



**THIRD QUARTER 2021**

EARNINGS WEBCAST

# TODAY'S SPEAKERS

---



**JOSÉ DE JESÚS VALDEZ**  
CEO



**JOSÉ CARLOS PONS**  
CFO



**ALEJANDRO ELIZONDO**  
IRO



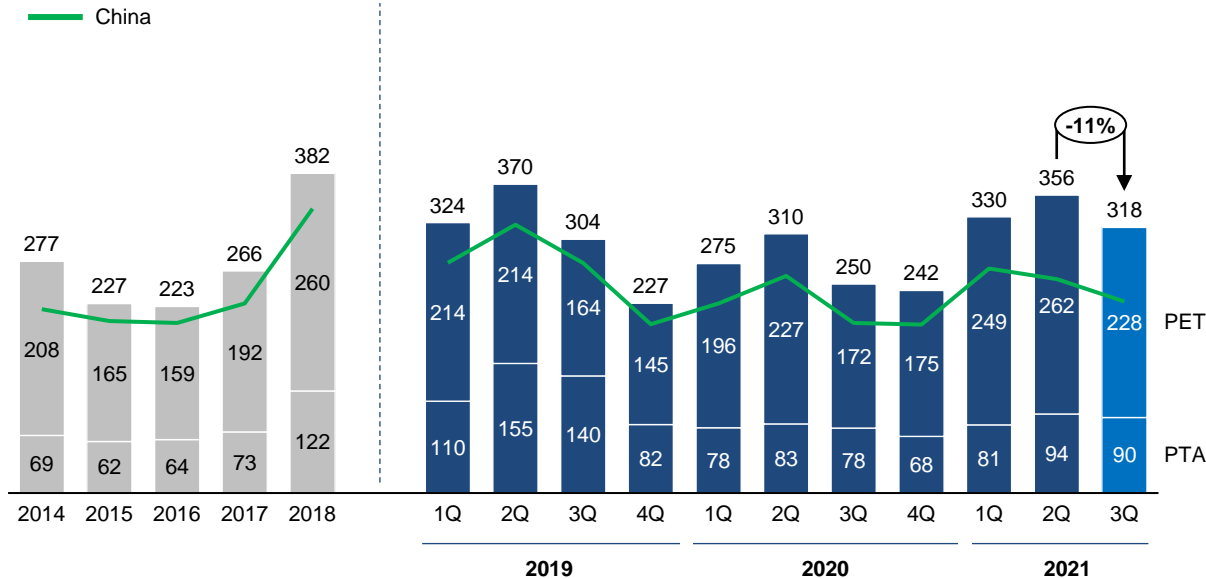
# TOPICS FOR TODAY'S WEBCAST

- I. Financial Performance
- II. ESG | Project Evergreen
- III. Revised Guidance

# INTEGRATED PET MARGINS

Margins remain at 2Q21 closing levels / Asia-China spread has widened

## Asian Margins | Px / MEG to PET (US\$/Ton)

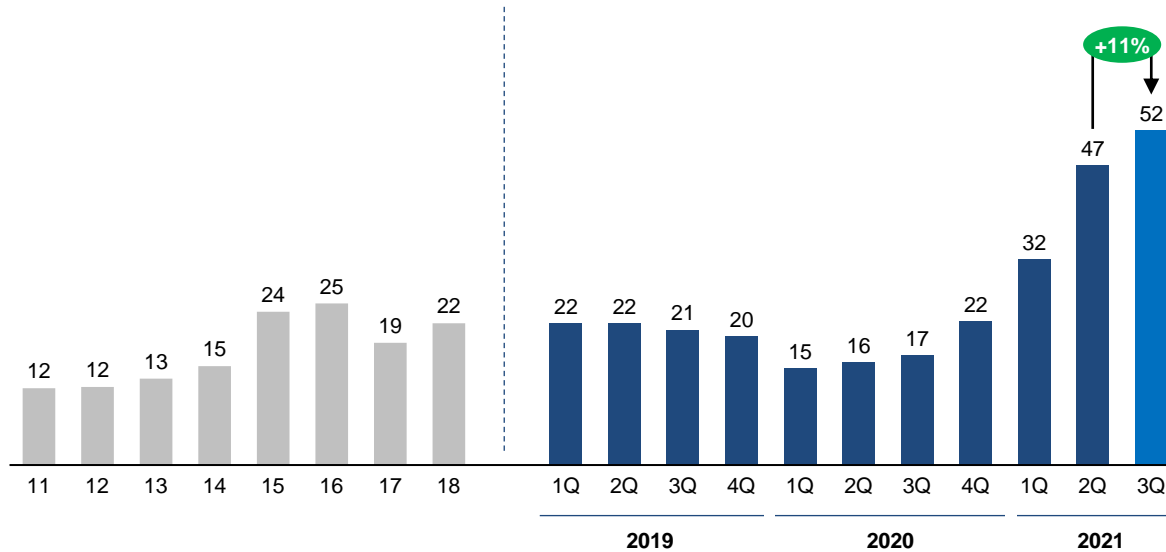


- Asian reference margins remain similar to 2Q21 closing levels
- Chinese reference margins closed quarter at normalized levels
- Asia-China spread has widened to US\$90/Ton in quarter as marine freight costs have increased



# POLYPROPYLENE MARGINS

NA Polypropylene Margin | PP to PGP (cpp)



- Record high reference margins of 52cpp for PP in 3Q21
- Supported by strong PP supply/demand balance
- High marine freight costs have increased Asian import price parity



# 3Q21 FINANCIAL HIGHLIGHTS

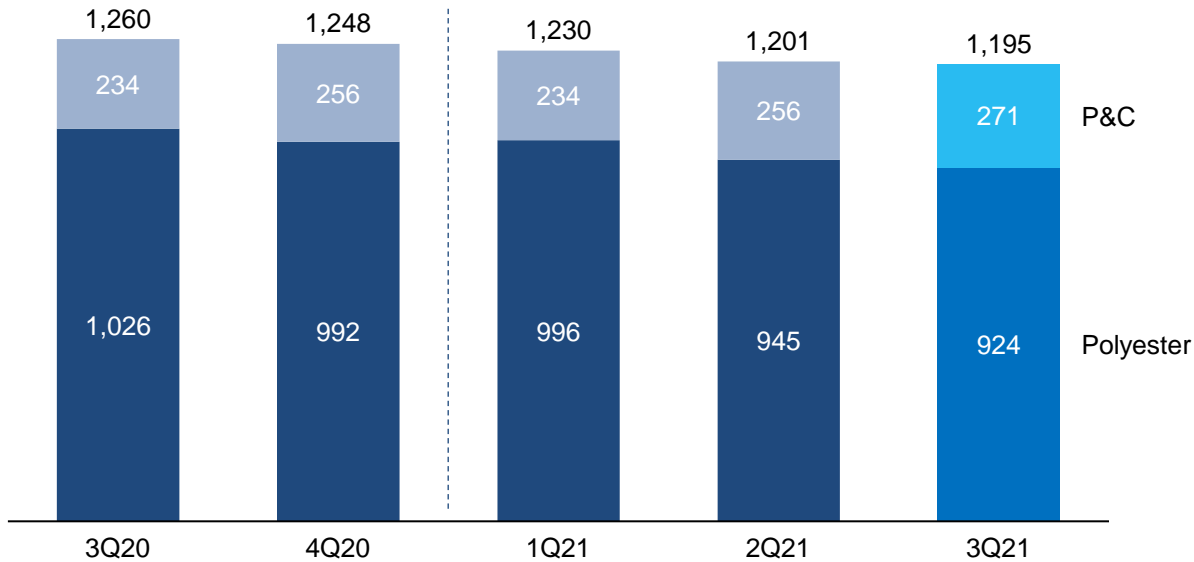
---

- Strong third quarter volume of **1.2 million tons** (-1% QoQ), and **record P&C high** of **271k tons**
- Record P&C Comparable EBITDA of **US \$124 million** (+4% QoQ) from **record PP margins**
- Comparable EBITDA of **US \$234 million** (+4% QoQ) due to **strong volume** & **strengthened margins**
- Accumulated Controlling Interest **Net Income** of **US \$356 million** through three quarters (+594% YoY) as a result of strong operational results
- Leverage further improved to **1.2x**, as a result of **higher LTM EBITDA**
- **Comparable EBITDA Guidance** raised to **US \$850 million (+11%)** due to strong 3Q21 results & expectations for **continued volume and margin strength**



# VOLUME EVOLUTION

Alpek Sales Volume (Kton)

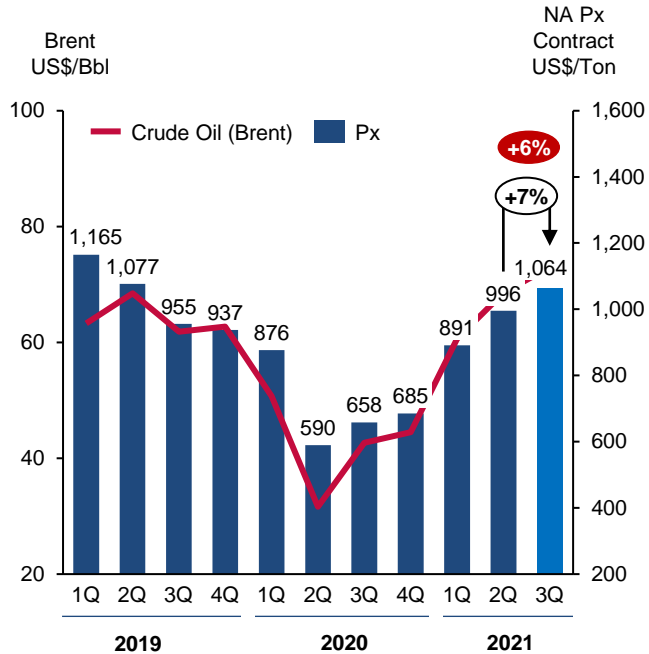


- Strong overall volume of 1.2 million tons as demand remains high
- Polyester volume decreased (-10% YoY) due to extended effect of Altamira drought & precautionary shutdown for Hurricane Ida
- Record quarterly P&C volume as demand increased in construction & e-commerce industries

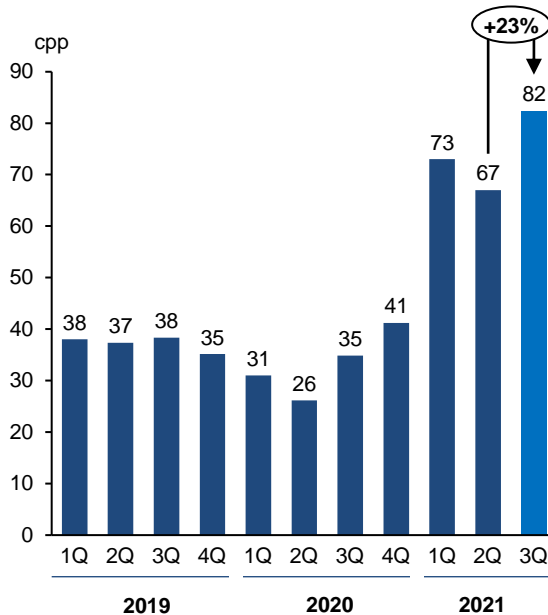


# FEEDSTOCK COSTS

## Crude Oil & Paraxylene



## NA Propylene Contract Price

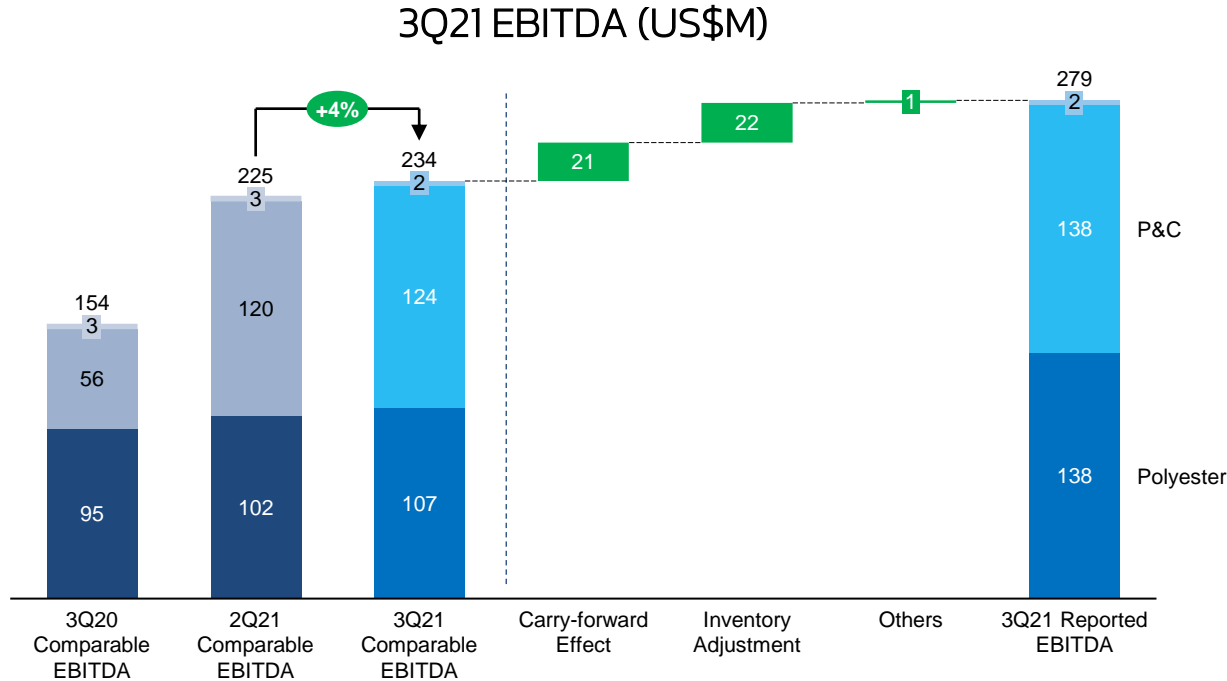


- Brent crude oil price increased (+6% QoQ) as a result of resilient demand for refined products & lower output
- Paraxylene price rose (+7% QoQ) in line with crude oil price increase
- Increase in quarterly Propylene prices (+23%) due to Hurricane Ida's impact on inventories





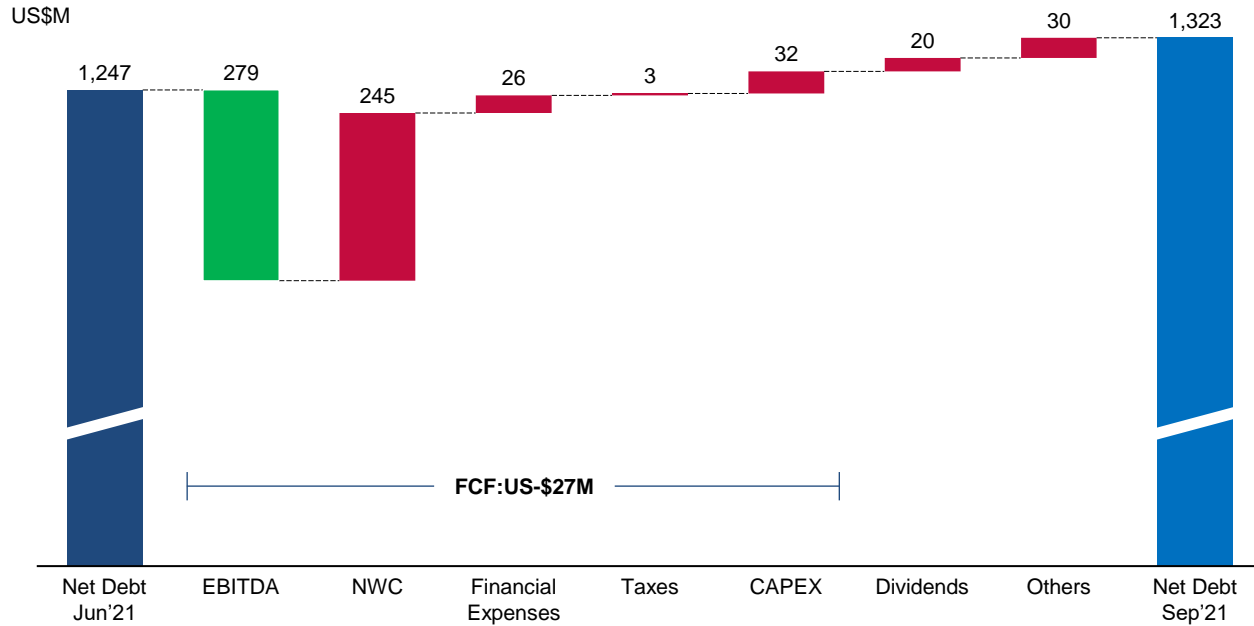
# EBITDA BREAKDOWN



- Comparable EBITDA of US\$234M (+4% QoQ)
- Polyester Comparable EBITDA of US\$107M (+5% QoQ) as margins remained strong
- Record P&C Comparable EBITDA of US\$124M (+4% QoQ) from record PP margins
- Positive Carry-forward & Inventory Adjustment effect as both Px and Propylene prices rose



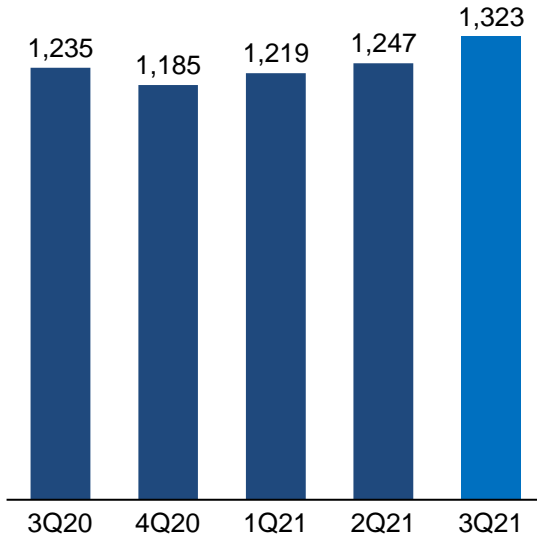
# FREE CASH FLOW GENERATION



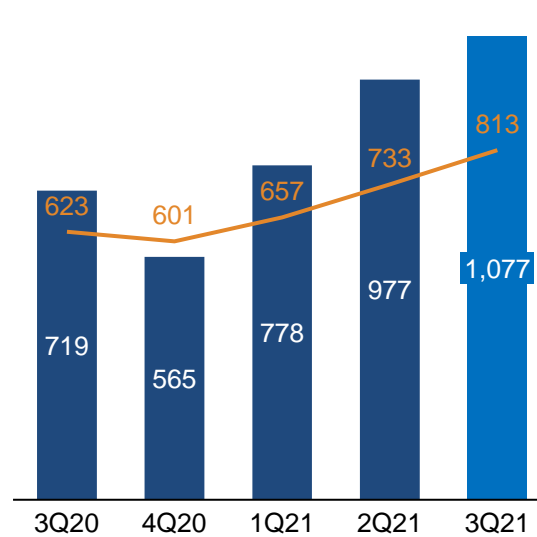
- Free Cash Flow of -US\$27M in 3Q21 as strong EBITDA was offset by increased Net Working Capital
- Increase in NWC partly due to the higher raw material prices and increased inventory levels
- CAPEX of US\$32M keeps Alpek on track for guidance figure (US\$250M)

# NET DEBT & LEVERAGE

## Net Debt (US\$M)

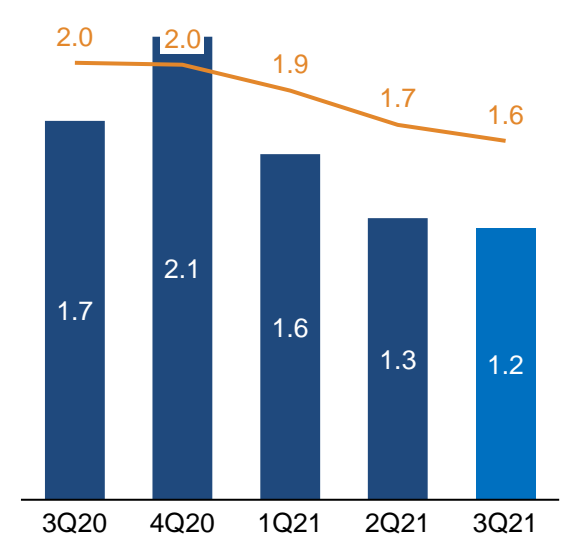


## LTM EBITDA (US\$M)



— Comp. EBITDA

## Net Debt/EBITDA (Times)



— Net Debt / Comp. EBITDA



# PROJECT EVERGREEN | ESG MODEL

## LEAD WITH EMPATHY

- OCCUPATIONAL SAFETY
- DIVERSITY, EQUITY & INCLUSION (DEI)
- COMMUNITY ENGAGEMENT

## EMBRACE CHANGE

- INNOVATION
- ACTIVE ESG RISK MANAGEMENT
- SUSTAINABLE CORPORATE GOVERNANCE

## GROW RESPONSIBLY

- CIRCULARITY
- CYBERSECURITY
- POLLUTION
- RELATIONSHIP WITH CUSTOMERS & SUPPLIERS

## MAXIMIZE RESOURCE EFFICIENCY

- CARBON EMISSIONS & ECO-EFFICIENCY
- WATER MANAGEMENT

*We empower our people to create value for our company and communities*

*We actively monitor our changing environment and find new ways to tackle emerging problems*

*We rely increasingly on sustainable business practices across our entire value chain to create value for our shareholders*

*We strive to minimize any adverse effects from our products and processes*

# PROJECT EVERGREEN | SELECTED TARGETS

## CIRCULARITY

**PET:** "Alpek plans to increase its PET bottle recycling capacity to 300 thousand annual metric tons by 2025 to meet its customers' recycled content needs."

**PP:** "Alpek will leverage its partnerships to develop chemical recycling solutions for Polypropylene and increase its share of Copolymers, employed in long-term usage applications."

**EPS:** "Alpek will focus on long-term usage applications for EPS, develop biodegradable alternatives for the F&B market, and work on making chemical recycling viable."

## CARBON EMISSIONS + ECO-EFFICIENCY

"Alpek is committed to the Paris Agreement. We are targeting a Scope 1 and 2 emissions reduction of 27.5% by 2030 (2019 base), reaching carbon neutrality by 2050, and will begin measuring our Scope 3 emissions."

## OCCUPATIONAL SAFETY

"Alpek plans to reach a Total Recordable Incident Rate (TRIR) for its employees and contractors in the top decile of its industry, though its goal remains to achieve zero accidents every single day."

## SUSTAINABLE CORPORATE GOVERNANCE

"Alpek is committed to further improving the composition and effectiveness of its Board by increasing the frequency ESG topics & metrics are reviewed, as well as enhancing the diversity and experience of its members."

VISIT [WWW.ALPEK.COM/ESG/TARGETS](http://WWW.ALPEK.COM/ESG/TARGETS) TO REVIEW ALL OUR TARGETS



# REVISED '21 GUIDANCE & KEY ASSUMPTIONS

## MARKET

		Revised '21 Guidance	Previous '21 Guidance	2020	Change (% vs. '20)
Crude Oil	US\$/Bbl	70	70	42	67
Asia PTA/PET Margin	US\$/Ton	315	300	269	15
MXN / USD (Avg.)	MXN	21.1	21.1	21.5	(2)

## FINANCIALS

Reported EBITDA	US\$M	1,050	880	565	86
Comparable EBITDA <sup>1</sup>	US\$M	850	765	601	41

(1) Excludes inventory adjustments and carry-forward effects





**JOSÉ DE JESÚS VALDEZ**  
CEO



**JOSÉ CARLOS PONS**  
CFO

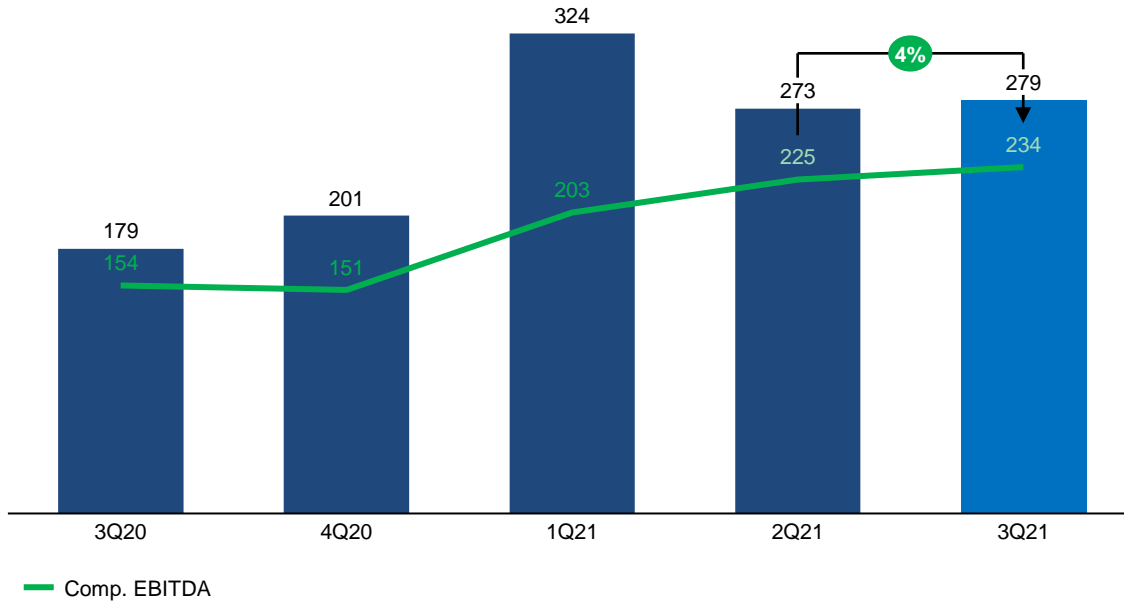


 alpek  
**APPENDIX**



# EBITDA EVOLUTION

Quarterly EBITDA (US\$M)



- 3Q21 Comparable EBITDA of US\$234M (+4% QoQ)
- Increase largely due to better polyester margins, record PP margins & solid EPS performance
- Reported EBITDA of US\$279M up (+56% YoY) due to better Comparable EBITDA
- Similar positive inventory adjustment & carry-forward effects vs. 2Q21

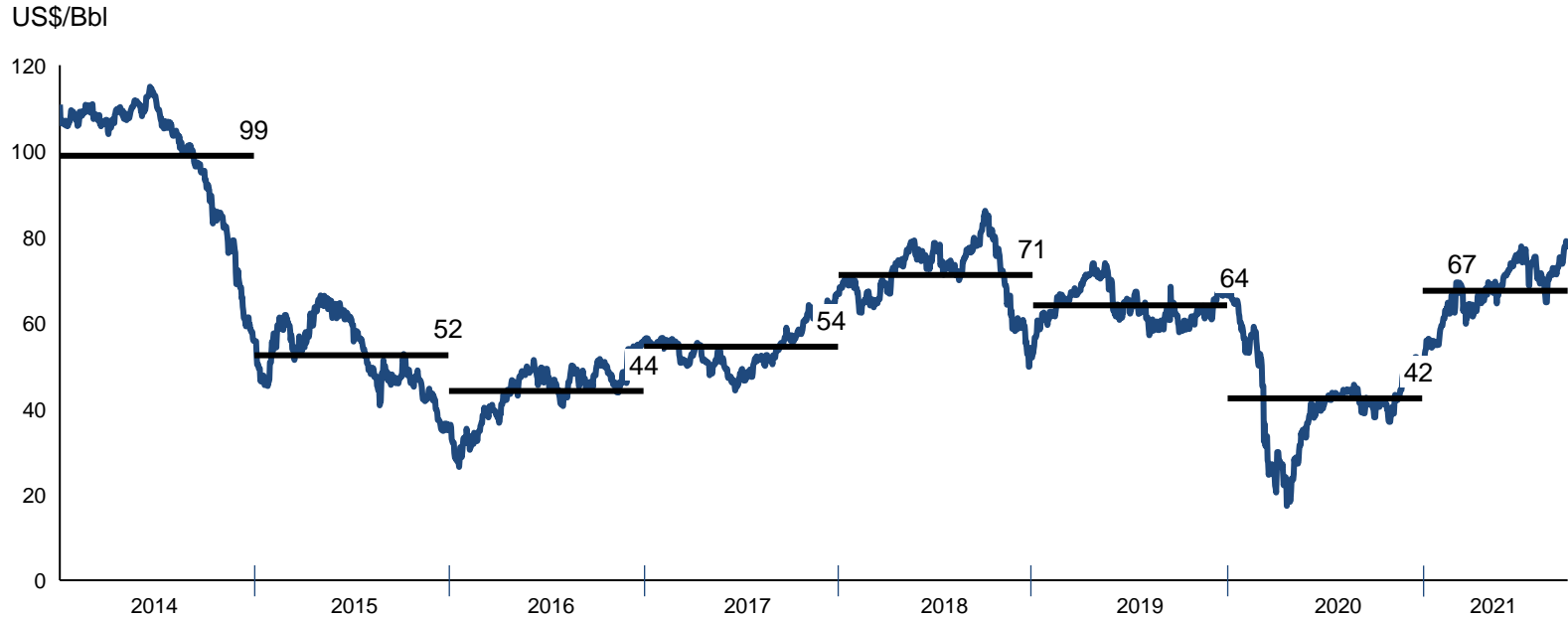
# EXTRAORDINARY EFFECTS BREAKDOWN

M dls	2021				2020				Delta			
	1Q	2Q	3Q	YTD	1Q	2Q	3Q	YTD	1Q	2Q	3Q	YTD
Reported EBITDA	324	273	279	876	111	74	179	364	214	199	100	513
Inventory Adjustment	(63)	(18)	(22)	(103)	17	42	(16)	43	(80)	(60)	(7)	(147)
Carry-forward effect	(58)	(29)	(21)	(109)	20	39	(6)	52	(78)	(68)	(15)	(161)
Others	0	(1)	(1)	(2)	0	(6)	(3)	(9)	0	5	2	7
Comparable EBITDA	203	225	234	662	147	149	154	450	56	76	80	212

# RELEVANT REFERENCES | CRUDE OIL

Price increased as demand for refined products remains strong & supply reduced

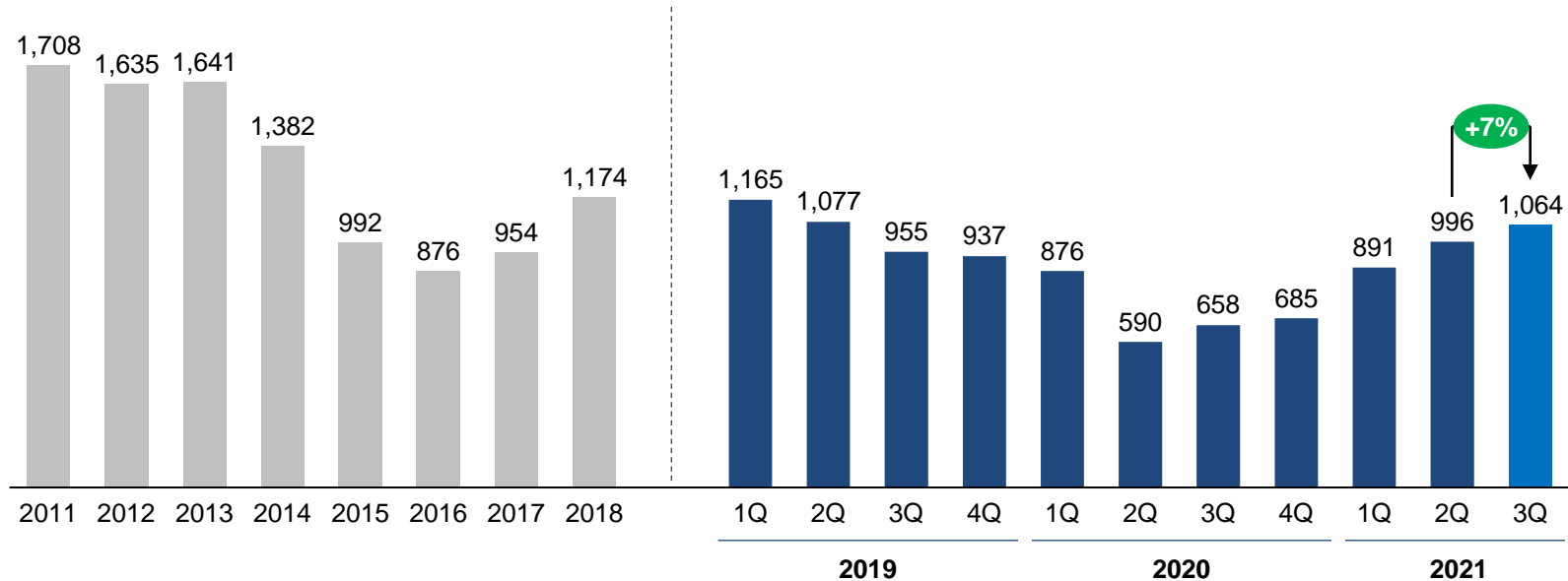
## Brent Crude Oil Price



# RELEVANT REFERENCES | PARAXYLENE

Px prices increased (+7%) largely in line with Crude Oil price (+6%)

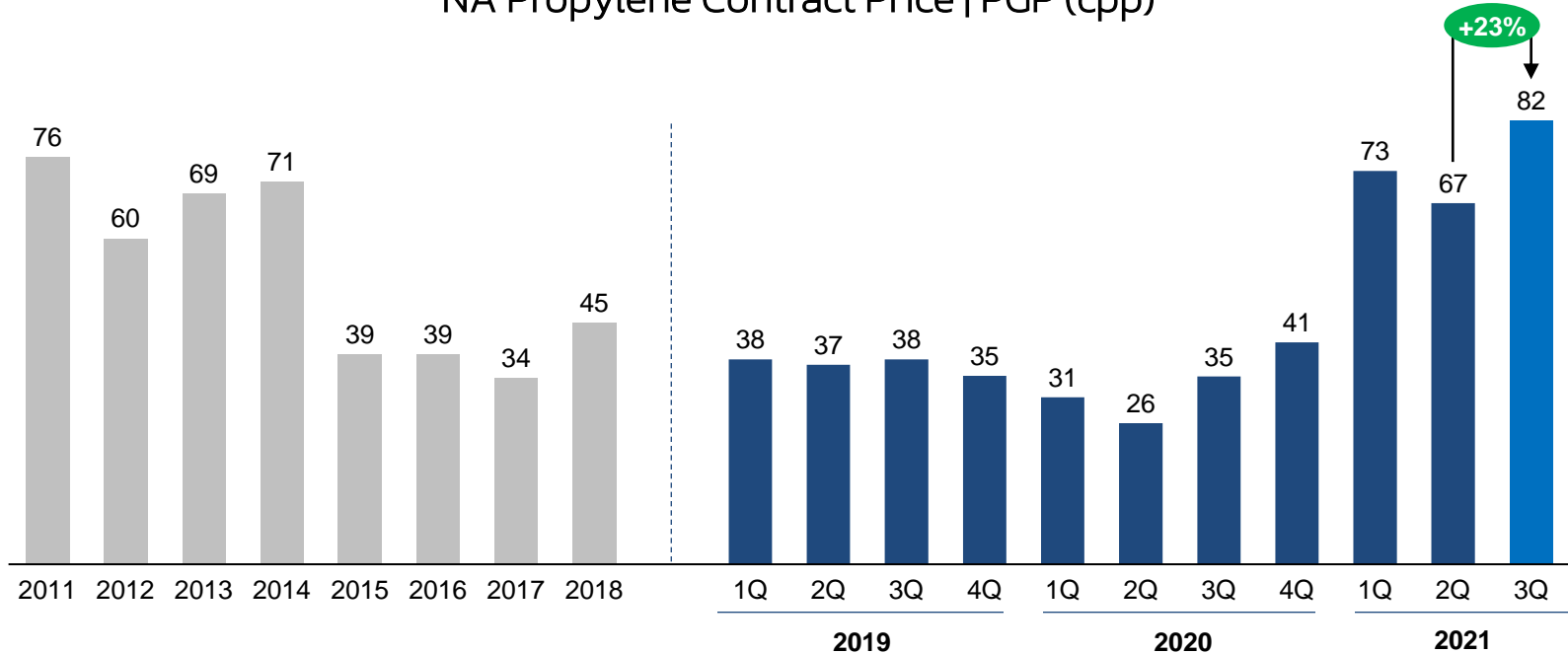
## NA Px Contract Price (US\$/Ton)



# RELEVANT REFERENCES | PROPYLENE

PGP contract prices remained high as Hurricane Ida impacted inventory levels

## NA Propylene Contract Price | PGP (cpp)



# PROJECT EVERGREEN | ADDITIONAL TARGETS

## WATER MANAGEMENT

*"Alpek is closely monitoring its water consumption intensities, particularly in water-stressed areas, and carrying out opportunities to reduce them."*

## CYBERSECURITY

*"Alpek is committed to securing its information and guaranteeing the continuity of its business by maintaining state-of-the-art cybersecurity systems, employee training, and incident response capabilities."*

## DIVERSITY, EQUITY AND INCLUSION

*"Alpek is committed to further diversifying its workforce through more equitable hiring, retention and development strategies."*

## POLLUTION

*"Alpek is committed to enforcing and exceeding all regulatory requirements on pollution. We are constantly looking for new ways to reduce post-industrial waste, wastewater discharge, and air pollutants from our products and processes."*

## RELATIONSHIP WITH CUSTOMERS & SUPPLIERS

*"Alpek will work with its customers and suppliers in an effort to actively identify ESG-related risks and the corrective actions needed to make our entire value chain more sustainable."*

## COMMUNITY ENGAGEMENT

*"Alpek cares about all its local communities and is committed to investing its time and profits on activities that contribute to its neighbors' safety, education, access to services, and quality of life."*

## INNOVATION

*"Alpek's innovation efforts will be focused on improving its current products and processes, while discovering more environmentally-friendly alternatives for both."*

## ACTIVE ESG RISK MGMT.

*"Alpek will continue to reinforce its Governance practices and organization so it may reach the various targets set for each of its ESG Material Issues."*

# FOR ADDITIONAL INFORMATION

Email: [IR@alpek.com](mailto:IR@alpek.com) | Phone: +52 (818) 748-1146

---



**ALEJANDRO  
ELIZONDO**  
IRO

[aelizondo@alpek.com](mailto:aelizondo@alpek.com)

- 10 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
- BS in Industrial Engineering from Cornell University and MBA from Stanford Graduate School of Business



**ALEJANDRA  
BUSTAMANTE**  
IR Manager

[abustamante@alpek.com](mailto:abustamante@alpek.com)

- 9 Years at Alfa/Alpek
- Previously held roles in Human Capital, Talent & Culture at Alfa and Axtel
- BA in International Relations from ITESM

# 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.







**THIRD QUARTER 2021**

EARNINGS WEBCAST