

## GIS 4Q20 EARNINGS CONFERENCE CALL

March 3, 2020 @ 10am CT

**Melanie Carpenter:** Morning everyone, thank you for joining us, we will be starting momentarily as attendees are still coming in, so please stand by.

Okay folks, we are going to begin, all our attendees are in. First off good day everyone and welcome to GIS' fourth quarter 2020 earnings call, joining us today is GIS' Chief Operating Officer, Mr. Jorge Rada GIS' Chief Financial Officer, Mr. Saúl Castañeda and GIS' Investor Relations Manager, Mr. David Sandoval. Please be advised this Zoom call is for investors and analysts only.

During this call they're going to be discussing GIS' performance as per the earnings that we issued on Monday, if you didn't receive them, the report is now available on the website, which is gis.com.mx in the Investor Relations section. We encourage you to follow along on the on-screen presentation.

Letting you just know that all of your lines are on mute to prevent any background noise, we are going to have a question and answer session after management's presentation, we'll give you instructions on how you can keep yourself up for questions at that time.

Just some housekeeping items. Just remember management is definitely going to make forward-looking statements and they may be based on information that's currently available and they might subject, they might change due to a variety of factors. So for more detail on that, the earnings release has the disclaimer and also all the figures that they are going to be discussing are in US dollars unless otherwise noted.

So it's now my pleasure to turn things over to management. I'm going to turn the call over to Mr. Saúl Castañeda, the CFO of GIS to begin the presentation, so please go ahead Saúl.

**Saúl Castañeda:** Thank you very much Melanie, and thank you all for joining us today, on behalf of GIS, we hope that you and your families are in good health.

Starting with the fourth quarter results and its highlights, I would like to share with you, that we continue with outstanding results across our three businesses.

Last quarter we reported GIS' best EBITDA for the last eight quarters. In the fourth quarter, our EBITDA was 39 million, a 130% higher than 4Q19, and turned out to be a strong second half in terms of EBITDA and profitability margins.

Since 2019, we have been implementing a rightsizing strategy across our global operations. Even though the positive performance we started to see at the beginning of the year, was interrupted by the pandemic in the second quarter, the improvements we made, along with the market recovery, led us to achieve excellent results during the second half of the year.

In the back half of the year, our EBITDA margin was 18%, the highest profitability level since 2018, boosted by higher volumes, operating efficiencies and the rightsizing efforts I already mentioned.

Regarding sales performance, Draxton recovered volumes in all locations where it has operations. Our plant in Wuhu, China, had outstanding volume recovery. Globally, we achieved 14% growth year-over-year, and an EBITDA margin of 22%.

Vitromex grew 21% in Mexican pesos over the fourth quarter of 2019. Due to the dynamic remodeling sector in Mexico during the second half of 2020, we achieved the highest domestic sales in the company's history.

Cinsa grew 26% in Mexican pesos compared to the fourth quarter of 2019, achieving the highest sales in the last seven quarters. This was mainly due to a significant increase in exports, and the exponential growth on the e-commerce channel. These measures led us to an EBITDA margin of 12%.

As we have been mentioning in recent quarters, our financial position remains solid, and it is continuing to improve. If we annualized the second half of 2020, our EBITDA would have been higher than \$150 million. We have made significant cost reductions in our different business units, and we plan to continue reductions in this area. Our Net Debt to EBITDA was 1.9 times, far below last quarter. Given recent developments and performance expectations, we believe that by the end of the second quarter of

2021, the Company will reduce its leverage ratio to 1.4 times, providing us with more strategic flexibility. We also improved our cash levels, going from 76 million in the third quarter to 93 million at the end of last year.

GIS' stock offers an attractive return for our shareholders. We recently announced a dividend payment proposal of 1.97 Mexican pesos per outstanding share, which will be submitted at our next Annual General Shareholders' Meeting. This represents an average dividend yield for the 2020-2021 period of 5.7%.

In addition, we'll also be proposing cancellation of 9.7 million repurchased shares.

After suffering major impacts from the COVID-19 pandemic during the second quarter of the year, all of our business units recovered in the second half thanks to the internal efficiencies that we implemented. This led to results that were even higher than pre-pandemic levels in Sales and EBITDA.

As I previously mentioned in the highlights, GIS has maintained its solid financial position, with a Net Debt to EBITDA of 1.9 times and an expected 1.4 times for the second quarter of 2021. We have continued to maintain a very disciplined and responsible approach to our debt policy, even making early debt payments last year for up to 20 million dollars to pay down our Senior Secured Credit Agreement.

We benefit from financial flexibility since, as you know, thanks to the refinancing carried out during 2019, we don't have significant payments for the next couple of years.

I will now pass the presentation over to Jorge Rada. Please Jorge, go ahead.

**Jorge Rada:**

Thank you Saúl and good morning everyone. I hope you and your families are staying safe and are in good health.

Well, in the fourth quarter we saw a significant recovery across all our business units, which was highly influenced by the market recovery of the main economies where GIS operates; based on our efficiency programs we have been implementing, we will be very well prepared to take advantage of this recovery.

Despite being the first country affected by the COVID-19 pandemic, China has effectively controlled its cases and its economy grew more than 2% in 2020. Based on different forecasting sources, we expect 2021 to be a very good year for the Chinese economy.

In the US, even though it is the country with the highest number of cases, they have accelerated the vaccination rollout against COVID-19. Vaccine supplies are expected to increase during the month of March, improving immunity across the country and enabling the economic recovery to continue. We expect that by the second quarter, the United States' GDP will return to pre-COVID levels.

Europe's GDP was seriously impacted during the second quarter. After the different lockdowns and restrictive measures established in the European Union, we expect a gradual recovery throughout 2021.

Regarding Mexico, recovery is likely to be slower than in these other regions, but we also expect to see pre-pandemic GDP levels by the first half of 2022.

I will now turn to the automotive industry. In North America, demand for light vehicles continues to recover, supported by low interest rates and government stimulus packages. There is optimism in the US industry, with the possibility of new economic stimuli during the year, and the rapid development of the vaccination program against COVID-19.

Even though the second wave that hit Europe in the third quarter of 2020 has slowed down industry recovery there, vehicle sales showed an improvement this last quarter thanks to incentive programs. Volumes in Europe benefited during the fourth quarter of 2020 from the export of vehicles to different countries in Asia, and we are optimistic that this trend will continue in 2021.

In China, we saw a 6% increase in vehicle production year-over-year, and an 8% increase in sales. China continues to improve its levels due to domestic demand and economic growth.

Now, moving on to Draxton's performance, during the fourth quarter, our global foundry volume increased 12% year-over-year, due to recovery in our main markets, and new programs

launched. The numbers were 7% in North America, and 18% in Europe and Asia.

Our global sales grew 14% year-over-year, due to volume increases and the impact to our sales prices, due to indexation of scrap prices, which rose in the last months of 2020.

EBITDA closed at 34 million dollars, which is 22% higher than in the fourth quarter of 2019. Our EBITDA margin rose from 20% to 22% due to the efficiency, productivity and cost initiatives implemented throughout the business.

During 2020, Draxton secured its position as a leader in the brakes component sector, winning new contracts for 84 thousand tons, which will be launched in the coming two years. Moving forward with our strategy to grow and diversify our business in the hybrid and electric vehicles sector, our European division secured new businesses for our plants in Spain: one program to produce and machine stator carriers for hybrid cars; and one program to machine and paint components for electric truck battery holders or supports.

As part of our commitment to add value for our customers, we have created the DCCC, or, Differential Case Competence Center. This engineering organization will be focused on differential cases, which are a key component of the e-drives, or electric drives that are used on electrified vehicles and is complementing our other two centers, which is the BCC, which is the Brake Competence Center, and the Machining Technology Unit, that are the most important competence centers that we have formed in Draxton. In order to share lessons learned and best practices among all plants, we have also created the DKM, which we call it Draxton Knowledge Management, which is a system that supports the more than 250 projects that are in the process of being launched, and which amount to more than 200 thousand tons in our order book.

Now, moving to Vitromex, when comparing the fourth quarter of 2020 with the fourth quarter of 2019, we can see a 21% upside in revenues. In Mexico, we continue to observe a high level of activity associated with home remodeling, and derived from this, in the fourth quarter we attained the highest domestic sales in the company's history.

We associate the extraordinary performance of the company to our presence, service, and flexibility strategies, as well as to our portfolio renewal and our cost improvement. Speaking of which, during this quarter we achieved a 12% manufacturing cost reduction. Even though this is a big achievement, we will continue to work on our efficiencies to keep reducing our costs and to improve our profitability in the coming quarters.

Management of working capital at Vitromex resulted in strong cash flow generation of nearly 650 million pesos in the year, and 100 million pesos in the quarter.

Higher revenues, lower production costs, and optimization of fixed costs, led to an EBITDA of 87 million pesos in the quarter. In the US market the new strategy has been established, which includes commercial and operating tools to boost revenue during 2021. Regarding the Latin American market, we are very optimistic, witnessing now ordinary operations at borders and a steady increase in shipments.

Regarding Cinsa, our last, third business, the business continues to perform well and increased its sales in Mexican pesos by 26% against the fourth quarter of 2019, obtaining its highest sales in the last seven quarters. This growth was driven mainly by US exports and our Graniteware brand.

Our operating efficiencies allowed us to reduce our costs 11%, and just as at Vitromex, we are sure there are still opportunities to continue improving our costs.

Due to higher sales volumes and cost reductions, our EBITDA margin for this quarter was 12%, the highest level of profitability since 2012.

Now, I will now move to comment on some recent economic and market events, as you may know, the global semiconductor shortage is affecting not only the automotive industry but the manufacturing sector in general. Even though some of our customers are halting operations at some of their plants, we expect a marginal volume impact on our operations in the first half of this year, and we foresee a strong volume recovery during the second half of this year.

Regarding scrap iron, economic recovery in the US and China, along with the bad weather, has caused a global shortage that has impacted the prices of this raw material. However, the effect of this raw material's cost increase will be offset based on our price indexation formulas which are standard in this industry.

In mid-February, as a result of issues caused by extreme weather in some regions of Mexico and the US, some of our plants suffered minor disruptions due to energy shortages. Our volume demand was not affected; it was just postponed to the next couple of months.

And now I will pass the presentation back to Saúl Castañeda.

**Saúl Castañeda:** Thank you Jorge, regarding the outlook for our businesses...

In the short term, we expect Draxton to continue recovering along with the industry, supported by our cost reduction and operating efficiency strategies that are intended to continue increasing our EBITDA margins. In order to align our product portfolio with the market trends, we are working to maintain a high compatibility with hybrid and electric vehicles. In the medium term, we'll continue to benefit from the higher regional content established in the USMCA, and the relocation of customers to Mexico. Finally, we will continue to leverage our engineering and design capabilities, which are now supported by our new Competence Center, which focuses on differential cases and our system to promote continuous learning and improvement.

At Vitromex, as we previously said, we will continue to work on our cost efficiency and increase the share of exports in the total sales of the Company. We expect that in the medium to long term, we will be reinitiating regional growth in the US, as well as continuing to consolidate our leadership in the value segment and gain market share.

Finally, at Cinsa we will focus on expanding our footprint in the US, leveraging our brand portfolio. We will continue accelerating the e-commerce channel and all of our innovation initiatives to revitalize traditional channels. We are sure that in the short-term we will continue to see improvement in our cost competitiveness.

This concludes my remarks for today. Thank you for your attention. Operator, please begin the Q&A session.

**Melanie Carpenter:** Thank you Saul. At this time, we're going to open the floor for questions, first we're going to take questions from the conference call and then we'll take questions in the chat section.

So if you want to ask via the webinar please press the hand button and once your line is open a pop up window will appear to confirm if you'd like to activate your audio, please click on that and don't forget to say your name and your affiliation. In the case that you're connected via phone please press the star key followed by nine, once your phone line is open, please press star, followed by six before you start speaking again, please don't forget to say your name and company name and for the webcast viewers simply click the question mark button on your webcast player, a pop up window is going to appear and then you can simply type your question and hit send. So let us pause just a moment, we're going to see who is in the queue right now for questions.

And we have our first question is from **Alejandro Azar**, I'm going to unmute his line. Go ahead Alejandro.

**Alejandro Azar:** Hi, can you hear me?

**Jorge Rada:** Yes Alejandro, good morning.

**Alejandro Azar:** Good morning to everyone, Jorge, Saúl, Melanie; Alejandro Azar from GBM.

First of all, Saúl, congratulations on your new position, I am really happy for you and if I move on to the questions, I have several ones.

First, in Draxton, I'm a bit surprised by your performance in the fourth quarter above the industry. Would you see, would you say that GISSA has the contracts and the position to continue growing above industry level during 2021 and 2022 and then, if you could move on to or give us more color regarding your capacity utilization per region.

**Jorge Rada:** Okay, you want to go and answer the first question, and then you continue with the second or third questions, Alejandro?

**Alejandro Azar:** Yes, if that's easy for you.

**Jorge Rada:**

Yeah, no problem, sure. Look, the performance of Draxton in the fourth quarter was basically for two reasons, one is the strong recovery in all the markets where we are operating, remember that the second quarter was very, very slow. Actually some of our customers were stopped for or shut down for 10 weeks, something like that in the second quarter of last year, so second quarter was so bad that the recovering was very strong. The pipeline, the inventory was totally depleted so we had to accompany the industry by filling up the pipeline of the inventory, this is one. We will continue with this trend in the year 2021 because we see the shipping releases are very strong in the next quarters, so we really think that the recovery along with the vaccination programs in the countries will continue supporting the volumes in this industry worldwide, or at least in the market, where we operate, which is North America, Europe and China, this is one.

For the future, what I can tell you is that we have been very successful in the market, getting new programs, as we mentioned in the presentation, last year we got 84,000 tons of new programs, of course, some of these programs will be replacement programs because in this industry, you have always to get the replacement programs for some programs that are going to face out in the mid-term but what I can tell you is that, we expect in the next couple of years that based on the new progress programs that we have obtained in the last two years our volumes will be about... our sales actually will be about 10% or more higher than the pre-pandemic levels. Remember, something that was very important we haven't made a lot of noise about this, but in Mexico, we launched in 2020 a third line in our plant in Irapuato, in Evercast, that line is additional volume and is going to be filled up in the next months, actually we are operating at a very good rate already in Irapuato, and if we continue talking about other plants, for example China, China by the end of the year we were breaking records of volumes, because that plant has been there for many years, but we never sold as much as we sold in the last quarter of 2020 and based on the programs that we have obtained from the customers, we expect this volumes to continue growing. So just as a summary of this answer, we expect a growth that is higher than the industry for sure, for the reasons that I have mentioned. We will take advantage of the relocation of customers to Mexico, because of the USMCA we are already seeing that migration and we are being very successful and getting most of the programs for, especially for breaks that are being relocated to

Mexico, so most probably in Mexico, even we might need to add additional capacity soon.

**Alejandro Azar:** Jorge, when you mention 10% growth, that's in dollar terms right? it's not volumes.

**Jorge Rada:** Yes.

**Alejandro Azar:** And if I can ask you about the fourth quarter, did you have a metal lag impact, due to the increasing scrap prices during the quarter?

**Jorge Rada:** Yeah, I can tell you yes, but it was not as high as it will be in the first quarter of 2021. In 2021... remember that we have a formula that is - how to say - indexation of the crap prices to our sales prices and there is a gap or a lag of about two to three months in which when the prices go up in the next couple of months we transfer this price increases to our customers. So definitely, there was a lag but we expect that this is going to be temporary and maybe by the second quarter of 2021 the prices are going to continue to come back to normal, maybe never to the original level, because when the pandemic was at the highest level, the prices of the scrap were really low, now the prices went up dramatically and we expect the prices to go back to normal. When this happens, then the metal lag effect will be the opposite, but we are seeing in the first quarter, that we will report for sure in the first quarter you will see the opposite effect when the prices start to go down in the second and third quarter of this year.

**Alejandro Azar:** Excellent Jorge, thank you and, if I can move on to my second question on Vitromex, we are seeing extraordinary levels of demand across the industry. What are you seeing in terms of your volumes, how is your capacity utilization in Vitromex and would you mention that these levels of volumes of these high levels of operating leverage is driving you to those extraordinary margins? What would you say that... or would you say that in 2021 you would expect Vitromex to have margins around 8% and 9% I mean EBITDA margins.

**Jorge Rada:** Well, the volumes at Vitromex are - how to say - influenced a lot by the trend in the market at this moment that is remodeling since many, many people are not going out for vacation or for rest, to eat, having dinner at restaurants. We see that many people, not only in Mexico, but around the world are making remodeling of their homes and this has created an extraordinary demand that

we continue to see this year. When is this going to stabilize or come back to normal? We don't know yet, but definitely there is a chance that this boom will - let's say - stop and at that moment we expect the construction of new buildings and houses to go up again, so we have to be careful to observe the development of this market because we may need to continue producing as much as we are doing right now; now for a different reason, but the reason is the new construction. So yes, our plants are running at full capacity in this moment and we are improving a lot our efficiency, our productivity, our quality and we are improving also our presence and service level to the customers in all the markets where we participate so... our team is very focused on improving efficiencies and trying to give a higher output, so we can take advantage of this demand and increase our volumes. So in 2021, at least for the first year, we continue to see very strong demand for products in Mexico, and we are developing our new strategy to re-enter the market in the US, where we expect by the second half of this year to be increasing our volumes there.

**Alejandro Azar:**

Excellent and my last question, Jorge. On your press release, you mentioned that by analyzing your second half of 2020 you get to \$150 million in EBITDA would it be fair to say that that's your objective for 2021?

**Jorge Rada:**

Well, yes... we just need to remember that the second half of 2020 was relatively high in volumes, based on the recovery of the markets, but we see this year to be more or less as strong as the second half of last year, so if this repeats, we think that that would be the level - let's say - the run rate that we will have from now on and if we continue to grow, the volume as I told you before in the first question, this number will continue to grow in the next years.

**Alejandro Azar:**

Excellent. One more, if I may, on your CapEx... did you have some deferrals during 2020 that we're going to see in 2021?

**Jorge Rada:**

Yes, we had to stop some projects, definitely the project that we could postponed. Some projects last year were not postponed because we had commitments to customers. Especially in Draxton, when you agree that the start of production of a new program is going to be in certain date, you better be on time with the new investment so some of those commitments were there, we just talked to the customers and if they were sure that these dates would be sustained, then we kept the investment, but many

other investments, we had to stop or postponed. So this year, if you would like to hear a number, the number of CapEx for this year will be around \$40 to \$50 million dollars, which is more or less normal standard CapEx level for Draxton.

**Alejandro Azar:** Okay, thank you very much Jorge. That would be all my questions.

**Jorge Rada:** Thank you Alejandro.

**Saúl Castañeda:** And thank you Alejandro for your comment.

**Melanie Carpenter:** Okay, we're going to take one from the webcast we have **Orlando Zelaya** who is asking about Mexico's vehicle production and exports. There were some weakness during the beginning of 2021, has this had an impact on GISSA's operations? Does it have to do with the January lockdowns in certain sectors or does it have to do with the natural gas issue in Texas?

**Jorge Rada:** Well, there are several issues. One of the issues is lockdowns, in our opinion in North America, have not been a strong impact anymore. Maybe the semiconductor issue, which is a shortage of this kind of materials in the automotive industry, is affecting the volumes in the first quarter of the year, but this is going to be temporary. We expect that this is not affecting demand, fundamentally this is just affecting a little bit some plants that are shutting down for a couple of weeks until they come back to normal so after this stops, the shortage is eliminated, then we expect strong recovery for the second quarter sorry, second quarter or second half of the year, so we don't see this as a fundamental impact in the industry based on demand, it is based maybe on the shortage of this semiconductors and maybe the weather was another issue, you remember that Texas and the north of Mexico were impacted but in general we don't see that these to be staying for many months.

**Melanie Carpenter:** Excellent. Just a reminder if you want to ask a question, if you are on the panel you'll see a little hand icon please press the hand icon. If you're via phone we're going to ask you to press star nine on your phone and that'll show us that you want to ask a question. We received another one, it's from **Jorge Lagunas** and it says, regarding your expectation of a lower net debt to equity ratio of 1.4 for 2Q21, do you plan to use operating cash flow for prepayments?

- Jorge Rada:** Saúl.
- Saúl Castañeda:** Sure, I can take that Jorge, thank you. Regarding cash flow, I will say it is important to mention that our top priority in operation is always working capital and CapEx but definitely we will be analyzing any strategic opportunity related with finance with financing, recognizing or prepayments, but it is important to mention that operation needs will be top priority always.
- Melanie Carpenter:** Okay and then he has a second question, which is what are your expectations regarding your portfolio, do you want to continue with organic growth or maybe some inorganic opportunity or maybe a divestiture of any sort?
- Jorge Rada:** Well it's an interesting question. Regarding our portfolio, I mean at the moment we have three businesses, the bulk of the business is Draxton which is by far the number one in terms of size, the second one is Vitromex and then Cinsa which is relatively small compared to the other two businesses.
- In the automotive industry, especially in our sector in Draxton, we see that there may be opportunities for consolidation over the industry in the next couple of years, so based on our balance at the moment and based on our capabilities that we have developed to integrate businesses that we have acquired in the recent past, we see that Draxton is very well positioned to take or participate strongly in this potential consolidation of the industry so answering the question, yes, Draxton is going to grow organically but it's also considering or will consider in the moment that it comes as an opportunity, the possibility to make an acquisition. We don't have at the moment anything firm, but we are considering that this possibility may come.
- In the case of Vitromex, Vitromex is core, it is part of our core at GIS and we can say that we will continue attending the markets in Mexico, US and Latin America. At the moment we are not considering any acquisition.
- In the case of Cinsa, is a small business, we plan to continue with Cinsa. However, in case that there is an opportunity and somebody would like to - I mean - it would make sense for another company, to take Cinsa business, we will consider it. We have said that in the past, and this is not new, but at the moment what I can

tell you is that we don't have any decision or anything that we can see in the short term to make an acquisition or a divestiture.

I don't know if I answered the question, it was a long answer, but I tried to do the best to give you a very good picture of what we plan to do.

**Melanie Carpenter:** No, that's excellent Jorge.

Jorge Lagunas had one more, which is, if you can share any consolidated or granular guidance for 2021 in terms of EBITDA and or revenues, I think Saúl would take that.

**Saúl Castañeda:** Sure, I can take this one Melanie. Let me tell you that we are pretty aware of relevance of guidance in markets, I will say that, in the other hand, at this moment, a lot of companies are analyzing this practice and I will also mention that GIS has moving forward, providing general outlook perspectives and CapEx, as you know, in our earnings release. But I will say also that definitely we're going to make a deeper analysis to find out if we can complement or forward looking, probably with any other important aspect as sales or EBITDA, we can take a look on this.

**Melanie Carpenter:** Okay, excellent. We have one from **José Salce**, he's asking... the excellent dividend of 1.97 pesos per share, was that a catch up for not having a dividend declared in 2020 or was it for having fewer projects in Mexico?

**Saúl Castañeda:** I can take that.

**Jorge Rada:** Yes Saúl.

**Saúl Castañeda:** You can complement me if you want. Sure, I will say that it is important to remind that, as he mentioned in 2019 we didn't have... sorry, in 2020 we didn't have payment of dividends so yes, it is a catch up, but also an important dividend yield for 2020 and as we mentioned during the conference, this will represent around a little less than 6% around 5.7% dividend yield... average dividend yield in both years so even when we do not have a specific policy... dividend policy, we would like to have this objective internal but I wouldn't say that it's a, it is a good dividend because we don't have projects, if you can take a look in the earnings release, you can see that we will have around \$50 million dollar, related to CapEx, so I will say regarding the

excellent results of the company and the solid financial position, that we are able to have this catch up dividend of previous year and the 2021 dividend.

**Melanie Carpenter:** Excellent, thank you Saúl. I don't see any more questions folks, if you want to ask through the web panel remember there's a little hand icon just press that so we can see that you'd like to ask a question if you're on the phone just please press star nine.

Oh, I see one more hang on. **Alejandro Azar** has a follow up, we're going to unmute his line... Alejandro? Your line is open, if you want to follow up.

**Alejandro Azar:** Thank you again, just one last one. On Cinsa, as you mentioned, on your comments you're seeing a strong growth in your exports to the US, would it be fair if we take the same absolute figure that you guys sold in the US during the second half, for annualizing it for 2021? I mean just on your exports...

**Jorge Rada:** I would say so, Alejandro, I think that our team is receiving and is making a very good job at exploiting I would say, the North American market and we see still a very strong demand from the markets that we are servicing in the US. Actually we have a brand that we are licensing, the name is Graniteware, this Graniteware brand is being very successful in the US. So we expect these sales in that market to continue very strong, so this year actually we see in the next months, we have the demand very strong and we don't see how we could not assume that the levels will be the same or even better.

**Alejandro Azar:** And also Jorge, I think that your profitability levels are high, because of these type of sales, this value or product mix added to the whole Cinsa, right?

**Jorge Rada:** Not only that Alejandro, I can tell you that more or less the same as Vitromex, we have implemented a very strong recovery program. We have a very good team, because we have in our team people who used to work in the company before who know exactly what to do, what levers to move and how to improve the productivity of the plants and the efficiency of our operations in general, so we have obtained very good cost reductions and at the same time, we have been very successful in marketing and selling, so the two components are part of the equation, so it's

not only the sales, the higher sales, but also a cost and efficiency improvements.

**Alejandro Azar:** Great. Thank you again and congratulations on the results.

**Jorge Rada:** Thank you Alejandro.

**Saúl Castañeda:** Thank you Alejandro, we appreciate it.

**Melanie Carpenter:** We actually... we don't see any more questions we're just going to pause one second if anyone has any final question asked through the webinar, thorough the webcast. We're not seeing anything at this time, so I'm going to turn it back to Saúl Castañeda, for some closing remarks.

**Saúl Castañeda:** Thank you Melanie. Thank you once again for your interest in GIS, please don't hesitate to contact us if you have further questions and we hope you stay healthy and safe. Have a nice day.

**Jorge Rada:** Have a nice day, thank you.

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