

GRUPO VASCONIA, S.A.B.

September 20, 2021 | Initiating Coverage

Growth Potential and Intrinsic Value

Introducing Our 2022e Price Target Of P\$48.0

Initiating coverage with a P\$50.0 Price Target and an Outperform rating. We maintain a high conviction on Grupo Vasconia, as our investment thesis is based on: i) a clear growth strategy focused on improving profitability, ii) solid industry fundamentals, iii) competitive advantages, vi) an attractive valuation, and v) a solid balance sheet and sound long-term FCF generation that will allow the company to distribute an attractive dividend, delivering value to shareholders. Thus, at current levels, we believe VASCONIA is one of the most attractive plays to invest in.

Strong growth potential. Strategic investments in order to modernize operations, increase production capacity, and attack those markets with attractive growth dynamics supports the profitability improvements and high growth expected for the following years. **EBITDA'21 should double by 2024, reaching P\$1.6 B.**

Solid industry fundamentals. Grupo Vasconia's industrial subsidiary—Almexa—should continue to benefit from the solid aluminum demand, combined with the limited production in the US, which led to import around ~47% of consumption, while favorable localization and T-MEC benefits positioned Vasconia as a natural exporter to that country. Meanwhile, Grupo Vasconia's consumer subsidiary—Vasconia Brands—should continue to benefit from its strong market share, diversified portfolio, changes in family dynamics due to the pandemic aftermath, and the expansion in the US and the Caribbean after the acquisition of EKCO brand.

Competitive Advantages. Almexa is the largest manufacturer of flat aluminum in Mexico and Hispanic America, while Vasconia Brands is the leading company in the development, manufacture, and commercialization of table and kitchenware, under renowned brands, both with clear competitive advantages, including entry barriers, commercial benefits, localization to export to the US, and integrated chain supply, among others.

Attractive valuation. Grupo Vasconia is trading at 4.0x EV/EBITDA'22 and 1.3x P/BV, well below the blended average of its peers, and anticipating an ever more attractive valuation once Almexa's Veracruz plant reaches full capacity.

Solid balance sheet, with potential long-term FCF generation. Net debt to EBITDA ratio stood at 2.0x by 2Q21(including lease obligations and Lifetime Brands stake), while a sound FCF generation should lead to a net cash position by 2015. The latter should allow the company to deliver a consistent dividend payment.

Estimates and Valuation	2019	2020	2021E	2022E	2023E
Revenues (P\$M)	3,074	3,331	4,258	6,426	8,050
EBITDA (P\$M)	406	455	601	914	1,174
EBITDA Margin (%)	13.2%	13.7%	14.1%	14.2%	14.6%
Net Income (P\$M)	24	100	143	327	487
Net Margin (%)	0.8%	3.0%	3.4%	5.1%	6.0%
EPS (P\$M)	0.3x	1.1x	1.5x	3.4x	5.0x
P/E (x)	102.6x	25.1x	17.5x	7.6x	5.1x
EV/EBITDA (x)	9.6x	7.6x	6.6x	4.1x	2.9x
P/B (x)	1.5x	1.4x	1.3x	1.2x	1.0x
ND/EBITDA (x)	3.5x	2.1x	2.0x	1.0x	0.5x

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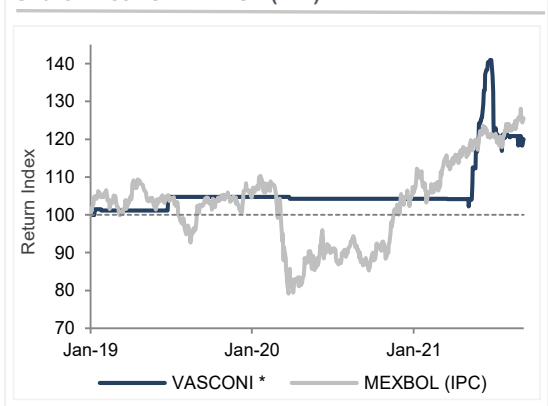
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VASCONI Outperform

Local Ticker:	VASCONI *
Last Price:	P\$ 28.8
Price Target 2022:	P\$ 48.0
Expected Return:	66.7%
Dividend Yield FY2022:	0.8%
Total Return (FY2022):	67.4%

Liquidity:	Low
Market Cap. (US\$ M)	125.7
Enterprise Value (US\$ M):	200.2
52-Week Price Range (P\$):	(24.5- 33.9)
Free Float:	16.6%

Share Price vs. MEXBOL (IPC)



Contents



Source: Grupo Vasconia

Table of Contents	Page
Grupo VASCONIA	4
Investment Thesis	4-9
Key Investment Highlights	4-7
Risks To Investment Thesis	7-8
USMCA: Catalyst Or Threat For VASCONIA.....	8-9
VASCONIA: Company Overview	10-19
The Company	10
Brief History	10-12
Business Description	13-15
Debt Profile	16
Shareholding	16-17
Corporate Structure	17
Board of Directors	18
Management	19
VASCONIA: Industry Overview	20-25
Aluminum Industry	20
United States	21-22
Mexico.....	22-23
Valuation	26-31
Macro Assumptions	26
Operating Forecast.....	27
Financial Forecast	28
Integral Valuation Methodology.....	29
Discounted Cash Flow (DCF)	30
Target Multiple Valuation	30
Integrated Valuation Results.....	31
Financial Statements	32-33
Valuation Metrics	34

Grupo VASCONIA

Grupo Vasconia is a Mexican industrial group with more than 100 years of experience, focused on serving households through its non-electrical minor consumer products division (Vasconia Brands) in cooking, preparation, tabletop and consumables categories. In addition, its industrial business unit (Almexa) is the largest flat-rolled aluminum manufacturer in Mexico and Latin America. The complementarity of its divisions provides them with unique efficiencies and competitive advantages, strengthening Grupo Vasconia's value pillars.

Industrial Products Division: Headed by its business unit Almexa, it is dedicated to the manufacture and sale of flat rolled aluminum, used in several industries such as automotive, electrical, construction, pharmaceutical, household appliances, food, among others, being currently the main national manufacturer of flat aluminum and a recognized supplier, both in the national and international market.

Consumer Products Division: Under its subsidiary Vasconia Brands, it is engaged in the manufacturing and marketing of semi-durable consumer household products, especially for the kitchen, with prestigious brands, consolidating its position in Mexico as one of the leading companies in the design, development, branding, manufacturing and marketing of kitchen and household products.

Investment Thesis

Key Investment Highlights

i) Strong growth potential

Strategic investments in order to modernize operations, increase production capacity and attack those markets with attractive growth dynamics supports the profitability improvements and high growth expected for the following years.

Almexa's 2020 installed capacity was 36,000 mt, producing practically at full capacity; hence, the company has implemented strategic investments to modernize the plants in Tulpetlac, Ecatepec, State of Mexico, and Cuautitlan Izcalli, State of Mexico, to reach an installed capacity of 50,000 mt.

Additionally, a new plant in Veracruz, Veracruz, is under construction, to start operations in 1Q22, mainly to supply the US market. The Veracruz plant should reach a production capacity of ~90,000 MT which, combined with the uncovered bottlenecks in the State of Mexico, represents a production expansion of practically 3x.

It is important to highlight that the Veracruz plant already has pre-orders from Novelis since day one of operations, for practically 1/3 of the new capacity, to produce hotbands—hot rolled coils—to supply other mills in the US.

On the other hand, with the recent acquisition of EKCO Brands by Vasconia Brands in the US and the Caribbean markets last year, the company should support the market share penetration in the US market. This is added to the solid growth in the Mexican market, in which Vasconia Brands is the industry leader.

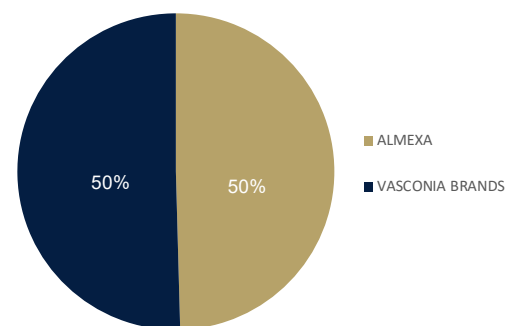
That said, revenues and EBITDA'20 should be triplicated by 2024, reaching P\$10.5 B in revenues and P\$1.6 B in EBITDA.

Vasconia's Plant



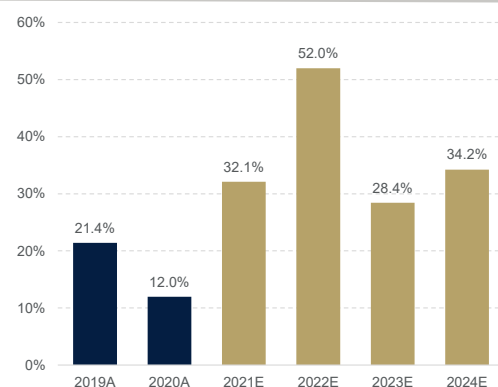
Source: Company data

Grupo Vasconia's Sales s by Segment 2020



Source: VASCONIA

EBITDA growth expected (2019-2024)



Source: VASCONIA, Actinver

ii) Solid industry fundamentals

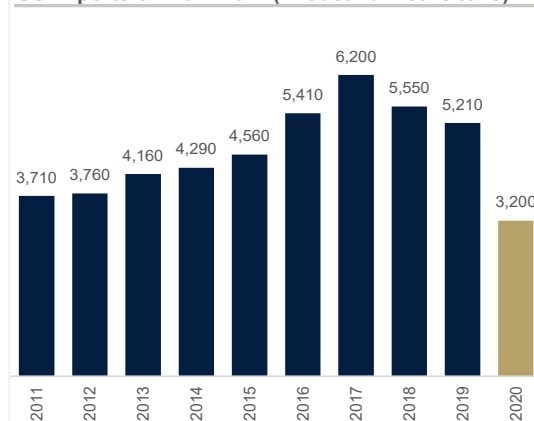
Grupo Vasconia’s industrial subsidiary—Almexa—should continue to benefit from the solid aluminum demand, combined with the limited production in the US, which led to import around ~47% of consumption, while favorable localization and T-MEC benefits positioned Vasconia as a natural exporter to that country.

Indeed, US production of aluminum sheet of common alloys is roughly 1.3 B short tons, while local demand stands at around 2.3 B short tons, imports being a must for the market. Additionally, antidumping measures were levied on China in 2018, supporting imports from other countries. Thus, at present, the US apply tariffs of around 10% on almost every country, up to 180% on products from China, and up to 49% on another 17 countries.

In this context, and considering that the USMCA benefits Mexico regarding freedom from export duties and quotas to the US, Vasconia seems well positioned to substitute those imports from China.

Additionally, the new trade agreement with the United States and Canada imposes the requirement that 70% of the aluminum used in the manufacture of automobiles must originate in Mexico, the United States, or Canada in order to qualify for the 0% preferential tariff treatment. With Mexico being the world's fourth largest auto producer, the window of opportunity for Almexa's growth is highly attractive.

US Imports of Aluminum (Thousand metric tons)



Source: US Census Bureau

Uses of Flat Aluminum

- Automotive industry
- Construction
- Household goods
- Beverage containers
- Packaging of medicines and food products
- Foil for domestic and institutional use

Source: VASCONIA

US market, Aluminum Sheet Non Heat Treatable Alloys, Miles Short Ton

U.S. Market Common Alloy Aluminum Sheet Miles Short-Term				
Concept	2018	2019	2019 Jan-Sep	2020 Jan-Sep
Apparent U.S. consumption	2,214	2,250	-	-
Actual Production	1,356	1,292	1,053	912
Local Market	1,227	1,203	1,005	907
Export	87	74	56	39
Import	987	1,047	-	-
% Imports	45%	47%	-	-
Capacity (short tons)	1,664	2,071	1,411	1,565
Capacity utilization	81%	62%	75%	58%

Source: US International Trade Commission

ii) Competitive advantages

Almexa is the largest manufacturer of flat aluminum in Mexico and Hispanic America, while Vasconia Brands is the leading company in the development, manufacture, and commercialization of table and kitchen items, under renowned brands, both with clear competitive advantages, including entry barriers, commercial benefits, localization to export to the US, and integrated supply chain, among others. It is worth highlighting the following:

Almexa

- **Industry with high entry barriers.** High requirements in technology and investments in the industry. Moreover, a construction of a new plant could take between 12-18 months, which represents a limit for short-term demand.
- **Benefits derived from international agreements.** According to the United States-Mexico-Canada Agreement (USMCA), Almexa has a competitive advantage for accessing the US market, which is difficult to be equaled and which grants unique privileges to Mexico. Almexa is free of tariffs or quotas on exports to the US, while automobiles should comply with the regional content regulations, which implies 70% of aluminum from the region.

The latter combines to its geographic location, which implies all kinds of logistical facilities.

- **Lower cost structure.** Mexico has high volumes of scrap—Almexa’s main raw material—with attractive quality and cost. The alloys that Almexa manufactures are compatible with a scrap base, of which there is high availability in Mexico, and which offers an additional competitive advantage as the cost structure is lower.

Vasconia Brands

- **Privileged market position in Mexico with an ambitious expansion plan in the US and Center America.**



- **Synergies within the company's group.** Vasconia Brands has Almexa, a strategic supplier with broad competitive advantages, keeping an integrated supply chain, which allows the company to face better market conditions than its peers. On the other hand, Almexa has in Vasconia Brands an important and trustworthy customer. It is important to point out that the customer-supplier relationship of both divisions is always carried out as an "arm's length" relationship; that is, with strict adherence to best practices in transfer pricing.
- **Alliances.** Vasconia Brands has a strategic alliance with Lifetime Brands, a leading US household consumer products company.
- **Well-diversified portfolio in product and prices.** Grupo Vasconia maintains a well-diversified portfolio with a wide range of brands and products that no home should be without. Vasconia and EKO are the most recognized brands in the Mexican market (Top of Mind).



iv) Attractive valuation

At current prices, Vasconia is trading at 4.0x EV/EBITDA'22, which represents a/an xxx% discount compared to the average weighted of its peers in each sector. It is important to highlight that EBITDA'22e considers only a 30% capacity utilization for the new plant in Veracruz; hence, as utilization rates come closer to full capacity, valuation should become even more attractive.

VASCONIA Peers																					
Company	Country	Market Cap (US\$ MM)	Enterprise Value (US\$ MM)	Enterprise Value /								LTM		Price /							
				2020 Sales	2021E Sales	2022E Sales	LTM EBITDA	2020 EBITDA	2021E EBITDA	2022E EBITDA	EBITDA Margin	LTM P/U	2020 P/U	2021E P/U	LTM Book	2020 Book	2021E Book	2022E Book			
TIER I: [Houseware Retail]																					
Lifetime Brands Inc	USA	356	684	0.9x	0.8x	0.8x	6.7x	10.2x	6.8x	6.4x	12.4%	12.3x	12.8x	11.1x	1.4x	1.3x	1.3x	1.1x			
Newell Brands Inc	USA	12,300	17,593	1.9x	1.7x	1.7x	12.1x	n.a.	11.7x	11.1x	12.9%	16.5x	16.8x	15.3x	2.3x	3.0x	3.1x	2.9x			
Tupperware Brands Corp	USA	1,372	1,991	1.2x	1.1x	1.0x	4.7x	7.4x	5.3x	4.9x	19.8%	7.2x	9.0x	8.0x	n.a.	n.a.	n.a.	n.a.			
Container Store Group Inc	USA	682	1,191	1.3x	1.2x	1.2x	8.4x	4.7x	6.4x	6.7x	21.4%	18.1x	12.4x	16.3x	0.6x	2.1x	2.0x	1.9x			
Betterware de Mexico	Mexico	1,664	1,664	8.9x	3.0x	2.4x	n.a.	10.9x	9.7x	7.9x	18.8%	38.8x	15.0x	12.5x	n.a.	n.a.	n.a.	n.a.			
Grupo Industrial Sattillo	Mexico	452	649	1.0x	0.7x	0.7x	5.9x	6.5x	5.1x	4.6x	13.8%	n.a.	9.8x	9.1x	0.8x	1.0x	0.9x	0.8x			
Average							7.6x	7.9x	7.5x	6.9x	16.5%	18.6x	12.6x	12.1x	1.3x	1.8x	1.8x	1.7x			
Median							6.7x	7.4x	6.6x	6.5x	16.3%	16.5x	12.6x	11.8x	1.1x	1.7x	1.7x	1.5x			
High							12.1x	10.9x	11.7x	11.1x	21.4%	38.8x	16.8x	16.3x	2.3x	3.0x	3.1x	2.9x			
Low							4.7x	4.7x	5.1x	4.6x	12.4%	7.2x	9.0x	8.0x	0.6x	1.0x	0.9x	0.8x			
TIER II: [Aluminium]																					
Alcoa Corp	USA	7,301	9,475	1.0x	0.9x	0.9x	7.3x	6.6x	3.8x	3.9x	11.9%	n.a.	9.5x	10.4x	1.3x	2.1x	1.9x	1.6x			
Kaiser Aluminum Corp	USA	2,036	2,799	2.4x	1.5x	1.4x	25.5x	11.9x	17.0x	13.3x	7.3%	73.7x	22.2x	18.9x	2.1x	3.0x	2.6x	2.5x			
Arcenic Corp	USA	3,946	4,931	0.9x	0.7x	0.6x	14.1x	11.8x	6.7x	5.6x	0.7%	25.8x	10.8x	12.4x	2.3x	n.a.	2.5x	2.0x			
Average							15.6x	10.1x	9.2x	7.6x	6.7%	49.8x	14.2x	13.9x	1.9x	2.5	2.3x	2.1x			
Median							14.1x	11.8x	6.7x	5.6x	7.3%	49.8x	10.8x	12.4x	2.1x	2.5	2.5x	2.0x			
High							25.5x	11.9x	17.0x	13.3x	11.9%	73.7x	22.2x	18.9x	2.3x	3.0x	2.6x	2.5x			
Low							7.3x	6.6x	3.8x	3.9x	0.7%	25.8x	9.5x	10.4x	1.3x	2.1x	1.9x	1.6x			

Source: Bloomberg, Actinver.

Another way to see the appealing valuation is considering a Sum Of the Parts for 2021, in which net debt includes all CapEx for expansion plans, while not considering the cash flows from this operations. This means that, in our worst case scenario, Grupo Vasconia invests in its growth projects, but incremental capacity does not succeed.

Sum Of the Parts (SOP) 2021e | Worst Case Scenario

	EBITDA 2021E	Implicit EV/EBITDA	Enterprise Value	Net Debt 2021E	Equity Value	Stake	Value to VASCONIA
Industrial	253	6.0x	1,516	n.a.	1,516	100%	1,516
Consumer	346	8.0x	2,765	n.a.	2,765	100%	2,765
Otros	3	5.0x	15	n.a.	15	100%	15
VASCONIA	601	7.1	4,296		4,296	100%	4,296
-Net Debt							1,210
+ Lifetime Brands Stake							148
Theoretical Value							3,234
Total Shares							97
Theoretical Price Target							33.5
Current Price							28.8
Upside							16%

Source: Actinver

iv) Solid balance sheet, with potential long-term FCF generation

Up to 2Q21, net debt to EBITDA ratio stood at 2.0x with no important short-term maturity. Additionally, we anticipate a FCF conversion rate of xx%, once the Veracruz expansion concludes, which should lead to a net cash position by 2025. The latter should allow the company to deliver a consistent dividend payment.

Risks To Investment Thesis

Evolution of the Covid-19 pandemic. New Covid-19 waves or outbreaks that could lead to new confinement measures and/or a setback in the reopening of the local economy and, consequently, a direct impact on the volumes and prices within the industrial sector. In this regard, we have developed an alternate scenario for Grupo Vasconia, in which we assume, precisely, a second wave of Covid-19 in Mexico during the fall-winter season (please refer to our Forecasts section in this report). Even in that scenario, the company would not face insolvency risk, according to our model.

Equity market volatility. Equity market volatility amid a highly uncertain economic environment may prevent VASCONIA's price from reaching its fundamental (intrinsic) value (i.e., our price target). This has been particularly evident in the ongoing local market conditions, where coronavirus-exposed names trade at significant discounts to their intrinsic (fundamental) values.

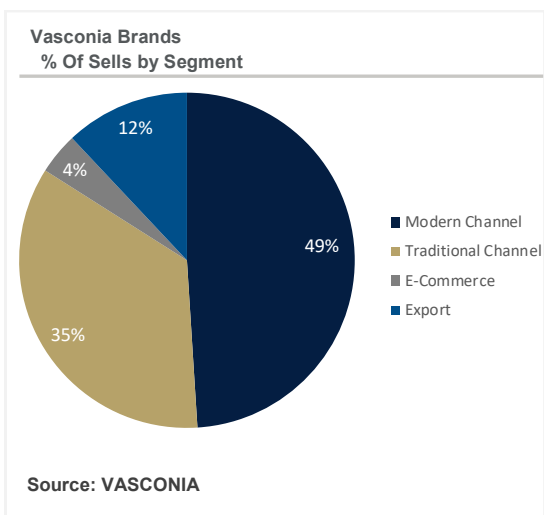
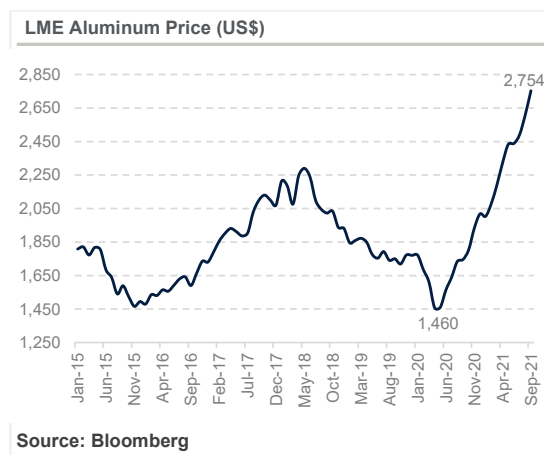
Price increases and lack of certain production supplies. Grupo Vasconia acquires large quantities of aluminum and the prices of such raw materials are subject to fluctuations. Prices of raw materials and other materials may fluctuate due to conditions that are difficult to predict, including global competition for resources, exchange rate fluctuations, weather conditions (including the effects of climate change), consumption, industry or investment demand, changes in commerce, and government policies.

Difficulty achieving cost savings targets and certain operating efficiencies. One of the company's business strategies depends partly on its ability to be a low-cost producer in highly competitive industries. It continually invests in its operations in order to improve production facilities and reduce operating costs. In this regard, it could face operational problems when making major changes in production, supply or logistics, and such changes, as well as its inability to achieve planned cost reductions and efficiencies, could have an adverse effect on its business, financial condition, results of operations, and prospects.

Highly competitive industry. The industries in which Grupo Vasconia participates are highly competitive and an increase in the level of competition could affect its market share or force the company to reduce the prices of its products or increase promotional expenses, which could adversely affect its business. Competitive pressures may also restrict its ability to increase prices, including its ability to respond successfully to increases in raw materials and other costs.

Changes in consumer preferences. Changes in preferences, together with a limited ability to anticipate, identify or react to such changes, could reduce demand for the issuer's products, which could affect the business. The introduction of new products or expansion of existing products requires an extensive research and development process, as well as marketing initiatives. If the new products developed by the company do not satisfy the preferences of customers, the return on that investment in the new product could be lower than expected.

Significant or extended disruptions at the production facilities. Any significant or prolonged interruption in the production plants caused by repairs, maintenance, industrial accidents, machinery failures, human error, supervision by authorities, natural disasters or any other circumstance could adversely affect the operations. In particular, any interruption in the production plants could result in an impact on Vasconia's ability to comply with its contractual obligations to its customers.



Stringent quality and safety regulations. Grupo Vasconia's operations in Mexico are subject to various laws, rules, regulations, official hygiene and quality standards, as well as to the supervision by various authorities, such as the Ministry of Economy in connection with the production, distribution, and advertising of its products. These laws and regulations can change, sometimes dramatically, as a result of a multiplicity of factors beyond the company's control, including political, economic, regulatory, or social events.

Dependence on the experience and capacity of its management and its collaborators. Top management has extensive operational experience and industry knowledge. Vasconia depends on its management to define its strategy and manage its business and considers their involvement to be crucial to its success. Similarly, continued success depends in part on its ability to attract, hire, and retain talented and experienced professionals. The loss of its executives' services could negatively affect the business.

Approval of the modifications proposed by the federal executive regarding outsourcing. The company's personnel is hired through authorized and regulated service providers, in accordance with the special legislation in force. With the recently approved initiative regarding outsourcing, the company may require modifications to its contracting scheme. That said, it is currently not possible to predict with certainty the magnitude of the impact that the approval of this reform initiative could have on the group in Mexico, its business, financial condition, or operating results.

USMCA: Catalyst for VASCONIA

In contrast to most countries in the world, the United States has not imposed countervailing duties on aluminum products produced by Grupo Vasconia in Mexico. Thus, the USMCA agreement represents an important advantage for Vasconia. Since, due to the agreement, Mexico and Canada are the only countries that are exempt from any tariffs on their exports that are imposed globally or generally on the rest of the countries. Also, Mexico enjoys preferential tariffs on its exports to the United States, so the opportunity to serve the US market is huge.

Additionally, as we mentioned above, antidumping measures were levied on China in 2018, supporting imports from other countries. Thus, at present, the US apply tariffs of around 10% on almost every country, up to 180% on products from China, and up to 49% on other 17 countries.

In addition, the flat aluminum content in automobiles is expected to continue to grow due to the need and increased requirements for more efficient vehicles and the replacement of steel parts. The new trade agreement with the United States and Canada, the USMCA, imposes the requirement that 70% of the aluminum used in the manufacture of automobiles must originate in Mexico, the United States, or Canada in order to qualify for the 0% preferential tariff treatment. With Mexico being the world's fourth largest auto producer, the window of opportunity for Almexa's growth is highly attractive.

Vasconia's plant



Source: VASCONIA, Actinver

U.S., Mexico, and Canada Agreement (USMCA)



Source: Actinver.

VASCONIA: Company Overview

The company

Grupo Vasconia is a Mexican industrial group with more than 100 years of experience, focused on serving households through its non-electrical minor consumer products division (Vasconia Brands) in cooking, preparation, tabletop and consumables categories. In addition, its industrial business unit (Almexa) is the largest flat-rolled aluminum manufacturer in Mexico and Latin America. The complementarity of its divisions provides them with unique efficiencies and competitive advantages, strengthening Grupo Vasconia's value pillars.

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Consumer Products Division: Under its subsidiary Vasconia Brands, it is engaged in the manufacturing and marketing of semi-durable consumer household products, especially for the kitchen, with prestigious brands, consolidating its position in Mexico as one of the leading companies in the design, development, branding, manufacturing and marketing of kitchen and household products.

Grupo Vasconia's Brief History

The Beginnings:

1911: Vasconia, a factory of household products mainly made of aluminum was founded on November 15, 1911 during the peak of the Mexican Revolution. It soon became Industrias La Vasconia, S.A. de C.V.

1944: Almexa was founded by Reynolds Aluminio, an American company, originally under the name of Aluminio Industrial Mexicano, S.A. de C.V., being then the most complete company in flat aluminum in Mexico. After several years, Almexa became a subsidiary of Elementia, S.A.B., a Mexican industrial consortium with investments in various sectors of the economy.

1979: Industria Mexicana del Aluminio S.A. de C.V. IMASA, was founded and quickly became a leading company in the manufacturing and marketing of aluminum discs in Mexico and Central America.

Becoming Public in 1991

1991: Ekco, S.A., the largest producer of tableware and kitchenware in Mexico began listing on the Mexican Stock Exchange as EKCO, S.A.B. Shortly thereafter EKCO S.A.B. merged with Industrias la Vasconia S.A. de C.V., consolidating the largest Mexican company in kitchen products, which, as part of its integration, had a small aluminum sheet factory for its own consumption.

The Consolidation of Grupo Vasconia:

2003: Ekco, S.A.B. acquired the kitchen division of Steele Group, with the H. Steele®, Regal®, and Presto® trademarks.

2007: In February 2007, Ekco, S.A.B. acquired IMASA.

Overview Of Vasconia's Plant



Source: VASCONIA, Actinver.

Vasconia's Plant



Source: VASCONIA, Actinver.

2007: In December 2007, the U.S. company Lifetime Brands, Inc. (Nasdaq: LCUT) subscribed and paid 30% of EKCO, S.A.B.'s shares.

2008: Following the investment by Lifetime Brands, in 2008, EKCO, S.A.B. changed its name to Grupo Vasconia, S.A.B.

Mergers and Acquisitions:

2010: Grupo Vasconia acquired from World Kitchen, LLC. and Ekco Housewares, Inc. the rights to the Ekco trademark for the territories of Colombia and Central America.

2012: Grupo Vasconia, through its subsidiary IMASA, acquired Almexa Aluminio, S.A. de C.V. from Elementia, S.A. de C.V. IMASA and Almexa operated in a similar environment, both leading companies in the flat aluminum industry, with similar work cultures and overlapping suppliers, customers and supplies.

2013: Grupo Vasconia in partnership with Uziralo, S.A., a Spanish company dedicated to the production of vitrified steel kitchenware, incorporated a new company called "Esmaltería San Ignacio, S.A. de C.V.", precisely to manufacture in Mexico such products and complement the offer in the domestic and export markets. The plant was located in the city of Querétaro. In January 2017, La Emisora acquired the 49.49% that Uziralo had in the company and as a result of this acquisition La Emisora consolidated 100% of Esmaltería San Ignacio.

2014: Vasconia started a 50/50 partnership with the Italian group L.A.G. Laminati Aluminio Gallarate S.P.A. (LAG), for the operation in Alucal Veracruz, a hot rolling plant focused on the hot roll (hot rolled sheet) market.

2015: La Emisora received authorization from the CNBV for a Dual Debt Issuance Program for up to \$1,000 million pesos, which was renewed in November 2020, increasing the amount of the Program to \$1,500 million pesos. Under these programs, La Emisora has made several debt issuances.

2019: Until December 31, 2018, the Industrial Products Division of La Emisora consisted of IMASA and Almexa. On January 1, 2019, the merger of Almexa and IMASA took place, the former as the merging company and the latter as the merged company, thus consolidating the Industrial Products Division of La Emisora into a single company, Almexa.

2020: Esmaltería San Ignacio absorbed all the operations of the Consumer Products Division that were managed in the controlling company and changed its name to Vasconia Brands, S.A. de C.V., becoming the subsidiary of La Emisora that concentrates the operations of the Consumer Products Division.

Meanwhile, Almexa took full control of Alucal, including 100% of the shares representing its capital stock. Alucal is a flat aluminum manufacturing plant that will provide important elements for Almexa's long-term development.

In August, Vasconia acquired the EKCO trademark in the United States and Caribbean markets, thus achieving its global integration. As part of the above, La Emisora's activity in the United States was reorganized, creating Ekco Brands, LLC. With all the above, at the end of 2020 Vasconia is organized as follows (only main subsidiaries).

Productive Process



Source: VASCONIA, Actinver.

General Offices

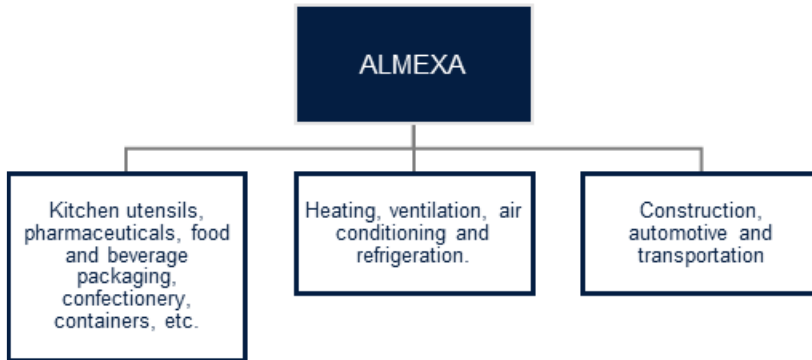


Source: VASCONIA, Actinver.

Business Description

Industrial Products Division | **Almexa**

ALMEXA is a company dedicated to the manufacturing and sale of flat rolled aluminum, material that is used in many industries, such as automotive, electrical, construction, pharmaceutical, household appliances, food, among others. ALMEXA's operations are divided in three business units.



Currently, Almexa is the only manufacturer of flat rolled aluminum in Mexico, as well as a recognized supplier, both in the domestic and international markets. The main product lines manufactured and commercialized by the subsidiary are Plate, Sheet (Coil, foil, tape, disc) and Foil (aluminum foil, both for industrial, domestic and converted foil). Approximately 15% of Almexa's production is sold to Vasconia Brands. It currently has two production plants and one under construction:

1. Tulpetlac, Ecatepec, State of Mexico
2. Cuautitlán, State of Mexico.
3. Veracruz, Veracruz (Under construction and expected to begin operations in 4Q21.)

Almexa process consists of two processes: 1/3 primary aluminum and 2/3 recycled aluminum. Primary Aluminum is a commodity for which there are several manufacturers in the world, called "smelters"; especially in countries where energy has a relatively low cost since the production of Primary Aluminum requires high energy consumption. The recycled aluminum is produced in Mexico. Once the Veracruz plant begins operations, Almexa's capacity will multiply and in the next three years it will become the largest manufacturer in Latin America and the fifth largest in America.

Environmental footprint– Recycled Aluminum



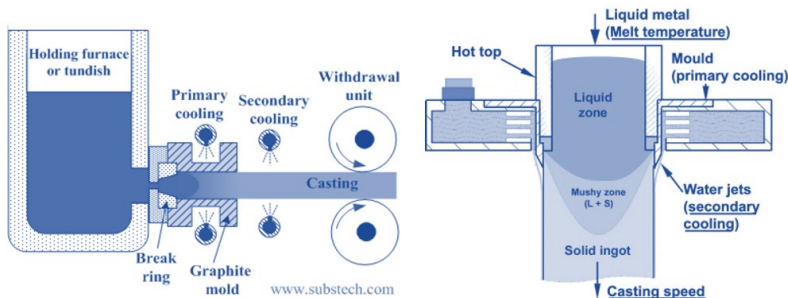
Source: VASCONIA, Actinver.

Productive Process– Tultepec plant



Source: VASCONIA, Actinver.

Process Explanation



Continuous Casting

The process consists of melting the aluminum and solidifying it by passing it through cooling rollers, using a mold of different sizes to obtain a sheet of 6 to 9 mm.

Direct-chill (DC) casting

The first step of the process is the melting of aluminum, then it is poured into molds of different widths to obtain ingots of 6 and 3 meters long and immediately pass to a scalping process. The ingots are hot rolled and then cold rolled.

PLANT	PROCESS
Cuautitlán Izcalli	Direct-chill (DC) casting
Ecatepec	Continuous Casting
Veracruz	Direct-chill (DC) casting

Almexa has a competitive advantage that is difficult to match due to its geographic location: not only because of its physical proximity to the United States (logistical facilities) but, above all, because of trade agreements, specifically the T-MEC, which has granted unique privileges to Mexico. Although, Almexa benefits from a weakening of the national currency, since its functional currency is the US dollar.

The content of flat aluminum in cars will continue to increase due to the need and greater requirements for more efficient vehicles and the replacement of steel parts. Almexa has benefited from the new trade agreement with the United States and Canada, the USMCA as one of the requirements is that 70% of the aluminum used to manufacture cars must originate in Mexico, the United States or Canada.

Mexico is the fourth largest producer of automobiles in the world, and we believe that the opportunity for Almexa's growth is highly attractive. The beverage and food packaging foil market represents an opportunity, as there is a strong global trend to replace PET with aluminum foil.

Almexa's Competitive Advantages:

1. It is the only manufacturer of flat aluminum in Mexico and an active exporter to the United States and Latin America.
2. Mexico has high volumes of scrap, Almexa's raw material, with attractive costs and quality.
3. USMCA favors Almexa, as all automobiles require 70% of the aluminum used in their production to originate in the USMCA region.
4. The new Veracruz plant, which will start operations during the fourth quarter of 2021, will be an important driver of Almexa's growth. Once stabilized, this plant is expected to be able to produce more than twice as much as the current plants.
5. In 2020, Almexa implemented a product/market strategy change, which will be reflected in 2021 and beyond, resulting in higher profitability.
6. Almexa has a skilled and relatively low-cost workforce.

Main business segments:

- Automotive and transportation
- Construction
- Kitchen
- Electrical and electronics
- Heating, ventilation, air conditioning and refrigeration (hvac and r)
- Food and beverage packaging
- Pharmaceutical
- Industrial solutions
- Products and solutions

Smelting Process



Source: VASCONIA, Actinver.

Use Of Aluminum In cars



Source: VASCONIA, Actinver.

ALMEXA**Main Suppliers**

Supplier	Product	Source
Traficura México S.A De C.V	Primary aluminum	Foreigner
Glencore, LTD	Primary aluminum	Foreigner
Cartonal Italia, SPA	Aluminum (coil and foil)	Foreigner
Luoyang Loding Aluminium	Aluminium Coil	Foreigner
Varmox, S.A. de C.V.	Primary aluminum	National
JRG Comercial S.A. de C.V.	Aluminum scrap	National
Recuperaciones Industriales S.A. de C.V	Aluminum scrap	National
SMS Foromee S de RL de C.V.	Aluminum scrap	National
María Victoria Sánchez Jiménez	Aluminum scrap	National
Wilbert Gessu España Vazquez	Aluminum scrap	National
Univar México S.A. de C.V.	Alloys	National
Herrajes y Acabados Metal	Aluminum scrap	National
Gasil Comercializadora y Distribuidora	Aluminum scrap	National
Deacero S.A.P.I.	Aluminum scrap	National
Aluminios y componentes Bernal	Aluminum scrap	National


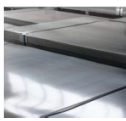

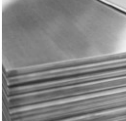
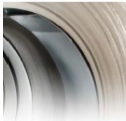

Main competitors by product line

Product Line	Competitors	Brand	Impact	Market share
Aluminium sheet	National distributors , Suppliers from China, USA and Europe	several	High	80%
Disc	Azinsa (Mexico), domestic distributors, suppliers from China	Azinsa, several	Medium	20%
Foil	Suppliers from China, USA and Europe	several	High	95%

Market share of the main product lines

Product Line	Brand	Target Market	Market share
Aluminium sheet	Almexa	National and export	20%
Disc	Almexa	National and export	80%
Foil	Almexa	National and export	5%

Flat Aluminum Products

Flat products- Foil	
Aluminum coils	
Smooth sheet	
Corrugated Sheet	
Painted Sheet	
Tape	
Disc	



Consumer Products Division | VASCONIA BRANDS

Headed by its subsidiary Vasconia Brands, the consumer products division specializes in the manufacturing and marketing of semi-durable consumer household products, especially for the dining room and kitchen, under prestigious brands, consolidating its position as one of the leading companies in the design, development, branding, manufacturing and marketing of tableware, kitchen and household items in Mexico.

The main product lines manufactured and marketed in the Consumer Products Division are Cooking Tools (pressure cooker, frying pans and grills, cookware, etc.), Preparation Products (utensils, appliances, auxiliaries, knives, etc.), Tabletop Products (cutlery, tableware, home decoration, etc.) and Consumable Products (household foil, disposable molds, etc.). Approximately 60% of Vasconia Brands' products are produced in its factories and 40% are purchased from selected suppliers.

The main production processes in the Consumer Products Division are: the automated pressure cooker line, the steamer line, the armored and triple-strength line, the single aluminum line, the coated frying pans and batteries line, the spray line, the roller line, the photo paint line and the vitrified steel line.

Average national market share by category, modern market; Cooking 45%, Preparation 25%, Tabletop 8% and Consumables (not available).

Vasconia Brands is backed by more than 100 years of experience in Mexican homes. Among its portfolio of brands are the following: Vasconia, Kitchen Aid, Faberware, Mikasa, EKCO, Presto, Regal, Vitroacero, Built, Towle, Wallace, Sabatier, Alupak, Barcraft, Deleite, Alurey, Pfaltzgraff, Copco, International, Melannco, among others.

The subsidiary has four main sales divisions:

- **Modern Channel:** 49% (self-service stores, price clubs, department stores, furniture stores).
- **Traditional Channel:** 35% (distributors, regional, wholesale, institutional, own stores).
- **E-commerce:** 4% (own online store, pure players, marketplaces).
- **Exports:** 12% (today mostly CA and starting operations in the USA through EKCO Brands).

VB Distribution Center



Source: VASCONIA

Vasconia Brands Market Share

Cooking		PRESSURE COOKERS BATTERIES STEAM PANS PROFESSIONAL	45%				
Preparation		UTENSILS AUXILIARY TOOLS KNIVES CHOPPING BOARDS PASTRY	25%*				
Table		TABLEWARE CUTLERY ACCESSORIES THERMIC PRODUCTS	8%*				
Consumables		ALUMINUM FOIL FOIL TRAYS OTHER PRODUCTS	N/A				

Source: VASCONIA

Vasconia Brands' distribution channels are department and self-service stores, wholesale price clubs, institutional, government, furniture stores, export, e-commerce and company-owned stores.

Geographic Footprint

Vasconia Brands has three plants:

- Tulpetlac, Ecatepec, Estado de México.
- Cuautitlán, Estado de México.
- Querétaro, Querétaro

Production Capacity and Distribution Centers

Vasconia Brands has a production capacity of more than 50 million pieces per year (in their Cuautitlán and Querétaro plants, for the Cooking business unit) and more than 26 million pieces per year in the Consumables business unit at the Tulpetlac plant.

The company's distribution centers total 55 thousand square meters, with more than 26 thousand pallet positions and 54 simultaneous operating ramps, which allows them to receive, process and ship purchase orders in less than 24 hours. This allows them to serve their customers in all sales channels and sub-channels.

Vasconia Brands' Strategies

Vasconia Brands has many strategies put into place. Firstly, they are strengthening their technological, human and material resources. Secondly, the company believes that the establishment of better performance indicators will help boost the company's overall productivity. Meanwhile, the company is actively looking to incorporate digital payment methods such as PayPal and Mercado Pago to offer more options to its clients and attract more income. Lastly, they are boosting digital communication and marketing as well as achieving a Specialized Distribution Center to operate 24/7. In 2020, they also acquired the EKCO trademark in the U.S. and Caribbean markets.

Competitive Advantages

During 2020 the company transferred Almexa's domestic foil business to Vasconia Brands, creating the Consumables business unit, a category of great depth in which they began growing 37% in comparison to what they were doing at Almexa. This adjustment is one of the company's major recent improvements and a strong competitive advantage.

Furthermore, Vasconia Brands has other competitive advantages. The company's products are present in every home in Mexico with permanent innovation. After a century-long history of operations the company has significant customer and consumer knowledge as well as a recognized and trusted high quality brand with innovative products.

Vasconia Brands is also a leader in its field and active exporter to the United States and Central America, and the acquisition of EKCO brand in the U.S. will support the company's penetration of the American market. Lastly, Vasconia Brands has an integrated supply chain and complete portfolio which helps their overall profitability.

Vasconia Brands

PRESTO



FARBERWARE

EKCO
KitchenAid

Pfaltzgraff.

VASCONIA



VASCONIA



Deleite

BUILT
NEW YORK

H. Steele

MIKASA

SABATIER

Source: VASCONIA

Social Responsibility

Grupo Vasconia is a company that takes social responsibility into account. At the end of 2007 it created the foundation for Nosotras las Mujeres A.C., now Fundación Vasconia A.C., with the objective of supporting diverse causes of social responsibility. This foundation is a non-profit institution, formed by Mexican companies interested in supporting groups or civil associations, whose main objective is to provide care or guidance to Mexican women who face social or health problems, through actions linked to commercial strategies.

Currently, it is also promoting the integration of new Associates interested in participating in the foundation's objective. Linking certain products or services with specific projects. Grupo Vasconia annually contributes part of its income to Fundación Vasconia, A.C. to support worthy causes. Since the beginning of the foundation in 2007, Grupo Vasconia has donated 5% of the sales of 3 product collections; the Pink Line, the Green Line and the Red Line, supporting causes such as breast cancer, ecology and nutrition respectively, to different institutions and foundations dedicated to social and environmental improvement and conservation.

Environmental Programs and Recycling

On average, the company recycles 800 tons of aluminum monthly; it also has permanent recycling programs for other materials such as batteries, plastic, cardboard and wood, encouraging the active participation of its employees. More specifically, two thirds of the aluminum used in Almexa's process is recycled aluminum obtained from various, primarily local sources. While the primary aluminum used by Almexa, which represents one third of its raw material, comes from Smelters with green technology.

At Vasconia Brands, 100% of the raw material (aluminum) comes from sources considered green. In addition, the company contributes to saving energy in homes, providing products that reduce food cooking times and gas consumption, as well as making large investments that contribute to saving water, including the construction of a Treatment Plant, which allows reusing the liquid in the production processes where it is needed.

The care of the air using high-tech equipment that allows them to have an efficient control and management of emissions, and its effort for the conservation of wildlife through the creation and participation in environmental programs are other ways in which the company actively participates in aspects of social responsibility.

Certifications

The company has different certifications granted for compliance with certain requirements in different areas of the company. Most of Grupo Vasconia's plants have obtained the Clean Industry Certification, and Grupo Vasconia has consistently obtained the Socially Responsible Company Certificate. Other certifications awarded to the company are: Great Place to Work, Empresa Segura, ISO 9001 and Bolsa Mexicana de Valores.



Vasconia Brand' pink line of products



Source: VASCONIA

Vasconia Brand' pink line of products



Source: VASCONIA

Grupo Vasconia's Cost Structure

The most important raw material for Vasconia is aluminum. As of 2020, raw material costs represented more than 73% of the total COGS.

Since aluminum is used in most of its processes, the company's costs are exposed to variations in the price of this raw material. Therefore, in order to manage this risk, Vasconia, mainly in its consumer products division, has a policy of using hedges to mitigate the volatility of aluminum prices.

Vasconia utilizes two types of aluminum in its subsidiaries, primary aluminum and recycled aluminum. Regarding primary aluminum, since it is not produced in Mexico, the company obtains it from various international sources; it is a commodity for which there are several manufacturers in the world, called Smelters, especially in countries where energy has a relatively low cost since the production of primary aluminum requires high energy consumption. These Smelters sell directly or through international traders; buying from one or the other has different advantages in terms of expenses and financing, although the base price is always the same and is based on the London Metal Exchange (LME). **Almexa currently has a 5-year supply contract with the Russian manufacturer Rusal**, one of the most modern Smelters in the world, which, among other things, produces aluminum based on clean energy sources and provides it with 75-day payment financing, which is above the industry average.

Recycled Aluminum is obtained from several primarily local sources, Mexico is a generator of this material in sufficient quantities and of good quality; in fact, Mexico is a regular exporter of aluminum scrap. Therefore, there are very diverse suppliers of different kinds and sizes. The alloys that Almexa manufactures are based on and compatible with a scrap base, and since there is a high availability of scrap in Mexico, Almexa has a lower cost structure. This business unit focuses only on formal suppliers or industries that sell their scraps and that fully comply with their tax obligations and are a reliable source of this raw material. The price is also based on the LME but a discount factor is applied that varies depending on the type and quality of scrap as well as the peaks and valleys of demand.

Regarding the consumer products division, Vasconia Brands has an important competitive advantage that directly impacts its production costs. Having Almexa as one of its main aluminum suppliers, the purchase price of this raw material is preferential for Vasconia Brands.

Also, Vasconia Brands regularly negotiates Aluminum price and Peso/Dollar exchange rate hedges under a strict policy that avoids any kind of speculation and limits such operations to hedging 50% of its Aluminum and foreign currency needs for the next 6 months of operation. This policy gives Vasconia Brands sufficient reaction time to compensate via sales prices for any movements in the prices of these raw materials.

COGS And SG&A

COGS	MXN M	% COGS	% Total
Raw Materials	2,046	73.5%	61.7%
Employee Benefit Expenses	280	10.1%	8.5%
Depreciation & Amortization	226	8.1%	6.8%
Energy consumption	74	2.6%	2.2%
Maintainance	54	1.9%	1.6%
Gas consumption	54	1.9%	1.6%
Leasing	5	0.2%	0.2%
Others	44	1.6%	1.3%
Total COGS	2,781	100.0%	83.9%
SG&A	MXN M	% SG&A	% Total
Employee Benefit Expenses	238	44.7%	7.2%
Depreciation & Amortization	37	7.0%	1.1%
Energy consumption	2	0.4%	0.1%
Maintainance	5	0.9%	0.2%
Gas consumption	0	0.0%	0.0%
Leasing	1	0.2%	0.0%
Others	248	46.7%	7.5%
Total SG&A	532	100.0%	16.1%
TOTAL COGS & SG&A	3,313	100%	100%

Source: VASCONIA, Actinver.

Aluminum Price (USD/mt)



Source: VASCONIA, Actinver.

Debt Profile

As of June 30, 2020, Vasconia's total debt was P\$1.2 B (excluding leasing obligations), with an increase of P\$171M compared to 2019. Corresponds mainly to:

1. The drawdown of the long-term credit facility with Sabadell for P\$227.3 M.
2. The drawdown of the current account lines for P\$37M, net of the amortizations made on the Sabadell loan for P\$20M and Bancomext for US\$5.1M.

The average cost of debt is 7.6%, with an average maturity of 2.14 years. Long-term debt represented 45% of total debt. 23% of debt is denominated in U.S. dollars, 77% in Mexican pesos.

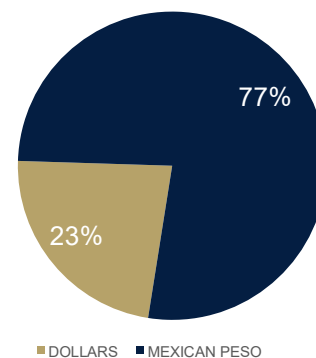
By the end of 2Q21, net debt stood at P\$1.7 B including leasing obligations—P\$1.3 B excluding leasing obligations—, while considering the shares held for sale of Llifetime Brands, adjusted net debt was P\$1.2 B. Thus, net debt to EBITDA ratio was 2.0x compared to 3.0x at December 31, 2019. Meanwhile, considering that most of lease obligations are related to rents in the place of machinery and equipment, we could consider that adjusted net debt to EBITDA ratio stands at 1.4x.

In 2020, the Company, did not repurchase own shares, while in 2019, the Company, invested P\$59 thousand in the repurchase of 2,460 own shares.

Shareholding

By the end of 2020, Vasconia's subscribed and paid capital consists of 87,166,000. Currently, the number of shares increased to 96,687,585 of which 9,521,585 shares were placed through a primary public offering last July, through the BMV. Also, the company cancelled 478,415 shares of its own stock during the offer.

Vasconia's Debt's By Currency

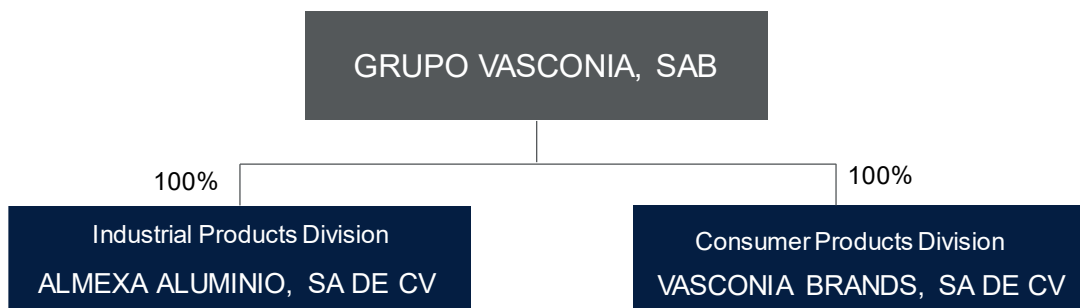


Source: VASCONIA, Actinver.

VASCONIA's Shareholder Structure Post-Offer

	Shares	%
Grupo Control	54,309,278	56.2%
LTB de México Sa de CV	22,686,641	23.5%
Antonio del Valle Ruiz	872,000	0.9%
Manos Firmes	2,773,648	2.9%
Float	16,046,018	16.6%
	96,687,585	100.0%

Corporate Structure



Source: VASCONIA, Actinver.

Grupo Vasconia's Subsidiaries and Shareholdings

Subsidiaries	Shareholding
Almexa Aluminio, S.A. de C.V.	100%
Vasconia Brands, S. A. de C. V.	100%
Fomento Productivo, S.A. de C.V	100%

Almexa's Subsidiaries and Shareholdings

Subsidiaries	Shareholding
Alucal, S.A. de C.V.	100%
Metal Servicio, S.A. de C.V.(100%
Administración de Categorías, S.A. de C.V.	100%
Industrias Almexa Aluminio, S.A. de C.V.	100%
Calm Real State, S. A. de C. V.	65%

Vasconia Brands' Subsidiaries and Shareholdings

Subsidiaries	Shareholding
Ekco Brands, LLC	100%
Industrias Ekco, S.A. de C.V.	100%

Source: VASCONIA, Actinver

Board of Directors

<p>José Ramón Elizondo A.</p> <p>Board Member - Chairman</p>	<p>Mr. Elizondo is chairman for Fomento de Capital, he is also on the board of 11 other companies: Financiera Independencia, Organizacion Cultiba, Industrias Voit ,Grupo Marti, Q.B. Industrias, Unefon, Grupo Azucarero Mexico, Editorial Premiere, Fomento de Capital, Ecko Sab, Almexa Aluminio, and Industria Mexicana del Aluminio. He received an undergraduate degree from Universidad La Salle and an MBA from Instituto Tecnológico y de Estudios Superiores de Monterrey.</p>
<p>Miguel Ángel Huerta Pando</p> <p>Board Member</p>	<p>Miguel is on the board of Grupo Vasconia, Industria Mexicana del Aluminio and Almexa Aluminio.</p>
<p>Enrique Portilla Ibargüengoitia</p> <p>Independent Board Member</p>	<p>Current Board Membership of Tekchem, Grupo Vasconia, Grupo Mexicano de Desarrollo, Industria Mexicana del Aluminio, Agros and Almexa Aluminio.</p>
<p>Salomón Presburger Slovik</p> <p>Independent Board Member</p>	<p>Slovik occupies the position of general director at Preslow. He is also on the board of Instituto del Fondo Nacional de la Vivienda para los Trabajadores. In his past career, he occupied the position of President of Cámara Nacional De La Industria Del Vestido, President of Confederación de Cámaras Industriales and Chief Executive Officer of IXE Grupo Financiero.</p>
<p>Oscar Márquez Cristerna</p> <p>Independent Board Member</p>	<p>Oscar is on the board of Grupo Escato and partner at Calvo Nicolau y Márquez Cristerna SC. He has more than 32 years of experience as a tax specialist, especially in the areas of consulting, tax efficiency analysis and transfer pricing. He is an advisor to some of the most notable companies in</p>
<p>Jeffrey Siegel</p> <p>Board Member</p>	<p>Jeffrey is executive chairman at Lifetime Brands and executive chairman at Taylor Precision Products, (a subsidiary of Lifetime Brands, Inc.). In the past, Mr. Siegel held the position of Executive Vice President of Jennison Associates LLC and Chairman at International Housewares Association.</p>
<p>Robert Kay</p> <p>Independent Board Member</p>	<p>Robert has been the head of 7 different companies and presently holds the position of chief executive officer & director at Lifetime Brands; chairman& president of The Chef'n Corp. and chief executive officer of Taylor Precision Products. In his past career he held the position of executive chairman, president & CEO at The Evercare Co., chief executive officer for Key Components LLC, Chief chief executive officer & senior vice president for oxford resources Corp. Mr. Kay received an undergraduate degree from Cornell University and a graduate degree from The Trustees of Columbia University in The City of New York.</p>
<p>Javier García Sabaté Pala-zuelos</p> <p>Independent Board Member</p>	<p>Mr. García is an independent director at Grupo TMM SAB and a Director & Partner at Garcia Sabate, Castaneda Navarette, SC. He is also on the Board of Directors at Grupo TMM, Garcia Sabate, among others. Javier received his undergraduate degree from Universidad La Salle and a graduate degree from the Instituto Tecnológico y de Estudios Superiores de Monterrey.</p>
<p>Isabela Elizondo Morán</p> <p>Board Member</p>	<p>Currently part of Vasconia's Board of Directors</p>
<p>José Antonio Rodríguez Ca-cho</p> <p>Independent Board Member</p>	<p>Mr. Rodríguez is Member of Colegio de Contadores Públicos de México and Member of Instituto Mexicano de Contadores Públicos, he is also on the board of 5 other companies. Mr. Rodríguez received an undergraduate degree from Universidad La Salle and a graduate degree from Instituto Tecnológico y de Estudios Superiores de Monterrey.</p>
<p>Luis Felipe González Solana</p> <p>Independent Board Member</p>	<p>Luis Felipe González Solana is on the board of Grupo Vasconia SAB.</p>

Source: VASCONIA, Actinver.

VASCONIA Management Team**Jose Ramón Elizondo**

CEO

Miguel Ángel Huerta Pando

Vicepresident of Vasconia

José María Avelar MendozaVasconia's Human Resources Corporate
Director**Cecilia Estrada Noria**

Vasconia's TI Corporate Director

ALMEXA Management Team**Michael W. Otero**

Almexa's Director

Bachelor in BA, South University in Georgia

Marco Rubio

Technical Director

Susana Elizondo Anaya

Almexa's Sells and Production Director

Fernando Artemio García Martínez

New Projects Director

Pedro Ángel Sánchez Ruíz

Director of TULPETLAC Plant

Mariana Velasco Nuncio

HR Manager

VASCONIA BRANDS Management Team**Octavio Azcoitia**

VB General Director

Industrial engineer , UNAM

José Fernando Hernández

CFO

Jorge Arturo Maldonado Zoebish

Marketing Director

Jorge Guillermo Aguilar

Comercial Manager

VASCONIA: Worldwide Industry Overview

Aluminum is the most common metal in the earth's crust, the third most abundant chemical element on our planet (only oxygen and silicon exist in greater quantities), and the second most popular metal in the industrial world, after steel. Aluminum is used in many different industries, including automotive, construction, food and packaging, pharmaceuticals, among others. Approximately half of the semi-finished aluminum products distributed worldwide were consumed by the transportation and construction industries in 2020, and construction accounted for a quarter of total demand last year.

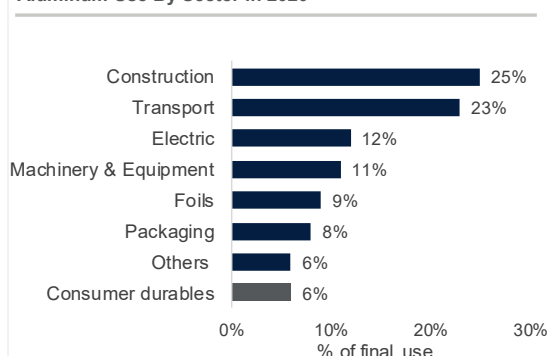
Aluminum Demand & Supply

The key markets for aluminum demand include China, the United States, Germany, India and Japan. Aluminum prices have been quite volatile for most of the last decade. Between October and December 2016, prices were so low that many aluminum smelters had to increase their leased production capacity levels. Later, China's slowing economy depressed prices again in 2019, while the global coronavirus pandemic disrupted trade in metals and metal products, including aluminum in 2020. Aluminum demand fell sharply as countries imposed strong restrictive measures to prevent Covid-19 contagion.

China is not only the largest consumer of aluminum; it also has the largest smelter production. As mentioned above, aluminum is one of the world's most abundant metals, usually extracted from bauxite ore. Guinea, Australia and Vietnam are said to host the largest bauxite reserves, while China, Norway and Canada are leading the way in terms of aluminum smelter production levels. Hongqiao Group, Chalco, Shandong Xinha, Rusal, Alcoa and Rio Tinto are among the world's largest aluminum producers. Major end users of the base metal include the following sectors: transportation, construction, electrical engineering and machinery manufacturing.

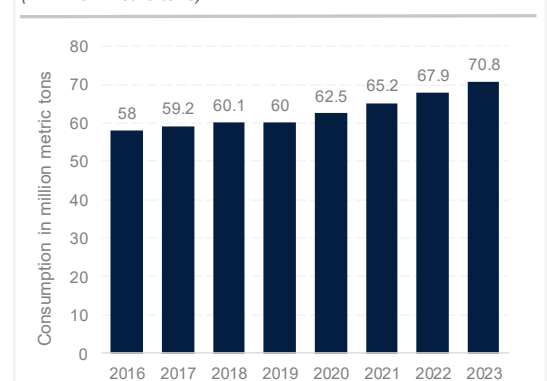
The growth of the global aluminum market is driven by the development of the transportation industry, technological advances in aluminum manufacturing technologies and processing equipment, and the increase in the use of aluminum in various industries, such as construction, and packaging. Asia-Pacific is the leading region, in terms of growth, due to massive urbanization, income growth of people living in urban areas and rapid industrial development.

Aluminum Use By Sector in 2020



Source: Statista Research Department

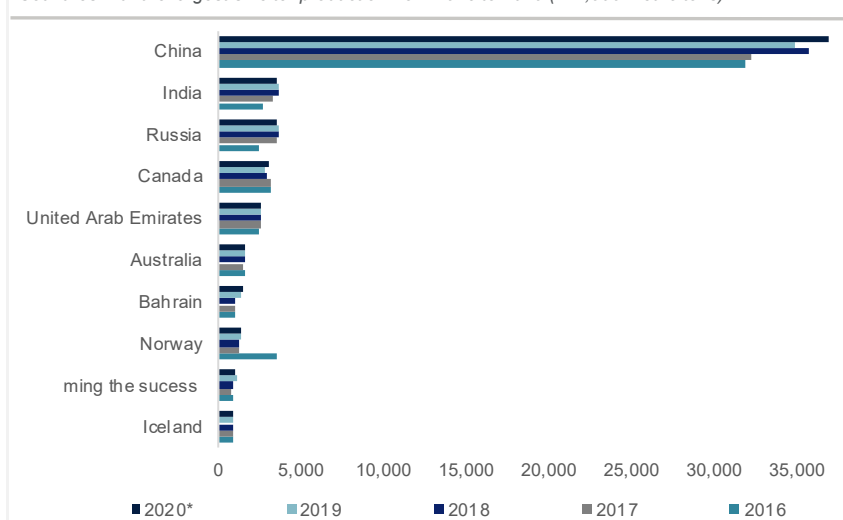
Global Aluminium Consumption from 2016 to 2023 (in million metric tons)



Source: Statista Research Department

Aluminum production top countries 2016-2020

Countries with the largest smelter production from 2016 to 2020 (in 1,000 metric tons)



In addition, continuous advancements in the transportation industry and ongoing activities to develop innovative, more effective and cheaper aluminum products are driving the market growth. However, increasing competition from substitutes and fluctuations in the prices of raw materials such as alumina are some of the factors restraining the growth of the aluminum market. Growing demand from emerging economies such as China and India and increasing use of recycled aluminum products globally provide lucrative opportunities for market expansion. Reduction in energy requirements is one of the major challenges faced by the aluminum industry.

Aluminum Relevant Properties

- **Weight:** is a very light metal with a specific weight.
- **Resistance to corrosion:** this metal naturally generates a protective oxide layer and is highly resistant to corrosion.
- **Electrical and thermal conductivity:** Aluminum is an excellent conductor of heat and electricity and in relation to its weight is almost twice as good a conductor as copper.
- **Reflectivity:** Aluminum is a good reflector of both visible light and heat.
- **Ductility:** Aluminum is ductile and has a low melting point and density. In its molten state it can be processed in several ways.
- **Impermeable and odorless:** Aluminum foil is completely impermeable and does not allow light aromas and flavors of substances to escape.
- **Recyclability:** Aluminum is 100% recyclable without degradation of its qualities.

Industry expectations

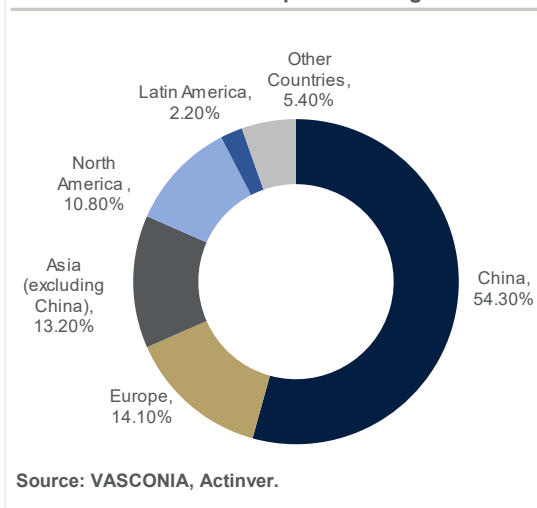
According to Statista Research Department, solid demand for aluminum is expected in the coming years. The aluminum market was valued at US\$147.2 B in 2018 and is expected to reach US\$189.8 B in 2026, registering a compound annual rate of 3.2% between 2019 and 2026. By 2021, solid demand is anticipated, driven mainly by the recovery of the construction and automotive sectors, which will generate an increase in volumes of around 4.3% compared to 2020.

Aluminum pricing scheme.

The selling price of aluminum is formulated internationally as the sum of the following three items:

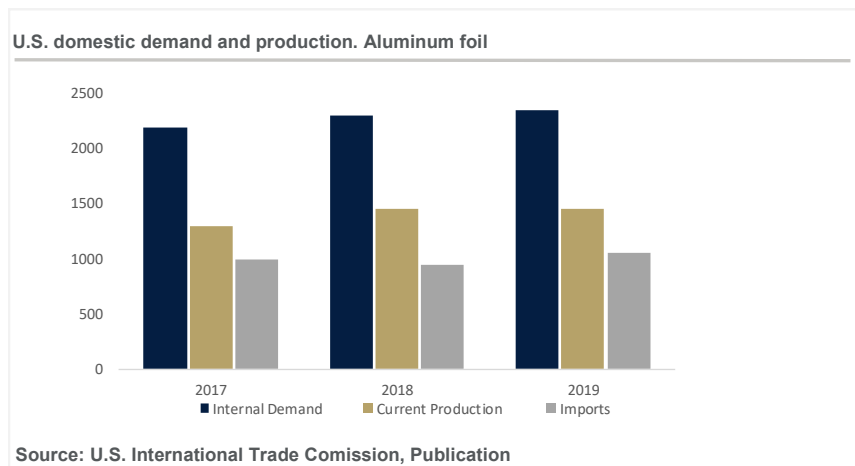
1. LME Aluminum P-1020 Selling Cash Settlement price, and generally a reference period is agreed upon between the seller and the buyer. A reference period over which an average is calculated typically the average of the prior month.
2. The Midwest premium also typically averages over the prior month.
3. The seller's conversion cost of the product, which includes its costs to convert the raw aluminum into the agreed-upon product. The agreed-upon product, in this case the sheet, plus its logistical, financial, administrative costs and, of course, its profit. The conversion cost, also called FAB, depends on the type of product in question, i.e. it depends on the alloy, thickness, width, etc., and it is generally agreed-upon and reviewed annually between both parties.

Aluminum Global Consumption Per Region



United States

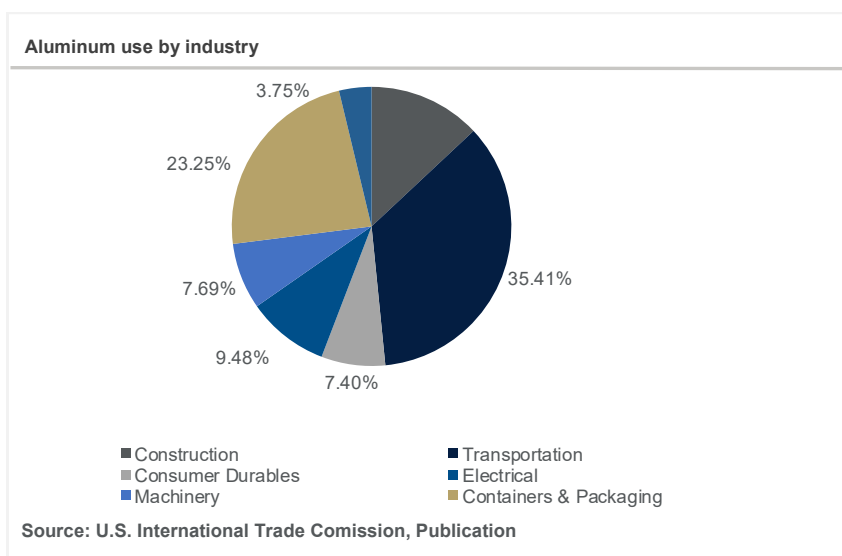
The high demand for aluminum in the United States, and a limited domestic supply of these alloys, leads to importing approximately 60% of the country's demand according to the U.S. International Trade Commission. In the past, this deficit was mainly covered by China, a country on which Anti Dumping (AD) and Anti Subsidies (CVDT) tariffs of between 80% and 190% were imposed during 2019, which caused a large drop in imports from that country.



USA imports 47% of its aluminum consumption

The drop in United States imports from China began to be covered by several countries in Europe, Asia, the Middle East, Africa and South America; however, at the end of 2020, the United States, upon detecting irregular practices, also imposed anti-subsidy countervailing duties on these countries.

In addition to the previously mentioned tariffs, since 2018, tariffs of 10% have been in vigor in the United States on the import of some aluminum products, including aluminum foil, according to the Decree issued by President Donald Trump, which allows the President of that country to impose these measures with the argument that national security could be put at risk. This measure, which applies to almost all countries in the world, was initially also applied to Mexico; however, in a Proclamation of May 19, 2019, which is still in effect to date, imports from Mexico and Canada were excluded from this tariff

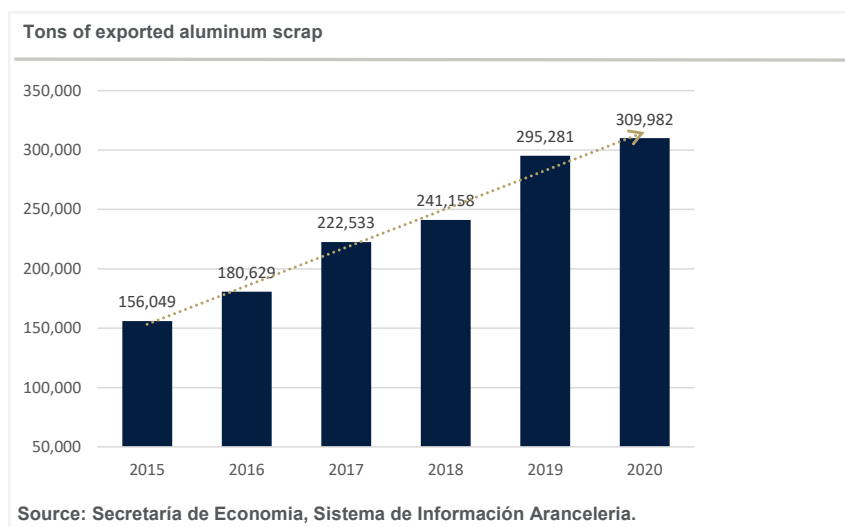


Aluminum Industry in Mexico

Aluminum plays a fundamental role in the Mexican economy, as it is used in many industries, such as construction, automotive, aeronautics, electronics and others. Mexico's annual production of the second most utilized metal in the world is 1.5 million metric tons, which is equivalent to 1.6% of the world production of approximately 92 million metric tons each year, according to data from the Confederation of Industrial Chambers of the United Mexican States (CONCAMIN). Although the aluminum sector reports a 12% growth worldwide, Mexico's aluminum industry is significantly smaller than that of its competitors.

The national association of the aluminum industry expects the industry to reach a 6% growth by the end of 2021, after the reopening of economic activities in the country as a result of the pandemic, which would surpass the levels of 2019. Aluminum recycling plays a significant role in the expansion of this industry in Mexico, since due to the scarcity of bauxite in the country, aluminum production is limited; Mexico imports bauxite mainly from the United States, from where 46.2% of total international purchases come from; in second place China, which represents 22.7% of imports; and the United Arab Emirates, with 3.8%.

Mexico has advanced methods and smelting plants in several parts of the country that exploit scrap and recycle it to create new aluminum products. The commercial trade of scrap and residues generated US\$525M in Mexico in 2019. During the first three quarters of 2020, Mexico purchased US\$22.79M of aluminum scrap and residues, while international sales amounted to US\$246.5M.



The current aluminum recycling capacity in Mexico is still not very clear, however, it is important to note that the market for beverage and food packaging aluminum foil represents a growth opportunity for the industry, as there is a strong global trend to replace PET with aluminum foil. Mexico currently imports around 30 thousand tons of this product per month, with growth rates of more than 10% in recent years.

Imported tons of aluminum beverage containers

	2016	2017	2018	2019	2020
Unalloyed aluminum foil for beverage containers	3,094	3,408	1,824	237	2,396
Aluminum alloy foil for beverage containers	214,466	245,272	299,105	356,331	392,256
Total Aluminum foil for beverage containers	217,560	248,680	300,929	356,568	394,652
Growth (%)		14.3%	21.0%	18.5%	10.7%

Valuation

Macro Assumptions

Our Actinver Economic Research Team anticipates a GDP growth for Mexico of 6.2% for 2021, and 2.9% for 2022. The GDP growth expectation for the US is of 6.3% and 4.0% for 2021 and 2022, respectively. During the first half of the year the advance of vaccination in developed economies and some emerging countries, has allowed the gradual return of people to their daily activities.

According to Our World in Data, at the end of June, 2021, in the US, 53.7% of the population has some type of immunity, in the Union European 40.4%, Brazil 33.5% and in Mexico 23.3%. The latter has allowed a sustained decrease in deaths and admission to intensive care, even with the appearance of new variants of the virus.

As a result, mobility has increased in the streets. According with Google data, the presence of people in recreational activities, including shopping centers, parks, theaters, cinemas, stadiums, etc., is located only 3.3% below pre-pandemic levels in the United States, -8.1% in Mexico, -9.1% in Germany and -20.2% in Brazil.

In this context, the local economy could recover to pre-pandemic levels by the end of 2021. Indeed, we anticipate Mexico's economy to continue driven by the reactivation of the US, which in turn, should be reflected into a 6.2% GDP expansion for 2021.

Regarding inflation, our Actinver Economic Research Team continues with its forecast outside the consensus, expecting the general index to end the year at 5.9%, while the underlying ends at 4.3%. This will favor a more restrictive monetary stance by the Banco de México, bringing the rate to 5.0% at the end of 2021 and 5.75% at the end of 2022.

As has happened throughout the year, we expect inflation to slow down staying above its statistical behavior during June. This is because we continue to see widespread increases in the prices of food and non-food goods, services and fuels. Fortunately, the start of the rainy season in the country has momentarily slowed the price increase that agricultural products presented.

Hence, there is two expected cycles of reference rate increases:

- The first, focused on curbing inflationary pressures, would be 125 bp to bring the rate from 4.00% to 5.25% by February 2022.
- The second, to face the reduction of liquidity measures of the Federal Reserve, it would be 75 bp taking the reference rate to 6.0% towards the end of 2023.

Moving into F/X, according to our Actinver Economic Research Team's Equilibrium Value Model, the exchange rate should close the year around P\$20.15 per USD in 2021 and P\$20.72 in 2022.

In the med term, upward pressure from the USD, derived from the expectation of a more restrictive stance by the Federal Reserve, should be offset by the increase in rates by the Banco de Mexico.

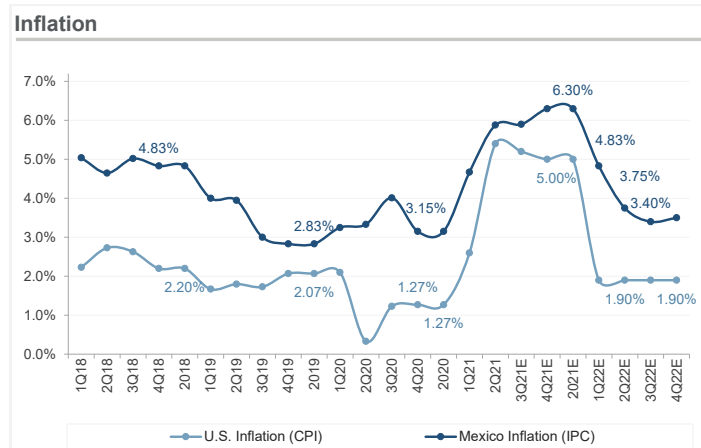
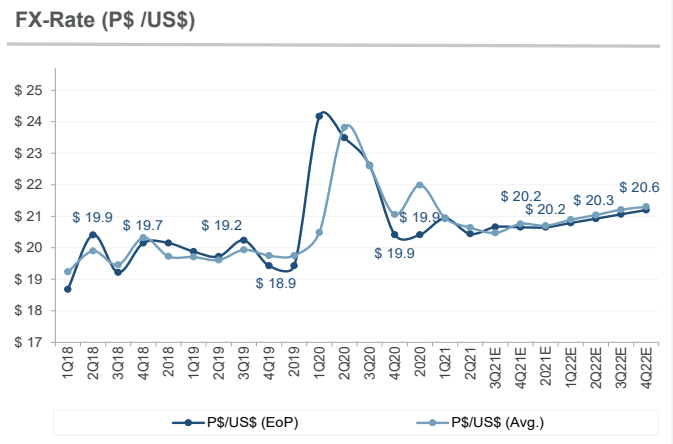
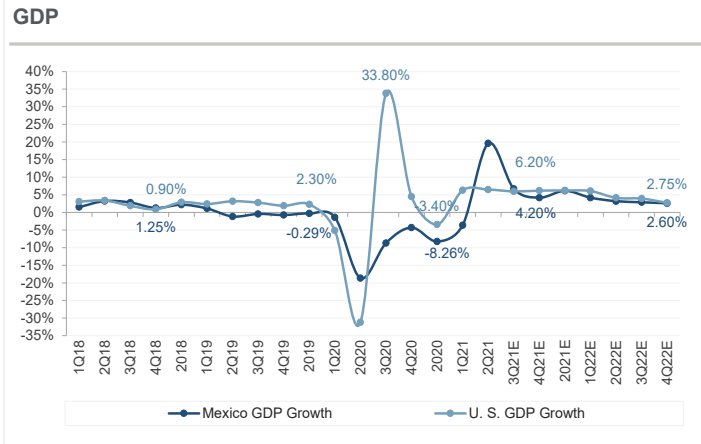
In the long term, the variables that could come into play will be; the position with which emerging economies face the increase in rates by the Federal Reserve, participation in some global chain of production that helps emerging economies weather the episodes, tighter monetary and fiscal policy by 2023.

Main Assumptions:

- We maintain a expectation of GDP growth of 6.2% for 2021 and 2.9% for 2022.
- Inflation should close the year at 5.9%, and 3.7% 2022.
- MXN should depreciate by 1.2% by yearend to close 2021 at P\$20.15.
- Banxico should increase the reference rate by 50 bps by the end of 2021 to reach 5.0%.
- The Federal Reserve (FED) should start to increase the reference rate by the end of 2022 or the beginning of 2023 .

In this sense, Mexico shows stronger economic fundamentals than that of other emerging economies.

All in all, with these notes, we now present (below) our macro assumptions, which we use in our VASCONIA earnings model in order to reach our forecasts.



Financial Forecasts

The model in which we project our key performance indicators (KPIs) for VASCONIA was built based on the installed capacity of Almexa, the continued market share gain in Vasconia Brands, and the strategic expansion plan of the company.

Main assumption for Almexa:

- Normalization of the aluminum price at US\$1,850 MT, after reaching its historical high in 2020
- An increased in the installed capacity from 36,000 MT in 2020, to 50,000 MT in 2021 and to 160,000 MT in 2022.
- Utilization capacity does not surpass 85% most of the time.
- Improvements in profitability coming from efficiencies, modernization of the plants, including the new plant in Veracruz and operating leverage. We expect an expansion of 150 bps in EBITDA margin in 10 years.
- Fiscal benefits for the following 3 years.

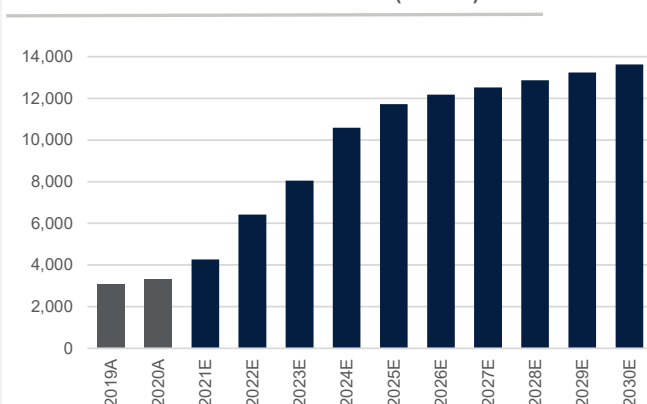
Main assumptions for Vasconia Brands:

- Accelerated growth during 2021, supported by the changes in the consumption dynamics due to the Covid-19 outbreak, combined with the company's efforts to continue gaining market share.
- Starting in 2024, Vasconia Brands should grow in line with economic activity and inflation weighted by region.
- Improvements in profitability should come from efficiencies, a better product mix and operating leverage. We expect an expansion of 200 bps in EBITDA margin in 10 years.

Consolidated Results:

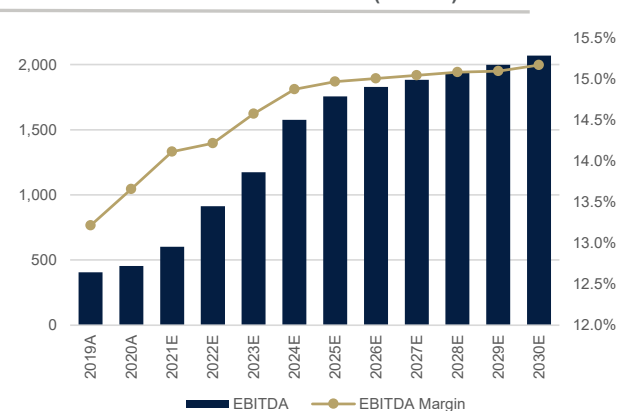
- Revenues of 2020 should be practically triplicated by 2024, due to the higher volumes coming from the new plant in Veracruz, and the increase of Vasconia Brands' market share in the US.
- EBITDA should move from P\$455M in 2020 to P\$1.6 B in 2024, reflecting an EBITDA margin expansion of 120 bps to 14.9%.
- Net income should reach P\$773 M in 2024 from P\$100 in 2020, supported by the operating performance and the lower interest expenses, as FCF should lead a significant reduction in net debt.
- After two years of sound CapEx, we anticipate a solid FCF generation, which in turn should lead to a net cash position by 2024.

VASCONIA's Consolidated Revenues (MXN M)



Source: Actinver.

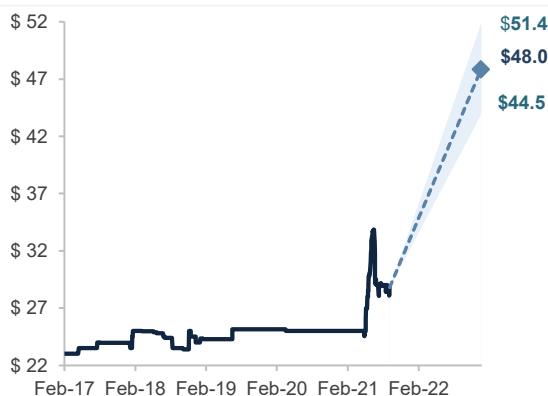
VASCONIA's Consolidated EBITDA (MXN M)



Source: Actinver.

Valuation: Methodologies, Key Assumptions & Scenarios

VASCONIA: Valuation Sensitivity & Price Target



Our yearend 2022 price target of P\$/share for was determined through the weighted average of the fair values reached in each of two models: central (50% probability) and alternate (50% probability), to which we applied different macro and operating assumptions.

In each model, we used a blended valuation methodology consisting of: i) Discounted Cash Flows (DCF) and ii) Sum Of the Parts applying a target multiple (adj. P/BV, EV/EBITDA). For each method, an equal 50% weight was applied for the calculation of their independent fair values (central & alternate).

With a 50% weight in the central scenario's P\$51.4/ shr. fair value and a 50% weight in the alternate's P\$44.5/ shr. fair value, we obtained our yearend 2022 price target of P\$48.0 for VASCONIA .

Central Scenario (50% Probability)

Macro forecasts: Mexico's GDP of +6.1% in 2021 and +3.0% in 2022; U.S. GDP of +6.2% in 2021 and +4.2% in 2022; year-end local inflation at 6.3% in 2021 and 3.5% in 2022; year-end FX at P\$20.15 /US\$ in 2021 and P\$20.70 in 2022; local reference rate at 5.00% YE2021, and at 5.75% YE2022.

Qualitative input: We assume a sequential recovery on Vasconia's operating countries, on the back of increased mobility trends, as respective vaccination processes pick up and the pandemic eases. Therefore, we are not considering new relevant Covid-19 outbreaks nor additional confinements or important setbacks to the epidemiological traffic lights evolution.

Valuation assumptions: We are using a 18.6% cost of equity (Ke) based on Damodaran's model: i) adjusted risk-free rate (RFR) of 3.41% based on a 5.41% Mx 10-YR sovereign bond (RFR) and a country risk premium (CRP) of 2.00%; ii) Adjusted equity risk premium (adj. ERP) of 8.08% based on an Mx ERP of 8.08% in US\$, an US EPR of 4.72% in US\$, and a long-term inflation spread of 1.30%; and iii) a 1.6 adjusted Beta. We use a perpetuity growth rate of 2.0%. Our DCF model incorporates a WACC of 15.0%. We should note that, our adjusted Beta incorporate the new projects execution risk, while our cost of risk includes a liquidity premium of 2.5%. In our multiple valuation methodology, we applied a 5.5x and a 7.5x target EV/EBITDA multiple for our 2022 estimates for the industrial and consumer businesses units, respectively.

Alternate Scenario (50% Probability)

Macro forecasts: Mexico's GDP growth of +4.0% in 2021 and +2.5% in 2022; U.S. GDP growth of +5.6% in 2021 and +3.9% in 2022; yearend local inflation at 3.55% in 2021 and 3.38% in 2022; yearend FX at P\$21.00/USD in 2021 and P\$20.50 in 2022; local reference rate at 3.75% YE2021, unchanged throughout YE2022.

Qualitative input: We assume a more challenging business environment, with a new resurgence of Covid-19 infections ending the spring holiday season, amid the reopening process of economies, especially in Latin America. Mexico would follow a situation similar to the one experienced in Europe (third wave), with new restriction measures on key entities. Non-essential businesses will face stricter measures, including temporary closures. Similar circumstances are expected in some or most countries where the company has operations.

Valuation assumptions: We are using a 21.3% cost of equity (Ke) based on Damodaran's model: i) adjusted risk-free rate (RFR) of 4.00% based on a 7.25% Mx 10-YR sovereign bond (RFR) and a country risk premium (CRP) of 3.25%; ii) adjusted equity risk premium (adj. ERP) of 9.42% based on an Mx ERP of 8.05% in US\$, an US EPR of 4.8% in US\$, and a long-term inflation spread of 1.30%; and iii) a 1.6 adjusted Beta. We use a perpetuity growth rate of 2.0%. Our DCF model incorporates a WACC of 17.0%. We should note that, our adjusted Beta incorporate the new projects execution risk, while our cost of risk includes a liquidity premium of 2.5%. In our multiple valuation methodology, we applied a 5.5x and a 7.5x target EV/EBITDA multiple for our 2022 estimates for the industrial and consumer businesses units, respectively.

Discounted Cash Flow (DCF) Model

In our base case scenario, we have reached an equity value of P\$51.4 per VASCONIA share through our discounted cash flow (DCF) model, based on a 10-year (2021-2030) explicit holding period from our earnings model.

The implied EV/EBITDA (LTM) multiple to our DCF-based equity value per share of P\$51.1 is 6.0x, still below the EV/EBITDA average of the company's peers.

For our alternative scenario, we reached a PT of P\$40.2 for 2022.

Discounted Cash Flow Model (DCF) : Central Scenario—2021-2030E

Figures In P\$ Millions, Otherwise Noted

(P\$m)	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
EBIT	325	558	802	1,200	1,375	1,434	1,482	1,532	1,581	1,634
- Tax	98	167	240	360	412	430	445	460	474	490
NOPLAT	228	391	561	840	962	1,004	1,037	1,073	1,107	1,143
+ Depreciation & Amortization	276	356	372	376	382	395	402	410	418	435
- Capex	617	225	209	265	293	305	313	322	331	341
+ Changes in WK	47	-492	-327	-455	-80	-37	-9	-9	-17	-48
Free Cash Flow	-66	30	397	496	971	1,057	1,117	1,152	1,177	1,190
Period	1	0	1	2	3	4	5	6	8	9
NPV	-76	30	345	375	638	604	555	497	384	338
+ NPV of FCF (2021-30E)	3,765									
+ NPV perpetuity	2,592									
Enterprise Value	6,358									
- Net debt	1,388									
+ Lifetime Brands Stake	148									
Equity Value	4,969									
- Minority Interest @ BV	0									
Market Cap	4,969									
Shares	96.69									
DCF Price Target	51.4									
Current Price	28.8									
Upside	78%									

Sum of the Parts (SOP)

In the second valuation method, we are assigning a target EV/EBITDA multiple of 5.5x to our estimated EBITDA of Almexa for 2022, and a target EV/EBITDA multiple of 7.5x to our estimated EBITDA of Vasconia Brands for 2022, both in a conservative stance, at a discount compared to its peers.

We are reaching a P\$51.5 price target for 2022 within our central scenario, while a P\$48.9 price target for 2022, in our alternative scenario.

Sum Of the Parts

	EBITDA 2022E	Implicit EV/EBITDA	Enterprise Value	Net Debt 2022E	Equity Value	Stake	Value to VASCONIA
Industrial	481	5.5x	2,648	n.a.	2,648	100%	2,648
Consumer	428	7.5x	3,210	n.a.	3,210	100%	3,210
Holding	4.5	6.4x	29	n.a.	29	100%	29
VASCONIA	914		5,857		5,857	100%	5,886
-Net Debt							1,053
+ Lifetime Brands Stake							148
Theoretical Value							4,981
Total Shares							97
Theoretical Price Target							51.5
Current Price							28.8
Upside							79%

Forecasted Income Statement

Figures In P\$ Millions, Otherwise Noted

Period	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
P\$M												
Net revenues	-11.1%	8.3%	27.8%	50.9%	25.3%	31.5%	10.8%	3.9%	2.8%	2.8%	2.8%	3.0%
	3,074	3,331	4,258	6,426	8,050	10,588	11,730	12,183	12,520	12,873	13,238	13,630
Cost of sales	2,441	2,781	3,287	4,947	6,184	8,130	8,979	9,312	9,548	9,796	10,053	10,331
Gross Profit	633	549	971	1,479	1,866	2,457	2,751	2,871	2,971	3,078	3,185	3,299
Gross Margin	20.6%	16.5%	22.8%	23.0%	23.2%	23.2%	23.5%	23.6%	23.7%	23.9%	24.1%	24.2%
SG&A	487	532	648	924	1,067	1,262	1,380	1,442	1,494	1,550	1,608	1,670
Others	7	175	-1	-2	-3	-4	-4	-4	-4	-5	-5	-5
Depreciation	253	263	276	356	372	376	382	395	402	410	418	435
Operating Profit	153	192	325	558	802	1,200	1,375	1,434	1,482	1,532	1,581	1,634
Operating Margin	5.0%	5.8%	7.6%	8.7%	10.0%	11.3%	11.7%	11.8%	11.8%	11.9%	11.9%	12.0%
	21.4%	12.0%	32.1%	52.0%	28.4%	34.2%	11.5%	4.1%	3.0%	3.1%	2.9%	3.5%
EBITDA	406	455	601	914	1,174	1,576	1,756	1,829	1,884	1,942	1,999	2,069
EBITDA Margin	13.2%	13.7%	14.1%	14.2%	14.6%	14.9%	15.0%	15.0%	15.0%	15.1%	15.1%	15.2%
Interest expense	-115	-106	-105	-145	-120	-106	-83	-83	-83	-83	-83	-83
Interest income	5	3	2	2	2	10	22	67	117	171	229	290
Other income (expense)	0	0	0	0	0	0	0	0	0	0	0	0
FX gains (losses)	-38	-5	0	0	0	0	0	0	0	0	0	0
Income before income tax	5	84	222	415	683	1,104	1,314	1,418	1,515	1,620	1,727	1,841
Income taxes	-19	-15	79	99	205	331	394	425	455	486	518	552
Net income before equity earnings of affiliate	24	100	143	316	478	773	920	992	1,061	1,134	1,209	1,289
Equity earnings of affiliate	0	0	0	0	0	0	0	0	0	0	0	0
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	24	100	143	316	478	773	920	992	1,061	1,134	1,209	1,289
Net income attributable to non-controlling interest	0	0	0	0	0	0	0	0	0	0	0	0
Net Income attributable to VASCONIA	24.4	99.6	143	316	478.3	772.7	919.7	992.4	1,060.8	1,134.3	1,209.2	1,288.6
Net Margin	0.8%	3.0%	3.4%	4.9%	5.9%	7.3%	7.8%	8.1%	8.5%	8.8%	9.1%	9.5%
EPS – basic and diluted	0.28	1.15	1.5	3.3	4.9	8.0	9.5	10.2	10.9	11.7	12.4	13.3
Dividends paid												
Dividend paid to VASCONIA												
Shareholders	-8	-3.5	-14.9	-21.5	-47.4	-71.7	-115.9	-137.9	-148.9	-159.1	-170.1	-181.4
Shares (M)	87	87	97	97	97	97	97	97	97	97	97	97
		(0.04)	(0.15)	(0.22)	(0.49)	(0.74)	(1.19)	(1.42)	(1.53)	(1.64)	(1.75)	(1.87)
EBITDA USD	21.1	21.2	30.0	45.4	57.1	74.1	80.8	82.6	84.0	85.5	86.8	88.7

Forecasted Balance Sheet

Figures In P\$ Millions, Otherwise Noted

Period	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
P\$M												
ASSETS												
Cash and cash equivalents	24	48	338	338	539	848	1,982	3,241	4,611	6,074	7,621	9,246
Clients	755	973	933	1,320	1,654	2,147	2,346	2,403	2,435	2,469	2,539	2,614
Inventories	983	902	991	1,423	1,694	2,116	2,214	2,296	2,354	2,415	2,479	2,547
Assets Held For Sale	88	203	148	148	148	148	148	148	148	148	148	148
Other Current Assets	32	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets	1,882	2,127	2,411	3,230	4,036	5,259	6,691	8,088	9,550	11,106	12,787	14,555
Investments	216	6	0	0	0	0	0	0	0	0	0	0
Rights to Use Leases	489	431	341	341	341	341	341	341	341	341	341	341
PP&E	1,272	1,480	1,820	1,689	1,526	1,415	1,327	1,237	1,147	1,059	972	878
Non Current Accounts Receivable	0	0	0	0	0	0	0	0	0	0	0	0
Intangible Assets & Goodwill	34	49	50	50	50	50	50	50	50	50	50	50
Deferred income tax	71	75	45	15	0	0	0	0	0	0	0	0
Other Non-Current Assets	17	12	10	10	10	10	10	10	10	10	10	10
Total Non-Current Assets	2,099	2,052	2,266	2,105	1,927	1,816	1,728	1,637	1,548	1,460	1,373	1,279
Total Assets	3,980	4,180	4,677	5,335	5,963	7,075	8,418	9,726	11,098	12,566	14,160	15,834
LIABILITIES												
Banks	280	405	405	405	405	405	405	405	405	405	405	405
Public	249	248	248	248	248	248	248	248	248	248	248	248
Other liabilities w/cost	0	0	0	0	0	0	0	0	0	0	0	0
Lease obligations ST	77	75	75	75	75	75	75	75	75	75	75	75
Suppliers	565	630	720	1,016	1,271	1,693	1,894	1,990	2,067	2,147	2,258	2,349
Deferred Income Taxes	0	0	0	0	15	20	25	30	35	40	45	50
Other accrued liabilities	227	59	63	95	119	156	172	179	183	188	193	198
Total current liabilities	1,399	1,417	1,512	1,840	2,133	2,597	2,820	2,927	3,013	3,103	3,225	3,326
Banks	149	194	194	194	194	194	194	194	194	194	194	194
Public	346	347	510	544	343	34	34	34	34	34	34	34
Other liabilities w/cost	0	0	0	0	0	0	0	0	0	0	0	0
Lease obligations LT	419	369	294	294	294	294	294	294	294	294	294	294
Suppliers	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Income Taxes	0	0	0	0	0	0	0	0	0	0	0	0
Other liabilities	36	41	41	41	41	41	41	41	41	41	41	41
Total non-current liabilities	950	951	1,039	1,073	872	563	563	563	563	563	563	563
Total Liabilities	2,349	2,368	2,551	2,913	3,005	3,161	3,383	3,490	3,577	3,667	3,788	3,889
EQUITY												
Total stockholders' equity	1,632	1,812	2,126	2,422	2,958	3,915	5,035	6,235	7,521	8,899	10,372	11,945
Non-controlling interest	0	0	0	0	0	0	0	0	0	0	0	0
Total Equity	1,632	1,812	2,126	2,422	2,958	3,915	5,035	6,235	7,521	8,899	10,372	11,945

Forecasted Cash Flow

Figures In P\$ Millions, Otherwise Noted

Period	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
P\$M												
OPERATING ACTIVITIES												
Net Income	24	100	143	316	478	773	920	992	1061	1134	1209	1289
Discontinued Operations	0	0	0	0	0	0	0	0	0	0	0	0
Income Taxes	-19	-15	79	99	205	331	394	425	455	486	518	552
Financial Income, Net	110	103	103	142.6	118.3	95.8	61.0	16.1	(33.7)	(88.0)	(145.9)	(207.3)
Depreciation, Amortization & Depletion	253	263	276	356	372	376	382	395	402	410	418	435
EBITDA plus non-cash items	368	450	601	914	1,174	1,576	1,756	1,829	1,884	1,942	1,999	2,069
Check	0	0	0	0	0	0	0	0	0	0	0	0
Working Capital Changes	71	-44	47	-492	-327	-455	-80	-37	-9	-9	-17	-48
Others	-26	-230	0	0	0	0	0	0	0	0	0	0
Net Cash Provided From Operating Activities	413	176	648	422	847	1,121	1,677	1,792	1,875	1,933	1,982	2,021
INVESTING ACTIVITIES												
Permanent investment	A	0	0	0	0	0	0	0	0	0	0	0
Capital expenditures	P	-150	-90	-617	-225	-209	-265	-293	-305	-313	-322	-341
Intangible investment	E	0	0	0	0	0	0	0	0	0	0	0
M&A	X	-16	0	0	0	0	0	0	0	0	0	0
Interest received		3	3	2	2	2	10	22	67	117	171	229
Others		-2	0	0	0	0	0	0	0	0	0	0
Net cash used for investing activities		-165	-87	-615	-223	-207	-255	-271	-238	-196	-102	-51
FINANCING ACTIVITIES												
New Debt		-41	136	0	0	0	0	0	0	0	0	0
Other financing		0	0	0	0	0	0	0	0	0	0	0
Dividends paid		-8	-3	-15	-21	-47	-72	-116	-138	-149	-159	-181
Int. Paid		0	-107	-90	-130	-105	-91	-68	-68	-68	-68	-68
Common shares buyback		0	0	0	0	0	0	0	0	0	0	0
Capital increase		0	0	0	0	0	0	0	0	0	0	0
Lease obligation payment		-75	-89	-91	-93	-95	-97	-100	-102	-104	-106	-111
Other		-114	0	0	0	0	0	0	0	0	0	0
Net cash used for financing activities		-237	-65	-196	-245	-248	-260	-284	-308	-321	-334	-347
Effect of exchange rate changes on cash		0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in cash and cash equivalents		10	24	-163	-45	391	606	1,122	1,246	1,357	1,449	1,533