



THIRD QUARTER 2020
EARNINGS WEBCAST

Today's Speakers



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Topics for Today's Webcast

- I. COVID-19 Update**
- II. Financial Performance**
- III. ALFA's Unlocking Value Initiative**
- IV. Acquisition of NOVA Chemicals' Styrenics Business**

COVID-19 Update



Feedstock Prices

- Higher refined product demand has resulted in price increases for Crude Oil and Px
- Positive Inventory Adjustment and RMCF effects in 3Q20



Polyester Margins

- Integrated PET Margins normalized as Asian supply has fully recovered (-19% QoQ)



Operations

- Alpek's businesses operating without interruption
- Successful safety measures for employees at plants and home-office whenever possible
- Low number of active cases, declining weekly



Demand

- Sharp P&C volume recovery as demand from Construction and Automotive rebounded quickly
- Record PET volume driven by new consumer purchasing patterns favoring hygiene and safety



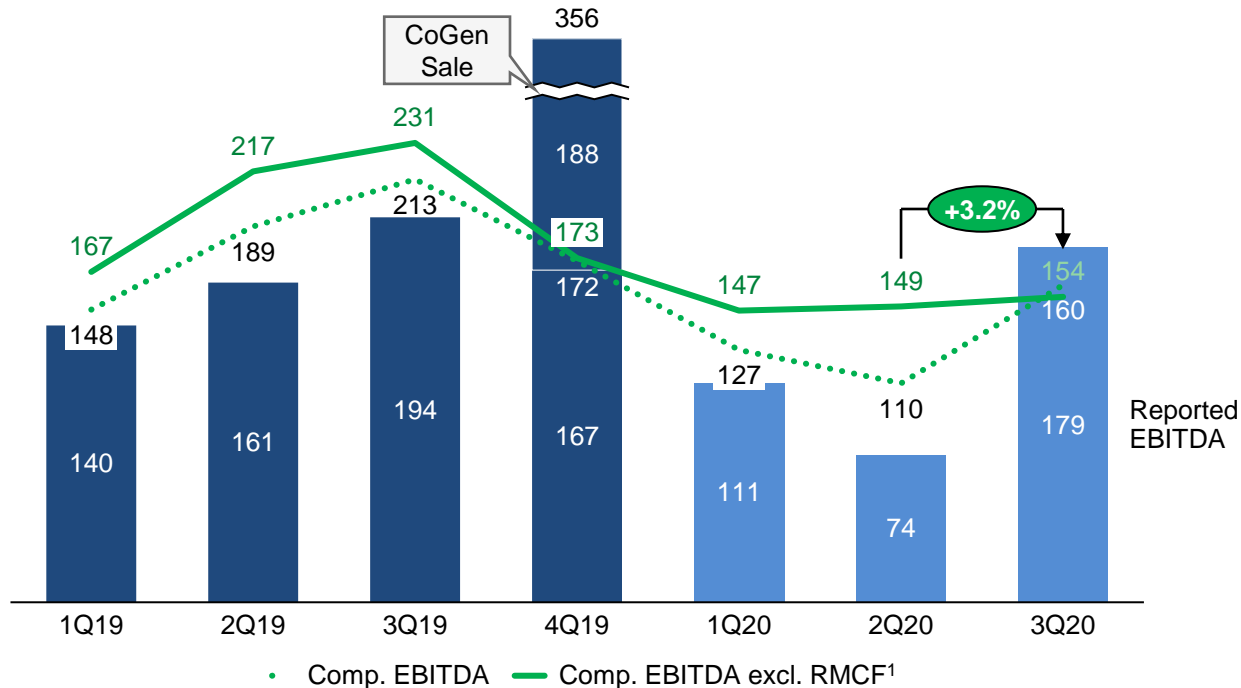
3Q20 Financial Highlights

- Record **high overall volume** of 1,260 thousand tons (+14% QoQ) as a result of strong PET demand & fast recovery in P&C
- Strong Alpek performance best explained as Comparable EBITDA excl. RMCF improved to U.S. \$154 million (+3% QoQ) as a result of **high volume & record low PET conversion costs**
- **Strong Free Cash Flow** generation of U.S. \$309 million year-to-date from optimization of NWC and CAPEX, resulting in **debt reduction** to U.S. \$1,235 million and Net Leverage of 1.7x
- M&G Mexico's **restructuring finalized**, resulting in **U.S. \$160 million** in guaranteed debt recovered over next 5 years with approximately **U.S. \$50 million** expected in 2020



EBITDA Evolution

Alpek EBITDA (US\$M)



- Comparable EBITDA excluding RMCF¹ of US\$154M (+3% QoQ)
- Quarter on quarter improvement as stronger total volume (+14% QoQ) more than offset Polyester margins (-19%)
- Comparable EBITDA and Reported EBITDA much higher QoQ due to positive Inventory gains & RMCF effects

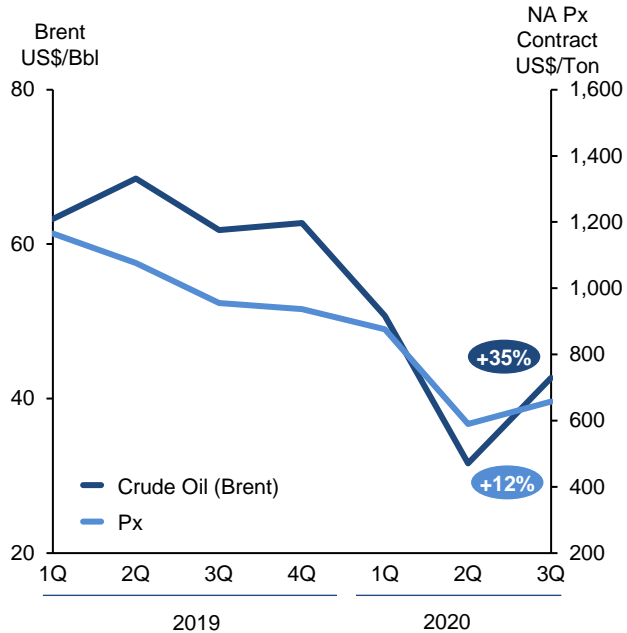
(1) Raw Material Carry-forward



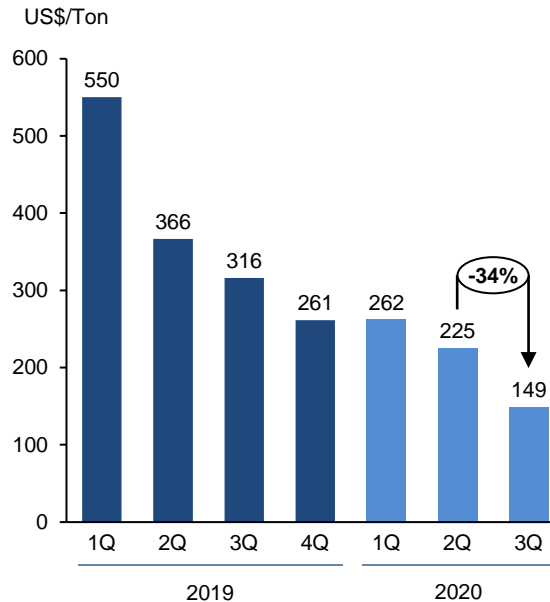
Feedstock Costs

Crude Oil, Px and Propylene prices all rose in 3Q20

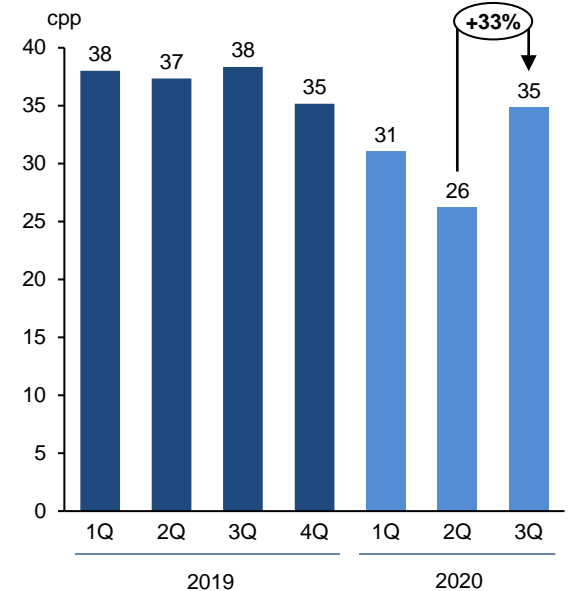
Crude Oil and Paraxylene



Naphtha-Px Margin

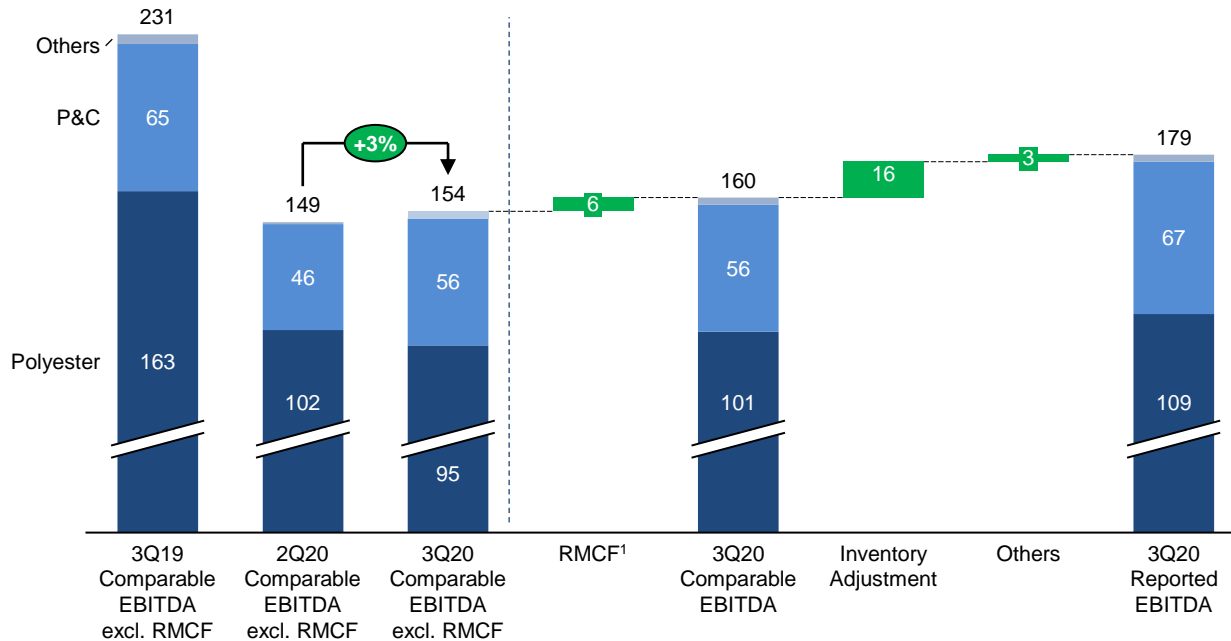


NA Propylene Contract Price



EBITDA Breakdown

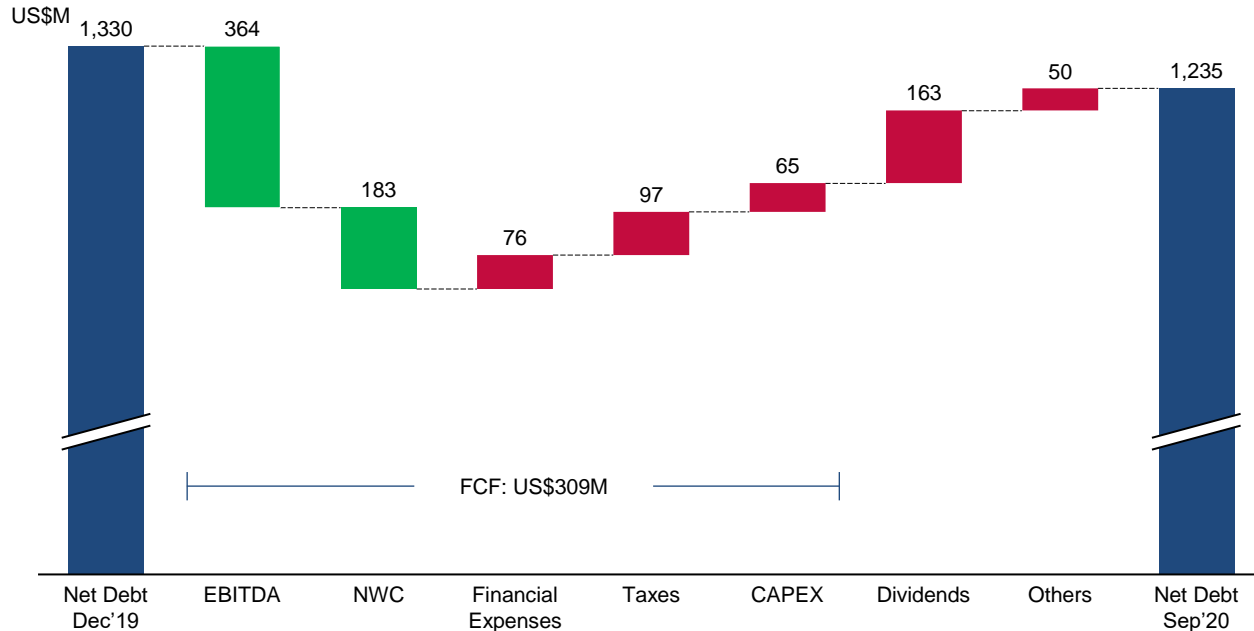
Alpek 3Q20 EBITDA (US\$M)



- Record high volume from strong PET demand & fast recovery in P&C
- Polyester Comp. EBITDA excl. RMCF of US\$95M (-7% QOQ)
- Positive RMCF & Inventory Adjustment effects from Px and Propylene price increase
- P&C Comp. EBITDA of US\$56M (+20% QoQ)
- One-time US\$3M gain from a sale of excess carbon credits and other items



Free Cash Flow Generation



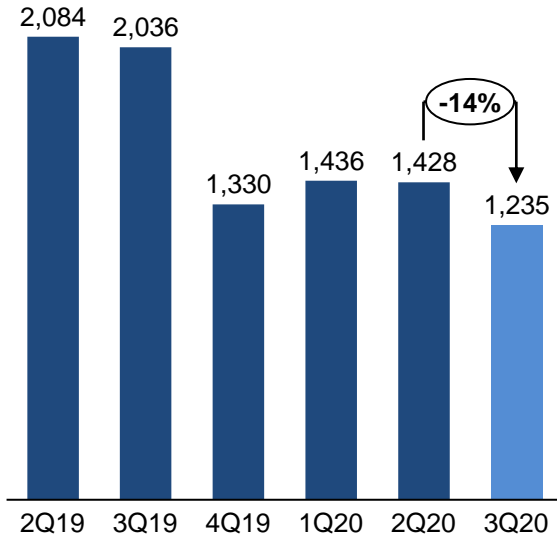
- **Alpek with emphasis on financial stability and strong liquidity**
- **FCF year-to-date of US\$309M (+US\$386M vs. Guidance)**
- **NWC +US\$183M year-to-date (+US\$306M vs. Guidance)**
- **CAPEX of US\$65M (-58% YTD & -US\$127M vs. Guidance)**
- **Recovered US\$22M in taxes**
- **US\$160M in guaranteed debt to be reverted over next 5 years from M&G restructuring (~US\$50M in 2020)**



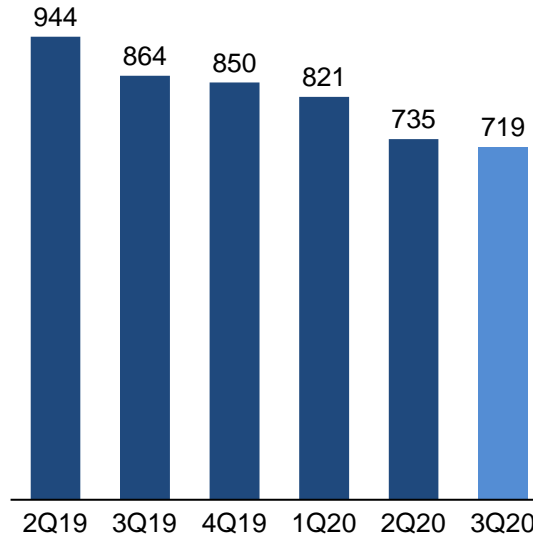
Continuously improving financial performance

Net Debt decreased by 14% as Leverage remains at strong levels

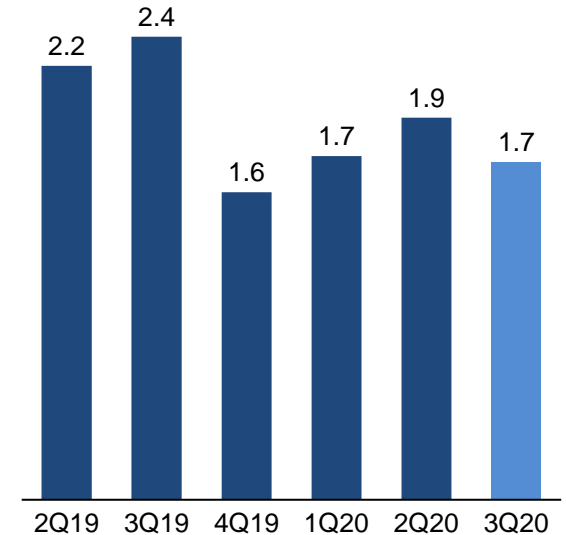
Net Debt (US\$M)



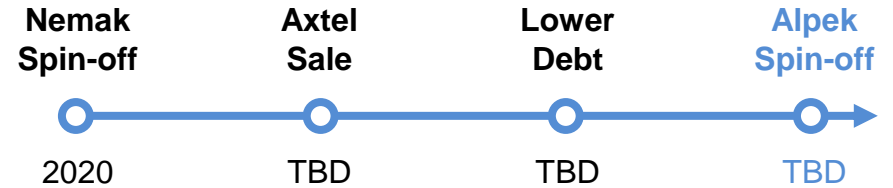
LTM EBITDA (US\$M)



Net Debt/EBITDA (Times)



ALFA's Unlocking Value Initiative



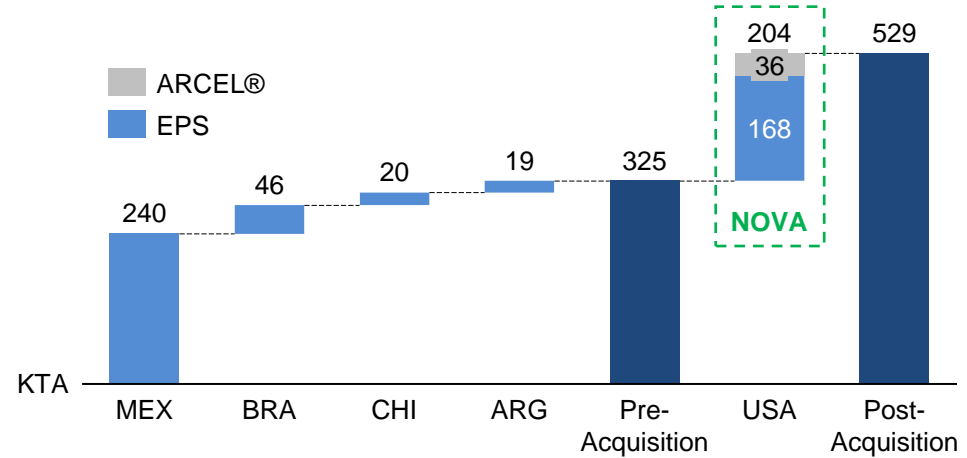
Alpek's Transition Plan

- Spin-off not expected in next 12 months
- Working on becoming fully independent from ALFA's corporate services

Potential Impact & Benefits

- No impact expected to Alpek's SG&A
- Possibility for more shares to be publicly traded, thus increasing share liquidity
- Strengthened Governance practices

Acquisition of NOVA Chemicals' Expandable Styrenics Business



Strengthen Core Business

- ✓ Global Cost Improvement
- ✓ Value-added Products
- ✓ Footprint Optimization

Foster Circular Economy

- ✓ Sustainable Product Portfolio

Strategic & Focused Growth

- ✓ Value Chain Integration
- ✓ Product Innovation





4Q20 OUTLOOK



Q&A



José de Jesús Valdez
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José Carlos Pons
CFO






 **alpek**
APPENDIX

Disclaimer

This presentation contains, or may be deemed to contain, “forward-looking statements”. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The future results of Alpek, S.A.B. de C.V. and its subsidiaries may differ from the results expressed in, or implied by the forward-looking statements set out herein, possibly to a material degree.



Alpek Growth Strategy

		Growth Catalysts	Details / Description
Strengthen Core Business		<ul style="list-style-type: none">• Global Cost Improvement• Value-added Products• FCF Generation• Footprint Optimization	<ul style="list-style-type: none">• Zero Based Budgeting & process innovation (Mainly Operations, Logistics & SG&A)• Shift to products with higher margins & barriers to entry (Copolymers, Grey EPS)• Reductions to CAPEX & NWC / Recovery of M&G Mexico debt• Ensure global production is performed in optimal sites & logistic networks
Foster Circular Economy		<ul style="list-style-type: none">• rPET Leadership• Recycling Promotion• Sustainable Product Portfolio	<ul style="list-style-type: none">• Lead rPET supply in Americas through capital-effective investment• Secure PET Bale & Flake supply / Equip vPET plants with single-pellet technology• Active lobbying for circular economy via associations & The Recycling Partnership• Develop sustainable alternatives for all our products (Biodegradable EPS & PP, etc.)
Strategic & Focused Growth		<ul style="list-style-type: none">• Value Chain Integration• Product Innovation• Maximize CCP Value	<ul style="list-style-type: none">• Grow capacity selectively & integrate into value chain (EPS, Px)• New products & business lines (Biovento, Natural Gas Commercialization, CO₂, PLA)• Optimize project timing & minimize CAPEX



Raw Material Carry-forward Effect (RMCF) Breakdown

Smaller YoY & QoQ difference in EBITDA when excluding extraordinary effects

M dls	2020			
	1Q	2Q	3Q	YTD
Reported EBITDA	111	74	179	364
Inventory Adjustment	(17)	(42)	16	(43)
Others	0	6	3	9
Comparable EBITDA	127	110	160	398
Raw Material Carry-Forward	(20)	(39)	6	(52)
Comparable EBITDA excl. RMCF	147	149	154	450

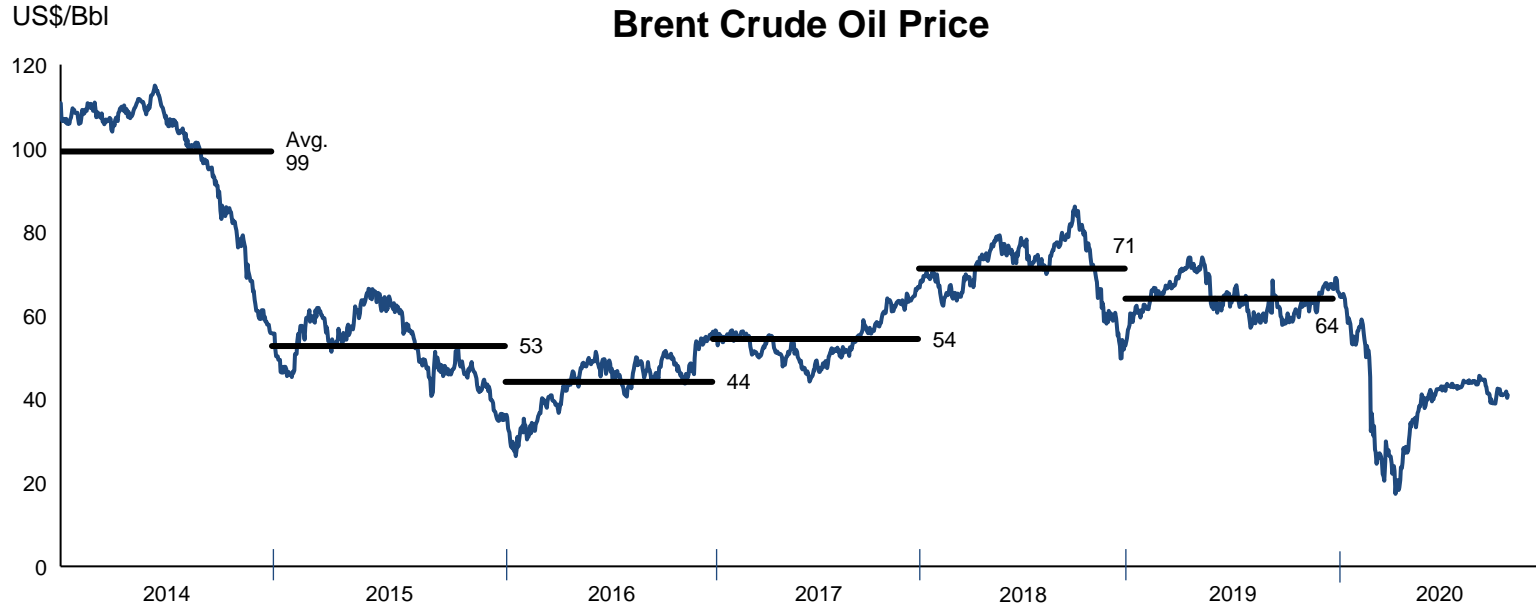
2019			
1Q	2Q	3Q	YTD
140	161	194	495
(19)	(27)	(16)	(63)
11	(1)	(3)	7
148	189	213	550
(19)	(28)	(18)	(65)
167	217	231	615

Delta			
1Q	2Q	3Q	YTD
(29)	(87)	(15)	(131)
2	(15)	32	19
(11)	7	6	2
(20)	(79)	(53)	(152)
(1)	(11)	24	13
(20)	(68)	(78)	(165)



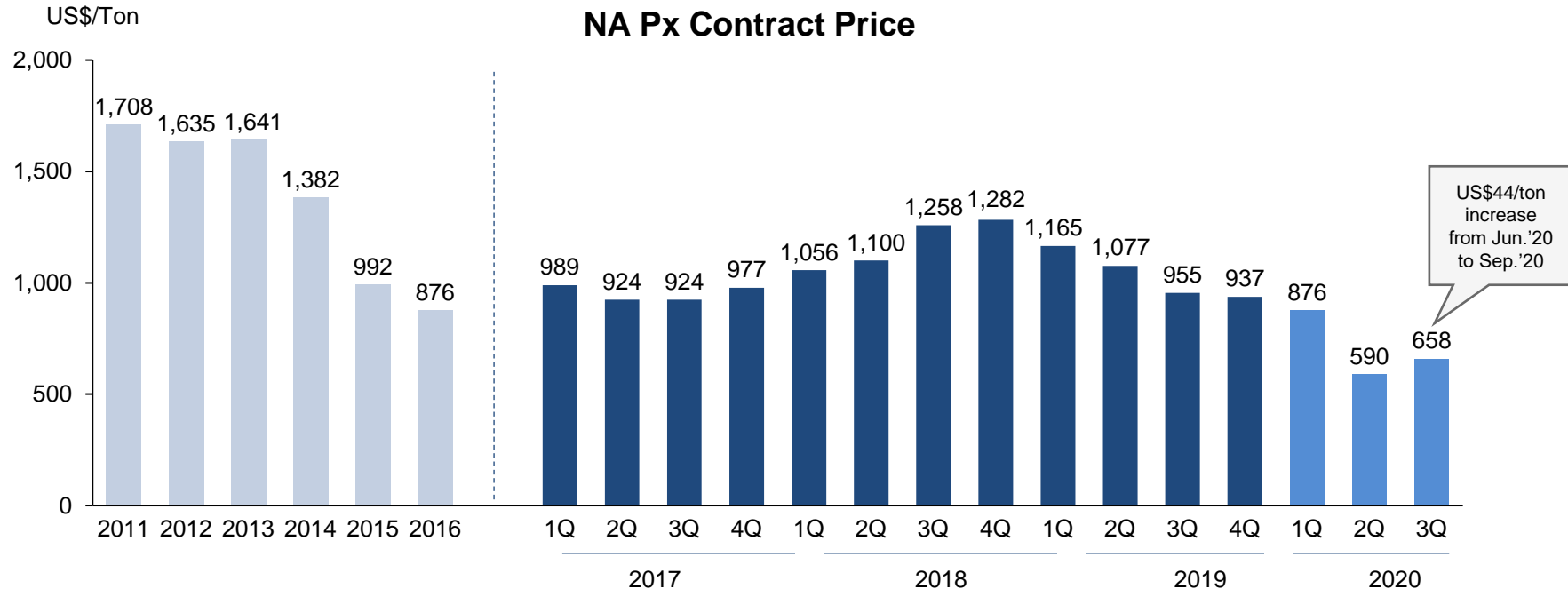
Relevant References: Crude Oil

Price increased during 3Q20 as demand for refined products rose



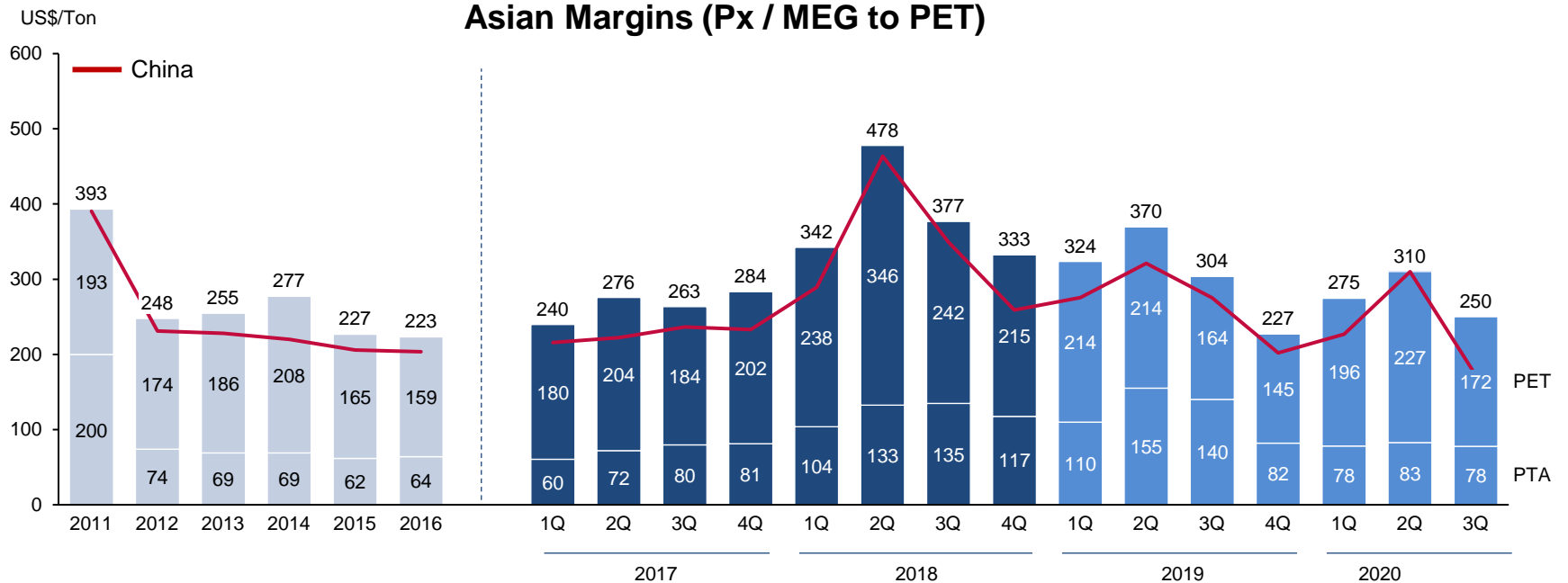
Relevant References: Paraxylene

Px prices increased by only 12% as PTA/Fibers demand has not fully recovered



Integrated PET Margins

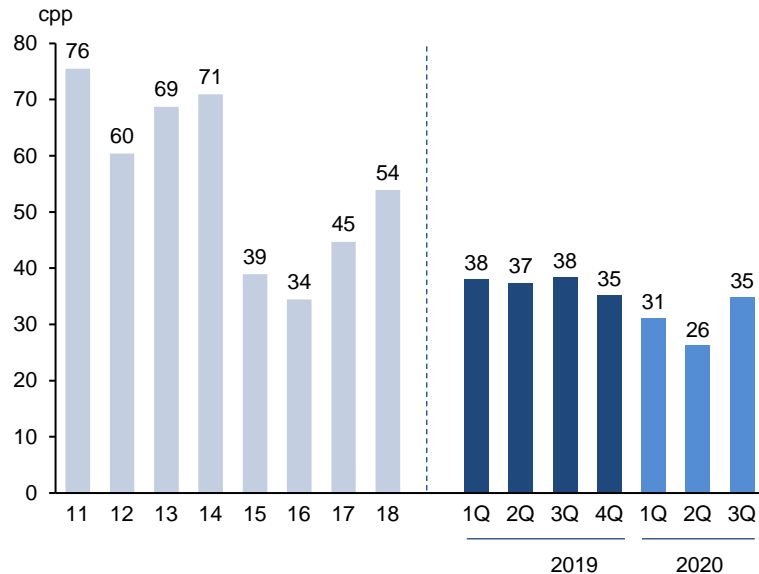
3Q20 margins normalized (-19% QoQ) / 2020YTD margins remain above Guidance



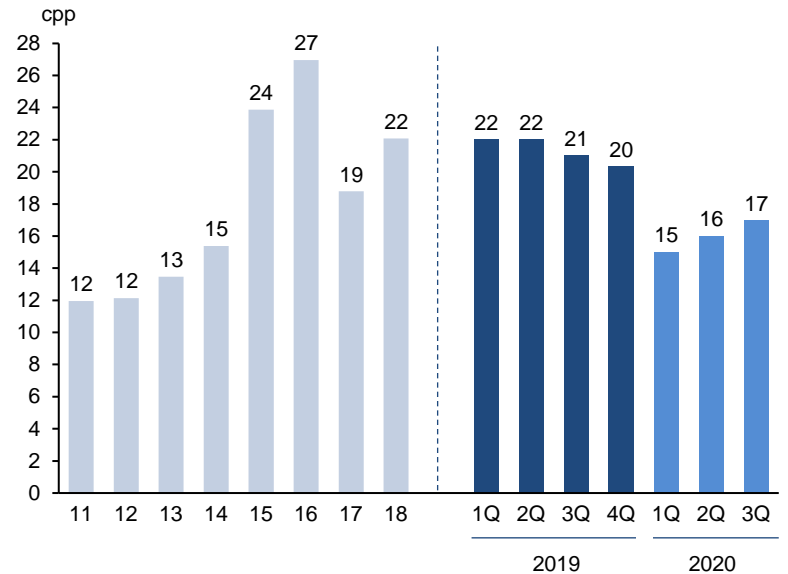
Relevant References: Propylene & Polypropylene

Increase in both PGP contract prices and PP margins

NA Propylene Contract Price (PGP)



NA Polypropylene Margin (PP to PGP)



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- 9 Years at Alfa/Alpek
- Previously held roles as Director of Logistics & Procurement at Indelpro, Director of Energy Markets at Alfa, and Project Leader at The Boston Consulting Group
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