 70% compared to 2Q19 following the decline in oil prices, with crude rigs in the Permian accounting for most of the decline. Additionally, some uneconomic wells were temporarily shut-in by producers in the U.S., which brought total production to 11 MMbpd during the quarter, a 15% decline compared to 1Q20.

Henry Hub natural gas price was down 34% compared to 2Q19, averaging US \$1.7 per million British Thermal Unit (MMBTU) in 2Q20. The main factors that pressured natural gas prices were the slowdown of industrial activities due to the pandemic and the decrease in liquified natural gas (LNG) exports during the quarter, leaving inventory levels 17% above of the last five years average, or at 3.08 Tcf.

RESULTS BY REGION – NEWPEK

United States producing wells totaled 557 at the Eagle Ford Shale (EFS) in South Texas, versus 540 wells in production at the end of 2Q19. Additionally, Newpek has 34 wells producing in the Edwards formation in South Texas, where the company has a 20% working interest. Production in the U.S. averaged 3.0 MBOEPD during 2Q20, up 37% from 2Q19, due to the reactivation of the development of the EFS. Liquids and oil represented 56% of the total volume for the quarter, similar to the levels in 2019.

Mexico production averaged 1.8 MBOEPD during 2Q20, a 45% decrease from 2Q19. The San Andrés field represented 55% of the total production for the quarter, essentially flat year-on-year. There were 70 wells in production in Mexico at quarter’s end, a 30% decrease from the 100 wells in production at the end of 2Q19.

RECENT DEVELOPMENTS – NEWPEK

COVID-19	<ul style="list-style-type: none"> • Safety and business continuity <ul style="list-style-type: none"> - The Mexican Government designated the Oil and Gas industry as “Essential”, thus field operations have continued uninterrupted - Employees, vendors, and contractors have been trained and provided with appropriate equipment to ensure their safety
Progressive drilling in the EFS	<ul style="list-style-type: none"> • No net new wells were connected to sales during 2Q20 • Recently, new wells were connected to sales in less time, required lower CAPEX, and achieved higher initial production than previous ones
Divestment EFS	<ul style="list-style-type: none"> • Advanced stage to divest the majority of U.S. assets • Newpek expects to close a transaction during the second half of the year

Impairment

- During 2Q20 Newpek recognized a non-cash impairment of US \$31 million related to its U.S. operations due to the substantial decline of hydrocarbon prices

(See “Tables” for more comprehensive analysis of Newpek’s 2Q20 financial results)

2Q20 EARNINGS CALL INFORMATION

Date: Friday, July 17, 2020

Time: 1:00 p.m. EST (NY) / 12:00 p.m. CST (CDMX)

By Phone: United States: +1-877-451-6152
International: +1-201-389-0879
Mexico: 800-522-0034

Conference ID: 13706172

Webcast: <http://public.viavid.com/player/index.php?id=140511>

Replay: <https://www.alfa.com.mx/RI/conference.htm>

About ALFA

ALFA is a holding company that manages a diversified portfolio of subsidiaries with global operations: Alpek, one of the world's largest producers of polyester (PTA, PET and fibers), and the leader in the Mexican market for polypropylene, expandable polystyrene (EPS) and caprolactam. Sigma, a leading multinational food company, focused on the production, marketing and distribution of quality foods through recognized brands in Mexico, Europe, United States and Latin America. Nematik, a leading provider of innovative lightweighting solutions for the global automotive industry, specializing in the development and manufacturing of aluminum components for powertrain, structural components and for electric vehicles. Axtel, a provider of Information Technology and Communication services for the enterprise and government segments in Mexico. Newpek, an oil and gas exploration and production company with operations in Mexico and the United States. In 2019, ALFA reported revenues of Ps. 337,750 million (US \$17.5 billion), and EBITDA of Ps. 44,280 million (US \$2.3 billion). ALFA's shares are quoted on the Mexican Stock Exchange and on Latibex, the market for Latin American shares of the Madrid Stock Exchange. For more information, please visit www.alfa.com.mx

Disclaimer

This release may contain 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. These uncertainties include, but are not limited to, risks related to the impact of the COVID-19 global pandemic, such as the scope and duration of the outbreak, government actions and restrictive measures implemented in response, availability of workers and contractors due to illness and stay at home orders, supply chain disruptions and other impacts to the business, or on the Company's ability to execute business continuity plans, as a result thereof. Accordingly, results could vary from those set forth in this release. The report presents unaudited financial information. Figures are presented in Mexican Pesos or US Dollars, as indicated. Where applicable, Peso amounts were translated into US Dollars using the average exchange rate of the months during which the operations were recorded. Financial ratios are calculated in US Dollars. Due to the rounding up of figures, small differences may occur when calculating percent changes from one period to the other.

Tables

ALFA

Table 1 | VOLUME AND PRICE CHANGES (%)

	2Q20 vs.		YTD '20 vs. YTD '19
	1Q20	2Q19	
Total Volume	(12.7)	(10.1)	(3.0)
Domestic Volume	(5.7)	(1.9)	2.7
Foreign Volume	(19.9)	(18.3)	(8.6)
Avg. Ps. Prices	2.9	(3.4)	(5.7)
Avg. US \$ Prices	(12.3)	(20.6)	(15.2)

Table 2 | REVENUES

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD '20	YTD '19	Ch. %
				1Q20	2Q19			
Total Revenues								
Ps. Millions	74,275	82,691	85,538	(10)	(13)	156,966	171,627	(9)
US \$ Millions	3,192	4,167	4,473	(23)	(29)	7,359	8,952	(18)
Domestic Revenues								
Ps. Millions	23,887	26,973	27,907	(11)	(14)	50,860	55,443	(8)
US \$ Millions	1,025	1,363	1,459	(25)	(30)	2,388	2,892	(17)
Foreign Revenues								
Ps. Millions	50,388	55,718	57,630	(10)	(13)	106,106	116,184	(9)
US \$ Millions	2,167	2,804	3,014	(23)	(28)	4,971	6,060	(18)
Foreign / Total (%)	68	67	67	1	1	68	68	-

Table 3 | OPERATING INCOME AND EBITDA

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD '20	YTD '19	Ch. %
				1Q20	2Q19			
Operating Income								
Ps. Millions	(657)	6,191	6,431	(111)	(110)	5,534	11,395	(51)
US \$ Millions	(24)	315	336	(108)	(107)	292	595	(51)
EBITDA								
Ps. Millions	5,300	11,100	11,368	(52)	(53)	16,400	21,350	(23)
US \$ Millions	231	563	595	(59)	(61)	795	1,114	(29)
EBITDA/Revenues (%)*	7.2	13.5	13.3	(46)	(46)	10.8	12.4	(13)

*US Dollar denominated EBITDA margin

Table 4 | EXTRAORDINARY ITEMS (US \$ Millions)

Company	Extraordinary item	2Q20	1Q20	2Q19	YTD '20	YTD '19
Alpek	Inventory gain (loss)	(42)	(17)	(27)	(59)	(46)
	Insurance gain – Altamira fire	6			6	11
	Legal fees/expenses & others	0		(1)	0	(1)
	Total Alpek	(36)	(17)	(28)	(53)	(36)
Nemak	Tax dispute resolution			8		8
	Non-recurring severance expense	(38)			(38)	
	Total Nemak	(38)		8	(38)	8
Axtel	Mass Market sale gain			39		39
	Data Center sale gain		107		107	
	Spectrum sale gain	4			4	
	Total Axtel	4	107	39	111	39
Newpek	Mexico expense recovery provision			(1)		(1)
	Total Newpek			(1)		(1)
	Total effect on EBITDA	(70)	91	18	21	10

Table 5 | COMPARABLE EBITDA (US \$ Millions)

Company	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD '20	YTD '19	Ch.%
				1Q20	2Q19			
ALFA	301	473	577	(36)	(48)	774	1,104	(30)
Alpek	110	127	189	(13)	(42)	238	337	(29)
Sigma	159	169	179	(6)	(11)	327	345	(5)
Nemak	1	142	166	(99)	(100)	143	341	(58)
Axtel	49	48	58	1	(16)	97	116	(16)
Newpek	(8)	(6)	(5)	(44)	(52)	(13)	(13)	(3)
ALFA EBITDA/Revenues (%)	9.4	11.3	12.9			10.5	12.3	

Table 6 | EFFECT OF IFRS 16 (US \$ Millions)

	1Q20	2Q20	3Q20	4Q20	YTD 2020
Income Statement					
Depreciation & Amortization	31	26	-	-	57
Financial Expense	6	6	-	-	12
Balance Sheet					
Assets - Right of use	396	385	-	-	385
Liabilities					
Short term lease	112	101	-	-	101
Long term lease	301	299	-	-	299
Net Debt*	23	19	-	-	42

*Initial balance plus new leases

Table 7 | COMPREHENSIVE FINANCING INCOME / EXPENSE (US \$ Millions)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD `20	YTD `19	Ch. %
				1Q20	2Q19			
Financial Expenses	(126)	(126)	(126)	-	-	(252)	(256)	2
Financial Income	14	13	23	7	(39)	28	40	(32)
Net Financial Expenses	(112)	(113)	(103)	1	(9)	(225)	(216)	(4)
Exchange Rate Gains (Losses)	52	(178)	(23)	129	329	(126)	(9)	-
Capitalized Comp. Fin. Expense	0	0	4	(27)	(96)	0	9	(95)
Comprehensive Financing Expense	(60)	(291)	(121)	79	51	(351)	(216)	(62)
Avg. Cost of Borrowed Funds (%)	4.4	5.0	4.6			4.7	4.7	

Table 8 | NET INCOME (US \$ Millions)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD `20	YTD `19	Ch. %
				1Q20	2Q19			
Consolidated Net Income (Loss)	(109)	175	135	(162)	(181)	66	226	(71)
Minority Interest	(21)	5	40	(514)	(154)	(16)	65	(125)
Majority Net Income (Loss)	(88)	170	95	(152)	(193)	82	161	(49)
Per Share (US Dollars)	(0.02)	0.03	0.02	(152)	(195)	0.02	0.03	(48)
Avg. Outstanding Shares (Millions)	4,941	5,010	5,042			4,976	5,048	

Table 9 | SELECTED BALANCE SHEET INFORMATION & FINANCIAL RATIOS (US \$ Millions)

	2Q20	1Q20	2Q19
Assets	18,112	18,153	18,799
Liabilities	13,820	13,811	13,841
Stockholders' Equity	4,292	4,342	4,957
Majority Equity	3,230	3,278	3,705
Net Debt	6,640	6,323	7,122
Net Debt/EBITDA*	3.4	2.7	2.7
Interest Coverage*	4.4	5.3	6.0

* Times: LTM= Last 12 months

Table 10 | STATEMENT OF FINANCIAL POSITION & FINANCIAL RATIOS (US \$ Millions)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.	
				1Q20	2Q19
Assets					
Cash and cash equivalents	2,360	2,252	1,217	5	94
Trade accounts receivable	1,092	1,177	1,505	(7)	(27)
Inventories	2,306	2,376	2,517	(3)	(8)
Other current assets	869	842	894	3	(3)
Total current assets	6,627	6,646	6,133	-	8
Investment in associates and others	467	471	507	(20)	(23)
Property, plant and equipment, net	6,682	6,669	7,800	-	(14)
Goodwill and intangible assets, net	2,859	2,886	2,982	(1)	(4)
Other non-current assets	1,476	1,481	1,377	-	8
Total assets	18,112	18,153	18,799	-	(4)
Liabilities & stockholders' equity					
Debt	1,135	1,054	1,303	432	(4)
Suppliers	2,582	2,937	2,932	(12)	(12)
Other current liabilities	1,351	1,437	1,340	(11)	(5)
Total current liabilities	5,068	5,428	5,575	17	(10)
Debt (include debt issuance cost)	7,453	7,095	6,872	6	7
Employees' benefits	269	257	260	5	4
Other long term liabilities	1,030	1,031	1,134	(33)	(39)
Total liabilities	13,820	13,811	13,841	-	-
Total stockholders' equity	4,292	4,342	4,957	(1)	(13)
Total liabilities & stockholders' equity	18,112	18,153	18,799	-	(4)
Net Debt	6,640	6,323	7,122	5	(7)
Net Debt/EBITDA*	3.4	2.7	2.7		
Interest Coverage*	4.4	5.3	6.0		

* Times. LTM=Last 12 months

SIGMA

Table 11 | SIGMA - VOLUME AND PRICE CHANGES (%)

	2Q20 vs.		YTD '20 vs.
	1Q20	2Q19	YTD '19
Total Volume	(4.4)	(4.5)	(0.3)
Avg. Ps. Prices	10.1	16.6	11.9
Avg. US \$ Prices	(6.1)	(4.4)	(0.3)

Table 12 | SIGMA - REVENUES

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD '20	YTD '19	Ch.%
				1Q20	2Q19			
Total Revenues								
Ps. Millions	34,287	32,569	30,776	5	11	66,856	59,922	12
US \$ Millions	1,470	1,637	1,609	(10)	(9)	3,107	3,126	(1)
Domestic Revenues								
Ps. Millions	12,304	13,394	12,966	(8)	(5)	25,698	25,510	1
US \$ Millions	527	678	678	(22)	(22)	1,205	1,331	(9)
Foreign Revenues								
Ps. Millions	21,983	19,175	17,810	15	23	41,158	34,412	20
US \$ Millions	942	960	931	(2)	1	1,902	1,795	6
Foreign / Total (%)	64	59	58			61	57	

Table 13 | SIGMA - OPERATING INCOME AND EBITDA

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD '20	YTD '19	Ch.%
				1Q20	2Q19			
Operating Income								
Ps. Millions	2,458	2,282	2,354	8	4	4,741	4,448	7
US \$ Millions	106	114	123	(7)	(14)	219	232	(6)
EBITDA								
Ps. Millions	3,695	3,375	3,425	9	8	7,070	6,619	7
US \$ Millions	159	169	179	(6)	(11)	327	345	(5)

Table 14 | SIGMA - SELECTED BALANCE SHEET INFORMATION & FINANCIAL RATIOS (US \$ Millions)

	2Q20	1Q20	2Q19
Assets	5,274	5,388	5,155
Liabilities	4,256	4,439	4,263
Stockholders' Equity	1,018	949	892
Majority Equity	1,018	949	863
Net Debt	1,996	2,037	2,050
Net Debt/EBITDA*	2.9	2.9	2.9
Interest Coverage*	5.5	5.9	6.2

* Times. LTM= Last 12 months

NEWPEK

Table 15 | NEWPEK - REVENUES

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD `20	YTD `19	Ch. %
				1Q20	2Q19			
Volume (MBOEPD)¹	4.8	6.3	5.4	(24)	(11)	5.6	5.6	(1)
Liquid & others (%)	56	62	56			59	56	
Total Revenues								
Ps. Millions	172	317	379	(46)	(55)	489	820	(40)
US \$ Millions	7	16	20	(55)	(63)	24	43	(45)
Domestic Revenues								
Ps. Millions	102	154	269	(33)	(62)	256	604	(58)
US \$ Millions	4	8	14	(45)	(69)	12	31	(60)
Foreign Revenues								
Ps. Millions	70	163	110	(57)	(36)	233	216	8
US \$ Millions	3	8	6	(64)	(48)	11	11	3
Foreign / Total (%)	41	51	29			48	26	

¹ Thousands of Barrels of Oil Equivalent Per Day

Table 16 | NEWPEK - OPERATING INCOME AND EBITDA

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD `20	YTD `19	Ch. %
				1Q20	2Q19			
Operating Income								
Ps. Millions	(920)	(153)	(174)	(502)	(428)	(1,073)	(398)	(170)
US \$ Millions	(39)	(8)	(9)	(422)	(331)	(47)	(21)	(125)
EBITDA								
Ps. Millions	(184)	(112)	(111)	(64)	(67)	(297)	(270)	(10)
US \$ Millions	(8)	(6)	(6)	(44)	(38)	(13)	(14)	4

Table 17 | NEWPEK - SELECTED BALANCE SHEET INFORMATION & FINANCIAL RATIOS (US \$ Millions)

	2Q20	1Q20	2Q19
Assets	545	560	636
Liabilities	326	314	241
Stockholders' Equity	220	246	395
Net Debt	(6)	(6)	(11)
Net Debt/EBITDA*	0.1	0.1	33.7
Interest Coverage*	7.8	7.4	0.0

* Times. LTM= Last 12 months

Financial Statements

ALFA, S.A.B. de C.V. and Subsidiaries

BALANCE SHEET

Information in millions of Nominal Mexican Pesos

	Jun 20	Mar 20	Jun 19	(% Jun 20 vs.)	
				Mar 20	Jun 19
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	54,210	52,945	23,330	2	132
Trade accounts receivable	25,079	27,671	28,851	(9)	(13)
Other accounts and notes receivable	8,066	7,156	9,082	13	(11)
Inventories	52,975	55,854	48,241	(5)	10
Other current assets	11,899	12,645	8,059	(6)	48
Total current assets	152,229	156,271	117,563	(3)	29
Investments in associates and joint ventures	10,734	11,071	9,727	(3)	10
Property, Plant and equipment	153,496	156,807	149,513	(2)	3
Intangible assets	65,683	67,845	57,153	(3)	15
Other non-current assets	33,915	34,818	26,389	(3)	29
Total assets	416,057	426,812	360,345	(3)	15
LIABILITIES AND STOCKHOLDER'S EQUITY					
CURRENT LIABILITIES:					
Current portion of long-term debt	3,908	4,028	7,449	(3)	(48)
Bank loans and notes payable	22,160	20,758	17,525	7	26
Suppliers	59,313	69,055	56,211	(14)	6
Other current liabilities	31,034	33,788	25,685	(8)	21
Total current liabilities	116,415	127,629	106,870	(9)	9
LONG-TERM LIABILITIES:					
Long-term debt	171,203	166,828	131,727	3	30
Deferred income taxes	13,216	13,670	12,521	(3)	6
Other liabilities	10,440	10,567	9,217	(1)	13
Estimated liabilities for seniority premiums and pension plans	6,183	6,034	4,984	2	24
Total liabilities	317,456	324,728	265,319	(2)	20
STOCKHOLDERS' EQUITY:					
Controlling interest:					
Capital stock	205	207	210	(1)	(2)
Earned surplus	74,002	76,861	70,802	(4)	5
Total controlling interest	74,207	77,068	71,012	(4)	4
Total Non-controlling interest	24,395	25,016	24,015	(2)	2
Total stockholders' equity	98,601	102,084	95,026	(3)	4
Total liabilities and stockholders' equity	416,057	426,812	360,345	(3)	15
Current ratio	1.3	1.2	1.1		
Debt to equity	3.2	3.2	2.8		

ALFA, S.A.B. de C.V. and Subsidiaries

INCOME STATEMENT

Information in millions of Nominal Mexican Pesos

	2Q20	1Q20	2Q19	YTD '20	YTD '19	2Q20 vs. (%)	
						1Q20	2Q19
Net sales	74,275	82,691	85,538	156,966	171,627	(10)	(13)
Domestic	23,887	26,973	27,907	50,860	55,443	(11)	(14)
Export	50,388	55,718	57,630	106,106	116,184	(10)	(13)
Cost of sales	(62,278)	(67,184)	(69,445)	(129,462)	(139,691)	7	10
Gross profit	11,997	15,506	16,092	27,503	31,936	(23)	(25)
Operating expenses and others	(12,654)	(9,316)	(9,662)	(21,969)	(20,541)	(36)	(31)
Operating income	(657)	6,191	6,431	5,534	11,395	(111)	(110)
Comprehensive financing expense, net	(1,361)	(6,051)	(2,324)	(7,413)	(4,141)	78	41
Equity in income (loss) of associates	(119)	37	(8)	(81)	49	(422)	-
Income before the following provision	(2,137)	177	4,099	(1,960)	7,303	-	(152)
Provisions for:							
Income tax	(461)	3,249	(1,526)	2,788	(2,978)	(114)	70
Consolidated net income	(2,598)	3,426	2,573	828	4,325	(176)	(201)
Income (loss) corresponding to minority interest	(507)	(50)	756	(557)	1,245	(914)	(167)
Net income (loss) corresponding to majority interest	(2,090)	3,476	1,817	1,386	3,080	(160)	(215)
EBITDA	5,300	11,100	11,368	16,400	21,350	(52)	(53)
Interest coverage*	4.3	5.3	6.0	4.3	6.0		

* Times. LTM=Last Twelve Months

Sigma Alimentos, S.A. de C.V. and Subsidiaries

BALANCE SHEET

Information in millions of Nominal Mexican Pesos

Assets	Jun 20	Mar 20	Jun 19	(% Jun 20 vs.)	
				Mar 20	Jun 19
CURRENT ASSETS:					
Cash and cash equivalents	14,982	16,801	9,780	(11)	53
Restricted cash	41	14	23	193	80
Customers, net	4,453	6,071	5,316	(27)	(16)
Income tax recoverable	555	490	346	13	60
Inventories	20,341	20,664	16,212	(2)	25
Other current assets	3,994	4,487	2,788	(11)	43
Total current assets	44,366	48,527	34,465	(9)	29
Property, plant and equipment, net	36,352	36,681	32,612	(1)	11
Intangible assets, net	18,742	18,961	15,659	(1)	20
Goodwill	15,752	15,802	13,161	-	20
Deferred income tax	4,271	4,173	2,246	2	90
Investments in associates and joint ventures	118	123	97	(3)	22
Other non-current assets	1,558	2,417	580	(36)	169
Total non-current assets	76,793	78,157	64,356	(2)	19
Total assets	121,159	126,684	98,821	(4)	23
LIABILITIES AND STOCKHOLDER'S EQUITY					
CURRENT LIABILITIES:					
Current debt	4,570	7,640	5,390	(40)	(15)
Notes payables	725	728	572	-	27
Suppliers	22,957	26,020	20,153	(12)	14
Income tax payable	802	506	1,605	59	(50)
Provisions	114	121	105	(6)	9
Other current liabilities	6,762	6,722	5,565	1	22
Total current liabilities	35,930	41,738	33,390	(14)	8
NON-CURRENT LIABILITIES:					
Non-current debt	53,056	53,848	41,244	(1)	29
Notes payables	2,238	2,227	1,565	1	43
Deferred income taxes	4,273	4,375	3,488	(2)	23
Employees benefits	1,813	1,717	1,407	6	29
Provisions	93	94	75	(1)	25
Income tax payable	370	370	509	-	(27)
Other non-current liabilities	4	4	41	-	(91)
Total non-current liabilities	61,848	62,634	48,328	(1)	28
Total liabilities	97,778	104,372	81,718	(6)	20
STOCKHOLDERS' EQUITY:					
Total controlling interest:	23,381	22,312	16,544	5	41
Total non-controlling interest:	0	0	559	-	-
Total stockholders' equity	23,381	22,312	17,103	5	37
Total liabilities and stockholders' equity	121,159	126,684	98,821	(4)	23

Sigma Alimentos, S.A. de C.V. and Subsidiaries

INCOME STATEMENT

Information in millions of Nominal Mexican Pesos

	2Q20	1Q20	2Q19	YTD '20	YTD '19	2Q20 vs. (%)	
						1Q20	2Q19
Revenue	34,287	32,569	30,776	66,856	59,922	5	11
Cost of sales	(24,601)	(23,596)	(22,137)	(48,197)	(42,938)	4	11
Gross profit	9,686	8,974	8,639	18,660	16,984	8	12
Selling expenses	(5,680)	(5,259)	(5,090)	(10,939)	(10,004)	8	12
Administrative expenses	(1,503)	(1,473)	(1,259)	(2,976)	(2,642)	2	19
Other income (expenses), net	(45)	40	64	(4)	110	(210)	(170)
Operating profit	2,458	2,282	2,354	4,741	4,448	8	4
Comprehensive financial expenses, net	4	35	(975)	39	(1,548)	(89)	-
Equity in income (loss) of associates	(1)	(0)	(1)	(1)	(1)	420	38
Profit before income tax	2,461	2,317	1,378	4,779	2,898	6	79
Provisions for:							
Income tax	(837)	677	(609)	(161)	(1,336)	(224)	38
Net consolidated profit	1,624	2,994	769	4,618	1,563	(46)	111
Non-controlling interest	-	-	(1)	-	(12)	-	-
Controlling interest	1,624	2,994	770	4,618	1,575	(46)	111

Appendix - Listed Business Reports

Alpek (BMV: ALPEKAA) – Petrochemicals

Nemak (BMV: NEMAKA) – Aluminum Autoparts

Axtel (BMV: AXTELCPO) – IT & Telecom



SECOND QUARTER 2020 **RESULTS**

Alpek Posts U.S. \$74M in EBITDA (U.S. \$149M in Comparable EBITDA excl. RMCF)

Strong fundamentals: Increase in Polyester margins and record-setting pace for volume

Monterrey, Mexico - July 16, 2020 – Alpek, S.A.B. de C.V. (BMV: ALPEK), a leading petrochemical company in the Americas, announced today its second quarter 2020 results (2Q20).

Quarterly Highlights

- Increased Comparable EBITDA, excluding Raw Material Carry-forward (“RMCF”) effect (+1% QoQ)
- Polyester margins increase of +13% QoQ; not surpassing record highs seen in 2018 and 2019
- Volume remains at record-setting pace (+4% YTD), but lower vs. 1Q20 historic highs (-6% QoQ)
- Negative effect from Inventory Adjustment (-U.S. \$42 million) and RMCF (-U.S. \$39 million) expected to partially revert in 3Q20 as Crude, Paraxylene (“Px”) & Propylene prices reached historical lows in April but increased in June
- Focused on Free Cash Flow by improving Net Debt (-31% YoY) and Net Working Capital (+U.S. \$ 127 million YTD), while lowering CAPEX (-61% YTD)
- U.S. \$81.6 million Dividend payment suspended, yet Board of Directors authorized to review decision later in year
- Strong liquidity as cash balance improved to U.S. \$610 million and U.S. \$1.4 billion in total credit lines maintained
- Positive market fundamentals expected in 2H20 as Alpek continues executing its strategic growth plan

2Q20 Key Metrics

(in U.S.\$ million, except for volume figures)

	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Volume (ktons)	1,109	1,184	1,121	(6)	(1)	2,293	2,208	4
Polyester	933	967	887	(4)	5	1,900	1,744	9
Plastics & Chemicals	176	217	234	(19)	(25)	393	463	(15)
Revenues	1,175	1,433	1,643	(18)	(28)	2,608	3,286	(21)
Polyester	925	1,094	1,242	(15)	(25)	2,020	2,481	(19)
Plastics & Chemicals	221	300	375	(26)	(41)	521	751	(31)
EBITDA	74	111	161	(33)	(54)	185	301	(39)
Polyester	33	58	96	(43)	(65)	91	176	(48)
Plastics & Chemicals	40	49	61	(17)	(34)	89	115	(22)
Comparable EBITDA	110	127	189	(13)	(42)	238	337	(29)
Polyester	63	74	123	(15)	(49)	137	207	(34)
Plastics & Chemicals	46	50	62	(7)	(25)	96	120	(20)
Comparable EBITDA excl. RMCF	149	147	217	1	(31)	296	384	(23)
Net Income (Controlling Interest)	6	(19)	56	130	(89)	(14)	83	(116)
CAPEX	27	15	38	82	(28)	42	106	(61)
Net Debt	1,428	1,436	2,084	(1)	(31)			
Net Debt / EBITDA*	1.9	1.7	2.2					

*Times: last 12 months

Message from the CEO

“I must first thank the more than 6,000 Alpek employees who continue performing their day-to-day duties diligently, allowing us to make essential products that are required in people’s everyday lives, such as packaging for food and beverage products, as well as feedstocks for the medical supplies used in fighting the COVID-19 outbreak. I could not be prouder of our team.”

“Amid the ongoing pandemic, Alpek’s business fundamentals have continued to be strong. Excluding temporary effects from raw material pricing, Alpek exceeded its Comparable EBITDA performance versus last quarter as margins in both P&C and Polyester increased, while volume from the Polyester segment remained on a record-setting pace. As such, the company has been able to continue executing its strategy focused on capital-efficient investments.”



José de Jesús Valdez
Chief Executive Officer

COVID-19

Alpek has continued to prioritize the safety and well-being of its employees, while serving the needs of various essential industries. Through the continued use of preventive measures, such as home-office work for many of our employees, as well as health checkpoints, and protective gear at all our sites, Alpek has been able to operate without major interruptions.

The effects of COVID-19 in 2Q20 have remained similar to those experienced since its onset in 1Q20. It includes continued demand weakness for refined products. Reduced price of spot Brent crude oil to as low as U.S. \$24/bbl, brought U.S. reference paraxylene (“Px”) prices to U.S. \$562/ton in April, before an OPEC production cut agreement helped revert the trend, allowing those prices to increase to U.S. \$40/bbl & U.S. \$628/ton, respectively by the end of the quarter.

The implemented social distancing measures have caused consumers to avoid public spaces and interact in new ways. For one, they rely more heavily on purchases of PET-packaged food & beverages for in-home consumption. As such, demand has remained resilient, and even as Asian PTA/PET producers have overcome production interruptions from 1Q20, the average integrated Asian polyester margins have increased by 13% to U.S. \$310/ton.

Outlook & Strategy

Three key elements have emerged as Alpek continues to successfully navigate the uncertainty caused by COVID-19: 1) the strong demand resiliency for our products and markets, 2) greater emphasis on hygiene and safety, which support the use of products such as PET, Polypropylene, and Specialty Chemicals, and 3) the importance of increasing recycling rates for these products.

Alpek's 5-year growth strategy reflects these recent market changes and is comprised by three pillars:

- Strengthen the Core Business:** Alpek continuously strives to optimize operations and maximize returns from its existing business and processes. Key catalysts include a transformative global cost reduction initiative that began this quarter, and investing in infrastructure to produce higher-value products such as Propylene-Ethylene Copolymers. Additionally, we will review the company's existing footprint to serve customers through the lowest-cost production sites and most efficient delivery networks, and expect to successfully recover U.S. \$160 million in guaranteed debt once the courts conclude the M&G Mexico bankruptcy process (*concurso mercantil*).
- Foster a Circular Economy:** Alpek is committed to helping its customers meet their self-imposed minimum rPET content targets. As such, our key catalysts include investing in equipping our virgin PET facilities with flake-to-pellet transformation capabilities, a capital-efficient way to produce rPET in our major customers' preferred format; continue promoting higher recycling rates through active participation in The Recycling Partnership and other associations; and developing biodegradable alternatives for products in Alpek's portfolio such as Polypropylene and EPS.
- Strategic & Focused Growth:** Alpek continuously analyzes opportunities to expand its business in a manner that is both selective as well as financially prudent. Key opportunities currently being analyzed include the monetization of recent product innovations such as our bio-fertilizer; a CO₂ recovery and purification plant; and the value maximization of our Corpus Christi Polymers ("CCP") joint venture, through optimal capital expenditure.

Year-to-date results are evidence of stronger-than-expected Polyester & P&C margins, as well as a record-setting pace for total volume. Looking towards the second half of the year, PET margins may normalize as Asian production fully returns, and PP margins could decline in line with expectations, as new capacity comes online in North America. However, we also expect Polyester volume to remain high, a recovery in construction volumes for the P&C segment, and for the current increase in Px & PP prices to result in a positive inventory adjustment and RMCF effect in 2H20. Alpek's outlook remains positive as the industry continues its transition into a post-COVID environment. However, several elements remain in flux, and therefore the company will be providing updated Guidance as soon as reliable estimates are available.

Financial Results

EBITDA

(in U.S.\$ million)

	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Reported EBITDA	74	111	161	(33)	(54)	185	301	(39)
Inventories	42	17	27	155	55	59	46	28
Others	(6)	-	1	(100)	(907)	(6)	(10)	36
Comparable EBITDA	110	127	189	(13)	(42)	238	337	(29)
Raw Material Carry-forward	39	20	28	95	39	59	47	25
Comparable EBITDA excl. RMCF	149	147	217	1	(31)	296	384	(23)

Comparable EBITDA excluding Raw Material Carry-forward improved to U.S. \$149 million, 1% higher than the figure for 1Q20, as a 13% increase in Polyester margins more than offset the total volume decrease of 6%. This figure best reflects Alpek's quarterly results as it is largely based on the evolution of business fundamentals, such as volume and margins, and excludes the temporary effects resulting from raw material pricing changes.

Comparable EBITDA reached U.S. \$110 million, 13% lower than 1Q20; most of the decrease stems from a larger Raw Material Carry-forward effect during 2Q20. This figure still excludes a U.S. \$42 million inventory loss, which is a temporary non-cash effect. It also excludes a one-time U.S. \$6 million net gain related to an insurance payout resulting from fire that took place at the Altamira PTA facility in 3Q18.

Reported EBITDA was U.S. \$74 million, a 33% decline versus 2Q20 figures, and was largely due to the greater inventory loss in the quarter.


INCOME STATEMENT

(in U.S.\$ million)

	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Total Revenues	1,175	1,433	1,643	(18)	(28)	2,608	3,286	(21)
Gross Profit	69	118	155	(41)	(56)	187	293	(36)
Operating expenses and others	(47)	(60)	(45)	22	(4)	(107)	(94)	(14)
Operating Income	22	57	110	(61)	(80)	80	200	(60)
Financial cost, net	5	(88)	(19)	105	126	(83)	(41)	(104)
Share of losses of associates	(4)	3	-	(246)	(100)	(1)	-	(100)
Income tax	(8)	12	(22)	(172)	62	3	(49)	107
Consolidated Net Income	15	(16)	69	190	(79)	(2)	109	(102)
Controlling interest	6	(19)	56	130	(89)	(14)	83	(116)

Revenues for the second quarter totaled U.S. \$1,175 million, 18% lower than revenues for 1Q20. Average consolidated prices for 2Q20 were down 12% since 1Q20, mainly driven by the impact of lower feedstock prices on finished goods, determined as a cost-plus formula.

Net Income attributable to Controlling Interest for the second quarter of 2020 was U.S. \$6 million, compared to a loss of U.S. \$19 million in 1Q20. This improvement was due to lower operating expenses and a positive financial cost versus last quarter.

CASH FLOW

(in U.S.\$ million)

	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
EBITDA	74	111	161	(33)	(54)	185	301	(39)
Net Working Capital & Others	27	100	90	(73)	(70)	127	66	92
CAPEX	(27)	(15)	(38)	(82)	28	(42)	(106)	61
Financial Expenses	(25)	(26)	(32)	4	22	(51)	(63)	19
Income Tax	(37)	(64)	(60)	41	37	(101)	(90)	(13)
Dividends	-	(163)	(2)	100	100	(163)	(181)	10
Payment to affiliated companies	-	-	8	48	(100)	-	8	(100)
Other Sources / Uses	(4)	(49)	(12)	92	68	(53)	(187)	72
Decrease (Increase) in Net Debt	8	(106)	116	108	(93)	(98)	(252)	61

Net Working Capital (NWC) improved by U.S. \$27 million, supported by lower oil and feedstock prices, internal efforts to reduce inventory levels, and improvements to supplier and customer credit terms. At the end of 2Q20, the company has a recovery of U.S. \$127 million in NWC.

CAPEX totaled U.S. \$27 million during the quarter, and U.S. \$42 million to date in 2020. This figure is far lower than our expectations. Most funds have been related to normal maintenance CAPEX and used for minor asset replacements.

During the quarter, Alpek held a Shareholders' Meeting where the Board of Directors suspended a previously approved **Dividend** of U.S. \$81.6 million due to uncertainty from COVID-19. However, it is important to mention that the Board of Directors was also authorized by shareholders to review this payment later in the year and that the decision was not based on the company's performance or liquidity, but as in response to the volatile operating environment.

NET DEBT & LEVERAGE

(in U.S.\$ million)

	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)
Net Debt	1,428	1,436	2,084	(1)	(31)
EBITDA (LTM)	735	821	944	(11)	(22)
Net Debt / EBITDA (LTM)	1.9	1.7	2.2		

Consolidated Net Debt as of June 30, 2020 was U.S. \$1.428 billion, down 1% QoQ and 31% YoY. Net Debt decreased by U.S. \$8 million during 2Q20 as a result of suspending our planned dividend and lower tax payments. As of June 30, 2020, Gross Debt reached U.S. \$2.038 billion and Cash rose to U.S. \$610 million. Financial ratios as of quarter-end were: Net Debt to EBITDA of 1.9x and Interest Coverage of 6.9x. The increase to Leverage was due to lower LTM EBITDA, despite an improvement to Net Debt levels.

Results by Business Segment: Polyester

(Purified Terephthalic Acid (PTA), Polyethylene Terephthalate (PET), rPET, Polyester fibers – 77% of Alpek's Net Sales)

Quarterly Highlights

- Polyester volume was 5% higher YoY due to increased contractual volume and higher demand given the emphasis on hygiene and safety, but down 4% QoQ as volume normalized versus 1Q20 record highs
- Integrated Asian polyester margins improved by 13% QoQ due to a more favorable supply and demand balance
- Polyester Comparable EBITDA excluding RMCF increased by 9% QoQ as margin improvement offset volume decline
- Polyester EBITDA of U.S. \$33 million (-43% QoQ) as negative inventory effect (U.S. \$36 million) and raw material carry-forward (U.S. \$39 million) increased during 2Q20, due to historically low crude oil and Px prices in April 2020

KEY METRICS - POLYESTER (in U.S.\$ million, except volume)	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Volume (ktons)	933	967	887	(4)	5	1,900	1,744	9
Revenues	925	1,094	1,242	(15)	(25)	2,020	2,481	(19)
Reported EBITDA	33	58	96	(43)	(65)	91	176	(48)
Inventories	36	16	26	131	37	52	41	27
Others	(6)	-	1	(100)	(898)	(6)	(10)	37
Comparable EBITDA	63	74	123	(15)	(49)	137	207	(34)
Raw Material Carry-forward	39	20	28	95	39	59	47	25
Comparable EBITDA excl. RMCF	102	94	151	9	(33)	196	254	(23)

Excluding extraordinary effects and temporary effects from raw material price changes, **Polyester Comparable EBITDA excluding RMCF** reached U.S. \$102 million during the quarter, exceeding QoQ figures by 9%. This was due to 13% higher polyester margins, but lower volume. This figure was down 33% on a YoY basis given record Polyester margins experienced during 2Q19.

As a result of the decline in prices of Brent Crude oil, U.S. reference paraxylene ("Px") average prices declined 33%. This price reduction resulted in a non-cash **inventory loss** of U.S. \$36 million in 2Q20 and a negative **raw material carry-forward** effect of U.S. \$39 million. However, the crude oil and Px price increase towards the end of 2Q20 suggests a potential for both effects be positive in the third quarter.

Excluding only inventory losses and a U.S. \$6 million net gain related to an insurance payout resulting from the 3Q18 fire at the Altamira PTA facility, 2Q20 **Polyester Comparable EBITDA** reached U.S. \$63 million, down 15% QoQ due to the large raw material carry-forward effect.

Polyester Reported EBITDA was U.S. \$33 million in the quarter, down 43% QoQ as this figure includes inventory losses, raw material carry-forward, and other non-recurring effects.

Results by Business Segment: Plastics & Chemicals (P&C)

(Polypropylene (PP), Expandable Polystyrene (EPS), Caprolactam (CPL), Other products – 21% of Alpek's Net Sales)

Quarterly Highlights

- P&C volume was 19% and 25% lower QoQ and YoY, respectively, due to the COVID-19 related slow-down in Construction segment demand for EPS during April
- P&C margin strength continues as new PP capacity in NA has been delayed due to COVID-19, and EPS margins improved due to styrene prices decline
- P&C Comparable EBITDA was U.S. \$46 million, a decrease of 7% QoQ, as EPS volume decrease was not fully offset by higher EPS margins
- P&C Reported EBITDA of U.S. \$40 million, including a negative inventory effect of U.S. \$6 million as Propylene prices declined to their lowest levels in 11 years

KEY METRICS - P&C (in U.S.\$ million, except volume)	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Volume (ktons)	176	217	234	(19)	(25)	393	463	(15)
Revenues	221	300	375	(26)	(41)	521	751	(31)
Reported EBITDA	40	49	61	(17)	(34)	89	115	(22)
Inventories	6	1	1	574	529	7	5	38
Others	-	-	-	-	-	-	-	-
Comparable EBITDA	46	50	62	(7)	(25)	96	120	(20)

P&C Reported EBITDA was U.S. \$40 million in the quarter, down 17% QoQ, as EPS volume during April declined due to lower demand from the construction segment, mainly in Mexico. However, EPS volumes rebounded in June, suggesting the start of a recovery in the construction segment.

Propylene prices declined by 16% QoQ to historical lows, generating an inventory loss of U.S. \$6 million for the quarter. However, prices for propylene began to increase in June, suggesting a positive inventory adjustment effect in 3Q20.

P&C Comparable EBITDA was U.S. \$46 million, 7% lower QoQ when adjusted for the inventory losses and extraordinary effects.



About Alpek

Alpek is a leading petrochemical company operating two business segments: “Polyester” (PTA, PET, rPET, and polyester fibers), and “Plastics & Chemicals” (polypropylene, expandable polystyrene, caprolactam, and other specialty & industrial chemicals). Alpek is a leading producer of PTA and PET worldwide, one of the largest rPET producers in the Americas, the largest expandable polystyrene manufacturer in the Americas, and the only producer of polypropylene and caprolactam in Mexico.



Note on Forward Looking Statements

This release 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 could vary from those set forth in this release. The report presents unaudited financial information based on International Financial Reporting Standards (IFRS). Figures are stated in nominal Mexican pesos (\$) and in current U.S. Dollars (U.S. \$), as indicated. Where applicable, peso amounts were translated into U.S. Dollars using the average exchange rate of the months during which operations were recorded. Financial ratios are calculated in U.S. Dollars. Due to the rounding up of figures, small differences may occur when calculating percent changes from one period to the other.



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Appendix A – Additional Financial Information

TABLE 1 PRICE CHANGES (%)	QoQ (%)	YoY (%)	Ch. (%)
Polyester			
Avg. Ps. prices	3	(13)	(16)
Avg. U.S. \$ prices	(12)	(29)	(25)
Plastics & Chemicals			
Avg. Ps. prices	6	(5)	(10)
Avg. U.S. \$ prices	(9)	(22)	(20)
Total			
Avg. Ps. prices	3	(12)	(17)
Avg. U.S. \$ prices	(12)	(28)	(26)

TABLE 2 REVENUES	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Total Revenues								
Ps. million	27,448	28,522	31,425	(4)	(13)	55,970	62,992	(11)
U.S. \$ million	1,175	1,433	1,643	(18)	(28)	2,608	3,286	(21)
Domestic Revenues								
Ps. million	7,581	8,037	9,036	(6)	(16)	15,618	17,812	(12)
U.S. \$ million	324	405	472	(20)	(31)	729	929	(22)
Foreign Revenues								
Ps. millions	19,867	20,485	22,389	(3)	(11)	40,352	45,180	(11)
U.S. \$ million	851	1,028	1,171	(17)	(27)	1,879	2,357	(20)
Foreign / Total (%)	72	72	71			72	72	

TABLE 3 OP. INCOME AND EBITDA	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Operating Income								
Ps. million	483	1,151	2,099	(58)	(77)	1,634	3,821	(57)
U.S. \$ million	22	57	110	(61)	(80)	80	200	(60)
EBITDA								
Ps. million	1,700	2,205	3,077	(23)	(45)	3,905	5,761	(32)
U.S. \$ million	74	111	161	(33)	(54)	185	301	(39)

TABLE 4 COMPARABLE EBITDA	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
EBITDA								
Ps. million	1,700	2,205	3,077	(23)	(45)	3,905	5,761	(32)
U.S. \$ million	74	111	161	(33)	(54)	185	301	(39)
Adjustments*								
Ps. million	867	337	541	158	60	1,203	694	73
U.S. \$ million	36	17	28	117	28	53	36	46
Comparable EBITDA								
Ps. million	2,567	2,541	3,619	1	(29)	5,108	6,455	(21)
U.S. \$ million	110	127	189	(13)	(42)	238	337	(29)

*Adjustments: Inventory and non-operating, one-time (gains) losses

TABLE 5 IFRS 16 EFFECT (in U.S.\$ million)	2Q20	1Q20	YTD20
Income Statement			
Amortization	11	12	23
Financial Expense	2	3	5
Balance Sheet			
Assets- Right of use	160	169	
Liabilities			
Short term lease	38	46	
Long term lease	121	121	
Net Debt	3	5	8

TABLE 6 FINANCIAL COST, NET (in U.S.\$ million)	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Financial Expenses	(31)	(32)	(35)	3	12	(62)	(69)	10
Financial Income	11	8	9	30	14	19	19	2
Net Financial Expenses	(20)	(23)	(25)	15	22	(43)	(51)	15
Fx Gains (Losses)	24	(65)	7	138	260	(40)	10	(518)
Financial Cost, Net	5	(88)	(19)	105	126	(83)	(41)	(104)

TABLE 7 NET INCOME (in U.S.\$ million, except as noted)	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Consolidated Net Income	15	(16)	69	190	(79)	(2)	109	(102)
Non-Controlling Interest	9	3	14	181	(36)	12	26	(55)
Controlling Interest	6	(19)	56	130	(89)	(14)	83	(116)
Earnings per Share (U.S. \$)	0.00	(0.01)	0.03	130	(89)	(0.01)	0.04	(116)
Avg. Outstanding Shares (million)*	2,112	2,115	2,118			2,113	2,118	

* The same number of equivalent shares are considered in the periods presented

TABLE 8 STATEMENT OF FINANCIAL POSITION & FINANCIAL RATIOS (in U.S.\$ million)	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)
Assets					
Cash and cash equivalents	610	570	287	7	113
Trade accounts receivable	462	574	703	(20)	(34)
Inventories	808	898	987	(10)	(18)
Other current assets	336	314	346	7	(3)
Total current assets	2,217	2,356	2,323	(6)	(5)
Investment in associates and others	436	441	448	(1)	(3)
Property, plant and equipment, net	1,862	1,876	2,443	(1)	(24)
Goodwill and intangible assets, net	189	193	217	(2)	(13)
Other non-current assets	588	604	577	(3)	2
Total assets	5,290	5,470	6,009	(3)	(12)
Liabilities & stockholders' equity					
Debt	237	189	592	25	(60)
Suppliers	647	819	833	(21)	(22)
Other current liabilities	327	487	333	(33)	(2)
Total current liabilities	1,211	1,496	1,757	(19)	(31)
Debt (include debt issuance costs)	1,635	1,642	1,603	-	2
Employees' benefits	55	55	58	1	(6)
Other long-term benefits	429	431	473	-	(9)
Total liabilities	3,331	3,623	3,891	(8)	(14)
Total stockholders' equity	1,959	1,847	2,117	6	(7)
Total liabilities & stockholders' equity	5,290	5,470	6,009	(3)	(12)
Net Debt	1,428	1,436	2,084	(1)	(31)
Net Debt / EBITDA*	1.9	1.7	2.2		
Interest Coverage*	6.9	7.3	8.1		

* Times: last 12 months

Polyester

TABLE 9 REVENUES	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Total Revenues								
Ps. million	21,635	21,795	23,749	(1)	(9)	43,430	47,573	(9)
U.S. \$ million	925	1,094	1,242	(15)	(25)	2,020	2,481	(19)
Domestic Revenues								
Ps. million	3,816	4,020	4,035	(5)	(5)	7,836	8,019	(2)
U.S. \$ million	163	202	211	(19)	(23)	365	418	(13)
Foreign Revenues								
Ps. million	17,819	17,775	19,715	-	(10)	35,594	39,553	(10)
U.S. \$ million	762	892	1,031	(15)	(26)	1,655	2,063	(20)
Foreign / Total (%)	82	82	83			82	83	

TABLE 10 OP. INCOME AND EBITDA	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Operating Income								
Ps. million	(205)	336	1,064	(161)	(119)	131	1,831	(93)
U.S. \$ million	(7)	17	56	(142)	(113)	10	96	(90)
EBITDA								
Ps. million	739	1,151	1,830	(36)	(60)	1,891	3,370	(44)
U.S. \$ million	33	58	96	(43)	(65)	91	176	(48)

TABLE 11 COMPARABLE EBITDA	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
EBITDA								
Ps. million	739	1,151	1,830	(36)	(60)	1,891	3,370	(44)
U.S. \$ million	33	58	96	(43)	(65)	91	176	(48)
Adjustments*								
Ps. million	727	324	523	125	39	1,050	596	76
U.S. \$ million	30	16	27	90	10	46	31	47
Comparable EBITDA								
Ps. million	1,466	1,475	2,352	(1)	(38)	2,941	3,966	(26)
U.S. \$ million	63	74	123	(15)	(49)	137	207	(34)

*Adjustments: Inventory and non-operating, one-time (gains) losses

Plastics & Chemicals

TABLE 12 REVENUES	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Total Revenues								
Ps. million	5,147	5,964	7,168	(14)	(28)	11,111	14,397	(23)
U.S. \$ million	221	300	375	(26)	(41)	521	751	(31)
Domestic Revenues								
Ps. million	3,124	3,348	4,553	(7)	(31)	6,472	8,866	(27)
U.S. \$ million	134	169	238	(21)	(44)	303	462	(34)
Foreign Revenues								
Ps. million	2,022	2,616	2,616	(23)	(23)	4,639	5,531	(16)
U.S. \$ million	87	131	137	(33)	(36)	218	289	(24)
Foreign / Total (%)	39	44	36			42	38	

TABLE 13 OP. INCOME AND EBITDA	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
Operating Income								
Ps. million	669	748	954	(11)	(30)	1,417	1,806	(22)
U.S. \$ million	29	37	50	(22)	(43)	65	94	(31)
EBITDA								
Ps. million	943	987	1,166	(5)	(19)	1,930	2,206	(13)
U.S. \$ million	40	49	61	(17)	(34)	89	115	(22)

TABLE 14 COMPARABLE EBITDA	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
EBITDA								
Ps. million	943	987	1,166	(5)	(19)	1,930	2,206	(13)
U.S. \$ million	40	49	61	(17)	(34)	89	115	(22)
Adjustments*								
Ps. million	140	13	18	983	663	153	98	56
U.S. \$ million	6	1	1	566	522	7	5	37
Comparable EBITDA								
Ps. Million	1,083	1,000	1,185	8	(9)	2,083	2,304	(10)
U.S. \$ million	46	50	62	(7)	(25)	96	120	(20)

*Adjustments: Inventory and non-operating, one-time (gains) losses

Appendix B – Financial Statements

 ALPEK, S.A.B. DE C.V. and Subsidiaries
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Jun-20	Mar-20	Jun-19	QoQ (%)	YoY (%)
(in millions of Mexican Pesos)					
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	13,829	13,197	5,493	5	152
Restricted cash	194	199	3	(3)	7,110
Trade accounts receivable	10,602	13,497	13,470	(21)	(21)
Other accounts and notes receivable	6,424	6,260	5,535	3	16
Inventories	18,570	21,107	18,923	(12)	(2)
Other current assets	1,304	1,128	1,102	16	18
Total current assets	50,923	55,388	44,526	(8)	14
Investment in associates and others	10,006	10,379	8,593	(4)	16
Property, plant and equipment, net	42,774	44,108	46,824	(3)	(9)
Goodwill and intangible assets	4,331	4,532	4,166	(4)	4
Other non-current assets	13,495	14,210	11,068	(5)	22
Total assets	121,529	128,617	115,177	(6)	6
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Debt	5,440	4,450	11,341	22	(52)
Suppliers	14,858	19,263	15,963	(23)	(7)
Other current liabilities	7,522	11,457	6,375	(34)	18
Total current liabilities	27,820	35,170	33,679	(21)	(17)
NON-CURRENT LIABILITIES:					
Debt (include debt issuance cost)	37,569	38,598	30,733	(3)	22
Deferred income taxes	4,883	4,926	4,562	(1)	7
Other non-current liabilities	4,979	5,204	4,497	(4)	11
Employees' benefits	1,268	1,290	1,121	(2)	13
Total liabilities	76,519	85,188	74,592	(10)	3
STOCKHOLDERS' EQUITY:					
Controlling interest:					
Capital stock	6,035	6,035	6,050	-	-
Share premium	9,025	9,025	9,098	-	(1)
Contributed capital	15,060	15,060	15,148	-	(1)
Earned surplus	24,515	23,017	20,729	7	18
Total controlling interest	39,575	38,077	35,877	4	10
Non-controlling interest	5,435	5,352	4,708	2	15
Total stockholders' equity	45,010	43,429	40,585	4	11
Total liabilities and stockholders' equity	121,529	128,617	115,177	(6)	6

ALPEK, S.A.B. DE C.V. and Subsidiaries
CONSOLIDATED STATEMENT OF INCOME

	2Q20	1Q20	2Q19	QoQ (%)	YoY (%)	YTD20	YTD19	Ch. (%)
(in millions of Mexican Pesos)								
Revenues	27,448	28,522	31,425	(4)	(13)	55,970	62,992	(11)
Domestic	7,581	8,037	9,036	(6)	(16)	15,618	17,812	(12)
Export	19,867	20,485	22,389	(3)	(11)	40,352	45,180	(11)
Cost of sales	(25,864)	(26,175)	(28,460)	1	9	(52,039)	(53,370)	9
Gross profit	1,584	2,347	2,965	(33)	(47)	3,931	5,622	(30)
Operating expenses and others	(1,101)	(1,196)	(866)	8	(27)	(2,297)	(1,801)	(28)
Operating income	483	1,151	2,099	(58)	(77)	1,634	3,821	(57)
Financial result, net	114	(1,883)	(354)	106	132	(1,769)	(784)	(126)
Equity in income of associates and joint ventures	(90)	59	(1)	(251)	(12,297)	(31)	(4)	(553)
Income before taxes	507	(673)	1,744	175	(71)	(166)	3,033	(105)
Income taxes	(182)	270	(420)	(167)	57	88	(944)	109
Consolidated net income	325	(403)	1,324	181	(75)	(78)	2,089	(104)
Income attributable to Controlling interest	121	(453)	1,064	127	(89)	(332)	1,581	(121)
Income attributable to Non-controlling interest	204	50	260	305	(22)	254	508	(50)

Nemak reports 2Q20 results

Monterrey, Mexico. July 16, 2020. - Nemak, S.A.B. de C.V. ("Nemak", or "the Company") (BMV: NEMAK), a leading provider of innovative lightweighting solutions for the global automotive industry, announced today its operational and financial results for the second quarter of 2020 ("2Q20"). What follows is a summary of the key figures:

Key Figures

	Second Quarter			Six months		
	2020	2019	Δ%	2020	2019	Δ%
Volume (M. Equivalent units)	4.4	11.2	(60.7)	14.9	23.3	(36.1)
Revenues	403	1,011	(60.1)	1,309	2,113	(38.1)
EBITDA ¹	(37)	174	NA ²	105	349	(69.9)
CAPEX	42	76	NA ²	139	172	NA ²

US\$ Millions, except Volume

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

(2) NA = Not applicable

Nemak sold 4.4 million equivalent units ("MEU") during 2Q20, down 60.7% year-on-year ("y-o-y"), mainly due to effects of widespread shutdowns in light-vehicle production related to the COVID-19 outbreak. Revenue amounted to US\$403 million, down 60.1% y-o-y on lower volume and, to a lesser extent, aluminum prices.

The Company continued to adapt its business to evolving conditions in its industry, making substantial progress towards the implementation of additional operational efficiencies. For the period, EBITDA was negative US\$37 million, primarily derived from a lower volume and non-recurring severance expenses; however, adjusting for the latter effect, EBITDA would have been US\$1 million.

Capital expenditures amounted to US\$42 million during 2Q20. The Company focused primarily on executing essential investments to support the ramp-up of production associated with customer vehicle launches. As of June 30, 2020, Net Debt amounted to US\$1.5 billion, up 16.8% y-o-y. Nemak's financial ratios were as follows: Net Debt to last-twelve-months ("LTM") EBITDA of 4.0 times; and Interest Coverage of 4.8 times. Adjusting for the severance effect, these figures would have been 3.6 times and 5.2 times, respectively.

Message from the CEO

Our second quarter performance reflected unprecedented plant shutdowns in the global automotive industry and weakened demand for new vehicles across all regions, given the COVID-19 pandemic. We stepped up efforts to adapt to evolving industry conditions along two main fronts: safeguarding the well-being of our employees while further optimizing costs, expenses, cash flow, and liquidity.

During the period, we leveraged industry best practices to redesign work environments—from production lines to common areas—to protect the health and safety of our people. Furthermore, we ramped up a global communication and training program to reinforce the implementation of key preventive measures in this regard. These actions helped make possible the successful restart of operations at all our facilities worldwide by the end of May.



At the same time, we executed improvements to our cost structure, harnessing a project management approach to drive greater efficiency in our operations. We also took steps to enhance our liquidity and financial position, including the deferment of non-essential capex, use of credit lines, execution of amendments to loan agreements, and cancellation of dividend payments for the remainder of the year, among others.

Additionally, I would like to highlight our contributions towards supporting new vehicle launches as well as the longer-term strategies of our customers. Amid the pandemic, we continued to meet their immediate supply needs while growing our contract backlog across our main business segments.

I am confident that our progress on the above-mentioned fronts will help us to successfully navigate these extraordinary times and lay an even stronger foundation for growth and financial resiliency over the longer run.

Automotive Industry

	Millions of Units		
	Second Quarter		
	2020	2019	% Var.
U.S. Vehicle Sales SAAR ⁽¹⁾	11.3	17.1	(33.9)
North America Vehicle Production ⁽²⁾	1.2	4.2	(71.4)
North America NemaK Customer Production ⁽²⁾	0.8	2.9	(72.4)
Europe Vehicle Sales SAAR ⁽¹⁾⁽²⁾	8.1	19.6	(58.7)
Europe Vehicle Production ⁽²⁾	1.9	5.5	(65.5)
Europe NemaK Customer Production ⁽²⁾	1.4	3.7	(62.2)

(1) SAAR = Seasonally Adjusted Annual Rate
(2) Source: IHS Markit and NemaK estimates

In the quarter, SAAR for U.S. light-vehicle sales reached 11.3 million units, 33.9% lower y-o-y, mainly due to less favorable economic conditions brought on by the COVID-19 outbreak and the implementation of restrictions on activities and lockdown measures to contain its spread. Light-vehicle production in North America decreased 72.4%, as automakers shut down production almost completely in April as well as most of May in response to the spread of the virus in the region.

In Europe, 2Q20 sales decreased 58.7% compared to the same period last year, largely as a result of the severe economic effects associated with the pandemic, as well as the impact of the suspension of non-essential activities for much of the quarter. Light-vehicle production posted a 65.5% y-o-y reduction, explained mainly by the duration of production stoppages carried out by automakers.

Recent Developments

- NemaK restarted operations at its facilities in North America and Europe in May, following shutdowns of approximately eight consecutive weeks on average.
- During 2Q20, NemaK won contracts worth a total of approximately US\$150 million in annual revenue breaking down as follows: US\$10 million to produce e-mobility and structural applications; and, US\$140 million to produce powertrain applications.
- NemaK was named “GM Supplier of the Year” for its outstanding performance as a supplier of cylinder heads and engine blocks, remaining as one of the most recognized suppliers in the award’s history.



- Nemak received the VW Group Award 2020 in the category “Launch of the Year”, for its exceptional service and outstanding innovation capacity in providing lightweighting solutions for new, mass-market plug-in hybrid vehicles.

Financial Results Summary

	Second Quarter			Six months		
	2020	2019	Δ%	2020	2019	Δ%
Volume (M. Equivalent units)	4.4	11.2	(60.7)	14.9	23.3	(36.1)
Revenues	403	1,011	(60.1)	1,309	2,113	(38.1)
Operating Income	(113)	90	NA ²	(49)	181	NA ²
EBITDA ¹	(37)	174	NA ²	105	349	(69.9)
EBITDA ¹ / Eq. Unit	(8.4)	15.5	NA ²	7.0	15.0	(53.3)
Net Income	(125)	42	NA ²	(138)	101	NA ²
CAPEX	42	76	NA ²	139	172	NA ²
Net Debt ³	1,515	1,297	16.8			

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

2Q20 total volume decreased 60.7% y-o-y, as generalized light-vehicle production shutdowns related to the coronavirus pandemic weighed on Nemak volume in most regions, particularly in the months of April and May. In North America and Europe, Nemak facilities gradually restarted operations in May following shutdowns lasting approximately eight consecutive weeks on average. In Rest of World, increased volume in China, where Nemak operated normally in the quarter, was not enough to offset lower volume in South America, where shutdowns roughly coincided with those in North America.

Turning to Revenue, lower volume and, to a lesser extent, aluminum prices led to a 60.1% y-o-y reduction.

During the quarter, EBITDA decreased due mainly to lower volume and a non-recurring severance impact of US\$38 million. Operating Income was negative US\$113 million due to the same factors affecting EBITDA. In turn, 2Q20 Net Income was down on mainly the same factors described above.

Capital expenditures amounted to US\$42 million in 2Q20, comprised mainly of investments aimed at supporting new product launches.

As of June 30, 2020, Nemak reported Net Debt in the amount of US\$1.5 billion. Financial ratios were: Net Debt to LTM EBITDA, 4.0 times; and Interest Coverage, 4.8 times.

Regional Results

North America

In 2Q20, revenue was down 67.3% y-o-y, due mainly to lower volume and aluminum prices. 2Q20 EBITDA declined to negative US\$24 million mainly on volume effects and severance expenses.



Europe

2Q20 revenue decreased 57.6% y-o-y, due mainly to lower volume and aluminum prices. In 2Q20, EBITDA was negative US\$16 million, mostly a result of the impact of volume and severance expenses.

Rest of the World

In 2Q20, revenue finished down 25.3% y-o-y as increased volume in China partially offset volume reductions in South America. In turn, 2Q20 EBITDA was US\$3 million due mainly to lower sales in South America. Additionally, there was a tough comparison with the same period last year, when the Company recorded a non-recurring gain of US\$8 million in the region.

Methodology for presentation of results

The report presents unaudited financial information. Figures are in Mexican pesos or U.S. dollars, as indicated. For income statement items, peso amounts were translated into dollars using the average exchange rate of the months during which the operations were recorded. For balance sheet items, peso amounts were translated into dollars using the end-of-period exchange rate. Financial ratios were calculated in dollars. Due to rounding, minor differences may occur when calculating percent changes from one period to another.

Conference call information

Nemak's Second Quarter 2020 Conference Call will be held on Friday, July 17, 2020, 11:30 a.m. Eastern Time (10:30 a.m. Mexico City Time). To participate in the conference call, please dial: Domestic U.S.: (877) 407-0784; International: 1-201-689-8560; Mexico Toll Free: 01 800 522 0034. The conference call will be webcast live through streaming audio. If you are unable to participate, the conference call audio and script will be available on Nemak's website. For more information, please visit investors.nemak.com

Forward-looking statements

This report may contain certain forward-looking statements concerning Nemak's future performance that should be considered as good faith estimates made by the Company. These forward-looking statements reflect management's expectations and are based upon currently available data and analysis. Actual results are subject to future events and uncertainties, which could materially impact Nemak's actual performance and results.

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 powertrain, e-mobility, and structural applications. In 2019, it generated revenue of US\$4.0 billion. For more information about Nemak, visit <http://www.nemak.com>

Four pages of tables to follow



Nemak
Income Statement
Millions of Dollars

	For the second quarter of:					For the six months of:				
	2020	% of rev.	2019	% of rev.	% Var.	2020	% of rev.	2019	% of rev.	% Var.
Volume (million equivalent units)	4.4		11.2		(60.7)	14.9		23.3		(36.1)
Total revenues	403	100.0	1,011	100.0	(60.1)	1,309	100.0	2,113	100.0	(38.1)
Gross profit	(29)	(7.2)	151	14.9	NA ²	109	8.3	316	15.0	(65.5)
Sales & administrative expenses	(48)	(11.9)	(68)	(6.7)	(29.4)	(124)	(9.5)	(143)	(6.8)	(13.3)
Other income (expenses) net	(36)	(8.9)	7	0.7	NA ²	(34)	(2.6)	8	0.4	NA ²
Operating Income	(113)	(28.0)	90	8.9	NA ²	(49)	(3.7)	181	8.6	NA ²
Interest Expenses	(21)	(5.2)	(20)	(2.0)	5.0	(41)	(3.1)	(41)	(1.9)	0.0
Interest Income	1	0.2	8	0.8	(87.5)	2	0.2	10	0.5	(80.0)
Foreign exchange gain (loss)	(8)	(2.0)	(8)	(0.8)	0.0	(59)	(4.5)	(2)	(0.1)	2,850.0
Financing expenses net	(28)	(6.9)	(20)	(2.0)	40.0	(98)	(7.5)	(33)	(1.6)	197.0
Participation in associates results	(1)	(0.2)	(1)	(0.1)	0.0	0	0.0	1	0.0	NA ²
Income Tax	17	4.2	(27)	(2.7)	NA ²	9	0.7	(48)	(2.3)	NA ²
Net Income	(125)	(31.0)	42	4.2	NA ²	(138)	(10.5)	101	4.8	NA ²
	2020	% of rev.	2019	% of rev.	% Var.	2020	% of rev.	2019	% of rev.	% Var.
Operating Income	(113)	(28.0)	90	8.9	NA ²	(49)	(3.7)	181	8.6	NA ²
Depreciation, Amortization & Other Non-Cash items	76	18.9	83	8.2	(8.4)	153	11.7	168	8.0	(8.9)
EBITDA ¹	(37)	(9.2)	174	17.2	NA ²	105	8.0	349	16.5	(69.9)
CAPEX	42	10.4	76	7.5	NA ²	139	10.6	172	8.1	NA ²

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

(2) Not applicable



Nemak
Balance Sheet
Millions of Dollars

Assets	Jun-20	Dec-19	% Var
Cash and cash equivalents	636	312	103.8
Accounts receivable	348	417	(16.5)
Inventories	591	591	0.0
Other current assets	26	27	(3.7)
Total current assets	1,602	1,348	18.8
Investments in shares	26	33	(21.2)
Property, plant and equipment, net	2,519	2,554	(1.4)
Other assets	761	774	(1.7)
Total assets	4,908	4,709	4.2
Liabilities & stockholders' equity	Jun-20	Dec-19	% Var
Bank loans	476	104	357.7
Current maturities of long-term debt	22	21	4.8
Interest payable	17	17	0.0
Operating liabilities	949	1,203	(21.1)
Total current liabilities	1,464	1,344	8.9
Long-term debt	1,634	1,375	18.8
Labor liabilities	69	75	(8.0)
Other long term-liabilities	123	114	7.9
Total liabilities	3,290	2,908	13.1
Total stockholders' equity	1,618	1,801	(10.2)
Total liabilities & stockholders' equity	4,908	4,709	4.2



Nemak Regional Results
Millions of Dollars

	For the second quarter of:			For the six months of:		
	2020	2019	% Var.	2020	2019	% Var.
Volume (million equivalent units)						
North America	2.2	6.5	(66.2)	8.3	13.6	(39.0)
Europe	1.5	3.7	(59.5)	4.9	7.7	(36.4)
Rest of World	0.7	1.0	(30.0)	1.7	2.0	(15.0)
Total	4.4	11.2	(60.7)	14.9	23.3	(36.1)
Total Revenues*						
North America	182	557	(67.3)	689	1,171	(41.2)
Europe	156	368	(57.6)	479	768	(37.6)
Rest of World	65	87	(25.3)	141	175	(19.4)
Total	403	1,011	(60.1)	1,309	2,113	(38.1)
EBITDA ¹						
North America	(24)	100	(124.0)	67	209	(67.9)
Europe	(16)	59	(127.1)	30	126	(76.2)
Rest of World	3	16	(81.3)	8	15	(46.7)
Total	(37)	174	(121.3)	105	349	(69.9)
EBITDA ¹ Margin in %						
North America	-13%	18%	(173.5)	10%	18%	(45.5)
Europe	-10%	16%	(164.0)	6%	16%	(61.8)
Rest of World	5%	18%	(74.9)	6%	9%	(33.8)
Total	-9%	17%	(153.3)	8%	17%	(51.4)
EBITDA ¹ USD/Equivalent units						
North America	(10.9)	15.4	(170.9)	8.1	15.4	(47.5)
Europe	(10.7)	15.9	(166.9)	6.1	16.4	(62.6)
Rest of World	4.3	16.0	(73.2)	4.7	7.5	(37.3)
Total	(8.4)	15.5	(154.2)	7.0	15.0	(53.3)

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

* To external customers



Nemak
Income Statement
Millions of Pesos

	For the second quarter of:					For the six months of:				
	2020	% of rev.	2019	% of rev.	% Var.	2020	% of rev.	2019	% of rev.	% Var.
Volume (million equivalent units)	4.4		11.2		(60.7)	14.9		23.3		(36.1)
Total revenues	9,171	100.0	19,325	100.0	(52.5)	27,011	100.0	40,507	100.0	(33.3)
Gross profit	(759)	(8.3)	2,896	15.0	NA ²	1,973	7.3	6,064	15.0	(67.5)
Sales & administrative expenses	(1,134)	(12.4)	(1,307)	(6.8)	(13.2)	(2,626)	(9.7)	(2,736)	(6.8)	(4.0)
Other income (expenses) net	(801)	(8.7)	143	0.7	NA ²	(762)	(2.8)	147	0.4	NA ²
Operating Income	(2,694)	(29.4)	1,731	9.0	NA ²	(1,415)	(5.2)	3,475	8.6	NA ²
Interest Expenses	(481)	(5.2)	(387)	(2.0)	24.3	(885)	(3.3)	(788)	(1.9)	12.3
Interest Income	27	0.3	161	0.8	(83.2)	39	0.1	189	0.5	(79.4)
Foreign exchange gain (loss)	(174)	(1.9)	(149)	(0.8)	16.8	(1,242)	(4.6)	(43)	(0.1)	2,788.4
Financing expenses net	(628)	(6.8)	(375)	(1.9)	67.5	(2,088)	(7.7)	(642)	(1.6)	225.2
Participation in associates results	(18)	(0.2)	(24)	(0.1)	(25.0)	(8)	(0.0)	19	0.0	NA ²
Income Tax	395	4.3	(522)	(2.7)	NA ²	265	1.0	(920)	(2.3)	NA ²
Net Income	(2,945)	(32.1)	809	4.2	NA ²	(3,247)	(12.0)	1,931	4.8	NA ²
Operating Income	(2,694)	(29.4)	1,731	9.0	NA ²	(1,415)	(5.2)	3,475	8.6	NA ²
Depreciation, Amortization & Other Non-Cash items	1,775	19.4	1,594	8.2	11.4	3,309	12.3	3,211	7.9	3.1
EBITDA ¹	(920)	(10.0)	3,325	17.2	NA ²	1,894	7.0	6,687	16.5	(71.7)
CAPEX	982	10.7	1,454	7.5	NA ²	2,921	10.8	3,302	8.2	NA ²

(1) EBITDA = Operating Income + Depreciation, Amortization & other Non-Cash items
(2) Not applicable

Nemak
Balance Sheet
Millions of Pesos

Assets	Jun-20	Dec-19	% Var
Cash and cash equivalents	14,618	5,883	148.5
Accounts receivable	7,998	7,860	1.8
Inventories	13,579	11,146	21.8
Other current assets	608	514	18.3
Total current assets	36,803	25,403	44.9
Investments in shares	593	615	(3.6)
Property, plant and equipment, net	57,862	48,140	20.2
Other assets	17,483	14,586	19.9
Total assets	112,741	88,744	27.0
Liabilities & stockholders' equity	Jun-20	Dec-19	% Var
Bank loans	10,926	1,955	458.9
Current maturities of long-term debt	508	394	28.9
Interest payable	388	320	21.3
Operating liabilities	21,807	22,664	(3.8)
Total current liabilities	33,628	25,332	32.7
Long-term debt	37,546	25,921	44.8
Labor liabilities	1,582	1,407	12.4
Other long term-liabilities	2,824	2,140	32.0
Total liabilities	75,580	54,800	37.9
Total stockholders' equity	37,161	33,943	9.5
Total liabilities & stockholders' equity	112,741	88,744	27.0



EARNINGS REPORT

Second Quarter 2020 (2Q20)



Monterrey, Mexico, July 16, 2020. - Axtel, S.A.B. de C.V. (BMV: AXTELCPO) ("Axtel" or "the Company"), a Mexican Information and Communications Technology company, announced today its unaudited results for the second quarter of 2020 ("2Q20").

Axtel reports 2Q20 EBITDA of US \$53 million (Ps. 1,222 million)

SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
Revenues (Ps.)	3,078	3,106	3,092	(1)	(0)	6,184	6,239	(1)
US \$	132	157	162	(16)	(18)	289	325	(11)
EBITDA (Ps.) ¹	1,222	2,974	1,094	(59)	12	4,197	2,168	94
US \$	53	156	57	(66)	(8)	208	113	84
Net Income (loss) (Ps.)	142	599	409	(76)	(65)	742	332	124
US \$	6	42	22	(85)	(71)	48	17	176
CAPEX (Ps.) ²	433	686	418	(37)	4	1,119	795	41
US \$	18	36	22	(48)	(15)	54	41	31
Net Debt (US \$)	593	586	764	1	(22)			
Net Debt / LTM EBITDA*	1.8	1.8	3.4					
LTM Interest Coverage*	5.1	5.3	3.2					
Adjusted Revenues (Ps.) ³	3,078	3,106	3,178	(1)	(3)	6,184	6,500	(5)
US \$	132	157	166	(16)	(21)	289	339	(15)
Adjusted EBITDA (Ps.) ³	1,222	2,974	1,848	(59)	(34)	4,197	2,959	42
US \$	53	156	97	(66)	(45)	208	155	35

* Times. LTM = Last twelve months. See page 7 for ratio calculation details.

1) EBITDA = Operating income + depreciation & amortization + impairment of assets.

2) Gross amount; does not include divestments.

3) Axtel's results for year 2019 reflect the mass market business as discontinued operations. ALFA, however, consolidated both continuing and discontinued operations. For a complete reconciliation of revenues and EBITDA, see Appendix B, Tables 9 and 10.

2Q20 HIGHLIGHTS

Business Units Separation & Competitive Process

- Axtel Networks is the new brand for Axtel's Infrastructure Business Unit.
- Competitive process to attract investment and strategic proposals for the Infrastructure Business Unit and the Company has been resumed this month.

Spectrum Transaction

- In line with its non-strategic asset divestment strategy, Axtel formalized an agreement to transfer to Telcel the 3500 to 3550 MHz spectrum band concessions, recording a net gain of Ps. 90 million in the quarter.

Solid Liquidity Position

- During the quarter, Axtel drew down US \$47 million from its committed credit facility and Ps. 315 million in short-term loans, further strengthening its liquidity position and reaching a cash balance of US \$144 million, excluding restricted cash, at quarter-end.
- 80% of cash balance is denominated in dollars.

2020 est. EBITDA & Capex

- First-semester performance was in line with our pre-COVID-19 expectations, due to the resilience and positive prospects of Axtel Networks, stable enterprise segment and digitalization and cost containment initiatives. As a result, 2020 EBITDA is expected to reach a similar level to 2019 EBITDA pro forma (~Ps. 4,240 million).
- 2020 Capex is expected to reach US \$80-90 million, including US \$22 million already invested in the renewal of spectrum frequencies.

MESSAGE FROM AXTEL'S CEO

“Results in the quarter reflect Axtel’s resilience and digitalization capabilities to successfully switch our operations and processes to operate remotely—without interrupting our clients’ services. These attributes, and a diligent execution, resulted in a 17% and 28% EBITDA growth compared to second quarter 2019 and first quarter 2020, respectively. Even excluding the extraordinary gain from the transfer of the 3.5 GHz spectrum in June, EBITDA increased 8% year-over-year.

To better serve our customers in the new normality, we started “Axtel Digital”, a project to become an end-to-end digital company. From the design and ordering of new solutions to the completion of the cash conversion cycle, Axtel is automating most of its processes. Collaboration tools, cloud-based platforms, a redesigned and optimized office space and extensive use of remote work practices, are some of the adjustments we are currently working on.

COVID-19 pandemic has accelerated the adoption of digital transformation across industries, but it has also severely affected many companies. During the past few months, we supported customers whose operations have been affected by the pandemic. This support represented an estimated impact of Ps. 28 million in revenues and Ps. 75 million in working capital investment during the quarter. Likewise, we have defined a new value proposition that will facilitate our clients the adoption of digital solutions assisting them to operate under the new normal.

We continue moving forward in the separation of our business in Alestra, our services business unit, and Axtel Networks, the new identity for the infrastructure business unit. During the quarter, together with a leading global consultant, we also established the framework for the different agreements that will govern temporal and definitive interactions between these two business units. The business separation, together with all the digital transformation initiatives, should help us better serve the new reality requirements from enterprise, wholesale and government customers in Mexico.

Given the resilience and positive performance of Axtel Networks, more stable financial conditions and the sustained interest from investors, we are resuming the competitive process to attract investment and strategic proposals for the Infrastructure business unit and the Company. We have seen that comparable assets, or companies, have maintained their valuation multiples, supporting our expectation for a similar pre-COVID valuation.

The challenging times we are facing are evidencing the essential nature of our services and the benefits of our strategic business separation. Customers, employees, organization, community and shareholders are all very important elements in Axtel’s transformation process. Rest assured, notwithstanding the unprecedented and volatile first semester, maximizing value for all stakeholders will remain Axtel’s guiding principle.”

Rolando Zubirán

In January 2020, Axtel executed the strategic agreement and divestment of three data centers. For comparison purposes, pro forma information adjusting 2019 results is included in the report. See Appendix C – Tables 11 – 13.

REVENUES – Business Units

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
SERVICES (Ps.)	2,372	2,552	2,481	(7)	(4)	4,924	5,004	(2)
US \$	102	129	130	(21)	(22)	231	261	(12)
Enterprise (Ps.)	1,925	2,015	2,034	(4)	(5)	3,940	4,037	(2)
US \$	82	102	106	(19)	(22)	185	211	(12)
Government (Ps.)	447	537	446	(17)	0	984	967	2
US \$	19	27	23	(29)	(18)	46	50	(9)
INFRASTRUCTURE (Ps.)	1,316	1,169	1,215	13	8	2,485	2,441	2
US \$	56	59	64	(5)	(11)	115	127	(9)
ELIMINATIONS (Ps.) *	(610)	(615)	(604)	1	(1)	(1,225)	(1,207)	(1)
US \$	(26)	(31)	(32)	16	17	(57)	(63)	9
TOTAL REVENUES (Ps.)	3,078	3,106	3,092	(1)	(0)	6,184	6,239	(1)
US \$	132	157	162	(16)	(18)	289	325	(11)

* For consolidation purposes, revenues of Infrastructure Unit coming from Services Unit are presented as “eliminations”.
Note: For a reconciliation of revenues by business segments (enterprise and government), as reported in 2019, see Table 5.

Total revenues were US \$132 million in 2Q20, down 18% when compared to 2Q19. In pesos, revenues remained flat; however, pro forma for the data centers transaction, revenues increased 2%. (See Table 11).

INFRASTRUCTURE BUSINESS UNIT (“AXTEL NETWORKS”)

Revenues totaled US \$56 million in 2Q20, an 11% decrease compared to 2Q19. In pesos, revenues increased 8%; however, pro forma for the data centers transaction, revenues increased 14%. (See Table 11). This strong increase was mainly driven by IP transit, lit fiber, transport capacity and up-front contracts providing dark-fiber to wholesale customers.

Revenues coming from Alestra Services Unit represented 49% of total Infrastructure Business Unit YTD revenues.

SERVICES BUSINESS UNIT (“ALESTRA”)

Revenues totaled US \$102 million in 2Q20, a 22% decline compared to 2Q19. In pesos, revenues decreased 4%, due to a 5% decrease in the Enterprise segment. Revenues for the Government segment remained flat.

ENTERPRISE SEGMENT (80% of Services Unit YTD revenues)

Enterprise segment revenues totaled US \$82 million in 2Q20. In pesos, revenues reached Ps. 1,925 million, a 5% decrease compared to the previous year, as a 22% increase in IT revenues was offset by a 9% decline in Telecom revenues. (See Table 1).

TELECOM revenues reached Ps. 1,609 million in 2Q20, a 9% decrease year-over-year, mainly due to a 38% decrease in *voice* revenues due to continued declines in fix-to-mobile and long distance revenues and a 3% decline in *data and internet* revenues. These declines were partially mitigated by a 19% growth in *collaboration* solutions due to its increased relevance in the new digital environment.

IT revenues reached Ps. 316 million in 2Q20, up 22% when compared to 2Q19, mainly due to a 32% increase in *cloud services* and a 21% increase in *cybersecurity*, in relation to new customers and incremental services with existing customers.

REVENUES – Business Units

SERVICES BUSINESS UNIT (“ALESTRA”) (cont’d)

GOVERNMENT SEGMENT (20% of Services Unit YTD revenues)

Government segment revenues amounted US \$19 million in 2Q20. In pesos, revenues totaled Ps. 447 million, representing no change compared to 2Q19. (See Table 2).

TELECOM revenues reached Ps. 236 million in 2Q20, a 1% increase year-over-year, resulting from more than a 100% increase in *data* and *collaboration* services revenues compensating a 37% decline in *voice* and *managed network* revenues.

IT revenues reached Ps. 211 million in 2Q20, down 1% when compared to 2Q19, mainly due to a decrease in *cloud* and *cybersecurity* services, partially mitigated by an 18% increase in *system integration* solutions.

GROSS PROFIT

Gross profit is defined as revenues minus cost of revenues. For 2Q20, gross profit was US \$97 million. In pesos, gross profit totaled Ps. 2,264 million, down 3% compared to 2Q19; however, pro forma for the data centers transaction, gross profit increased 1%.

SERVICES UNIT (ALESTRA) gross profit amounted to Ps. 1,044 million, down 12% compared to the year-earlier quarter, mainly due to a margin contraction in government-segment recurrent revenues, an increase from 3 to 4% in the percentage of non-recurrent revenues and an increase from 19 to 22% in the penetration of IT revenues.

INFRASTRUCTURE UNIT (AXTEL NETWORKS) gross profit amounted to Ps. 1,220 million. Gross profit increased 7% compared to the year-earlier quarter, or 17% pro forma, due to increased revenues and an increase in gross margins, in part due to the benefit from the cancelation of provisions associated to the spectrum transaction previously discussed.

OPERATING EXPENSES AND OTHER INCOME (EXPENSES)

Operating expenses reached US \$48 million in 2Q20, in pesos operating expenses decreased 8%, however, pro forma for the data center transaction, expenses decreased 5%.

SERVICES UNIT (ALESTRA) operating expenses decreased 13% compared to 2Q19, due to declines in personnel, rents and maintenance expenses. The decline in personnel is partially due to a reclassification of expenses which were booked in Alestra in the first quarter, and belonged to Axtel Networks.

INFRASTRUCTURE UNIT (AXTEL NETWORKS) operating expenses declined 4% compared to 2Q19, or a 3% increase pro forma, due to increases in personnel due to the reclassification previously described and increases in tower leases due to inflation.

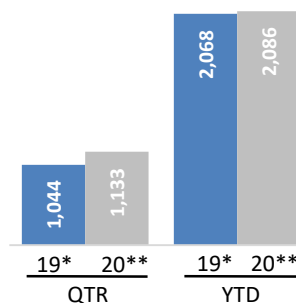
Other income reached Ps. 87 million during 2Q20, which includes a Ps. 90 million (US \$4 million) gain from the transfer of spectrum announced during the quarter.

EBITDA

EBITDA totaled US \$53 million in 2Q20. In pesos, EBITDA reached Ps. 1,222 million, a 12% increase compared to Ps. 1,094 million in 2Q19. 2Q20 figure includes Ps. 90 million benefit from the transfer of spectrum; adjusting for this item, EBITDA reached Ps. 1,133 million, a 4% increase compared to 2Q19; or 8% increase pro forma for the data center transaction. (See Table 12).

EBITDA margin increased from 34.5% in 2Q19 pro forma, to 36.8% in 2Q20, mainly driven by a decrease in expenses as a proportion of revenues.

(in Million Ps.)



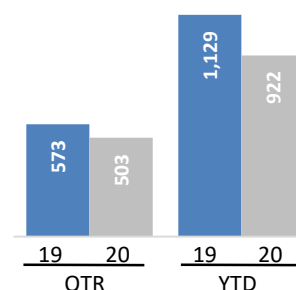
* Pro forma data center transaction.
** Adjusted for data center divestment and spectrum transaction.

SERVICES UNIT (ALESTRA)

(44% of Axtel's YTD EBITDA)

Services Business Unit EBITDA amount to US \$22 million in 2Q20. In pesos, EBITDA reached Ps. 503 million, a 12% decrease year-over-year, due to the decline in revenues and gross profit margins previously described.

(in Million Ps.)



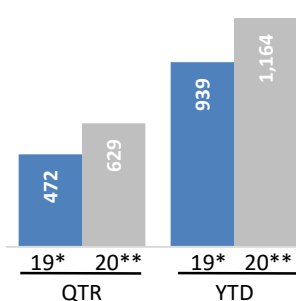
INFRASTRUCTURE UNIT (AXTEL NETWORKS)

(56% of Axtel's YTD EBITDA)

Infrastructure Unit EBITDA reached US \$31 million, including a US \$4 million benefit from the transfer of spectrum in June 2020.

In pesos, Infrastructure Unit EBITDA reached Ps. 719 million, or Ps. 629 million without the benefit from the spectrum transaction, representing a 33% increase year-over-year compared to Ps. 472 million pro forma in 2019.

(in Million Ps.)



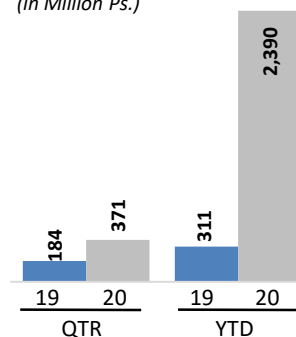
* Pro forma data center transaction.
** Adjusted for data center divestment and spectrum transaction.

OPERATING INCOME

In the 2Q20, operating income totaled US \$16 million.

In pesos, 2Q20 operating income totaled Ps. 371 million, compared to Ps. 184 million in 2Q19, a Ps. 187 million increase due to the increase in EBITDA, the spectrum transaction benefit and a decline in depreciation and amortization.

(in Million Ps.)



COMPREHENSIVE FINANCING RESULT

The comprehensive financing cost reached US \$5 million in 2Q20 or Ps. 94 million, compared to Ps. 333 million in 2Q19. The decrease in cost is mostly explained by a Ps. 261 million FX gain during 2Q20 resulting from a 2% appreciation of the Mexican peso against the US dollar, compared to a Ps. 21 million FX gain in 2Q19 resulting from a 1% appreciation of the peso. Net interest expenses increased 10% from 2Q19 to 2Q20. (See Table 7).

NET DEBT

For 2Q20, net debt was US \$593 million, down 22% or US \$171 million in comparison with 2Q19; comprised of a US \$17 million decrease in debt, a US \$39 million non-cash decrease in debt caused by a 17% depreciation of the Mexican peso year-over-year and a US \$115 million increase in cash.

Total debt reduction of US \$17 million year-over-year is explained by i) a US \$69 million decrease related to the full prepayment of the Syndicated Bank facility; ii) a US \$66 million increase in short-term loans; iii) a US \$5 million decrease in other loans and financial leases; iv) a US \$12 million decrease related to the new accounting standard for long-term leases (IFRS 16) and v) a US \$2 million increase in accrued interests.

As of 2Q20, cash balance totaled US \$157 million (Ps. 3,616 million), which includes US \$13 million of restricted cash and approximately US \$60 million from remaining proceeds from the data centers transaction. Cash in 2Q19 totaled US \$43 million (Ps. 820 million), which included US \$5 million of restricted cash.

Financial ratios for the second quarter of 2020 were: Net Debt to EBITDA of 1.8 times and Interest Coverage of 5.1 times. (See Table 8).

CAPITAL EXPENDITURES (CAPEX)

Capital investments totaled US \$18 million in 2Q20, compared to US \$22 million in 2Q19. YTD 2020 Capex reached US\$ 54 million (Ps. 1,119 million), compared to US \$41 million (Ps. 795 million) in the same period in 2019. 2020 figure includes an extraordinary investment of US \$22 million related to the renovation of spectrum frequencies and excludes the US \$167 million benefit from the data center divestment.

OTHER INFORMATION

- The report presents unaudited financial information based on International Financial Reporting Standards (IFRS). Figures are presented in Mexican Pesos (Ps.) or US Dollars (US \$), as indicated. Where applicable, Peso amounts were translated into US Dollars using the average exchange rate of the months during which the operations were recorded.
- “Pro forma”: In January 2020, Axtel executed the strategic agreement and divestment of three data centers. For comparison purposes, pro forma information adjusting the results of 2019 is included in the report. See Appendix C – Tables 11 – 13.
- This report may contain 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 could vary from those set forth in this release.
- Net Debt / EBITDA ratio: means net debt translated into US Dollars using the end-of-period exchange rate divided by LTM EBITDA translated into US Dollars using the average exchange rate for each month during which the operations were recorded. Net debt means total debt (including accrued interests) minus cash (including restricted cash).
- Interest coverage ratio: means the ratio of LTM EBITDA to interest expense (net of interest income), both translated into US Dollars using the average exchange rate for each month during which the operations were recorded. Interest expense calculated pro forma for debt prepayments.
- To reduce exchange rate risk exposure for the 2024 Senior Notes’ coupon payment due November 2020, as of the end of the 2Q20, Axtel maintains an exchange rate forward transaction for an outstanding amount of US \$16 million, at an exchange rate of 22.25 MXN/USD, where Axtel buys USD and sells MXN. Additionally, Axtel maintains an interest rate swap (“IRS”) for Ps. 3,380 million, maturing in December 2022, where Axtel pays 8.355% and receives TIIE 28d.
- Subject to market conditions, the Company’s liquidity position and its contractual obligations, from time to time, the Company may acquire or divest its own shares and/or its Senior Notes, as well as enter into or unwind financial instruments whose underlying is related to the performance of its shares.

ABOUT AXTEL

Axtel is a Mexican Information and Communication Technology Company that serves the enterprise and government segments with a robust portfolio of IT and Telecommunications solutions. With a network infrastructure of 40,600 km of fiber, Axtel enables organizations to be more productive through innovation.

As of February 15, 2016, Axtel is a subsidiary of ALFA, which owns 52.8% of its equity.

Axtel adhered to the UN Global Compact in 2011, the world's largest social responsibility initiative. It has received recognition from CEMEFI as a Socially Responsible Company since 2008.

Axtel shares, represented by Ordinary Participation Certificates, or CPOs, trade on the Mexican Stock Market under the symbol “AXTELCPO” since 2005.

Axtel’s Investor Relations Center: axtelcorp.mx
Enterprise and Government services website: alestra.mx

Appendix A – Tables

TABLE 1 | SERVICES BUSINESS UNIT REVENUES - ENTERPRISE SEGMENT

(IN MILLIONS)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
TELECOM (Ps.)	1,609	1,710	1,775	(6)	(9)	3,319	3,515	(6)
<i>Voice</i>	288	377	463	(23)	(38)	665	868	(23)
<i>Data and Internet</i>	666	685	689	(3)	(3)	1,351	1,365	(1)
<i>Managed Networks</i>	655	648	623	1	5	1,303	1,281	2
IT (Ps.)	316	305	259	3	22	621	523	19
TOTAL ENTERPRISE (Ps.)	1,925	2,015	2,034	(4)	(5)	3,940	4,037	(2)
US \$	82	102	106	(19)	(22)	185	211	(12)
<i>Recurrent (Ps.)</i>	1,877	1,871	1,950	0	(4)	3,749	3,870	(3)
<i>Non recurrent (Ps.)</i>	48	144	84	(67)	(43)	192	167	15

TABLE 2 | SERVICES BUSINESS UNIT REVENUES - GOVERNMENT SEGMENT

(IN MILLIONS)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
TELECOM (Ps.)	236	239	234	(1)	1	475	533	(11)
<i>Voice</i>	15	24	24	(37)	(37)	40	54	(26)
<i>Data and Internet</i>	100	94	49	6	105	193	128	51
<i>Managed Networks</i>	121	121	161	0	(25)	242	351	(31)
IT (Ps.)	211	298	212	(29)	(1)	508	435	17
TOTAL GOVERNMENT (Ps.)	447	537	446	(17)	0	984	967	2
US \$	19	27	23	(29)	(18)	46	50	(9)
<i>Recurrent (Ps.)</i>	394	436	454	(10)	(13)	830	983	(16)
<i>Non recurrent (Ps.)</i>	53	101	(8)	(48)	--	154	(16)	--

TABLE 3 | INFRASTRUCTURE BUSINESS UNIT REVENUES

(IN MILLIONS)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
TOTAL INFRASTRUCTURE (Ps.)	1,316	1,169	1,215	13	8	2,485	2,441	2
US \$	56	59	64	(5)	(11)	115	127	(9)
ELIMINATIONS (Ps.) *	(610)	(615)	(604)	1	(1)	(1,225)	(1,207)	(1)
US \$	(26)	(31)	(32)	16	17	(57)	(63)	9

* For consolidation purposes, revenues coming from Services Unit (Alestra) are presented as "eliminations".
Note: See Table 11 for pro forma figures.

Appendix A – Tables

TABLE 4 | 2019 and YTD 2020 REVENUES BY BUSINESS UNIT
(IN MILLIONS)

	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20
SERVICES UNIT (Ps.)	2,524	2,481	2,523	2,650	10,177	2,552	2,372
<i>US \$</i>	131	130	130	137	528	129	102
ENTERPRISE (Ps.)	2,003	2,034	1,988	1,993	8,018	2,015	1,925
<i>US \$</i>	104	106	102	103	416	102	82
GOVERNMENT (Ps.)	521	446	535	657	2,159	537	447
<i>US \$</i>	27	23	28	34	112	27	19
INFRASTRUCTURE UNIT (Ps.)	1,227	1,215	1,248	1,332	5,021	1,169	1,316
<i>US \$</i>	64	64	64	69	261	59	56
Eliminations (Ps.)	(604)	(604)	(604)	(604)	(2,414)	(615)	(610)
<i>US \$</i>	(31)	(32)	(31)	(31)	(125)	(31)	(26)
TOTAL (Ps.)	3,147	3,092	3,167	3,378	12,784	3,106	3,078
<i>US \$</i>	164	162	163	175	664	157	132

TABLE 5 | 2019 AND YTD 2020 REVENUES BY SEGMENT (AS REPORTED in 2019)
(IN MILLIONS)

	1Q19	2Q19	3Q19	4Q19	2019	1Q20	2Q20
ENTERPRISE (Ps.)	2,626	2,645	2,632	2,721	10,625	2,569	2,631
<i>US \$</i>	137	138	136	141	552	130	113
GOVERNMENT (Ps.)	521	446	535	657	2,159	537	447
<i>US \$</i>	27	23	28	34	112	27	19
TOTAL (Ps.)	3,147	3,092	3,167	3,378	12,784	3,106	3,078
<i>US \$</i>	164	162	163	175	664	157	132

Appendix A – Tables

TABLE 6 | OPERATING INCOME AND EBITDA
(IN MILLIONS)

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
Operating Income (Ps.)	371	2,019	184	(82)	101	2,390	311	669
US \$	16	107	10	(85)	69	123	16	661
EBITDA (Ps.)	1,222	2,974	1,094	(59)	12	4,197	2,168	94
US \$	53	156	57	(66)	(8)	208	113	84
Adjustments* (Ps.)	(90)	(2,021)	0	96	--	(2,110)	0	--
US \$	(4)	(107)	0	96	--	(111)	0	--
Comparable EBITDA (Ps.)	1,133	954	1,094	19	4	2,086	2,168	(4)
US \$	49	48	57	1	(15)	97	113	(14)
Services Unit (Ps.)	503	419	573	20	(12)	922	1,129	(18)
Infrastructure Unit (Ps.)	629	535	521	18	21	1,164	1,040	12

* Adjustments include one-time (gains) losses, such as the Data Centers divestment in 1Q20 and spectrum transaction in 2Q20.
Note: See Table 12 for pro forma EBITDA figures.

TABLE 7 | COMPREHENSIVE FINANCING RESULT
(IN MILLIONS)

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
Net interest expense	(387)	(356)	(352)	(9)	(10)	(744)	(718)	(4)
FX gain (loss), net	261	(1,993)	21	--	>1,000	(1,733)	180	--
Ch. FV of Fin. Instruments	33	(6)	(2)	--	--	27	(32)	--
Total (Ps.)	(94)	(2,355)	(333)	96	72	(2,449)	(570)	(330)
US \$	(5)	(110)	(17)	96	73	(115)	(30)	(288)

TABLE 8 | NET DEBT AND FINANCIAL RATIOS
(US \$ MILLIONS)

	2Q20	1Q20	2Q19	(% 2Q20 vs.)	
				1Q20	2Q19
Senior Notes 2024	500	500	500	0	0
Syndicated bank facility	0	0	69	--	--
Long-term bank loan	142	139	170	2	(17)
Short-term bank loans	63	2	0	>1,000	--
Other loans + leases	39	35	61	10	(37)
Accrued interests	7	14	6	(51)	7
Total Debt	751	690	807	9	(7)
% US \$ denominated debt	74%	74%	64%		
(-) Cash and cash eq.	(157)	(104)	(43)	(51)	(268)
Net Debt	593	586	764	1	(22)
Net Debt / LTM EBITDA*	1.8	1.8	3.4		
LTM Interest Coverage*	5.1	5.3	3.2		

* Times. LTM = Last twelve months. See page 7 for calculation details.

Appendix B – Discontinued Operations | Mass Market Segment

Axtel's 2019 results reflect the divested mass market business as discontinued operations. ALFA, however, consolidated both continuing and discontinued operations, as follows:

TABLE 9 | DISCONTINUED OPERATIONS – REVENUE RECONCILIATION

(IN MILLIONS)

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
Revenues	3,078	3,106	3,092	(1)	(0)	6,184	6,239	(1)
Revenues from Disc. Op.	-	-	86	--	--	-	262	--
Adjusted Revenues (Ps.)¹	3,078	3,106	3,178	(1)	(3)	6,184	6,500	(5)
<i>US \$</i>	<i>132</i>	<i>157</i>	<i>166</i>	<i>(16)</i>	<i>(21)</i>	<i>289</i>	<i>339</i>	<i>(15)</i>

1) As consolidated by ALFA.

TABLE 10 | DISCONTINUED OPERATIONS – EBITDA RECONCILIATION

(IN MILLIONS)

	2Q20	1Q20	2Q19	(% 2Q20 vs.)		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
EBITDA (Ps.)	1,222	2,974	1,094	(59)	12	4,197	2,168	94
<i>US \$</i>	<i>53</i>	<i>156</i>	<i>57</i>	<i>(66)</i>	<i>(8)</i>	<i>208</i>	<i>113</i>	<i>84</i>
EBITDA Discontinued Op. (Ps.)	-	-	754	--	--	-	791	--
<i>US \$</i>	<i>-</i>	<i>-</i>	<i>39</i>	<i>--</i>	<i>--</i>	<i>-</i>	<i>41</i>	<i>--</i>
Adjusted EBITDA (Ps.)¹	1,222	2,974	1,848	(59)	(34)	4,197	2,959	42
<i>US \$</i>	<i>53</i>	<i>156</i>	<i>97</i>	<i>(66)</i>	<i>(45)</i>	<i>208</i>	<i>155</i>	<i>35</i>
Adjustments (Ps.)²								
Spectrum Transaction	(90)	-	-	--	--	(90)	-	--
Data Center Sale	-	(2,021)	-	--	--	(2,021)	-	--
FTTx Sale	-	-	(741)	--	--	-	(741)	--
Comparable Adj. EBITDA (Ps.)	1,133	954	1,106	19	2	2,086	2,218	(6)
<i>US \$</i>	<i>49</i>	<i>48</i>	<i>58</i>	<i>1</i>	<i>(16)</i>	<i>97</i>	<i>116</i>	<i>(16)</i>

1) As consolidated by ALFA.

2) Adjustments include one-time (gains) losses.

Appendix C – Pro Forma Figures for Data Centers Transaction

In January 2020, Axtel executed the strategic agreement and divestment of three data centers. For comparison purposes, results for 2019 are adjusted for this transaction (“pro forma”).

TABLE 11 | PRO FORMA REVENUES – DATA CENTER TRANSACTION
(IN MILLIONS)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
SERVICES (Ps.)	2,372	2,552	2,481	(7)	(4)	4,924	5,004	(2)
US \$	102	129	130	(21)	(22)	231	261	(12)
Enterprise (Ps.)	1,925	2,015	2,034	(4)	(5)	3,940	4,037	(2)
US \$	82	102	106	(19)	(22)	185	211	(12)
Government (Ps.)	447	537	446	(17)	0	984	967	2
US \$	19	27	23	(29)	(18)	46	50	(9)
INFRASTRUCTURE (Ps.)	1,316	1,169	1,152	13	14	2,485	2,317	7
US \$	56	59	60	(5)	(7)	115	121	(5)
ELIMINATIONS (Ps.) *	(610)	(615)	(604)	1	(1)	(1,225)	(1,207)	(1)
US \$	(26)	(31)	(32)	16	17	(57)	(63)	9
TOTAL REVENUES (Ps.)	3,078	3,106	3,029	(1)	2	6,184	6,114	1
US \$	132	157	158	(16)	(17)	289	319	(9)

* For consolidation purposes, revenues coming from Services Unit (Alestra) are presented as “eliminations”.

TABLE 12 | PRO FORMA EBITDA – DATA CENTER TRANSACTION
(IN MILLIONS)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
EBITDA (Ps.)	1,222	2,974	1,044	(59)	17	4,197	2,068	103
US \$	53	156	55	(66)	(3)	208	108	93
Adjustments* (Ps.)	(90)	(2,021)	0	96	--	(2,110)	0	--
US \$	(4)	(107)	0	96	--	(111)	0	--
Comparable EBITDA (Ps.)	1,133	954	1,044	19	8	2,086	2,068	1
US \$	49	48	55	1	(11)	97	108	(10)
Services Unit (Ps.)	503	419	573	20	(12)	922	1,129	(18)
Infrastructure Unit (Ps.)	629	535	472	18	33	1,164	939	24

* Adjustments include one-time (gains) losses, such as the Data Centers divestment in 1Q20 and spectrum transaction in 2Q20.

TABLE 13 | 2019 PRO FORMA REVENUES AND EBITDA – DATA CENTER TRANSACTION
(IN MILLIONS)

	1Q19	2Q19	3Q19	4Q19	2019
REVENUES (Ps.)	3,086	3,029	3,103	3,311	12,528
US \$	161	158	160	172	651
Services Unit (Ps.)	2,524	2,481	2,523	2,650	10,177
Infrastructure Unit (Ps.)	1,165	1,152	1,184	1,264	4,765
Eliminations (Ps.) *	(604)	(604)	(604)	(604)	(2,414)
EBITDA (Ps.)	1,024	1,044	1,057	1,111	4,236
US \$	53	55	54	58	220
Services Unit (Ps.)	556	573	536	514	2,179
Infrastructure Unit (Ps.)	468	472	521	597	2,057

* For consolidation purposes, Infrastructure Unit revenues coming from Services Unit (Alestra) are presented as “eliminations”.

Appendix D – Financial Statements

Axtel, S.A.B. de C.V. and Subsidiaries

Unaudited Consolidated Balance Sheet

(IN MILLION PESOS)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.	
				1Q20	2Q19
ASSETS					
CURRENT ASSETS					
Cash and equivalents	3,314	2,132	722	55	359
Restricted cash	302	316	-	(5)	--
Accounts receivable	4,614	2,631	3,047	75	51
Related parties	30	40	63	(26)	(53)
Refundable taxes and other acc. rec.	643	877	709	(27)	(9)
Advances to suppliers	776	626	584	24	33
Inventories	111	122	141	(9)	(21)
Financial Instruments	18	63	1	(72)	>1,000
Financial Instruments (ZSC)	120	87	70	38	72
Total current assets	9,928	6,894	5,337	44	86
NON CURRENT ASSETS					
Restricted cash	-	-	97	--	--
Property, plant and equipment, net	12,141	12,493	15,076	(3)	(19)
Long-term accounts receivable	-	-	-	--	--
Intangible assets, net	1,885	1,917	1,772	(2)	6
Deferred income taxes	3,780	3,853	2,837	(2)	33
Investment shares associated co.	295	295	295	-	(0)
Other assets	481	457	449	5	7
Total non current assets	18,582	19,014	20,526	(2)	(9)
TOTAL ASSETS	28,510	25,908	25,863	10	10
LIABILITIES & STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Account payable & Accrued expenses	4,638	3,394	3,370	37	38
Accrued Interest	154	320	121	(52)	28
Short-term debt	315	-	-	--	--
Current portion of long-term debt	1,630	458	529	256	208
Taxes payable	39	16	16	139	136
Financial Instruments	134	89	25	51	427
Deferred Revenue	175	191	444	(8)	(61)
Provisions	213	232	168	(8)	27
Other accounts payable	1,155	963	1,305	20	(12)
Total current liabilities	8,452	5,663	5,978	49	41
LONG-TERM LIABILITIES					
Long-term debt	15,011	15,302	14,632	(2)	3
Employee Benefits	741	700	617	6	20
Derivative Financial Instruments	126	97	82	29	53
Other LT liabilities	103	153	704	(33)	(85)
Total long-term debt	15,981	16,253	16,035	(2)	(0)
TOTAL LIABILITIES	24,433	21,916	22,013	11	11
STOCKHOLDERS' EQUITY					
Capital stock	464	464	464	-	-
Reserve for repurchase of shares	391	396	112	(1)	249
Cumulative earnings (losses)	3,221	3,131	3,274	3	(2)
TOTAL STOCKHOLDERS' EQUITY	4,077	3,991	3,850	2	6
TOTAL LIABILITIES AND EQUITY	28,510	25,908	25,863	10	10

Appendix D – Financial Statements

Axtel, S.A.B. de C.V. and Subsidiaries

Unaudited Consolidated Income Statement

(IN MILLION PESOS)

	2Q20	1Q20	2Q19	(%) 2Q20 vs.		YTD'20	YTD'19	YTD Δ (%)
				1Q20	2Q19			
Total Revenues	3,078	3,106	3,092	(1)	(0)	6,184	6,239	(1)
Cost of sales and services	(814)	(910)	(766)	11	(6)	(1,723)	(1,581)	(9)
Gross Profit	2,264	2,197	2,326	3	(3)	4,461	4,658	(4)
Operating expenses	(1,129)	(1,250)	(1,232)	10	8	(2,379)	(2,488)	4
Other income (expenses), net	87	2,028	0	(96)	>1,000	2,115	(1)	--
Depr., amort. & impairment assets	(851)	(956)	(910)	11	6	(1,807)	(1,857)	3
Operating income	371	2,019	184	(82)	101	2,390	311	669
Comprehensive financing result, net	(94)	(2,355)	(333)	96	72	(2,449)	(570)	(330)
Equity in results of associated company	-	-	(0)	--	--	-	(0)	--
Income (loss) before income taxes	277	(337)	(149)	--	--	(59)	(259)	77
Income taxes	(135)	936	65	--	--	801	103	675
Discontinued Operations	-	-	493	--	--	-	487	--
Net Income (Loss)	142	599	409	(76)	(65)	742	332	124