



ALFA, S.A.B. de C.V. (BMV: ALFAA)
Investor Relations
iralfa@alfa.com.mx
www.alfa.com.mx
+ (52) 81-8748-2521



EARNINGS REPORT

Fourth Quarter 2019 (4Q19)

Monterrey, N.L., Mexico, February 12, 2020.

ALFA, S.A.B. de C.V. (BMV: ALFAA) (ALFA), a leading holding company that manages a diversified portfolio of subsidiaries with global operations, announced today its unaudited results for the fourth quarter of 2019 ("4Q19"). All figures have been prepared in accordance with International Financial Reporting Standards ("IFRS").

ALFA reports 4Q19 EBITDA of US \$636 million

4Q19 HIGHLIGHTS

ALFA	<ul style="list-style-type: none"> 2019 adjusted EBITDA of US \$2.4 billion, generally in line with Guidance Net Debt down US \$267 million y-o-y; down US \$757 million when excluding IFRS16 impact
Alpek	<ul style="list-style-type: none"> Closed US \$801 million sale of its two power cogeneration facilities to ContourGlobal Agreement to acquire the only PET plant in the U.K.; installed capacity of 350 ktons per year
Sigma	<ul style="list-style-type: none"> EBITDA up 1% and 3% in 4Q19 and 2019 y-o-y, respectively 2019 EBITDA margin of 10.9%; slightly higher y-o-y supported by efforts to mitigate ASF
Nemak	<ul style="list-style-type: none"> 2019 EBITDA in line with Guidance despite GM strike impact Completed the construction of its first plant in NA 100% dedicated to assembly of EV components
Axtel	<ul style="list-style-type: none"> Better-than-expected performance in 2019 Functional separation process to operate under two specialized units advancing as planned

SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	4Q19	3Q19	4Q18	Ch. % vs. 3Q19	Ch. % vs. 4Q18	2019	2018	Ch. %
ALFA Revenues	4,267	4,319	4,692	(1)	(9)	17,538	19,055	(8)
Alpek	1,407	1,523	1,758	(8)	(20)	6,216	6,991	(11)
Sigma	1,706	1,632	1,596	5	7	6,463	6,336	2
Nemak	941	963	1,078	(2)	(13)	4,017	4,704	(15)
Axtel	176	165	208	6	(16)	680	809	(16)
Newpek	18	16	22	14	(19)	76	108	(29)
ALFA EBITDA¹	636	548	887	16	(28)	2,298	2,858	(20)
Alpek	356	194	369	83	(4)	850	1,063	(20)
Sigma	176	182	174	(3)	1	703	684	3
Nemak	133	139	171	(4)	(22)	621	734	(15)
Axtel	53	57	206	(6)	(74)	265	422	(37)
Newpek	(65)	(11)	16	(479)	(519)	(91)	31	(395)
Majority Net Income	80	60	237	35	(66)	300	682	(56)
CAPEX & Acquisitions²	325	204	529	59	(39)	920	1,583	(42)
Net Debt	6,276	7,032	6,543	(11)	(4)	6,276	6,543	(4)
Net Debt/LTM EBITDA [*]	2.7	2.8	2.3					
LTM Interest Coverage ^{*3}	5.2	5.8	5.8					

* 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



Contents

Message from ALFA's President

Consolidated Financial Results ALFA (BMV: ALFAA)



Results by Business



Alpek (BMV: ALPEKA) – Petrochemicals

Sigma – Food Products



Nemak (BMV: NEMAKA) – Aluminum Autoparts



Axtel (BMV: AXTELCPO) – IT & Telecom

Newpek – Oil & Gas

Tables

Financial Statements

Appendix – 4Q19 Reports of Listed Businesses

Message from ALFA's President

"2019 was a year of significant accomplishments for ALFA as we successfully executed on our strategic priorities. Alpek and Axtel monetized non-core assets that generated proceeds of close to US \$1.3 billion between 4Q18 and 4Q19. Sigma and Nematik are both innovating in high growth segments in their respective industries as well as driving operating efficiencies, while Axtel realigned its business to better capture growth opportunities and maximize value.

The fourth quarter was pivotal in positioning ALFA for the future as Alpek closed the US \$801 million sale of its two power cogeneration facilities and Axtel monetized three data centers as part of the US \$175 million strategic agreement with Equinix.

ALFA's full year financial results were generally in line with our expectations supported by higher than anticipated consolidated EBITDA margin amid certain headwinds faced during the year. These included the African Swine Fever (ASF), which Sigma was able to mitigate through multiple targeted actions, a soft feedstock price environment at Alpek, and the strike at GM, which temporarily curtailed Nematik's production.

In line with its goal of promoting a circular economy, Alpek operates the largest recycling capacity among PET producers in the Americas. During 2019, the company acquired a PET recycling plant in the United States, which raised its recycled PET production capacity by 60%. Alpek also signed an agreement in 4Q19 with Lotte Chemical Corporation to purchase the only PET plant in the United Kingdom, which raised its production capacity by 14%. It is important to note that PET is 100% recyclable, the most recycled plastic in the world, and has significant economic and environmental advantages over other packaging materials, including an 80% lower carbon footprint versus glass and aluminum.

Innovation is a key driver at Sigma, supported by a team of more than 200 specialists, 2 research centers and 6 pilot plants. The company launched more than 270 products in 2019 and has more than 740 products under development. Revenues generated by products launched through Sigma's innovation platform over the last 36 months, accounted for 11% of sales, up from 7% three years ago. In addition to its in-house capabilities the company recently launched "Tastech by Sigma", a program to accelerate innovation through disruptive startups and emerging growth companies from around the world. Another highlight of the year was the creation of a new business unit "Global Snacking" to grow the protein-based snack category which currently generates sales of US \$172 million per year.

Nemak continued to ramp up its capacity to meet demand for innovative lightweighting solutions through structural and electric vehicle (SC/EV) components. During 2019, the company supplied SC/EV components for 16 vehicles for 6 different customers worldwide. Moreover, Nemak recently completed the construction and is currently installing the necessary equipment to begin operations of its first plant in North America engaged 100% in assembly processes for electric vehicle components, expanding the range of solutions that it can provide its customers. Approximately 25% of Nemak's Capex investment in 2019 was dedicated to this new business line.

As part of Axtel's' realignment process, during 2019 the company completed the sale of its Mass Market business, monetized three data centers in a strategic agreement with Equinix, and began to operate under two new specialized business units: Infrastructure and Services. This new business structure is planned to optimize Axtel's operations and maximize the value of its infrastructure, which includes 40,600 km of fiber optic network.

Newpek will continue to evaluate strategic alternatives for its assets outside of Mexico as we remain committed to exiting this business. During 2019, Newpek recognized US \$63 million in expense provisions mainly associated with its lower production outlook in coming years.

Consolidated reported EBITDA for the year includes a US \$108 million net gain from extraordinary items such as the US \$188 million gain from the sale of Alpek's power cogeneration plants which was partially offset by provisions of US \$63 million at Newpek. On an adjusted basis to make the figure comparable with our Guidance, 2019 EBITDA of US \$2.4 billion was generally in line supported by solid underlying business performance amid external headwinds.

Net Debt decreased US \$267 million year over year reflecting the successful monetization of non-core assets and strong cash flow generation. Excluding the impact from the adoption of a new accounting standard for leases (IFRS16) beginning in January, Net Debt was down US \$757 million or 12% versus year-end 2018.

On the capital allocation front, it is important to note that ALFA paid out a record dividend of US \$202 million in 2019. In addition, the Company cancelled US \$165 million worth of shares and during the year repurchased US \$37 million worth of shares, representing a total benefit to shareholders of US \$404 million.

Looking ahead, ALFA will continue supporting the subsidiaries' investments in improving efficiencies, moving into high-growth businesses and further expanding geographic presence. More specifically, Alpek will be enhancing its recycling capabilities and focused on integrating its recent acquisitions. Sigma will continue to exploit its innovation capabilities to their fullest potential as well as executing operating efficiency initiatives to improve profitability, particularly in Europe.

Furthermore, Nemak has been successful in winning new contracts, capitalizing on the trend towards a more sustainable mobility. Whereas, Axtel will be operating under a new structure that is expected to strengthen its leadership position in key business segments and unlock its value potential".

Álvaro Fernández



ALFA (BMV: ALFAA) Consolidated Financial Results

INCOME STATEMENT (US \$ MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		2019	2018	Ch. %
				3Q19	4Q18			
Total Revenues	4,267	4,319	4,692	(1)	(9)	17,538	19,055	(8)
Gross Profit	765	891	876	(14)	(13)	3,321	3,843	(14)
Operating expenses and others	(410)	(616)	(248)	33	(66)	(2,097)	(1,999)	(5)
EBITDA	636	548	887	(8)	(18)	2,298	2,858	(16)
Operating income	354	275	628	29	(44)	1,224	1,844	(34)
Financial cost, net	(88)	(161)	(136)	45	35	(465)	(452)	(3)
Share of losses of associates	(16)	(1)	(1)	-	-	(14)	6	(317)
Income Tax	(87)	(48)	(142)	(80)	39	(291)	(471)	38
Consolidated net income	163	65	350	151	(53)	454	928	(51)
Controlling Interest	80	60	237	35	(66)	300	682	(56)
EBITDA/Revenues (%)	14.9	12.7	18.9			13.1	15.0	

Total Revenues were US \$4.267 billion, down 9% when compared to 4Q18 mainly due to lower feedstock prices in Alpek and lower volume in Nemark. Moreover, Axtel and Newpek's revenues reflect recent divestments in the Mass Market business (Mexico) and the sale of the Wilcox field (U.S.), respectively. By contrast, Sigma's revenue was up 7% in the quarter supported by higher average prices. Accumulated Revenues were US \$17.538 billion, down 8% versus 2018 also due primarily to Alpek and Nemark. Year-to-date, 67% of consolidated ALFA revenues were derived from outside Mexico, also known as "Foreign Sales" (see table 2).

EBITDA was US \$636 million in 4Q19, including a US \$122 million net gain from extraordinary items such as the US \$188 million benefit from the sale of Alpek's cogeneration plants and expense provisions of US \$58 million in Newpek related to a lower production outlook in coming years. Also, 4Q18 EBITDA benefitted from a US \$322 million net gain in extraordinary items (see table 4). Adjusting for these items, Comparable ALFA EBITDA was US \$514 million, US \$571 million and US \$565 million in 4Q19, 3Q19 and 4Q18, respectively.

4Q19 Comparable ALFA EBITDA was down 9% versus 4Q18 primarily due to the impact from lower volume in Nemark caused by lower demand from certain OEM customers, including the General Motors strike in the U.S. By contrast, Sigma posted year-on-year comparable EBITDA growth in 4Q19 driven by solid results in the U.S. and Mexico.

Accumulated Comparable ALFA EBITDA was US \$2.190 billion, down 10% versus 2018 as growth in Sigma was more than offset primarily by the anticipated impact of lower volume in Nematik and lower margins in Alpek. It is important to note that Axtel's 2019 Comparable EBITDA increased 7% when adjusted for discontinued operations (e.g. Mass Market) in 2018. Year-to-date EBITDA includes a US \$134 million benefit associated with the adoption of a new accounting standard for leases (IFRS16) beginning in January 2019 (see tables 3, 4, 5 and 6).

Operating Income totaled US \$354 million, down from US \$628 million in 4Q18 reflecting the decrease in EBITDA explained above. Accumulated Operating Income was US \$1.224 billion, down 34% compared to US \$1.844 billion in 2018 (see tables 3, 4, 5 and 6).

Comprehensive Financing Expense of US \$88 million, down from US \$136 million in 4Q18 due primarily to a higher exchange rate gain. Accumulated Comprehensive Financing Expense of US \$465 million was 3% higher versus 2018 as lower financial expenses were more than offset by exchange rate losses. Year-to-date Net Financial Expenses were down 10% versus 2018 (see table 7).

Controlling Interest Net Income was US \$80 million, compared to US \$237 million in 4Q18 as the decrease in Operating Income was partially offset by lower Income Tax and Financial Cost. Accumulated Controlling Interest Net Income was US \$300 million, down 56% versus 2018 primarily due to lower Operating Income (see table 8).

CHANGE IN NET DEBT (US \$ MILLIONS)

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch. %
				3Q19	4Q18			
EBITDA	636	548	887	16	(28)	2,298	2,858	(20)
Net Working Capital	128	73	299	75	(57)	24	(292)	108
Capital Expenditures & Acquisitions	(325)	(204)	(529)	(59)	39	(920)	(1,583)	42
Net Financial Expenses	(116)	(120)	(119)	3	3	(464)	(500)	7
Taxes	(90)	(83)	(58)	(8)	(55)	(482)	(375)	(29)
Dividends	(43)	(108)	(46)	60	-	(323)	(264)	(22)
Other Sources / Uses	566	(16)	(76)	3,752	847	134	(87)	254
Decrease (Increase) in Net Debt	756	90	358	740	111	267	(243)	210

Net Debt was US \$6.276 billion at the close of 4Q19, down 4% and 11% versus 4Q18 and 3Q19, respectively. On an absolute basis, consolidated ALFA Net Debt decreased US \$267 million from year-end 2018. Adjusting for the US \$490 million impact from the adoption of a new accounting standard for leases (IFRS16) beginning in January 2019, consolidated ALFA Net Debt decreased \$757 million supported by monetization of non-core asset at Alpek and Axtel as well as solid operating cash generation. As of December 31, 2019, Gross Debt plus interest was US \$7.643 billion and Cash totaled US \$1.367 billion. Financial ratios at the close of 4Q19 were: Net Debt to EBITDA 2.7 times and Interest Coverage 5.2 times, compared with 2.3 times and 5.8 times, respectively in 4Q18 (see tables 6 and 9).

Net Working Capital contributed US \$128 million to the decrease in Consolidated Net Debt versus 3Q19 supported by a recovery in most businesses. For the full year, Net Working Capital posted a recovery of US \$24 million.

Capital Expenditures (CAPEX) & Acquisitions was US \$325 million in 4Q19 as all businesses continued their planned investments. Accumulated CAPEX & Acquisitions totaled US \$920 million.

Dividends in 4Q19 correspond to the US \$43 million paid to minority shareholders at Nemark and an Alpek subsidiary. Accumulated Dividends totaled US \$323 million in 2019, including the US \$202 million annual dividend paid to ALFA's shareholders.

RECENT DEVELOPMENTS - ALFA

Share Repurchase Program	<ul style="list-style-type: none"> • 10.3 million shares were repurchased in 4Q19 (~US \$9 million) • 40.0 million total shares repurchased in 2019 (~US \$37 million)
ALFA Day	<ul style="list-style-type: none"> • ALFA will host an event for the investment community in Mexico City and New York City on April 1st and 2nd, respectively • The event will feature presentations by Armando Garza (Chairman), Alvaro Fernandez (President) and Eduardo Escalante (CFO) • Additionally, executives from Alpek, Sigma, Nemark and Axtel will be presenting and available to answer questions • For additional information please contact InspIR GROUP +1-646-940-8843 cinthya@inspirgroup.com
2020 Guidance	<ul style="list-style-type: none"> • To be announced on February 13th, 2020 • Figures will include Revenues, EBITDA and CAPEX

Results by Business

Alpek (BMV: ALPEKA) – Petrochemicals

33% of ALFA's revenues in 4Q19



SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		2019	2018	Ch. %
				3Q19	4Q18			
Volume (ktons)	1,059	1,118	1,061	(5)	-	4,384	4,402	-
Polyester	851	895	851	(5)	-	3,490	3,490	-
Plastics & Chemicals	208	223	210	(7)	(1)	895	912	(2)
Revenues	1,407	1,523	1,758	(8)	(20)	6,216	6,991	(11)
Polyester	1,075	1,162	1,295	(7)	(17)	4,718	5,174	(9)
Plastics & Chemicals	311	345	400	(10)	(22)	1,407	1,713	(18)
EBITDA	356	194	369	83	(4)	850	1,063	(20)
Polyester	122	129	316	(6)	(61)	428	788	(46)
Plastics & Chemicals	42	60	52	(30)	(18)	218	276	(21)
Cogeneration Plants' Sale	188	-	-	100	100	188	-	100
CAPEX & Acquisitions¹	115	49	262	133	(56)	270	826	(67)
Net Debt	1,330	2,036	1,832	(35)	(27)	1,330	1,832	(27)
Net Debt / LTM EBITDA*	1.6	2.4	1.7					
LTM Interest Coverage* ²	7.2	7.8	9.9					

* Times. LTM = Last 12 months

¹ Gross amount; does not include divestments

² Interest Coverage = EBITDA/Net Financial Expenses

Volume was 1,059 ktons, flat versus 4Q18 with stable volume in the Polyester and Plastics & Chemicals segments. Accumulated volume was also flat when compared to 2018. Yet, slightly lower volume year-over-year in the Plastics & Chemicals segment resulted from lower caprolactam and industrial chemical sales.

Revenues totaled US \$1.407 billion in 4Q19, down 20% year-on-year primarily due to a 20% decrease in average consolidated prices which reflect a decline in feedstock prices. Accumulated Revenues were US \$6.216 billion, 11% lower versus the same period last year, also as a result of lower feedstock prices.

EBITDA was US \$356 million, including an extraordinary gain of US \$188 million from the sale of the two cogeneration power plants, a US \$6 million non-cash inventory loss and a US \$1 million net gain from other items. Adjusting for these items, Alpek's Comparable 4Q19 EBITDA was US \$172 million, down 5% when compared with 4Q18 which benefited from higher polypropylene margins. Accumulated EBITDA as of December 31, 2019 was US \$850 million and accumulated Comparable EBITDA totaled US \$722 million, down 20% and 10%, respectively, versus record results in 2018.

Capital expenditures (CAPEX) & Acquisitions was US \$115 million in 4Q19, compared to US \$262 million in 4Q18, which included the acquisition of the Corpus Christi project. 4Q19 CAPEX & Acquisitions reflects the completion of the Altamira cogeneration power plant, among other projects. Accumulated CAPEX & Acquisitions in 2019 totaled US \$270 million, down 67% when compared to 2018, which also included the PQS Brazil acquisition.

Net Debt was US \$1.330 billion, down 27% and 35% when compared with 4Q18 and 3Q19, respectively. On an absolute basis, 4Q19 Net Debt decreased US \$502 million versus 4Q18. Adjusting for the US \$228 million impact from the adoption of a new accounting standard for leases (IFRS16) beginning in January 2019, Alpek's Net Debt decreased \$730 million supported by the sale of the cogeneration plants and solid operating cash generation. Financial ratios at the close of 4Q19 were: Net Debt to EBITDA 1.6 times and Interest Coverage 7.2 times.

RECENT DEVELOPMENTS - ALPEK

Cogeneration Power Plants	<ul style="list-style-type: none"> • Finalized the sale of the two cogeneration power plants to ContourGlobal PLC for US \$801 million on a debt free basis • The two cogeneration plants will continue to supply energy and steam to various ALFA facilities in Mexico • A portion of the net proceeds from the sale was used to pay a dividend of US \$143 million in January 2020. The remaining proceeds were used to enhance Alpek's financial position by paying down debt
UK PET plant	<ul style="list-style-type: none"> • Agreement to acquire a 350 kton PET facility in Wilton, UK from Lotte Chemical Corporation • Alpek's first plant outside of the Americas • Officially took over operations on January 1, 2020 • Only PET plant in the UK

(See "Appendix – 4Q19 Reports of Listed Businesses" for Alpek's complete 4Q19 Earnings Report)

Sigma – Food Products

40% of ALFA's revenues in 4Q19



SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		2019	2018	Ch. %
				3Q19	4Q18			
Revenues	1,706	1,632	1,596	5	7	6,463	6,336	2
Mexico	716	678	656	6	9	2,725	2,607	5
Europe	624	573	595	9	5	2,256	2,281	(1)
United States	244	261	224	(7)	9	1,006	976	3
LatAm	122	120	122	2	1	477	473	1
EBITDA	176	182	174	(3)	1	703	684	3
Mexico	89	99	83	(11)	7	382	353	8
Europe	43	37	50	18	(14)	131	170	(23)
United States	33	35	27	(5)	22	145	118	22
LatAm	12	11	14	4	(17)	46	43	7
CAPEX & Acquisitions¹	76	55	73	37	4	186	180	3
Net Debt	1,994	2,040	1,859	(2)	7	1,994	1,859	7
Net Debt / LTM EBITDA*	2.8	2.9	2.7					
LTM Interest Coverage* ²	6.2	6.0	5.3					

* Times. LTM = Last 12 months

¹ Gross amount; does not include divestments

² Interest Coverage = EBITDA/Net Financial Expenses

Revenues amounted to US \$1.706 billion, up 7% when compared to 4Q18. On a currency neutral basis, 4Q19 revenues were also up 7% year-on-year; increasing 6% in Mexico, 8% in Europe, 9% in the U.S., and flat in LatAm. Accumulated Revenues were US \$6.463 billion, up 2% versus 2018 and 4% higher on a currency neutral basis (see table 12).

EBITDA was US \$176 million in 4Q19, up 1% year-on-year driven by growth in the U.S. and Mexico. On a currency neutral basis, 4Q19 EBITDA was up 1% year-over-year as Sigma mitigated the impact of higher raw material costs through multiple targeted actions, including price increases. Sigma posted solid results throughout the year, despite raw material prices pressures. Accumulated EBITDA was US \$703 million, up 3% versus 2018 and 4% higher on a currency neutral basis (see table 13).

Capital expenditures (CAPEX) & Acquisitions totaled US \$76 million in 4Q19, mainly for maintenance and expansion projects across all regions. Accumulated CAPEX & Acquisitions was US \$186 million, up 3% versus 2018.

Net Debt was US \$1.994 billion, up 7% when compared to 4Q18 but down 2% versus 3Q19. On an absolute basis, Sigma's Net Debt increased US \$135 million year-to-date due to a US \$130 million impact from the adoption of IFRS16 beginning in January 2019.

In December, Sigma paid off its US \$250 million 2019 Bond of which US \$70 million was paid with cash and US \$180 million was refinanced with a Ps. \$3,500 million bank loan. The new facility has a floating interest rate of TIE + 1.00% and matures in October 2025. This refinancing strengthens Sigma's financial position by reducing its financial cost and extending its average debt maturity to 6.2 from 5.6 years.

Financial ratios at the end of 4Q19 were: Net Debt to EBITDA of 2.8 times and Interest Coverage of 6.2 times (see table 14).

INDUSTRY COMMENTS - SIGMA

During 4Q19, food retail sales increased in all geographies where Sigma operates, whereas consumer confidence showed mixed results across regions. In Mexico, the average consumer confidence indicator reported by INEGI (Instituto Nacional de Estadística y Geografía – National Institute for Statistics and Geography) was 2% higher year-on-year, but 1% lower when compared to 3Q19. Furthermore, nominal same-store-sales reported by the National Association of Supermarkets and Department Stores (ANTAD) in 4Q19 increased 3.9% versus the same period from last year.

In the U.S., the average consumer confidence index reported by The Conference Board decreased 5% year-on-year, while food retail sales reported by the U.S. Census Bureau increased 3% when compared to 4Q18.

In Europe, the average consumer confidence index reported by the European Commission was negative 7.6 in 4Q19 compared with negative 6.4 in 4Q18. However, food retail sales reported by Eurostat increased 1% year-on-year.

Key raw material prices continued increasing in all regions during 4Q19. The pork production deficit in China caused by ASF and the pork purchases for the Chinese New Year celebrations pressured prices during the quarter. In Europe, pork shoulder and pork ham prices posted year-on-year increases of 53% and 46% in 4Q19, respectively. Annual average prices for pork shoulder and pork ham increased 25% when compared to 2018.

In the Americas, the average 4Q19 pork ham price increased 47% when compared to 4Q18, while turkey thigh was 20% higher year-on-year. By contrast, chicken and turkey breast prices decreased 6% and 4% year-on-year, respectively. For full year 2019, the average prices of pork ham, turkey thigh and turkey breast were up 21%, 12% and 11%, respectively, whereas the price of chicken was down 3% versus 2018.

RESULTS BY REGION - SIGMA

During 4Q19, sales in Mexico accounted for 42% of the quarter's total, while Europe represented 37%, the U.S. 14%, and Latin America 7%.

Mexico Peso-denominated 4Q19 sales and EBITDA were up 6% and 4% year-on-year, respectively, as higher margins primarily driven by price increases offset raw material cost pressures. Accumulated 2019 EBITDA increased 8% when compared to 2018 in Mexican Pesos.

Europe 4Q19 sales in Euros increased 8% year-on-year driven by price increases. 4Q19 EBITDA in Euros decreased 12% year-on-year, reflecting higher raw material costs that were partially offset by price increases. 2019 EBITDA in euros decreased 19% versus 2018, or 16% lower when adjusted for extraordinary items.

United States posted consistent growth throughout the year. 4Q19 sales and EBITDA increased 9% and 22%, respectively when compared to 4Q18, reflecting higher average prices and volume. 2019 EBITDA was 22% higher than 2018.

LatAm 4Q19 sales in local currencies were flat and EBITDA decreased 18% year-over-year. During the quarter, one-time costs from the implementation of a new ERP system impacted the region's results. 2019 EBITDA in local currencies increased 8% versus 2018.

RECENT DEVELOPMENTS - SIGMA

<p>Innovation</p>	<ul style="list-style-type: none"> • During 2019, Sigma launched more than 270 new products and closed the year with an innovation pipeline of approximately 740 projects • Some of the most relevant launches of 4Q19 were the new line of All Natural Appetaggio in the US, consisting of an individually cut piece of peach or cranberry and mozzarella cheese, hand-wrapped with a slice of traditional Italian prosciutto or hard salami, and the Campofrío Vegalia’s hummus with no added food dyes or preservatives in Spain • Products developed through Sigma’s innovation platform over the last three years represented 11% of total sales in 2019
<p>Tastech by Sigma</p>	<ul style="list-style-type: none"> • Sigma launched Tastech, its first worldwide acceleration program to collaborate with high-impact startups and scaleups • Over 120 applications from more than 20 countries were received. In November, 8 startups and scaleups were selected for a pilot test • In 2Q20, the startups and scaleups will present their pilot test results and Sigma will decide on acquisition, commercial alliance or supply agreement
<p>Raw Material Hedges</p>	<ul style="list-style-type: none"> • Sigma continued its financial program to partially hedge its pork needs with lean hog future contracts that mature through April 2020
<p>Financial Hedges</p>	<ul style="list-style-type: none"> • At the close of 4Q19, forward contracts to cover the U.S. dollar needs for the Mexican operations amounted to US \$410 million, equivalent to approximately five months of U.S. dollar needs

(See “Financial Statements” for Sigma’s 4Q19 Balance Sheet and Income Statement)

Nemak (BMV: NEMAKA) – Aluminum Autoparts

22% of ALFA's revenues in 4Q19



SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		2019	2018	Ch. %
				3Q19	4Q18			
Volume (Million Equivalent Units)	10.2	10.6	11.5	(4)	(11)	44.3	50.0	(12)
North America	5.9	6.3	6.9	(6)	(15)	25.8	29.7	(13)
Europe	3.3	3.3	3.5	-	(6)	14.5	15.3	(5)
Rest of World	1.0	1.0	1.1	-	(6)	4.0	5.0	(21)
Revenues	941	963	1,078	(2)	(13)	4,017	4,704	(15)
North America	490	555	603	(12)	(19)	2,210	2,633	(16)
Europe	339	323	389	5	(13)	1,433	1,643	(13)
Rest of World	112	85	86	(32)	32	374	428	(13)
EBITDA	133	139	171	(4)	(22)	621	734	(15)
North America	68	91	92	(25)	(26)	368	446	(18)
Europe	56	39	74	44	(25)	220	261	(16)
Rest of World	9	9	5	-	89	33	27	22
CAPEX & Acquisitions¹	97	74	132	31	(27)	344	403	(15)
Net Debt	1,206	1,221	1,251	(1)	(4)	1,206	1,251	(4)
Net Debt / LTM EBITDA*	1.9	1.9	1.7					
LTM Interest Coverage ²	8.6	9.3	7.7					

* Times. LTM = Last 12 months

1 Gross amount; does not include divestments

2 Interest Coverage = EBITDA/Net Financial Expenses

Volume was 10.2 million equivalent units, down 11% when compared to 4Q18, mainly due to the effects of the General Motors strike in the U.S., the phase-out of production of certain models among Detroit 3 customers and lower OEM production in Europe and China.

Revenues totaled US \$941 million, down 13% year-over-year, mainly due to the decrease in volume and lower aluminum prices as well as the depreciation of the Euro against the U.S. dollar. Accumulated Revenues were US \$4.017 billion, down 15% versus 2018.

EBITDA was US \$133 million, down 22% versus 4Q18, primarily due to lower volume and the depreciation of the Euro against the U.S. dollar. Accumulated EBITDA was US \$621 million, down 15% versus 2018 as lower than expected volume due to soft industry conditions plus the General Motors strike in the U.S. was offset by operating efficiencies, enabling Nemak to meet its full-year guidance.

Capital expenditures (CAPEX) & Acquisitions totaled US \$97 million primarily to support new product launches in all regions. Accumulated CAPEX & Acquisitions was US \$344 million, 15% lower than the same period in the prior year. Approximately 25% of 2019 CAPEX & Acquisitions was dedicated to ramp up capacity to meet demand for structural and electric vehicle components.

Net Debt at the end of 4Q19 totaled US \$1.206 billion, down 4% versus both 4Q18 and 3Q19. On an absolute basis, NemaK's Net Debt decreased US \$45 million year-to-date as solid operating cash flow generation more than offset an impact of US \$81 million from the adoption of a new accounting standard for leases (IFRS16) beginning in January 2019. Financial ratios at the close of 4Q19 were: Net Debt to EBITDA 1.9 times and Interest Coverage 8.6 times.

RECENT DEVELOPMENTS - NEMAK

New Contracts	<ul style="list-style-type: none"> • New contracts for the full year worth a total of US \$1.0 billion in annual revenues, approximately one third of which represents incremental business, primarily to produce cylinder heads, engine blocks, and parts for structural and EV components
New E-Mobility Facility	<ul style="list-style-type: none"> • In January 2020, completed construction of a new facility in North America to be dedicated to the production of e-mobility applications. Ramp up to begin in the second half of the year
Structural and Electric Vehicle (SC/EV) Components	<ul style="list-style-type: none"> • Supplied SC/EV components for 16 vehicles of 6 customers worldwide in 2019 • During 4Q19, won incremental business to produce SC/EV worth US \$110 million in annual revenues, bringing total order book in this segment to-date to US \$750 million or 75% of the US \$1 billion target for 2022 • Announced it will supply the battery housing for the Ford Mustang Mach-E to be produced in North America

(See "Appendix - 4Q19 Reports of Listed Businesses" for NemaK's complete 4Q19 Earnings Report)

Axtel (BMV: AXTELCPO) – IT & Telecom

4% of ALFA's revenues in 4Q19

axtel



SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch. %
				3Q19	4Q18			
Revenues	176	165	208	6	(16)	680	809	(16)
Enterprise	141	136	138	4	2	552	536	3
Government	34	28	36	24	(5)	112	128	(13)
Mass Market	0	2	35	-	-	16	144	(89)
EBITDA	53	57	206	(6)	(74)	265	422	(37)
CAPEX & Acquisitions¹	30	21	48	43	(38)	94	117	(20)
Net Debt	750	765	686	(2)	9	750	686	9
Net Debt / LTM EBITDA*	2.8	1.8	1.6					
LTM Interest Coverage* ²	3.6	5.2	4.5					

* Times. LTM = Last 12 months

¹ Gross amount; does not include divestments

² Interest Coverage = EBITDA/Net Financial Expenses

Revenues totaled US \$176 million, down 16% year-on-year mainly reflecting the sale of the Mass Market business. Adjusting for this effect, Axtel's comparable 4Q19 sales were up 1% versus 4Q18 as a 2% increase in the Enterprise segment was partially offset by lower sales in the Government segment. Accumulated Revenues were US \$680 million, down 16% compared to the same period last year. Adjusting for the sale of the Mass Market business, accumulated revenues were flat versus 2018.

EBITDA was US \$53 million, down 74% year-on-year primarily due to the partial sale of the Mass Market operations in 4Q18. Adjusting for extraordinary items and the contribution of discontinued operations, 4Q19 EBITDA was up 11% year-over-year. Accumulated EBITDA as of December 31, 2019 was US \$265 million, including a US \$39 million gain from the sale of the Mass Market business in 2Q19 and a US \$4 million one-time expense for the termination of discontinued operations (Mass Market). Adjusting for extraordinary items and discontinued operations, Comparable accumulated EBITDA was US \$232 million, up 7% versus 2018.

Capital expenditures (CAPEX) & Acquisitions totaled US \$30 million in 4Q19, down 38% when compared to 4Q18. CAPEX & Acquisitions was mainly utilized to provide Enterprise customers with last mile access solutions (fiber optic and radio) and managed equipment, and to expand the capacity of Axtel's Telecom services' network. Accumulated CAPEX & Acquisitions was US \$94 million, down 20% versus 2018.

Net Debt was US \$750 million, up 9% when compared to 4Q18, but down 2% when compared to 3Q19. On an absolute basis, Axtel's Net Debt increased US \$64 million year-to-date, which includes a US \$35 million impact from the adoption of a new accounting standard for leases (IFRS16) beginning in January 2019. Financial ratios at the close of 4Q19 were: Net Debt to EBITDA of 2.8 times and Interest Coverage of 3.6 times.

RECENT DEVELOPMENTS - AXTEL

<p>Data Center Monetization</p>	<ul style="list-style-type: none"> • Entered strategic agreement for US \$175 million with Equinix, which acquired three Data Centers from Axtel located in Monterrey and Queretaro. • Net proceeds will be used to further strengthen Axtel’s financial position, reducing debt and other liabilities
<p>Functional Separation into two Business Units</p>	<ul style="list-style-type: none"> • In line with industry trends and to maximize value of its infrastructure and capture growth opportunities, the Company reorganized operations under two specialized business units: <ul style="list-style-type: none"> ○ Infrastructure business unit, as a neutral operator, will provide fiber-based connectivity services to wholesale customers, capturing opportunities from the increasing demand for bandwidth. ○ Alestra, the service business unit, will have full access to the network of the Infrastructure business unit and will continue playing an important role in helping Enterprise and Government segment customers become more productive through digitalization by providing IT and managed Telecom solutions. • Axtel has retained financial advisors to evaluate strategic alternatives both for the Infrastructure business unit and the Company. Axtel has recently started a competitive process to find investors with access to efficient capital and with a long-term investment horizon.

(See “Appendix - 4Q19 Reports of Listed Businesses” for Axtel’s complete 4Q19 Earnings Report)

Newpek – Oil & Gas

Less than 1% of ALFA's revenues in 4Q19



SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch. %
				3Q19	4Q18			
Volume (MBOEPD)¹	6.3	5.4	6.6	17	(5)	5.7	7.9	(28)
Liquid & others (%)	56	55	65			56	66	
Revenues	18	16	22	14	(19)	76	108	(29)
Mexico	11	10	12	4	(12)	52	53	(1)
Foreign	7	5	10	34	(27)	24	55	(56)
EBITDA	(65)	(11)	16	(479)	(519)	(91)	31	(396)
CAPEX & Acquisitions²	8	5	0	58	-	14	22	(36)
Net Debt	(7)	(15)	(18)			(7)	(18)	

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

Volume averaged 6.3 thousand barrels of oil equivalents per day (MBOEPD) during 4Q19, down 5% versus 4Q18 primarily due to last year's divestments in the Wilcox field, along with the natural decline in oil well productivity. Volume grew 17% versus 3Q19 due to the reactivation of drilling in Eagle Ford Shale (EFS) in the last few months of the year. (see table 15).

Revenues were US \$18 million in 4Q19, down 19% year-on-year mainly due to lower volume and lower prices. Accumulated Revenues were US \$76 million, down 29% versus 2018 reflecting divestments in the Wilcox field and lower volume (see table 15).

EBITDA loss of US \$65 million in 4Q19, including non-cash provisions of US \$54 million associated with a lower production outlook for its U.S. operations in the coming years plus US \$3 million associated with a lower recovery expectation of past expenses pursuant to its Integrated Exploration and Production Contract (CIEPs) service contracts in Veracruz. Adjusting for these items, Comparable 4Q19 EBITDA was a loss of US \$8 million, versus a loss of US \$6 million in 4Q18, primarily due to lower production and prices in the U.S.

Accumulated EBITDA was a loss of US \$91 million, compared to a profit of US \$31 million for 2018, which benefitted from a US \$35 million gain associated with the partial sale of the EFS in 1Q18 and the sale of the Wilcox field in 4Q18. On a comparable basis, accumulated EBITDA was a loss of US \$28 million in 2019 versus a loss of US \$4 million in 2018. (see tables 4, 5 and 16).

Capital Expenditures (CAPEX) & Acquisitions was US \$8 million during 4Q19 as drilling resumed in the EFS.

Net Debt was negative US \$7 million at the end of the quarter (see table 17).

INDUSTRY COMMENTS - NEWPEK

Hydrocarbon prices, on average, were lower during 4Q19 compared to 4Q18. West Texas Intermediate (WTI) oil was down 3% compared to 4Q18, averaging US \$57.0 per barrel. However, crude oil prices showed an upward trend throughout the quarter, reaching US \$61.7 per barrel in late-December as the market sentiment turned bullish on an improved economic outlook and trade war concerns fading between USA and China.

The U.S. rig count decreased 25% compared to 4Q18, with crude rigs accounting for most of the decline. However, productivity per rig increased, driving US production to reach 12.8 million barrels of oil per day (MMBOEPD) during the quarter, a 0.9 MMBOEPD increase compared to last year.

Henry Hub natural gas price averaged US \$2.4 per million British Thermal Unit (MMBTU) in 4Q19, 37% lower year-over-year. Henry Hub reached US \$2.8 per MMBTU in November but the spike was short lived as a low heating demand due to the mild winter in the U.S. did not offset increasing production and high natural gas inventories, which ended the injecting season with 3.73 Tcf, up 15% in comparison to 2018.

RESULTS BY REGION - NEWPEK

United States producing wells totaled 554 at the EFS in South Texas, versus 555 wells in production at the end of 4Q18. 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 3.2 MBOEPD during 4Q19, down 8% from 4Q18, due to the sale of the Wilcox field in 2018, along with the natural decline in well productivity. Liquids and oil represented 56% of the total volume for the quarter, down from 65% from a year ago.

Mexico production averaged 3.2 MBOEPD during 4Q19, a 7% decrease from 4Q18. The San Andres field represented 67% of the total production for the quarter, essentially flat year-on-year. There were 115 wells in production in Mexico at quarter's end, down 12% from the 131 wells in production at the end of 4Q18.

RECENT DEVELOPMENTS - NEWPEK

Progressive drilling in the EFS

- 10 net new wells connected to sales during 4Q19, for a total of 14 for full year 2019
- New wells were connected to sales in less time, required lower CAPEX, and achieved higher initial production than previous ones

(See "Tables" for more comprehensive analysis of Newpek's 4Q19 financial results)

4Q19 EARNINGS CALL INFORMATION

Date: Thursday, February 13, 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: 13698105
Webcast: <http://public.viavid.com/index.php?id=137670>
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. 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 (%)

	4Q19 vs.		2019 vs 2018
	3Q19	4Q18	
Total Volume	(1.8)	0.2	(0.1)
Domestic Volume	(0.9)	2.5	2.6
Foreign Volume	(2.8)	(2.1)	(2.7)
Avg. Ps. Prices	0.0	(11.7)	(7.8)
Avg. US \$ Prices	0.6	(9.3)	(7.9)

Table 2 | REVENUES

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch. %
				3Q19	4Q18			
Total Revenues								
Ps. Millions	82,281	83,842	92,904	(2)	(11)	337,750	366,432	(8)
US \$ Millions	4,267	4,319	4,692	(1)	(9)	17,538	19,055	(8)
Domestic Revenues								
Ps. Millions	27,262	28,255	30,823	(4)	(12)	110,960	119,309	(7)
US \$ Millions	1,414	1,456	1,556	(3)	(9)	5,761	6,205	(7)
Foreign Revenues								
Ps. Millions	55,018	55,587	62,081	(1)	(11)	226,790	247,123	(8)
US \$ Millions	2,853	2,863	3,135	-	(9)	11,776	12,850	(8)
Foreign / Total (%)	67	66	67	1	-	67	67	-

Table 3 | OPERATING INCOME AND EBITDA

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch. %
				3Q19	4Q18			
Operating Income								
Ps. Millions	6,853	5,346	12,501	28	(45)	23,593	35,705	(34)
US \$ Millions	354	275	628	29	(44)	1,224	1,844	(34)
EBITDA								
Ps. Millions	12,287	10,643	17,624	15	(30)	44,280	55,178	(20)
US \$ Millions	636	548	887	16	(28)	2,298	2,858	(20)
EBITDA/Revenues (%)*	14.9	12.7	18.9			13.1	15.0	(13)

*US Dollar denominated EBITDA margin



Table 4 | EXTRAORDINARY ITEMS (US \$ Millions)

Company	Extraordinary item	4Q19	3Q19	4Q18	2019	2018
Alpek	Inventory gain (loss)	(6)	(16)	(28)	(68)	41
	Gain on business combination (Suape/Citepe)			220		220
	Insurance gain - Altamira fire				11	9
	Fixed asset sale gain					3
	Cogeneration sale gain	188			188	
	Legal fees/expenses & others	1	(3)	(4)	(2)	(14)
	Total Alpek	184	(19)	188	128	259
Sigma	Caroli acquisition gain			2		12
	European plant closure & others			(2)		(6)
	Total Sigma			0		6
Nemak	Tax dispute resolution				8	
	Total Nemak				8	
Axtel	Tower sale gain					12
	Mass Market sale gain			139	39	139
	One-time expenses of disc. ops. termination	(4)			(4)	
	Total Axtel	(4)		139	35	151
Newpek	Wilcox sale gain			22		22
	EFS Sale gain					13
	Mexico expense recovery provision	(3)	(4)		(9)	
	U.S. deficiencies provision	(54)			(54)	
	Total Newpek	(58)	(4)	22	(63)	35
ALFA	FTTH goodwill cancellation			(27)		(27)
	Total effect on EBITDA	122	(23)	322	108	423

Table 5 | COMPARABLE EBITDA (US \$ Millions)

Company	4Q19	3Q19	4Q18	(% 4Q19 vs.)		2019	2018	Ch. %
				3Q19	4Q18			
ALFA	514	571	565	(10)	(9)	2,190	2,434	(10)
Alpek	172	213	181	(19)	(5)	722	804	(10)
Sigma	176	182	174	(3)	1	703	678	4
Nemak	133	139	171	(4)	(22)	612	734	(17)
Axtel	57	57	67	1	(15)	230	271	(15)
Newpek	(8)	(7)	(6)	(13)	(27)	(28)	(4)	(565)
ALFA EBITDA/Revenues (%)	12.1	13.2	12.0			12.5	12.8	

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

	1Q19	2Q19	3Q19	4Q19	2019
Income Statement					
Depreciation & Amortization	24	25	29	56	134
Financial Expense	6	6	8	7	28
Balance Sheet					
Assets - Right of use	374	366	384	428	428
Liabilities					
Short term lease	91	94	111	116	116
Long term lease	280	271	320	328	328
Net Debt*	388	20	55	28	490

*Initial balance plus new leases

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

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		2019	2018	Ch.%
				3Q19	4Q18			
Financial Expenses	(131)	(129)	(128)	(1)	(2)	(517)	(544)	5
Financial Income	18	17	14	3	23	75	50	48
Net Financial Expenses	(114)	(112)	(114)	(1)	-	(442)	(493)	10
Exchange Rate Gains (Losses)	23	(49)	(29)	147	180	(35)	20	(277)
Capitalized Comp. Fin. Expense	2	1	7	59	(69)	12	22	(43)
Comprehensive Financing Expense	(88)	(161)	(136)	45	35	(465)	(452)	(3)
Avg. Cost of Borrowed Funds (%)	5.2	4.8	5.1			4.9	5.3	

Table 8 | NET INCOME (US \$ Millions)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		2019	2018	Ch.%
				3Q19	4Q18			
Consolidated Net Income (Loss)	163	65	350	151	(53)	454	928	(51)
Minority Interest	83	6	112	1,393	(26)	154	246	(37)
Majority Net Income (Loss)	80	60	237	35	(66)	300	682	(56)
Per Share (US Dollars)	0.02	0.01	0.05	34	(66)	0.06	0.13	(56)
Avg. Outstanding Shares (Millions)	5,019	5,033	5,055			5,037	5,055	

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

	4Q19	3Q19	4Q18
Assets	18,026	18,164	18,789
Liabilities	12,989	13,388	13,799
Stockholders' Equity	5,037	4,777	4,990
Majority Equity	3,808	3,559	3,729
Net Debt	6,276	7,032	6,543
Net Debt/EBITDA*	2.7	2.8	2.3
Interest Coverage* ²	5.2	5.8	5.8

* Times: LTM= Last 12 months

² Interest Coverage = EBITDA/Net Financial Expenses

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

	4Q19	3Q19	4Q18	(% 4Q19 vs.)	
				3Q19	4Q18
Assets					
Cash and cash equivalents	1,337	1,212	1,342	10	-
Trade accounts receivable	1,238	1,292	1,607	(4)	(23)
Inventories	2,432	2,379	2,631	2	(8)
Other current assets	1,023	951	892	8	10
Total current assets	6,030	5,834	6,472	3	(7)
Investment in associates and others	487	488	501	(2)	(2)
Property, plant and equipment, net	7,147	7,573	7,793	(6)	(8)
Goodwill and intangible assets, net	3,035	2,923	2,658	4	14
Other non-current assets	1,328	1,347	1,365	(1)	-
Total assets	18,026	18,164	18,789	(1)	(4)
Liabilities & stockholders' equity					
Debt	227	716	1,022	(45)	(61)
Suppliers	2,944	2,725	3,298	8	(11)
Other current liabilities	1,496	1,393	1,406	2	(1)
Total current liabilities	4,667	4,834	5,727	(2)	(17)
Debt (include debt issuance cost)	6,916	7,181	6,881	(4)	5
Employees' benefits	309	262	253	18	22
Other long-term liabilities	1,097	1,111	939	(6)	(19)
Total liabilities	12,989	13,388	13,799	(3)	(6)
Total stockholders' equity	5,037	4,777	4,990	5	1
Total liabilities & stockholders' equity	18,026	18,164	18,789	(1)	(4)
Net Debt	6,276	7,032	6,543	(11)	(4)
Net Debt/EBITDA*	2.7	2.8	2.3		
Interest Coverage* ²	5.2	5.8	5.8		

* Times: LTM=Last 12 months

² Interest Coverage = EBITDA/Net Financial Expenses



SIGMA

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

	4Q19 vs.		2019 vs.2018
	3Q19	4Q18	
Total Volume	(0.7)	0.8	(0.1)
Avg. Ps. Prices	4.5	3.1	2.3
Avg. US \$ Prices	5.2	6.0	2.2

Table 12 | SIGMA - REVENUES

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		2019	2018	Ch.%
				3Q19	4Q18			
Total Revenues								
Ps. Millions	32,888	31,688	31,651	4	4	124,498	121,900	2
US \$ Millions	1,706	1,632	1,596	5	7	6,463	6,336	2
Domestic Revenues								
Ps. Millions	13,575	13,389	12,992	1	4	52,475	50,129	5
US \$ Millions	704	690	655	2	7	2,725	2,607	5
Foreign Revenues								
Ps. Millions	19,313	18,299	18,658	6	4	72,023	71,771	-
US \$ Millions	1,002	942	941	6	6	3,739	3,730	-
Foreign / Total (%)	59	58	59			58	59	

Table 13 | SIGMA - OPERATING INCOME AND EBITDA

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		2019	2018	Ch.%
				3Q19	4Q18			
Operating Income								
Ps. Millions	2,276	2,424	770	(6)	196	9,148	7,438	23
US \$ Millions	118	125	40	(5)	193	475	391	22
EBITDA								
Ps. Millions	3,399	3,525	3,448	(4)	(1)	13,543	13,154	3
US \$ Millions	176	182	174	(3)	1	703	684	3

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

	4Q19	3Q19	4Q18
Assets	5,250	5,038	5,102
Liabilities	4,337	4,212	4,235
Stockholders' Equity	913	826	867
Majority Equity	913	798	837
Net Debt	1,994	2,040	1,859
Net Debt/EBITDA*	2.8	2.9	2.7
Interest Coverage ^{*2}	6.2	6.0	5.3

* Times. LTM= Last 12 months

² Interest Coverage = EBITDA/Net Financial Expenses

NEWPEK

Table 15 | NEWPEK - REVENUES

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		2019	2018	Ch.%
				3Q19	4Q18			
Volume (MBOEPD)¹	6.3	5.4	6.6	17	(5)	5.7	7.9	(28)
Liquid & others (%)	56	55	65			56	66	
Total Revenues								
Ps. Millions	346	306	438	13	(21)	1,472	2,060	(29)
US \$ Millions	18	16	22	14	(19)	76	108	(29)
Domestic Revenues								
Ps. Millions	204	199	238	2	(14)	1,008	1,011	-
US \$ Millions	11	10	12	4	(12)	52	53	(1)
Foreign Revenues								
Ps. Millions	142	107	200	33	(29)	464	1,049	(56)
US \$ Millions	7	5	10	34	(27)	24	55	(56)
Foreign / Total (%)	41	35	46			32	51	

¹ Thousand of Barrels of Oil Equivalent Per Day

Table 16 | NEWPEK - OPERATING INCOME AND EBITDA

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		2019	2018	Ch.%
				3Q19	4Q18			
Operating Income								
Ps. Millions	(1,332)	(247)	(1,916)	(439)	31	(1,976)	(1,914)	(3)
US \$ Millions	(69)	(13)	(94)	(448)	26	(103)	(94)	(10)
EBITDA								
Ps. Millions	(1,255)	(220)	290	(471)	(532)	(1,745)	572	(405)
US \$ Millions	(65)	(11)	16	(479)	(519)	(91)	31	(395)

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

	4Q19	3Q19	4Q18
Assets	661	641	602
Liabilities	313	261	224
Stockholders' Equity	348	380	378
Net Debt	(7)	(15)	(18)
Net Debt/EBITDA*	0.1	1.6	(0.6)
Interest Coverage* ²	7.6	1.0	(7.8)

* Times. LTM= Last 12 months

² Interest Coverage = EBITDA/Net Financial Expenses

Financial Statements

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

BALANCE SHEET

Information in millions of Nominal Mexican Pesos

	Dec 19	Sep 19	Dec 18	(% Dec 19 vs.)	
				Sep 19	Dec 18
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	25,195	23,798	26,411	6	(5)
Trade accounts receivable	23,323	25,375	31,625	(8)	(26)
Other accounts and notes receivable	5,753	6,375	7,841	(10)	(27)
Inventories	45,826	46,720	51,790	(2)	(12)
Other current assets	13,531	12,294	9,717	10	39
Total current assets	113,628	114,562	127,384	(1)	(11)
Investments in associates and joint ventures	9,178	9,574	9,870	(4)	(7)
Property, Plant and equipment	134,695	148,709	153,389	(9)	(12)
Intangible assets	57,186	57,388	52,311	-	9
Other non-current assets	25,022	26,442	26,874	(5)	(7)
Total assets	339,709	356,675	369,828	(5)	(8)
LIABILITIES AND STOCKHOLDER'S EQUITY					
CURRENT LIABILITIES:					
Current portion of long-term debt	2,293	7,750	5,311	(70)	(57)
Bank loans and notes payable	1,990	6,300	15,012	(68)	(87)
Suppliers	55,479	53,510	64,921	4	(15)
Other current liabilities	28,184	27,353	27,478	3	3
Total current liabilities	87,946	94,913	112,721	(7)	(22)
LONG-TERM LIABILITIES:					
Long-term debt	130,337	140,999	135,227	(8)	(4)
Deferred income taxes	10,913	11,824	13,112	(8)	(17)
Other liabilities	9,763	9,999	5,571	(2)	75
Estimated liabilities for pension plans	5,824	5,146	4,973	13	17
Total liabilities	244,783	262,881	271,604	(7)	(10)
STOCKHOLDERS' EQUITY:					
Controlling interest:					
Capital stock	209	209	211	-	(1)
Earned surplus	71,553	69,674	73,179	3	(2)
Total controlling interest	71,762	69,883	73,391	3	(2)
Total Non-controlling interest	23,164	23,911	24,833	(3)	(7)
Total stockholders' equity	94,926	93,794	98,224	1	3
Total liabilities and stockholders' equity	339,708	356,675	369,828	(5)	(8)
Current ratio	1.3	1.2	1.1		
Debt to equity	2.6	2.8	2.8		

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

INCOME STATEMENT

Information in millions of Nominal Mexican Pesos

	4Q19	3Q19	4Q18	2019	2018	4Q19 vs. (%)	
						3Q19	4Q18
Net sales	82,281	83,842	92,904	337,750	366,432	(2)	(11)
Domestic	27,262	28,255	30,823	110,960	119,309	(4)	(12)
Export	55,018	55,587	62,081	226,790	247,123	(1)	(11)
Cost of sales	(67,526)	(66,531)	(75,594)	(273,748)	(292,574)	(1)	11
Gross profit	14,755	17,311	17,310	64,002	73,858	(15)	(15)
Operating expenses and others	(7,902)	(11,965)	(4,809)	(40,408)	(38,153)	34	(64)
Operating income	6,853	5,346	12,501	23,593	35,705	28	(45)
Comprehensive financing expense, net	(1,709)	(3,122)	(2,720)	(8,971)	(8,739)	45	37
Equity in income (loss) of associates	(302)	(18)	(15)	(271)	121	-	-
Income before the following provision	4,842	2,205	9,766	14,351	27,088	120	(50)
Provisions for:							
Income tax	(1,676)	(932)	(2,862)	(5,586)	(9,127)	(80)	41
Consolidated net income	3,166	1,273	6,904	8,765	17,960	149	(54)
Income (loss) corresponding to minority interest	1,606	107	2,260	2,958	4,818	1,401	(29)
Net income (loss) corresponding to majority interest	1,560	1,166	4,644	5,807	13,143	34	(66)
EBITDA	12,287	10,643	17,624	44,280	55,178	15	(30)
Interest coverage* ²	5.2	5.8	5.8	5.2	5.8		

* Times. LTM=Last Twelve Months

² Interest Coverage = EBITDA/Net Financial Expenses

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

BALANCE SHEET

Information in millions of Nominal Mexican Pesos

Assets	Dec 19	Sep 19	Dec 18	(% Dec 19 vs.)	
				Sep 19	Dec 18
CURRENT ASSETS:					
Cash and cash equivalents	9,730	10,136	12,213	(4)	(20)
Restricted cash	11	12	88	(4)	(87)
Customers, net	5,365	4,835	5,103	11	5
Income tax recoverable	407	331	514	23	(21)
Inventories	16,245	16,692	14,224	(3)	14
Other current assets	3,024	3,087	2,699	(2)	12
Total current assets	34,782	35,093	34,842	(1)	-
Property, plant and equipment, net	32,306	32,213	33,953	-	(5)
Intangible assets, net	15,701	15,749	14,503	-	8
Goodwill	12,865	12,987	13,567	(1)	(5)
Deferred income tax	2,678	1,987	2,262	35	18
Investments in associates and joint ventures	107	348	104	(69)	4
Other non-current assets	489	544	1,190	(10)	(59)
Total non-current assets	64,147	63,829	65,578	-	(2)
Total assets	98,929	98,821	100,420	-	(1)
LIABILITIES AND STOCKHOLDER'S EQUITY					
CURRENT LIABILITIES:					
Current debt	576	5,742	5,503	(90)	(90)
Notes payables	535	601	96	(11)	458
Suppliers	21,521	19,882	20,255	8	6
Income tax payable	1,739	1,663	1,680	5	4
Provisions	102	86	137	18	(26)
Other current liabilities	5,332	5,730	5,450	(7)	(2)
Total current liabilities	29,805	33,705	33,121	(12)	(10)
NON-CURRENT LIABILITIES:					
Non-current debt	44,083	41,738	42,708	6	3
Notes payables	1,875	1,816	252	3	645
Deferred income taxes	3,524	3,365	3,704	5	(5)
Employees benefits	1,771	1,460	1,395	21	27
Provisions	83	71	97	17	(15)
Income tax payable	556	513	1,620	8	(66)
Other non-current liabilities	31	41	461	(23)	(93)
Total non-current liabilities	51,923	49,005	50,237	6	3
Total liabilities	81,728	81,718	83,358	(1)	(2)
STOCKHOLDERS' EQUITY:					
Total controlling interest:	17,201	15,670	16,472	10	4
Total non-controlling interest:	0	542	590	(100)	(100)
Total stockholders' equity	17,201	17,103	17,062	6	1
Total liabilities and stockholders' equity	98,929	98,821	100,420	-	(1)

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

INCOME STATEMENT

Information in millions of Nominal Mexican Pesos

	4Q19	3Q19	4Q18	2019	2018	4Q19 vs. (%)	
						3Q19	4Q18
Revenue	32,888	31,688	31,651	124,498	121,900	4	4
Cost of sales	(23,953)	(22,779)	(22,865)	(89,670)	(87,781)	5	5
Gross profit	8,935	8,909	8,785	34,828	34,119	-	2
Selling expenses	(5,200)	(5,131)	(5,106)	(20,336)	(19,989)	1	2
Administrative expenses	(1,436)	(1,396)	(1,348)	(5,473)	(5,393)	3	6
Other income (expenses), net	(24)	42	(1,561)	128	(1,299)	(156)	(98)
Operating profit	2,276	2,424	770	9,148	7,438	(6)	196
Comprehensive financial expenses, net	(586)	(495)	(424)	(2,629)	(1,875)	18	38
Equity in income (loss) of associates	12	(0)	(1)	10	15	-	-
Profit before income tax	1,702	1,928	344	6,529	5,578	(12)	394
Provisions for:							
Income tax	(981)	(660)	(308)	(2,977)	(2,719)	49	218
Net consolidated profit	721	1,268	36	3,552	2,859	(43)	-
Non-controlling interest	6	(7)	(65)	(13)	(68)	(186)	(109)
Controlling interest	715	1,275	101	3,565	2,926	(44)	607

Appendix – 4Q19 Reports of Listed Businesses

Alpek (BMV: ALPEKAA) – Petrochemicals

Nemak (BMV: NEMAKA) – Aluminum Autoparts

Axtel (BMV: AXTELCPO) – IT & Telecom

Monterrey, Mexico. February 12, 2020 – Alpek, S.A.B. de C.V. (BMV: ALPEK)

Alpek 4Q19 Reported EBITDA of U.S. \$356 million (U.S. \$172 million Comp. EBITDA)

Selected Financial Information

(U.S. \$ Millions)

			(%) 4Q19 vs.		2019	2018	Ch.%	
	4Q19	3Q19	4Q18	3Q19				4Q18
Total Volume (ktons)	1,059	1,118	1,061	(5)	-	4,384	4,402	-
Polyester	851	895	851	(5)	-	3,490	3,490	-
Plastics & Chemicals	208	223	210	(7)	(1)	895	912	(2)
Consolidated Revenues	1,407	1,523	1,758	(8)	(20)	6,216	6,991	(11)
Polyester	1,075	1,162	1,295	(7)	(17)	4,718	5,174	(9)
Plastics & Chemicals	311	345	400	(10)	(22)	1,407	1,713	(18)
Consolidated EBITDA	356	194	369	83	(4)	850	1,063	(20)
Polyester	122	129	316	(6)	(61)	428	788	(46)
Plastics & Chemicals	42	60	52	(30)	(18)	218	276	(21)
Cogeneration Plants' Sale	188	-	-	100	100	188	-	100
Profit Attributable to Controlling Interest	209	50	393	316	(47)	342	697	(51)
CAPEX and Acquisitions	115	49	262	(133)	(56)	270	826	(67)
Net Debt	1,330	2,036	1,832	(35)	(27)			
Net Debt / EBITDA ⁽¹⁾	1.6	2.4	1.7					
Interest Coverage ⁽¹⁾	7.2	7.8	9.9					

(1) Times: Last 12 months

Operating & Financial Highlights (4Q19)

Alpek	<ul style="list-style-type: none"> 4Q19 Comparable EBITDA of U.S. \$172 million (-19% qoq and -5% yoy) Finalized cogeneration plants' sale for U.S. \$801 million, generating an extraordinary gain of U.S. \$188 million in 4Q19 Agreement to acquire 350KTA PET facility in Wilton, UK improving PTA/PET capacity balance Net Debt reduced by U.S. \$706 million improving leverage to 1.6x Net Debt / EBITDA
Polyester	<ul style="list-style-type: none"> 4Q19 Comparable Polyester EBITDA of U.S. \$123 million (-15% qoq and flat yoy), including a U.S. \$2 million non-cash inventory loss and U.S.\$1 million gain from other extraordinary items U.S. Px prices fell 2% in 4Q, generating low inventory loss & raw material carry-forward effect 2019 Reference polyester margins of U.S. \$306 per ton, above guidance but declining in 4Q
Plastics & Chemicals (P&C)	<ul style="list-style-type: none"> 4Q19 Comparable P&C EBITDA of U.S. \$46 million (-29% qoq and -19% yoy) P&C EBITDA affected by lower Polypropylene ("PP") volume vs. 3Q19 and margins vs. 4Q18

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.

Message from the CEO

In 2019, Alpek recorded one of its best years ever, posting its second highest EBITDA in history, despite a declining raw material price environment throughout the year. 4Q19 Consolidated EBITDA was U.S. \$356 million, including a U.S. \$188 million extraordinary gain as the sale of its two power cogeneration assets was concluded, and 2019 Consolidated EBITDA totaled U.S. \$850 million. Excluding inventory losses and other non-recurring items, Alpek's 4Q19 and 2019 Comparable EBITDA was U.S. \$172 million and U.S. \$722 million respectively.

Average spot Brent crude oil and U.S. reference paraxylene ("Px") prices remained stable during the fourth quarter, increasing by 1% and decreasing by 2%, respectively. In Plastics and Chemicals ("P&C"), propylene ("PGP") contract prices decreased 15% throughout the quarter. This relative price stability, when compared to the rest of 2019, resulted in a non-cash inventory loss of only U.S. \$6 million during the fourth quarter and a net, non-cash inventory loss of U.S. \$68 million for the full year.

Polyester segment EBITDA was U.S. \$122 million in 4Q19, including a U.S. \$2 million non-cash inventory loss and a U.S. \$1 million net gain from other non-recurring items. Adjusting for these effects, 4Q19 Comparable Polyester EBITDA was U.S. \$123 million, down 15% but flat when compared to 3Q19 and 4Q18, respectively. The decrease versus 3Q19 was primarily attributed to lower volume linked to typical seasonal effects.

Plastics & Chemicals segment EBITDA was U.S. \$42 million in 4Q19. Adjusting for non-cash inventory losses of U.S. \$4 million, Comparable P&C EBITDA was U.S. \$46 million, down 29% quarter on quarter and 19% year on year. The decrease versus 3Q19 mainly derives from a lower polypropylene sales volume, while the difference versus 4Q18 is largely due to higher polypropylene margins at the time.

The stable paraxylene prices observed during 4Q19 also generated a negative raw material carry-forward effect ("RMCF") of only U.S. \$2 million during the quarter, and a cumulative negative RMCF effect of U.S. \$67 million for the full year. Excluding this effect, Comparable EBITDA would have reached U.S. \$173 million and U.S. \$789 million for 4Q19 and 2019, respectively.

On the investment front, Alpek continued advancing strategically on its growth plan. Capex totaled U.S. \$115 million and U.S. \$270 million, for the fourth quarter and year, respectively. During the year, funds were invested into the completion of construction of the Altamira cogeneration power plant, and the acquisition of Perpetual's rPET facility, among others.

During 4Q19 Alpek completed the sale of its two cogeneration power plants located in Cosoleacaque and Altamira, Mexico, for U.S. \$801 million. Net proceeds from the sale were used to pay down debt shortly thereafter, as well as to decree a one-time dividend of U.S. \$143 million. It is important to note that Alpek sites will continue to enjoy the benefits of being energy and steam offtakers of these plants.

Likewise, over the quarter, Alpek reached an agreement with Lotte Chemical Corporation to acquire a 350,000 ton PET facility located in Wilton, United Kingdom, and met all regulatory requirements to officially take over operations as of 2020. This marks the company's first acquisition outside the Americas. It also allows Alpek to better balance its PTA and PET productive capacities, as the site's PTA requirements will be internally supplied by Alpek.

Alpek's financial position improved considerably throughout the year. As of year-end, Net Debt totaled U.S. \$1.330 billion and the leverage ratio (Net Debt to LTM EBITDA) was 1.6 times, down from 2.4 times and 1.7 times at the close of 3Q19 and 2018, respectively. The proceeds from the sale of the cogeneration power plants, as well as profits from operations, allowed net debt to decrease by U.S. \$706 million in 4Q19.

2019 Comparable EBITDA figures reflect better-than-expected margins across both segments, volume on par to 2018 record levels, the successful completion of the power cogeneration assets' sale, and a lessening inventory adjustment & raw material carry-forward effect towards the end of the year.

Our outlook for 2020 is positive as Alpek's long-term growth plan, focused on strengthening our core business, strategic acquisitions, and fostering a circular economy for our products, continues yielding results. We expect an increase in sales volume, improvements to operating costs, as well as an advantaged financial position as of the start of 2020. We are also considering a favorable feedstock price environment with stable Brent oil prices and a continuation of low prices for paraxylene and propylene. We do, however, expect lower margins in Polyester, as global trade conditions have impacted supply/demand balance, and in P&C, as new polypropylene capacity will be added in North America in the second half of the year. 2020 Guidance will be disclosed tomorrow, prior to our 4Q19 Earnings Conference Call.

Results by Business Segment

Polyester

(Purified Terephthalic Acid (PTA), Polyethylene Terephthalate (PET), rPET, Polyester fibers – 76% of Alpek's Net Sales)

Fourth quarter 2019 Polyester revenue was down 7% quarter-on-quarter as a result of lower volume and average prices. 4Q19 revenue was down 17% year-on-year mainly due to lower feedstock prices versus 4Q18. Average 4Q19 polyester prices decreased 3% and 17% when compared to 3Q19 and 4Q18, respectively.

Polyester volume was 851 Ktons in 4Q19, down 5% and flat when compared to 3Q19 and 4Q18, respectively. The variation versus 3Q19 was mainly due to normal PET sales seasonality. For the full year, Polyester volume was flat vs 2018 record levels.

4Q19 segment EBITDA was U.S. \$122 million, including a U.S. \$2 million non-cash inventory loss and a U.S. \$1 million net gain from other non-recurring items. Adjusting for these items, 4Q19 Comparable Polyester EBITDA was U.S. \$123 million, down 15% and flat when compared to 3Q19 and 4Q18, respectively. 2019 Comparable Polyester EBITDA was U.S. \$474 million, down 10% when compared to 2018, as a result of lower margins versus extraordinarily high levels last year. As expected, the raw material carry-forward effect in the quarter was negligible, however the impact for the full year accounted for U.S. \$67 million.

Plastics & Chemicals (P&C)

(Polypropylene (PP), Expandable Polystyrene (EPS), Caprolactam (CPL), Other products – 23% of Alpek's Net Sales)

4Q19 P&C revenue was down 10% and 22% quarter-on-quarter and year-on-year, respectively, mainly as a result of lower average prices. 4Q19 average P&C prices were down 3% and 21% when compared to those of 3Q19 and 4Q18, respectively, reflecting lower prices for feedstocks such as propylene and styrene.

Quarterly P&C volume decreased 7% and 1%, when compared to 3Q19 and 4Q18, respectively. The reduction versus 3Q19 mainly derives from lower polypropylene sales, typical of demand seasonality. For the full year, P&C volume was 2% lower than 2018, as the year-on-year increase in PP volume was offset by lower caprolactam sales and commercialization of industrial chemicals.

Segment EBITDA was U.S. \$42 million in 4Q19, including a U.S. \$4 million non-cash inventory loss. Adjusting for the inventory loss, 4Q19 Comparable P&C EBITDA was U.S. \$46 million, down 29% and 19% quarter-on-quarter and year-on-year, respectively. The reduction versus last quarter mainly stems from lower polypropylene sales volume, while the difference versus 4Q18 was due to higher polypropylene margins at the time.

Consolidated Financial Results

Net Sales: Net Sales for the fourth quarter totaled U.S. \$1.407 billion, 8% and 20% lower when compared to 3Q19 and 4Q18, respectively. 4Q19 average consolidated prices were down 2% and 20% quarter-on-quarter and year-on-year, mainly driven by lower feedstock prices. Accumulated net sales as of December 31, 2019 totaled U.S. \$6.216 billion, 11% lower versus 2018.

EBITDA: 4Q19 Consolidated EBITDA was U.S. \$356 million, including an extraordinary gain of U.S. \$188 million from the sale of the two cogeneration power plants, a U.S. \$6 million non-cash inventory loss, and a U.S. \$1 million net gain from other non-recurring items. Adjusting for these items, Comparable Consolidated EBITDA was U.S. \$172 million, versus U.S. \$213 million and U.S. \$181 million in 3Q19 and 4Q18, respectively. As of December 31, 2019, accumulated Consolidated EBITDA was U.S. \$850 million and accumulated Comparable EBITDA totaled U.S. \$722 million. 2019 Consolidated EBITDA includes U.S. \$40 million from the operation of the cogeneration facilities before their sale.

Profit (Loss) Attributable to Controlling Interest: Profit Attributable to Controlling Interest for the fourth quarter of 2019 was U.S. \$209 million, compared to U.S. \$50 million in 3Q19 and U.S. \$393 million in 4Q18. 4Q19 Profit Attributable to Controlling Interest includes an extraordinary gain related to the sale of the cogeneration plants. Accumulated Profit Attributable to Controlling Interest as of December 31, 2019 was U.S. \$342 million, down 51% when compared to 2018.

Capital Expenditures and Acquisitions (Capex): 4Q19 Capex was U.S. \$115 million, compared to U.S. \$49 million and U.S. \$262 million in 3Q19 and 4Q18, respectively. Most of these funds were used to complete work at the Altamira cogeneration power plant, as well as minor asset replacements. Accumulated Capex as of December 31, 2019 totaled U.S. \$270 million, down 67% when compared to 2018.

Net Debt: Consolidated Net Debt as of December 31, 2019 was U.S. \$1.330 billion, down 35% and 27% quarter-on-quarter and year-on-year, respectively. Net Debt decreased by U.S. \$706 million during 4Q19 as proceeds from the cogeneration plants' sale were received. As of December 31, 2019, Gross Debt was U.S. \$1.716 billion and Cash totaled U.S. \$386 million. Financial ratios as of quarter-end were: Net Debt to EBITDA of 1.6 times and Interest Coverage of 7.2 times.

Appendix A - Tables

TABLE 1 | VOLUME (KTONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		2019	2018	Ch.%
				3Q19	4Q18			
Total Volume	1,059	1,118	1,061	(5)	-	4,384	4,402	-
Polyester	851	895	851	(5)	-	3,490	3,490	-
Plastics and Chemicals	208	223	210	(7)	(1)	895	912	(2)

TABLE 2 | PRICE CHANGES (%)

	(% 4Q19 vs.)		2019 vs. 2018
	3Q19	4Q18	
Polyester			
Avg. Ps. Prices	(3)	(19)	(9)
Avg. U.S. \$ Prices	(3)	(17)	(9)
Plastics and Chemicals			
Avg. Ps. Prices	(4)	(23)	(16)
Avg. U.S. \$ Prices	(3)	(21)	(16)
Total			
Avg. Ps. Prices	(3)	(22)	(11)
Avg. U.S. \$ Prices	(2)	(20)	(11)

TABLE 3 | INCOME STATEMENT (U.S. \$ Millions)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		2019	2018	Ch.%
				3Q19	4Q18			
Total Revenues	1,407	1,523	1,758	(8)	(20)	6,216	6,991	(11)
Gross Profit	168	213	181	(21)	(7)	675	938	(28)
Operating expenses and others	134	(74)	327	281	(59)	(34)	148	(123)
Operating income	302	139	508	117	(41)	641	1,086	(41)
Financial cost, net	(36)	(59)	(45)	39	19	(136)	(141)	3
Share of losses of associates	(16)	-	(1)	(100)	(1,263)	(16)	(2)	(965)
Income Tax	(33)	(16)	(60)	(100)	46	(98)	(178)	45
Consolidated net income	218	63	402	245	(46)	390	765	(49)
Controlling Interest	209	50	393	316	(47)	342	697	(51)

TABLE 4 | REVENUES

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch. %
				3Q19	4Q18			
Total Revenues								
Ps. Millions	27,133	29,560	34,802	(8)	(22)	119,685	134,523	(11)
U.S. \$ Millions	1,407	1,523	1,758	(8)	(20)	6,216	6,991	(11)
Domestic Revenues								
Ps. Millions	7,837	8,943	10,195	(12)	(23)	34,592	40,289	(14)
U.S. \$ Millions	406	461	516	(12)	(21)	1,796	2,095	(14)
Foreign Revenues								
Ps. Millions	19,296	20,617	24,607	(6)	(22)	85,094	94,234	(10)
U.S. \$ Millions	1,001	1,062	1,243	(6)	(19)	4,420	4,895	(10)
Foreign / Total (%)	71	70	71			71	70	

TABLE 5 | OPERATING INCOME AND EBITDA

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch. %
				3Q19	4Q18			
Operating Income								
Ps. Millions	5,834	2,706	10,167	116	(43)	12,361	21,202	(42)
U.S. \$ Millions	302	139	508	117	(41)	641	1,086	(41)
EBITDA								
Ps. Millions	6,863	3,771	7,355	82	(7)	16,395	20,607	(20)
U.S. \$ Millions	356	194	369	83	(4)	850	1,063	(20)

TABLE 6 | COMPARABLE EBITDA

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch. %
				3Q19	4Q18			
EBITDA								
Ps. Millions	6,863	3,771	7,355	82	(7)	16,395	20,607	(20)
U.S. \$ Millions	356	194	369	83	(4)	850	1,063	(20)
Adjustments*								
Ps. Millions	(3,546)	367	(3,938)	(1,065)	10	(2,484)	(5,310)	53
U.S. \$ Millions	(184)	19	(188)	(1,066)	2	(128)	(259)	51
Comparable EBITDA								
Ps. Millions	3,317	4,139	3,417	(20)	(3)	13,911	15,297	(9)
U.S. \$ Millions	172	213	181	(19)	(5)	722	804	(10)

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

TABLE 7 | FINANCIAL COST, NET (U.S. \$ Millions)

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch.%
				3Q19	4Q18			
Financial Expenses	(42)	(39)	(29)	(8)	(48)	(146)	(113)	(29)
Financial Income	16	10	8	61	105	40	23	76
Net Financial Expenses	(26)	(29)	(21)	10	(26)	(106)	(90)	(17)
Fx Gains (Losses)	(10)	(30)	(24)	68	59	(30)	(50)	40
Financial Cost, Net	(36)	(59)	(45)	39	19	(136)	(141)	3

TABLE 8 | NET INCOME (U.S. \$ Millions)

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch.%
				3Q19	4Q18			
Consolidated Net Income	218	63	402	245	(46)	390	765	(49)
Non-Controlling Interest	8	13	10	(35)	(14)	48	68	(30)
Controlling Interest	209	50	393	316	(47)	342	697	(51)
Earnings per Share (U.S. Dollars)	0.10	0.02	0.19	316	(47)	0.16	0.33	(51)
Avg. Outstanding Shares (Millions)*	2,116	2,117	2,118			2,117	2,118	

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

TABLE 9 | CASH FLOW (U.S. \$ Millions)

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch.%
				3Q19	4Q18			
EBITDA	356	194	369	83	(4)	850	1,063	(20)
Net Working Capital & Others	(67)	(2)	(45)	(3,711)	(48)	(2)	(321)	99
Capital Expenditures & Acq.	(115)	(49)	(262)	(133)	56	(270)	(826)	67
Financial Expenses	(39)	(34)	(28)	(13)	(38)	(136)	(107)	(28)
Income tax	(29)	(25)	(17)	(16)	(75)	(144)	(92)	(57)
Dividends	(25)	-	(24)	(100)	(4)	(206)	(53)	(292)
Payment to affiliated companies	-	2	-	(100)	(27)	10	10	(7)
Other Sources / Uses	625	(37)	(221)	1,774	382	400	(245)	263
Decrease (Increase) in Net Debt	706	48	(228)	1,365	409	502	(569)	188

TABLE 10 | STATEMENT OF FINANCIAL POSITION & FINANCIAL RATIOS (U.S. \$ Millions)

	4Q19	3Q19	4Q18	(%) 4Q19 vs.	
				3Q19	4Q18
Assets					
Cash and cash equivalents	386	309	212	25	82
Trade accounts receivable	545	597	792	(9)	(31)
Inventories	953	914	1,245	4	(23)
Other current assets	428	407	348	5	23
Total current assets	2,312	2,226	2,597	4	(11)
Investment in associates and others	438	454	447	(4)	(2)
Property, plant and equipment, net	1,968	2,410	2,390	(18)	(18)
Goodwill and intangible assets, net	201	211	222	(5)	(10)
Other non-current assets	536	601	436	(11)	23
Total assets	5,455	5,903	6,091	(8)	(10)
Liabilities & stockholders' equity					
Debt	38	115	514	(67)	(93)
Suppliers	693	713	1,134	(3)	(39)
Other current liabilities	348	412	311	(16)	12
Total current liabilities	1,078	1,239	1,960	(13)	(45)
Debt (include debt issuance cost)	1,491	2,041	1,525	(27)	(2)
Employees' benefits	58	58	56	-	4
Other long-term liabilities	436	438	358	(1)	22
Total liabilities	3,064	3,777	3,898	(19)	(21)
Total stockholders' equity	2,391	2,125	2,193	13	9
Total liabilities & stockholders' equity	5,455	5,903	6,091	(8)	(10)
Net Debt	1,330	2,036	1,832	(35)	(27)
Net Debt/EBITDA*	1.6	2.4	1.7		
Interest Coverage*	7.2	7.8	9.9		

* Times: last 12 months

Polyester

TABLE 11 | REVENUES

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch. %
				3Q19	4Q18			
Total Revenues								
Ps. Millions	20,731	22,553	25,623	(8)	(19)	90,857	99,559	(9)
U.S. \$ Millions	1,075	1,162	1,295	(7)	(17)	4,718	5,174	(9)
Domestic Revenues								
Ps. Millions	3,895	4,561	4,973	(15)	(22)	16,475	19,510	(16)
U.S. \$ Millions	202	235	252	(14)	(20)	855	1,015	(16)
Foreign Revenues								
Ps. Millions	16,836	17,992	20,650	(6)	(18)	74,382	80,049	(7)
U.S. \$ Millions	873	927	1,043	(6)	(16)	3,863	4,159	(7)
Foreign / Total (%)	81	80	81			82	80	

TABLE 12 | OPERATING INCOME AND EBITDA

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch. %
				3Q19	4Q18			
Operating Income								
Ps. Millions	1,526	1,675	9,248	(9)	(84)	5,029	16,470	(69)
U.S. \$ Millions	79	86	461	(8)	(83)	261	839	(69)
EBITDA								
Ps. Millions	2,349	2,516	6,300	(7)	(63)	8,236	15,318	(46)
U.S. \$ Millions	122	129	316	(6)	(61)	428	788	(46)

TABLE 13 | COMPARABLE EBITDA

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch. %
				3Q19	4Q18			
EBITDA								
Ps. Millions	2,349	2,516	6,300	(7)	(63)	8,236	15,318	(46)
U.S. \$ Millions	122	129	316	(6)	(61)	428	788	(46)
Adjustments*								
Ps. Millions	18	287	(4,048)	(94)	100	901	(5,289)	117
U.S. \$ Millions	1	15	(193)	(94)	100	47	(258)	118
Comparable EBITDA								
Ps. Millions	2,368	2,803	2,252	(16)	5	9,137	10,029	(9)
U.S. \$ Millions	123	144	122	(15)	-	474	529	(10)

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

Plastics & Chemicals

TABLE 14 | REVENUES

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch. %
				3Q19	4Q18			
Total Revenues								
Ps. Millions	6,006	6,693	7,910	(10)	(24)	27,097	32,925	(18)
U.S. \$ Millions	311	345	400	(10)	(22)	1,407	1,713	(18)
Domestic Revenues								
Ps. Millions	3,568	4,202	4,831	(15)	(26)	16,637	20,307	(18)
U.S. \$ Millions	185	217	244	(15)	(24)	864	1,057	(18)
Foreign Revenues								
Ps. Millions	2,438	2,491	3,079	(2)	(21)	10,460	12,618	(17)
U.S. \$ Millions	126	128	156	(1)	(19)	543	656	(17)
Foreign / Total (%)	41	37	39			39	38	

TABLE 15 | OPERATING INCOME AND EBITDA

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch. %
				3Q19	4Q18			
Operating Income								
Ps. Millions	611	951	881	(36)	(31)	3,368	4,735	(29)
U.S. \$ Millions	32	49	45	(35)	(29)	175	247	(29)
EBITDA								
Ps. Millions	819	1,173	1,017	(30)	(20)	4,198	5,292	(21)
U.S. \$ Millions	42	60	52	(30)	(18)	218	276	(21)

TABLE 16 | COMPARABLE EBITDA

	4Q19	3Q19	4Q18	(%) 4Q19 vs.		2019	2018	Ch. %
				3Q19	4Q18			
EBITDA								
Ps. Millions	819	1,173	1,017	(30)	(20)	4,198	5,292	(21)
U.S. \$ Millions	42	60	52	(30)	(18)	218	276	(21)
Adjustments*								
Ps. Millions	70	81	110	(14)	(36)	249	(21)	1,262
U.S. \$ Millions	4	4	5	(13)	(33)	13	(1)	1,333
Comparable EBITDA								
Ps. Millions	888	1,254	1,127	(29)	(22)	4,447	5,271	(16)
U.S. \$ Millions	46	65	57	(29)	(19)	231	275	(16)

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

Appendix B – Financial Statements

ALPEK, S.A.B. DE C.V. and Subsidiaries

STATEMENT OF FINANCIAL POSITION

Information in Millions of Mexican Pesos

(% Dec-19 vs.

	Dec-19	Sep-19	Dec-18	Sep-19	Dec-18
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	7,059	6,069	4,168	16	69
Restricted cash	216	3	3	6,511	7,717
Trade accounts receivable	10,265	11,714	15,579	(12)	(34)
Other accounts and notes receivable	5,658	6,630	5,643	(15)	-
Inventories	17,966	17,945	24,511	-	(27)
Other current assets	2,411	1,353	1,211	78	99
Total current assets	43,575	43,714	51,115	-	(15)
Investment in associates and others	8,246	8,919	8,794	(8)	(6)
Property, plant and equipment, net	37,082	47,322	47,033	(22)	(21)
Goodwill and intangible assets	3,783	4,138	4,368	(9)	(13)
Other non-current assets	10,108	11,811	8,587	(14)	18
Total assets	102,794	115,904	119,897	(11)	(14)
LIABILITIES AND STOCKHOLDER'S EQUITY					
CURRENT LIABILITIES:					
Debt	707	2,253	10,118	(69)	(93)
Suppliers	13,064	14,001	22,330	(7)	(41)
Other current liabilities	6,550	8,082	6,128	(19)	7
Total current liabilities	20,321	24,336	38,576	(16)	(47)
NON-CURRENT LIABILITIES:					
Debt (include debt issuance cost)	28,103	40,083	30,012	(30)	(6)
Deferred income taxes	3,926	3,873	4,752	1	(17)
Other non-current liabilities	4,294	4,736	2,295	(9)	87
Employees' benefits	1,092	1,143	1,099	(4)	(1)
Total liabilities	57,736	74,171	76,734	(22)	(25)
STOCKHOLDERS' EQUITY:					
Controlling interest:					
Capital stock	6,045	6,047	6,052	-	-
Share premium	9,059	9,077	9,106	-	(1)
Contributed capital	15,104	15,124	15,158	-	-
Earned surplus	25,376	21,522	22,969	18	10
Total controlling interest	40,480	36,646	38,127	10	6
Non-controlling interest	4,578	5,087	5,036	(10)	(9)
Total stockholders' equity	45,058	41,733	43,163	8	4
Total liabilities and stockholders' equity	102,794	115,904	119,897	(11)	(14)

ALPEK, S.A.B. DE C.V. and Subsidiaries

STATEMENT OF INCOME

Information in Millions of Mexican Pesos

	4Q19	3Q19	4Q18	(% 4Q19 vs		2019	2018	(% 2019 vs 2018)
				3Q19	4Q18			
Revenues	27,133	29,560	34,802	(8)	(22)	119,685	134,523	(11)
Domestic	7,837	8,943	10,195	(12)	(23)	34,591	40,289	(14)
Export	19,296	20,617	24,607	(6)	(22)	85,094	94,234	(10)
Cost of sales	(23,883)	(25,417)	(31,245)	6	24	(106,669)	(116,519)	8
Gross profit	3,250	4,143	3,557	(22)	(9)	13,016	18,004	(28)
Operating expenses and others	2,584	(1,437)	6,610	280	(61)	(655)	3,198	(120)
Operating income	5,834	2,706	10,167	116	(43)	12,361	21,202	(42)
Financial result, net	(693)	(1,157)	(935)	40	26	(2,635)	(2,783)	5
Equity in income of associates and joint ventures	(303)	(7)	(23)	(4,223)	(1,196)	(313)	(30)	(924)
Income before taxes	4,838	1,542	9,209	214	(47)	9,413	18,389	(49)
Income taxes	(628)	(316)	(1,200)	(99)	48	(1,889)	(3,455)	45
Consolidated net income	4,210	1,226	8,009	243	(47)	7,524	14,934	(50)
Profit attributable to Controlling interest	4,047	976	7,815	315	(48)	6,605	13,633	(52)
Profit attributable to Non-controlling interest	163	250	194	(35)	(16)	919	1,301	(29)

Nemak reports 4Q19 EBITDA of US\$133 million

Monterrey, Mexico. February 12, 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 fourth quarter of 2019 ("4Q19") and full-year 2019 ("FY2019"). What follows is a summary of the key figures:

Key Figures

	Fourth Quarter			Twelve months		
	2019	2018	Δ%	2019	2018	Δ%
Volume (M. Equivalent units)	10.2	11.5	(11.2)	44.3	50.0	(11.5)
Revenues	941	1,078	(12.7)	4,017	4,704	(14.6)
EBITDA ¹	133	171	(22.2)	621	734	(15.4)
CAPEX	97	132	NA ²	344	403	NA ²

US\$ Millions, except Volume

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

(2) NA = Not applicable

Nemak sold 10.2 million equivalent units ("MEU") during 4Q19, down 11.2% year-on-year ("y-o-y"), mainly due to effects of light-vehicle production cuts among certain North American and European OEMs—in particular, General Motors, which saw effects of a strike in the U.S. during October. Revenue in the period amounted to US\$941 million, down 12.7% y-o-y on lower volume and aluminum prices. FY2019 volume and revenue were affected by the same factors as quarterly figures, finishing down 11.5% and 14.6%, respectively.

4Q19 EBITDA was US\$133 million, a 22.2% y-o-y decrease largely attributed to market headwinds affecting volume, paired with unfavorable exchange rate effects. FY2019 EBITDA showed a similar trend, ending the period with a 15.4% drop.

Capital expenditures amounted to US\$97 million during 4Q19 for a full year amount of US\$344 million. The Company continued investing to ramp up production associated with new contracts. As of December 31, 2019, Net Debt amounted to US\$1,206 million, down 3.6% y-o-y. Nemak's financial ratios were as follows: Net Debt to last-twelve-months ("LTM") EBITDA, 1.9 times; Interest Coverage, 8.6 times.

Message from the CEO

Despite facing softer-than-expected industry conditions in most of our markets, we successfully leveraged efficiency initiatives to meet our Guidance for the year. We also made continued progress on strategy execution, delivering higher value-added solutions to our customers while driving long-term value creation across powertrain, e-mobility, and structural applications.

In the fourth quarter alone, we won new contracts worth approximately US\$360 million in annual revenue across our product lines, bringing the total value of secured business for 2019 to just over US\$1 billion. For the full year, we won contracts worth a total of approximately US\$280 million to supply structural and electric vehicle components, more than half of which represented incremental



business. These projects comprise a variety of applications—including complex battery housings, electric motor housings, and body-in-white parts—for a combination of hybrid and 100% electric vehicles. Currently, our total order book in this segment stands at approximately US\$750 million in annual revenue.

Continuing our efforts to strengthen our sustainability practices, in 2019 we made a commitment, through the Science Based Targets initiative, to set greenhouse reduction targets; and we were selected to be part of two leading sustainability indices: the Dow Jones Sustainability MILA Pacific Alliance Index and the London Stock Exchange's FTSE4Good Index Series.

In 2020, we anticipate that evolving industry and macroeconomic conditions may continue to generate volatility in the markets we serve. To address such risks, we will remain focused on optimizing costs and maintaining discipline in capital allocation through increased reuse of existing assets, while at the same time tapping into higher value-added opportunities linked to accelerating lightweighting and electrification trends in our industry.

Automotive Industry

	Millions of Units Fourth Quarter			Millions of Units Twelve Months		
	2019	2018	% Var.	2019	2018	% Var.
U.S. Vehicle Sales SAAR ⁽¹⁾	16.9	17.6	(4.0)	17.0	17.3	(1.7)
North America Vehicle Production ⁽²⁾	3.8	4.2	(9.5)	16.3	17.0	(4.1)
North America NemaK Customer Production ⁽²⁾	2.5	2.9	(13.8)	11.0	11.8	(6.8)
Europe Vehicle Sales SAAR ⁽¹⁾⁽²⁾	19.8	18.6	6.5	19.6	20.2	(3.0)
Europe Vehicle Production ⁽²⁾	5.0	5.3	(5.7)	20.7	22.0	(5.9)
Europe NemaK Customer Production ⁽²⁾	3.4	3.6	(5.6)	13.9	14.5	(4.1)

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

In the quarter, SAAR for U.S. vehicle sales reached 16.9 million units, 4.0% lower y-o-y mainly derived from a high base of comparison vis-à-vis 4Q18, when certain OEMs registered greater benefits from new launches. Meanwhile, vehicle production in North America decreased 9.5%, largely as a result of the combined impact of the General Motors strike in the U.S. and the phase-out of certain vehicle platforms.

In Europe, 4Q19 sales were up 6.5% on a favorable comparison with the same period last year, when the implementation of new emissions testing standards weighed on the market in the region. However, vehicle production saw a 5.7% year-over-year reduction, driven primary by overall market softening as well as lower exports to other regions, particularly China.

Recent Developments

- For full-year 2019, the Company won contracts across its product lines worth a total of more than US\$1 billion in annual revenue. This included contracts worth approximately US\$280 million in annual revenue to produce structural and electric vehicle components, more than half of which represented incremental business.



- In January 2020, completed construction of the first phase of a new facility in North America to be dedicated to the production of e-mobility applications. Ramp up to begin in the second half of the year.
- Effective November 26, 2019, Nemak joined the MSCI Global Small Cap Indexes, making it a member of the MSCI Mexico Small Cap Index as well as the global flagships MSCI ACWI Small Cap and MSCI Emerging Markets Small Cap Indexes.

Financial Results Summary

	Fourth Quarter			Twelve months		
	2019	2018	Δ%	2019	2018	Δ%
Volume (M. Equivalent units)	10.2	11.5	(11.2)	44.3	50.0	(11.5)
Revenue	941	1,078	(12.7)	4,017	4,704	(14.6)
Operating Income	33	94	(64.9)	257	406	(36.7)
EBITDA ¹	133	171	(22.2)	621	734	(15.4)
EBITDA ¹ / Eq. Unit	13.1	14.9	(12.1)	14.0	14.7	(4.8)
Net Income	31	38	(18.4)	130	180	(27.8)
CAPEX	97	132	NA ²	344	403	NA ²
Net Debt ³	1,206	1,251	(3.6)			

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

4Q19 total volume decreased 11.2% y-o-y, largely attributed to lower light-vehicle production among certain OEM customers. In North America, the main factors were the impact of the General Motors strike in the U.S., the phase-out of production of certain light-vehicle models among Detroit 3 customers throughout the region, and a reduction in the Company's shipments to China. In Europe, the drop of OEM light-vehicle production also weighed on Nemak's volume. Meanwhile, in Rest of World, volume was affected mainly by lower sales in China. For FY2019, Nemak's volume decreased as a result of the factors described above.

Turning to Revenue, lower volume and lower aluminum prices together with currency effects drove a 12.7% y-o-y decrease in 4Q19. On a full-year basis, revenue decreased 14.6%.

In 4Q19, EBITDA decreased 22.2% y-o-y due mainly to lower revenue and currency effects. 4Q19 EBITDA per equivalent unit was US\$13.1, down 12.1% y-o-y. Operating Income decreased US\$61 million basically as a result of the same factors affecting EBITDA, plus additional impairment of assets related to its manufacturing facility in Windsor, Canada, which as previously announced, is scheduled to close by mid-2020. For the FY2019, EBITDA and Operating Income were 15.4% and 36.7% lower versus 2018, respectively.

Nemak's 4Q19 Net Income was US\$31 million, down 18.4% y-o-y as the combined impact of lower Operating Income was partially offset by lower income taxes and financial expenses. FY 2019 Net Income was US\$130 million, down versus the US\$180 million reported the previous year due to the already explained factors.



Capital expenditures amounted to US\$97 million in 4Q19, continuing with investments to support new product launches in all regions. FY 2019 Capex was US\$344 million, versus US\$403 million in 2018.

As of December 31, 2019, Nemak reported Net Debt in the amount of US\$1.2 billion. Financial ratios were: Net Debt to LTM EBITDA, 1.9 times; and Interest Coverage, 8.6 times. These ratios compared to 1.7 and 7.7 times, respectively, as of quarter-end 4Q18.

Regional Results

North America

In 4Q19, revenue was down 18.7% y-o-y mostly related to lower volume and aluminum prices. 4Q19 EBITDA declined by 26.1% y-o-y on the impact of volume headwinds—in particular, the General Motors strike in the U.S. FY2019 revenue and EBITDA were 16.1% and 17.5% lower due basically to these same factors.

Europe

4Q19 revenue decreased 12.9% y-o-y, mainly due to lower volume and the impact of the depreciation of the euro against the U.S. dollar and lower aluminum prices. Excluding one-time income for US\$7.5 million in 4Q18, EBITDA was 15.8% lower mainly due to the combined impact of volume and the depreciation of the euro against the U.S. dollar. FY2019 revenue and EBITDA were basically affected by the same factors described above, finishing 12.8% and 15.7% lower y-o-y, respectively.

Rest of the World

In 4Q19, revenue increased by US\$26 million y-o-y, reflecting a more favorable product mix in Brazil and the reclassification of tooling sales. 4Q19 EBITDA was US\$9 million, slightly higher than the same period last year as operational efficiencies more than offset the impact of lower volume in China. FY2019 revenue was 12.6% lower than 2018, mainly due to lower volume and aluminum prices. FY2019 EBITDA increased 22.2%, supported mainly by operational efficiencies in China.



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 Fourth Quarter 2019 Conference Call will be held on Thursday, February 13, 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 fourth quarter of:					For the twelve months of:				
	2019	% of rev.	2018	% of rev.	% Var.	2019	% of rev.	2018	% of rev.	% Var.
Volume (million equivalent units)	10.2		11.5		(11.2)	44.3		50.0		(11.5)
Total revenues	941	100.0	1,078	100.0	(12.7)	4,017	100.0	4,704	100.0	(14.6)
Gross profit	114	12.1	156	14.5	(26.9)	575	14.3	699	14.9	(17.7)
Sales & administrative expenses	(65)	(6.9)	(61)	(5.7)	6.6	(277)	(6.9)	(300)	(6.4)	(7.7)
Other income (expenses) net	(15)	(1.6)	(1)	(0.1)	1,400.0	(41)	(1.0)	7	0.1	NA
Operating Income	33	3.5	94	8.7	(64.9)	257	6.4	406	8.6	(36.7)
Interest Expenses	(20)	(2.1)	(18)	(1.7)	11.1	(84)	(2.1)	(98)	(2.1)	(14.3)
Interest Income	1	0.1	1	0.1	0.0	13	0.3	6	0.1	NA
Foreign exchange gain (loss)	4	0.4	2	0.2	100.0	1	0.0	(24)	(0.5)	NA
Financing expenses net	(15)	(1.6)	(15)	(1.4)	0.0	(70)	(1.7)	(116)	(2.5)	(39.7)
Participation in associates results	0	0.0	1	0.1	NA	2	0.0	7	0.1	(71.4)
Income Tax	12	1.3	(42)	(3.9)	NA	(59)	(1.5)	(117)	(2.5)	(49.6)
Net Income	31	3.3	38	3.5	(18.4)	130	3.2	180	3.8	(27.8)
	2019	% of rev.	2018	% of rev.	% Var.	2019	% of rev.	2018	% of rev.	% Var.
Operating Income	33	3.5	94	8.7	(64.9)	257	6.4	406	8.6	(36.7)
Depreciation, Amortization & Other Non-Cash items	100	10.6	77	7.1	29.9	363	9.0	328	7.0	10.7
EBITDA ¹	133	14.1	171	15.9	(22.2)	621	15.5	734	15.6	(15.4)
CAPEX	97	10.3	132	12.2	NA ²	344	8.6	403	8.6	NA ²

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

(2) Not applicable



Nemak
Balance Sheet
Millions of Dollars

Assets	Dec-19	Dec-18	% Var
Cash and cash equivalents	312	181	72.4
Accounts receivable	417	521	(20.0)
Inventories	591	636	(7.1)
Other current assets	27	54	(50.0)
Total current assets	1,348	1,392	(3.2)
Investments in shares	33	37	(10.8)
Property, plant and equipment, net	2,554	2,623	(2.6)
Other assets	774	685	13.0
Total assets	4,709	4,738	(0.6)
Liabilities & stockholders' equity	Dec-19	Dec-18	% Var
Bank loans	104	76	36.8
Current maturities of long-term debt	21	49	(57.1)
Interest payable	17	17	0.0
Operating liabilities	1,203	1,206	(0.2)
Total current liabilities	1,344	1,349	(0.4)
Long-term debt	1,375	1,339	2.7
Labor liabilities	75	63	19.0
Other long term-liabilities	113	152	(25.7)
Total liabilities	2,908	2,903	0.2
Total stockholders' equity	1,801	1,833	(1.7)
Total liabilities & stockholders' equity	4,709	4,738	(0.6)



Nemak Regional Results
Millions of Dollars

Volume (million equivalent units)	For the fourth quarter of:			For the twelve months of:		
	2019	2018	% Var.	2019	2018	% Var.
North America	5.9	6.9	(14.9)	25.8	29.7	(13.1)
Europe	3.3	3.5	(6.3)	14.5	15.3	(5.4)
Rest of World	1.0	1.1	(3.7)	4.0	5.0	(20.8)
Total	10.2	11.5	(11.2)	44.3	50.0	(11.5)
Total Revenues*	2019	2018	% Var.	2019	2018	% Var.
North America	490	603	(18.7)	2,210	2,633	(16.1)
Europe	339	389	(12.9)	1,433	1,643	(12.8)
Rest of World	112	86	30.2	374	428	(12.6)
Total	941	1,078	(12.7)	4,017	4,704	(14.6)
EBITDA ¹	2019	2018	% Var.	2019	2018	% Var.
North America	68	92	(26.1)	368	446	(17.5)
Europe	56	74	(24.3)	220	261	(15.7)
Rest of World	9	5	80.0	33	27	22.2
Total	133	171	(22.2)	621	734	(15.4)
EBITDA ¹ Margin in %	2019	2018	% Var.	2019	2018	% Var.
North America	14%	15%	(9.0)	17%	17%	(1.7)
Europe	17%	19%	(13.2)	15%	16%	(3.4)
Rest of World	8%	6%	38.2	9%	6%	39.9
Total	14%	16%	(10.9)	15%	16%	(0.9)
EBITDA ¹ USD/Equivalent units	2019	2018	% Var.	2019	2018	% Var.
North America	11.6	13.3	(13.1)	14.3	15.0	(5.1)
Europe	17.0	21.3	(20.0)	15.2	17.0	(10.9)
Rest of World	8.7	4.4	99.8	8.3	5.4	54.3
Total	13.1	14.9	(12.1)	14.0	14.7	(4.8)

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

* To external customers



Nemak
Income Statement
Millions of Pesos

	For the fourth quarter of:					For the twelve months of:				
	2019	% of rev.	2018	% of rev.	% Var.	2019	% of rev.	2018	% of rev.	% Var.
Volume (million equivalent units)	10.2		11.5		(11.2)	44.3		50.0		(11.5)
Total revenues	18,155	100.0	21,319	100.0	(14.8)	77,363	100.0	90,327	100.0	(14.4)
Gross profit	2,199	12.1	3,073	14.4	(28.4)	11,087	14.3	13,449	14.9	(17.6)
Sales & administrative expenses	(1,255)	(6.9)	(1,193)	(5.6)	5.2	(5,328)	(6.9)	(5,746)	(6.4)	(7.3)
Other income (expenses) net	(296)	(1.6)	(28)	(0.1)	957.1	(794)	(1.0)	120	0.1	NA
Operating Income	648	3.6	1,852	8.7	(65.0)	4,964	6.4	7,823	8.7	(36.5)
Interest Expenses	(379)	(2.1)	(347)	(1.6)	9.2	(1,613)	(2.1)	(1,873)	(2.1)	(13.9)
Interest Income	18	0.1	22	0.1	(18.2)	242	0.3	124	0.1	95.2
Foreign exchange gain (loss)	84	0.5	44	0.2	90.9	4	0.0	(471)	(0.5)	NA
Financing expenses net	(277)	(1.5)	(282)	(1.3)	(1.8)	(1,367)	(1.8)	(2,220)	(2.5)	(38.4)
Participation in associates results	(3)	(0.0)	11	0.1	NA	41	0.1	137	0.2	(70.1)
Income Tax	224	1.2	(835)	(3.9)	NA	(1,145)	(1.5)	(2,276)	(2.5)	(49.7)
Net Income	591	3.3	746	3.5	(20.8)	2,493	3.2	3,464	3.8	(28.0)
Operating Income	648	3.6	1,852	8.7	(65.0)	4,964	6.4	7,823	8.7	(36.5)
Depreciation, Amortization & Other Non-Cash items	1,921	10.6	1,526	7.2	25.9	6,994	9.0	6,281	7.0	11.4
EBITDA ⁽¹⁾	2,568	14.1	3,378	15.8	(24.0)	11,958	15.5	14,104	15.6	(15.2)
CAPEX	1,877	10.3	2,629	12.3	NA ⁽²⁾	6,616	8.6	7,786	8.6	NA ⁽²⁾

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

(2) Not applicable

Nemak
Balance Sheet
Millions of Pesos

Assets	Dec-19	Dec-18	% Var
Cash and cash equivalents	5,883	3,555	65.5
Accounts receivable	7,860	10,247	(23.3)
Inventories	11,146	12,518	(11.0)
Other current assets	514	1,085	(52.6)
Total current assets	25,403	27,405	(7.3)
Investments in shares	615	733	(16.1)
Property, plant and equipment, net	48,140	51,629	(6.8)
Other assets	14,586	13,490	8.1
Total assets	88,744	93,258	(4.8)
Liabilities & stockholders' equity	Dec-19	Dec-18	% Var
Bank loans	1,955	1,494	30.9
Current maturities of long-term debt	394	972	(59.5)
Interest payable	320	340	(5.9)
Operating liabilities	22,664	23,738	(4.5)
Total current liabilities	25,332	26,545	(4.6)
Long-term debt	25,921	26,352	(1.6)
Labor liabilities	1,407	1,238	13.7
Other long term-liabilities	2,136	3,019	(29.2)
Total liabilities	54,800	57,154	(4.1)
Total stockholders' equity	33,943	36,104	(6.0)
Total liabilities & stockholders' equity	88,744	93,258	(4.8)



EARNINGS REPORT

Fourth Quarter 2019 (4Q19)



Monterrey, Mexico, February 12, 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 fourth quarter of 2019 ("4Q19").

Axtel reports 4Q19 EBITDA of US \$62 million (Ps. 1,187 million)

SELECTED FINANCIAL INFORMATION

(IN MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
Revenues (Ps.)	3,378	3,167	3,446	7	(2)	12,784	12,788	(0)
US \$	175	163	174	7	1	664	664	(0)
EBITDA (Ps.) ¹	1,187	1,111	1,097	7	8	4,466	4,393	2
US \$	62	57	55	8	11	232	228	2
Net Income (loss) (Ps.)	6	(351)	1,242	--	(100)	(14)	1,095	--
US \$	0	(18)	60	--	(100)	(0)	52	--
CAPEX (Ps.) ²	572	396	729	44	(22)	1,762	1,869	(6)
US \$	30	20	37	46	(19)	91	97	(6)
Net Debt (US \$)	750	765	686	(2)	9			
Net Debt / LTM EBITDA *	3.2	3.4	3.0					
LTM Interest Coverage*	3.3	3.2	3.2					
Adjusted Revenues (Ps.) ³	3,384	3,202	4,131	6	(18)	13,086	15,561	(16)
US \$	176	165	208	6	(16)	680	809	(16)
Adjusted EBITDA (Ps.) ³	1,028	1,105	4,135	(7)	(75)	5,092	8,240	(38)
US \$	53	57	206	(6)	(74)	265	422	(37)

* 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 reflect the mass market business as discontinued operations. ALFA, however, consolidates both continuing and discontinued operations. For a complete reconciliation of revenues and EBITDA, see tables 7 and 8.

4Q19 HIGHLIGHTS

Results

- In line with yearly guidance, fourth quarter EBITDA increased 8% year-over-year. Full year EBITDA increased 2% compared to 2018, or 7% without considering the extraordinary tower sale benefit in 2018, driven by the performance of enterprise and wholesale customers and improved margins due to operating efficiencies as a result of digitalization initiatives.

Data Center Agreement

- During the quarter, Axtel signed the agreement to divest three data centers and entered into a strategic joint-marketing agreement with Equinix to continue strengthening its multi-cloud and ICT managed services portfolio. The transaction was successfully closed and funded in January 2020.
- Valuation for this transaction represented US \$175 million. Proceeds excluding funds in escrow and related expenses, will be used to strengthen Axtel's financial structure.

Functional Separation

- In line with industry trends and to maximize value of its infrastructure and capture growth opportunities, the Company started operations under two specialized business units.
 - Infrastructure business unit, as a neutral operator, will provide fiber-based connectivity services to wholesale customers, capturing opportunities from the increasing demand for bandwidth.
 - Alestra, the service business unit, will have full access to the network of the Infrastructure business unit and will continue playing an important role in helping enterprise and government segment customers become more productive through digitalization by providing IT and managed Telecom solutions.
- Axtel has retained financial advisors to evaluate strategic alternatives that maximize the value of the Infrastructure business unit and the Company.



MESSAGE FROM AXTEL'S CEO

"We are motivated by the achievements obtained in 2019, which are aligned with the trends in the industry, and with their contribution to maximize the value of our assets and competitive positioning.

In May 2019, we concluded the divestment of the remaining 18% of the mass market segment and in October 2019, we signed the divestment and strategic alliance agreement for three data centers, transactions that contributed significantly to focus our business strategy and strengthen our capital structure by reducing debt and other liabilities.

These transactions, together with the sale of towers and the divestment of 82% of the mass market segment in 2018, allowed us to obtain over US \$530 million representative of valuation multiples not reflected in the value of the Company. With these proceeds, Axtel's net leverage has been reduced from more than 4 times in 2016 to less than 2.9 times, pro forma for the sale of data centers, and interest expense has been reduced by 50%.

In addition, in 2019, we started the process to operate under two specialized and focused business units: infrastructure and services. Last year, we defined strategies and business plans for each unit. The functional separation allows us to maximize the opportunities for our infrastructure and focus our service business unit, Alestra, on the development of the next-generation digital services and the integration and management of networks, multi-clouds, systems and cybersecurity perimeters under the highest standards of quality and service.

Our infrastructure unit, including 40,600 km of fiber optic network, is positioned as the largest neutral infrastructure operator in Mexico, which will be key to capture the demand and proximity of fiber optic connectivity required for streaming services, broadband, IoT applications and mobile networks deployments.

These assets, and their relevant growth potential, constitute a unique and compelling platform for investors focused on infrastructure businesses. The stability and sustainability of cash flow generation of this business is a common attribute of listed infrastructure companies and precedent transactions, usually valued at attractive multiples.

To explore all value creation opportunities, we have retained financial advisors to help us in attracting investment proposals and evaluate strategic alternatives for the infrastructure business unit and the Company. We started a competitive process to attract investors who have efficient access to capital and a long-term investment horizon.

We remain committed to creating value for our clients, employees and shareholders, and thus continue delivering positive results in 2020."

Rolando Zubirán

TOTAL REVENUES

Total revenues were US \$175 million in 4Q19, up 1% when compared to 4Q18. In pesos, revenues decreased 2%, mainly due to an 8% decline in government segment revenues. (See table 1).

ENTERPRISE SEGMENT (83% of Axtel's LTM revenues)

Enterprise segment revenues totaled US \$141 million in 4Q19, 2% higher than the year-earlier quarter. In pesos, revenues reached Ps. 2,721 million, representing no change compared to the previous year, as a 1% increase in Telecom revenues was mitigated by a 10% decline in IT revenues. (See table 2).

TELECOM revenues reached Ps. 2,368 million in 4Q19, up 1% year-over-year, mainly due to a 7% growth in *managed networks* explained by collaboration solutions and a strong increase in managed services related to non-recurrent infrastructure-based contracts providing back-haul, dark fiber connectivity to wholesale customers, as well as to the mass market divestment continuity services agreement. This increase in *managed networks* was partially mitigated by a 1% decline in *data and internet* revenues and a 6% decrease in *voice* revenues, due to continued declines in fix-to-mobile and long distance revenues.

IT revenues reached Ps. 353 million in 4Q19, down 10% when compared to 4Q18, mainly due to a 46% decrease in *system integration solutions* due to a higher volume of non-recurrent projects in 2018. Good performance in *hosting, cybersecurity* and *cloud* services, was partially mitigated by a decline in *managed applications*.

GOVERNMENT SEGMENT (17% of Axtel's LTM revenues)

Government segment revenues amounted US \$34 million in 4Q19, a sequential improvement when compared to 1Q, 2Q and 3Q19, however down 5% when compared to 4Q18. In pesos, revenues totaled Ps. 657 million, down 8% year over year, due to a 27% decline in Telecom revenues, partially mitigated by a 10% increase in IT revenues. Non-recurrent revenues in the quarter totaled Ps. 153 million, related to equipment sales and revenues from previous quarters that were not recorded until satisfactory documentation was completed this quarter. (See table 3).

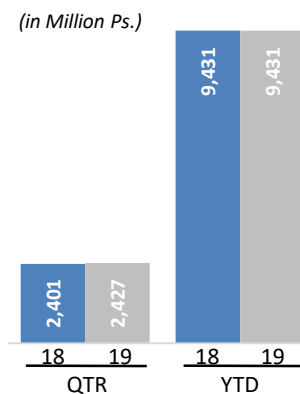
TELECOM revenues reached Ps. 257 million in 4Q19, a 27% decrease year over year, mainly due to a strong decline in *managed networks* revenues due to the termination of VPN services contracts during the year and non-recurrent revenues recorded in 4Q18.

IT revenues reached Ps. 400 million in 4Q19, up 10% when compared to 4Q18, mainly due to a strong increase in *system integration* related to a new contract with a federal government entity. Good performance in *security* and *cloud solutions* were offset by decreases in *hosting* and *managed applications* revenues.

GROSS PROFIT

Gross profit is defined as revenues minus cost of revenues. For 4Q19, gross profit was US \$126 million, up 4% compared to 4Q18.

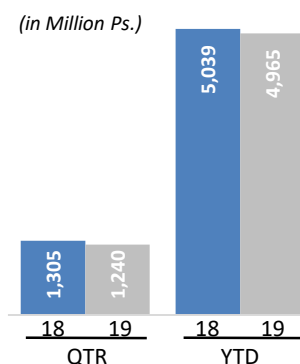
In pesos, gross profit totaled Ps. 2,427 million, a 1% increase versus 4Q18. Despite the decline in revenues, gross profit increased associated to improved margins for both enterprise and government segments.



OPERATING AND OTHER EXPENSES

Total expenses reached US \$64 million in the 4Q19, a 2% decrease compared to 4Q18.

In pesos, total expenses reached Ps. 1,240 million, down 5% compared to 4Q18, due to reduction in personnel and maintenance expenses resulting from digital innovation initiatives and a Ps. 72 million benefit from the new accounting standard for long term leases (IFRS16).

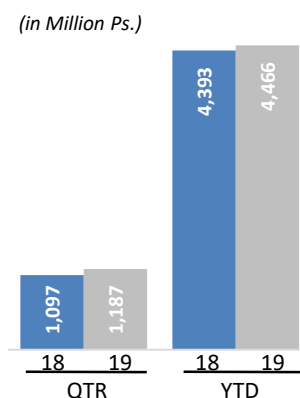


EBITDA

EBITDA totaled US \$62 million in 4Q19, an 11% increase compared to US \$55 million in 4Q18.

In pesos, EBITDA reached Ps. 1,187 million, a 8% increase year-over-year. EBITDA margin increased from 31.8% in 4Q18 to 35.1% in 4Q19, largely driven by digitalization initiatives which have contributed to a reduction in operating expenses.

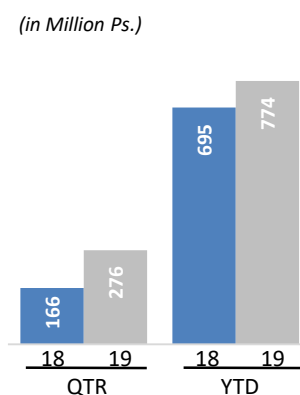
Full-year 2019 EBITDA increased 2% compared to 2018. However, 2018 EBITDA includes an extraordinary tower sale benefit of Ps. 225 million, adjusting for this benefit, EBITDA in 2019 increased 7% compared to 2018.



OPERATING INCOME

In the 4Q19, operating income totaled US \$14 million, 71% higher than the same quarter of last year.

In pesos, 4Q19 operating income totaled Ps. 276 million, a 66% increase compared to 4Q18, mainly due to the increase in EBITDA previously described and a 2% decline in depreciation and amortization.



COMPREHENSIVE FINANCING RESULT

The comprehensive financing income reached US \$5 million in 4Q19. In pesos, income for 4Q19 totaled Ps. 87 million, compared to a cost of Ps. 1,000 million in 4Q18, mostly explained by a Ps. 421 million FX gain during 4Q19 resulting from a 4% appreciation of the Mexican peso against the US dollar, compared to a Ps. 479 million FX loss in 4Q18 resulting from a 4% depreciation. Net interest expenses declined 30% from 4Q18 to 4Q19 mainly due to partial prepayments of bank facilities for Ps. 4,350 million in December 2018 and Ps. 550 million in May 2019 and payment of other liabilities for approximately Ps. 900 million. (See table 5).

NET DEBT

At the end of 2019, net debt was US \$750 million, up 9% or US \$64 million, in comparison with 2018; comprised of a US \$22 million decrease in debt, a US \$12 million non-cash increase in debt caused by a 4% appreciation of the Mexican peso year-over-year and a US \$74 million decrease in cash.

Total debt reduction of US \$22 million year over year is explained by (i) a US \$15 million decrease related to the partial prepayment of the Syndicated Bank facility; (ii) a US \$13 million decrease due to the prepayment of a short term loan; (iii) a US \$17 million decrease in other loans and financial leases; and (iv) a US \$23 million increase related to the new accounting standard for long term leases (IFRS16).

As of the end of 2019, cash balance totaled US \$46 million or Ps. 858 million, compared to US \$119 million or Ps. 2,343 million a year ago; which included US \$5 million restricted cash. Cash balance in 2018 also included US \$54 million of extraordinary cash related to the value-added tax and other provisioned expenses from the FTTx mass market business monetization. Adjusting for these items, normalized cash at the end of 2018 was US \$65 million.

Financial ratios at the close of 2019 were: Net Debt to EBITDA of 3.2 times and Interest Coverage of 3.3 times. (See table 6).

CAPITAL EXPENDITURES (CAPEX)

Capital investments totaled US \$30 million in the 4Q19, a 19% decline compared to 4Q18. Full-year 2019 Capex totaled US \$92 million (including US \$1 million through vendor financing), a 31% decline compared to US \$132 million in 2018 (including US \$35 million through vendor financing). Investments in 2019 were approximately US \$50 million in new projects for the enterprise and government segments; US \$17 million to strengthen the capacity of the network; US \$12 million in network maintenance and US \$12 million in corporate systems and mobility (MVNx) strategy.

FUNCTIONAL SEPARATION

Axtel results are separated internally into two business units: infrastructure and services.

SELECTED FINANCIAL INFORMATION BY BUSINESS UNIT

(IN MILLIONS)

	YTD'19				YTD'18				YTD Δ (%)		
	TOTAL	Infr.	Services	Elim.	TOTAL	Infr.	Services	Elim.	TOTAL	Infr.	Services
Revenues (Ps.)	12,784	5,170	10,177	(2,564)	12,788	4,843	10,490	(2,544)	(0)	7	(3)
US \$	664	268	528	(133)	664	252	545	(132)	(0)	7	(3)
Cont. Mg. (Ps.)	9,431	4,688	4,742	--	9,431	4,320	5,111	--	(0)	9	(7)
US \$	490	243	246	--	491	225	266	--	(0)	8	(7)
Expenses (Ps.)	(4,965)	(2,402)	(2,563)	--	(5,039)	(2,271)	(2,767)	--	1	(6)	7
US \$	(258)	(125)	(133)	--	(262)	(118)	(144)	--	2	(6)	8
EBITDA (Ps.)	4,466	2,287	2,179	--	4,393	2,049	2,344	--	2	12	(7)
US \$	232	119	113	--	228	107	122	--	2	11	(7)
EBITDA Mg. (%)	34.9%	44.2%	21.4%		34.3%	42.3%	22.3%				

* Note: Figures include eliminations of intercompany (Infrastructure and Service business units) revenues and costs.

INFRASTRUCTURE BUSINESS UNIT (51% of Axtel's YTD EBITDA)

REVENUES totaled US \$268 million in 2019, a 7% increase compared to 2018 period. In pesos, revenues also increased 7%, mainly due to a strong increase in spectrum services and in back-haul, dark fiber connectivity contracts, as well as to the mass market divestment continuity services agreement.

Revenues coming from Alestra Service Unit represented 50% of total Infrastructure Business Unit revenues.

EBITDA reached US \$119 million in 2019, up 11% compared to 2018, or 12% in pesos, due to increases in revenues and contribution margins. Without the extraordinary tower sale benefit recorded in 2018, EBITDA increased 25%.

SERVICES BUSINESS UNIT ("ALESTRA") (49% of Axtel's YTD EBITDA)

REVENUES totaled US \$528 million in 2019, a 3% decline compared to 2018 period. In pesos, revenues also decreased 3%, as a 1% increase in the Enterprise Segment was mitigated by a 13% decline in Government Segment revenues.

ENTERPRISE revenues increased 1% in 2019 compared to 2018. Telecom revenues remained flat, due to 5% and 2% increases in *data and internet* and *managed network* solutions, respectively, which were mitigated by a 9% decline in *voice* revenues. IT services posted a 3% increase, due to positive performance from *cybersecurity* and *cloud* services, mitigated by declines in *system integration* and *hosting*.

GOVERNMENT revenues declined 13% in 2019, largely due to a 17% decline in IT revenues, mainly driven by a strong decline in *cybersecurity* services related to the termination of a major contract with a federal entity by the end of 2018. Telecom revenues declined 9%, due to declines in *voice* and *managed network* revenues, partially mitigated by increases in *data and internet* revenues.

EBITDA reached US \$113 million in 2019, down 7% compared to 2018. In pesos, EBITDA also decreased 7%, due to a decline in contribution margins and partially compensated by a 7% decline in expenses.

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.
- 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 exposure to interest rate risk, Axtel maintains an interest rate swap (“IRS”) for Ps. 3,380 million, maturing in December 2022, where Axtel pays 8.355% and receives TIE28d.
- 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 is part of the IPC Sustentable of the Mexican Stock Exchange since 2013 and 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 | REVENUES BY SEGMENT
(IN MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
ENTERPRISE (Ps.)	2,721	2,632	2,732	3	(0)	10,625	10,313	3
<i>US \$</i>	141	136	138	4	2	552	536	3
GOVERNMENT (Ps.)	657	535	714	23	(8)	2,159	2,475	(13)
<i>US \$</i>	34	28	36	24	(5)	112	128	(13)
TOTAL (Ps.)	3,378	3,167	3,446	7	(2)	12,784	12,788	(0)
<i>US \$</i>	175	163	174	7	1	664	664	(0)
<i>Recurrent (Ps.)</i>	2,921	3,004	3,178	(3)	(8)	11,905	12,199	(2)
<i>Non recurrent (Ps.)</i>	456	164	268	179	70	879	590	49

TABLE 2 | ENTERPRISE SEGMENT REVENUES
(IN MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
TELECOM (Ps.)	2,368	2,295	2,340	3	1	9,277	9,002	3
<i>Voice</i>	431	411	460	5	(6)	1,760	1,982	(11)
<i>Data and Internet</i>	918	923	932	(0)	(1)	3,636	3,556	2
<i>Managed Networks</i>	1,019	961	948	6	7	3,881	3,465	12
IT (Ps.)	353	338	392	5	(10)	1,347	1,311	3
TOTAL ENTERPRISE (Ps.)	2,721	2,632	2,732	3	(0)	10,625	10,313	3
<i>US \$</i>	141	136	138	4	2	552	536	3
<i>Recurrent (Ps.)</i>	2,418	2,461	2,533	(2)	(5)	9,894	9,998	(1)
<i>Non recurrent (Ps.)</i>	303	171	200	78	52	730	315	132

TABLE 3 | GOVERNMENT SEGMENT REVENUES
(IN MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
TELECOM (Ps.)	257	283	350	(9)	(27)	1,072	1,173	(9)
<i>Voice</i>	32	27	26	17	20	113	140	(19)
<i>Data and Internet</i>	103	96	100	8	3	327	303	8
<i>Managed Networks</i>	122	160	224	(24)	(45)	633	730	(13)
IT (Ps.)	400	252	363	59	10	1,086	1,302	(17)
TOTAL GOVERNMENT (Ps.)	657	535	714	23	(8)	2,159	2,475	(13)
<i>US \$</i>	34	28	36	24	(5)	112	128	(13)
<i>Recurrent (Ps.)</i>	504	542	645	(7)	(22)	2,010	2,201	(9)
<i>Non recurrent (Ps.)</i>	153	(7)	68	--	125	148	274	(46)

Appendix A – Tables

TABLE 4 | OPERATING INCOME AND EBITDA
(IN MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
Operating Income (Ps.)	276	187	166	48	66	774	695	11
US \$	14	10	8	49	71	40	36	12
EBITDA (Ps.)	1,187	1,111	1,097	7	8	4,466	4,393	2
US \$	62	57	55	8	11	232	228	2
Adjustments* (Ps.)	0	0	0	--	--	0	(225)	--
US \$	0	0	0	--	--	0	(12)	--
Comparable EBITDA (Ps.)	1,187	1,111	1,097	7	8	4,466	4,168	7
US \$	62	57	55	8	11	232	217	7

* Adjustments include one-time (gains) losses, such as the tower sale.

TABLE 5 | COMPREHENSIVE FINANCING RESULT
(IN MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
Net interest expense	(340)	(351)	(488)	3	30	(1,408)	(1,816)	22
FX gain (loss), net	421	(311)	(479)	--	--	290	187	55
Ch. FV of Fin. Instruments	6	17	(33)	(64)	--	(9)	(35)	75
Total (Ps.)	87	(645)	(1,000)	--	--	(1,127)	(1,665)	32
US \$	5	(33)	(52)	--	--	(58)	(87)	33

TABLE 6 | NET DEBT AND FINANCIAL RATIOS
(US \$ MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)	
				3Q19	4Q18
Senior Notes 2024	500	500	500	0	0
Bank facilities	70	67	95	4	(26)
Long-term bank loan	173	166	166	4	4
Other loans + leases	46	57	38	(19)	22
Accrued interests	6	14	6	(57)	(2)
Total Debt	795	805	805	(1)	(1)
<i>% US \$ denominated debt</i>	64%	64%	64%		
(-) Cash and cash eq.	(46)	(39)	(119) ¹	(16)	62
Net Debt	750	765	686	(2)	9
Net Debt / LTM EBITDA*	3.2	3.4	3.0 ¹		
LTM Interest Coverage*	3.3	3.2	3.2		

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

- 1) Net Debt / LTM EBITDA of 3.2x with normalized cash balance of US \$65 million (see page 5 "Net Debt"), or 3.4x without the extraordinary tower sale benefit.

Appendix B – Discontinued Operations | Mass Market Segment

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

TABLE 7 | DISCONTINUED OPERATIONS – REVENUE RECONCILIATION

(IN MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
Revenues	3,378	3,167	3,446	7	(2)	12,784	12,788	(0)
Revenues from Disc. Op.	6	35	685	(83)	(99)	302	2,773	(89)
Adjusted Revenues (Ps.)¹	3,384	3,202	4,131	6	(18)	13,086	15,561	(16)
<i>US \$</i>	176	165	208	6	(16)	680	809	(16)

1) As consolidated by ALFA

TABLE 8 | DISCONTINUED OPERATIONS – EBITDA RECONCILIATION

(IN MILLIONS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
EBITDA (Ps.)	1,187	1,111	1,097	7	8	4,466	4,393	2
<i>US \$</i>	62	57	55	8	11	232	228	2
EBITDA Discontinued Op. (Ps.)	(159)	(6)	3,038	(2,600)	--	626	3,848	(84)
<i>US \$</i>	(8)	(0)	151	(2,656)	--	33	194	(83)
Adjusted EBITDA (Ps.)¹	1,028	1,105	4,135	(7)	(75)	5,092	8,240	(38)
<i>US \$</i>	53	57	206	(6)	(74)	265	422	(37)
Adjustments (Ps.)²								
Tower Sale	0	0	0	--	--	0	(225)	--
FTTx Sale	0	0	(2,786)	--	--	(741)	(2,786)	73
Expense Termination Disc. Op.	86	0	0	--	--	86	0	--
Comparable Adj. EBITDA (Ps.)	1,114	1,105	1,349	1	(17)	4,436	5,230	(15)
<i>US \$</i>	58	57	68	2	(15)	230	272	(15)

1) As consolidated by ALFA

2) Adjustments include one-time (gains) losses

Appendix C – Financial Statements

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

Unaudited Consolidated Balance Sheet

(IN MILLION PESOS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)	
				3Q19	4Q18
ASSETS					
CURRENT ASSETS					
Cash and equivalents	858	768	2,249	12	(62)
Accounts receivable	2,426	2,862	2,660	(15)	(9)
Related parties	23	37	55	(36)	(57)
Refundable taxes and other acc. rec.	895	780	879	15	2
Advances to suppliers	521	560	546	(7)	(5)
Inventories	94	119	105	(21)	(10)
Financial Instruments	0	0	6	--	--
Financial Instruments (ZSC)	93	87	129	7	(28)
Assets classified as held for sale	1,125	0	315	--	257
Total current assets	6,035	5,211	6,944	16	(13)
NON CURRENT ASSETS					
Restricted cash	0	0	94	--	--
Property, plant and equipment, net	12,964	14,643	16,106	(11)	(20)
Long-term accounts receivable	0	0	0	--	--
Intangible assets, net	1,714	1,683	1,405	2	22
Deferred income taxes	2,876	3,028	2,873	(5)	0
Investment shares associated co.	295	295	295	(0)	(0)
Derivative financial instruments	0	0	18	--	--
Other assets	447	440	422	2	6
Total non current assets	18,296	20,089	21,212	(9)	(14)
TOTAL ASSETS	24,331	25,300	28,156	(4)	(14)
LIABILITIES & STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Account payable & Accrued expenses	2,898	3,099	3,547	(6)	(18)
Accrued Interest	112	276	124	(60)	(10)
Short-term debt	0	0	0	--	--
Current portion of long-term debt	472	502	342	(6)	38
Taxes payable	22	34	13	(34)	72
Financial Instruments	52	34	39	54	32
Deferred Revenue	153	264	536	(42)	(71)
Provisions	220	144	312	53	(30)
Other accounts payable	1,249	1,157	3,864	8	(68)
Total current liabilities	5,178	5,510	8,778	(6)	(41)
LONG-TERM LIABILITIES					
Long-term debt	14,251	14,854	15,157	(4)	(6)
Employee Benefits	695	654	592	6	17
Derivative Financial Instruments	92	124	0	(26)	--
Other LT liabilities	704	704	8	0	>1,000
Total long-term debt	15,742	16,336	15,757	(4)	(0)
TOTAL LIABILITIES	20,920	21,846	24,535	(4)	(15)
STOCKHOLDERS' EQUITY					
Capital stock	464	464	464	0	(0)
Additional paid-in capital	0	0	160	--	--
Reserve for repurchase of shares	93	100	0	(7)	--
Cumulative earnings (losses)	2,853	2,890	2,997	(1)	(5)
TOTAL STOCKHOLDERS' EQUITY	3,411	3,454	3,621	(1)	(6)
TOTAL LIABILITIES AND EQUITY	24,331	25,300	28,156	(4)	(14)

Appendix C – Financial Statements

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

Unaudited Consolidated Income Statement

(IN MILLION PESOS)

	4Q19	3Q19	4Q18	(% 4Q19 vs.)		YTD'19	YTD'18	YTD Δ (%)
				3Q19	4Q18			
Total Revenues	3,378	3,167	3,446	7	(2)	12,784	12,788	(0)
Cost of sales and services	(951)	(822)	(1,045)	(16)	9	(3,353)	(3,357)	0
Gross Profit	2,427	2,346	2,401	3	1	9,431	9,431	(0)
Operating expenses	(1,263)	(1,263)	(1,356)	(0)	7	(5,015)	(5,320)	6
Other income (expenses), net	23	28	51	(17)	(54)	50	282	(82)
Depr., amort. & impairment assets	(911)	(924)	(931)	1	2	(3,692)	(3,697)	0
Operating income	276	187	166	48	66	774	695	11
Comprehensive financing result, net	87	(645)	(1,000)	--	--	(1,127)	(1,665)	32
Equity in results of associated company	(0)	0	0	--	--	(0)	0	--
Income (loss) before income taxes	363	(458)	(834)	--	--	(353)	(969)	64
Income taxes	(228)	140	163	--	--	15	(37)	--
Discontinued Operations	(130)	(33)	1,912	(288)	--	324	2,101	(85)
Net Income (Loss)	6	(351)	1,242	--	(100)	(14)	1,095	--