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Earnings Release 3Q20
Highest EBITDA in the last eight quarters

Saltillo Coahuila, Mexico, October 27, 2020 -- Grupo Industrial Saltillo, S.A.B. de C.V. (BMV: GISSA) ("GIS" or the "Company"), a Mexican multinational company focused on the automotive, construction and housewares markets, today announced its results for the third quarter of 2020 ("3Q20").

Financial Highlights

Millions of US$

	Third Quarter			Nine Months		
	2020	2019	Var %	2020	2019	Var %
Sales	**205**	**216**	**(5)**	**511**	**686**	**(26)**
Draxton	143	155	(8)	348	501	(31)
Vitromex	44	43	2	116	136	(15)
Cinsa	18	16	12	47	52	(11)
EBITDA	**38**	**33**	**14**	**58**	**95**	**(39)**
Draxton	32	35	(7)	58	104	(44)
Vitromex	4	(1)	NA	3	(11)	NA
Cinsa	2	(1)	NA	1	1	52
Net Income	**11**	**6**	**86**	**(17)**	**30**	**NA**
Margin	5%	3%		-3%	4%	
EPS (US$)				**(0.02)**	**0.07**	**NA**
CAPEX	**9**	**11**	**(22)**	**24**	**33**	**(25)**
Draxton	8	10	(9)	19	25	(20)
Vitromex	1	2	(34)	4	7	(40)
Cinsa	0	0	0	0	1	(0)
Net Debt				**204**	**232**	
Net Debt / EBITDA				**2.7x**	**1.9x**	

2019 EBITDA includes effects from the restructuring process at Vitromex for US$ 5.8 million.

Highlights during the Quarter

Draxton

- The automotive market continues to recover from the effects of COVID-19
- Casting volume is expected to reach 90% of pre-COVID levels by year end
- Despite lower volumes, the EBITDA-to-Sales Ratio reached the same level as in 3Q19 thanks to rightsizing and efficiency programs
- New contracts were awarded for FCA, Honda, Hyundai, Subaru, Daimler and Volkswagen in the quarter

Vitromex

- Highest quarterly sales volume since March 2017
- Productivity and efficiency in operations, along with higher volume, drove a 16% reduction in the unit cost vs. 2019, excluding the unfavorable effect of dollar-denominated supplies
- EBITDA of $97 million pesos, or 10% of sales, which is the best result in the last 16 quarters
- Efficient management of working capital generates cash flow of approximately $200 million pesos in the quarter, and $600 million pesos year to date

Cinsa

- Highest sales of the last six quarters, driven by exports
- EBITDA margin of 11%
- Recovery in US sales volume

GIS

- Best quarterly EBITDA result for the last eight quarters
- EBITDA was US$ 37.7 million (18% margin), 360 basis points higher than in the first quarter
- Solid financial position, with a healthy cash level of US$ 76 million at the end of the quarter, Net Debt-to-EBITDA of 2.7x
- Net leverage with annualized EBITDA for the last quarter is just 1.4x

Message from the Chief Executive Officer

I hope that you and your families are in good health in the midst of this pandemic. The priority at GIS continues to be to protect and support our employees, therefore we have spared no resources to achieve this end. The measures we have taken have protected the health of our employees and strengthened our operations.

During the third quarter, we saw a very significant recovery in all of our businesses due to the gradual opening of economies, fiscal and monetary stimulus programs for the principal economies, and replenishment of the supply chains. It should be noted that more than 70% of GIS's revenues come directly or indirectly from economies that have benefitted from stimulus packages.

Draxton's EBITDA margins were higher than those in the first quarter, despite the lower volumes resulting from the pandemic. The rightsizing program that started last year continues to drive significant margin improvements both in North American and European manufacturing facilities. The Chinese market has recovered to pre-COVID levels. During the quarter, our customers continued to award us new projects, which assure us both medium- and long-term growth.

Sales at Vitromex grew 16% over the same period of the prior year. Volumes improved after the channel was replenished following reopening of the economy, and due to increased home remodeling activities in Mexico.

The profitability recovery plan for Vitromex continues apace on solid foundations, attaining an EBITDA-to-Sales Ratio of 10%. This is mainly due to significant cost reductions, renewal of the product portfolio, and very relevant improvements in the service level.

Cinsa, in turn, increased its revenues in pesos by 27%, due to a significant increase in its exports, resulting in an EBITDA margin of 11%.

On a consolidated level, GIS's EBITDA was the best it has been in the last eight quarters, and its net debt leverage based on annualized EBITDA for the last quarter was only 1.4x.

There are still many opportunities for efficiency improvements in operations and commercial development, which we will capitalize on in the following quarters as we continue to implement our strategies. I am certain that the plans for improvement, added to the strengthening of our financial picture, will allow GIS to capture many profitable options for growth.

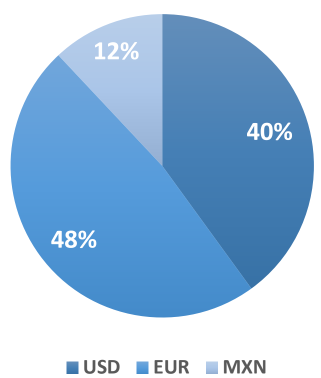
Manuel Rivera
Chief Executive Officer

Debt Profile

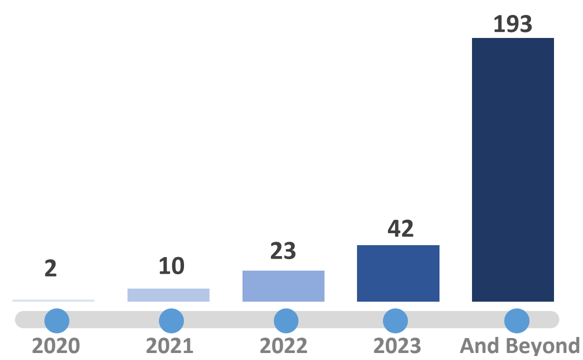
As of September 30, 2020, interest-bearing liabilities, including leasing, rose to US$ 280.4 million.

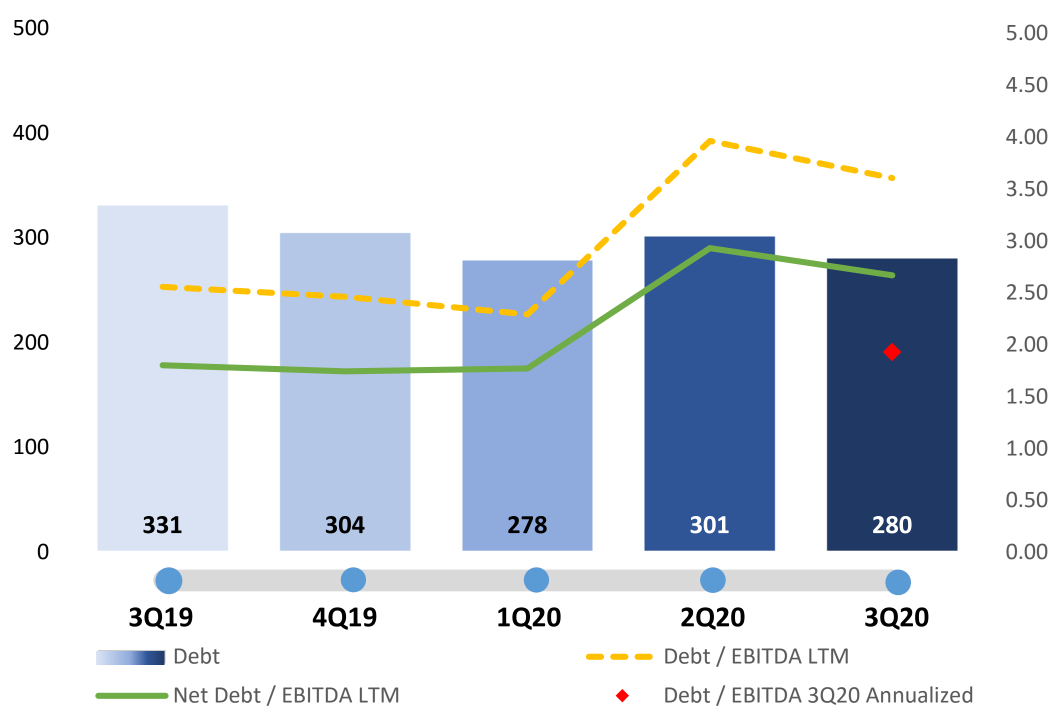
Note: Net liabilities including leasing were US$ 204.4 million.
Euro/dollar exchange rate: 1.1670
The amount from leasing under IFRS 16 is equal to: US$ 11.2 million.

Interest-bearing liabilities by foreign currency
(by cash flow generated in each currency)



Payment Table
US$ Millions





DRAXTON

Auto Parts Sector

Industry Data (Thousands of Vehicles)

	Third Quarter			Nine Months		
	2020	2019	Var %	2020	2019	Var %
Vehicle Production	**20.0**	**21.0**	**(5)**	**50.4**	**66.1**	**(24)**
North America	4.0	4.0	(0)	9.1	12.5	(27)
Europe	4.2	4.7	(10)	11.1	16.0	(30)
China	6.3	5.8	9	15.7	17.3	(9)
Vehicle Sales	**20.6**	**21.8**	**(6)**	**53.0**	**66.4**	**(20)**
North America	4.7	5.2	(10)	12.2	15.2	(20)
Europe	4.7	4.8	(2)	11.6	15.6	(26)
China	6.2	6.0	4	15.9	18.0	(12)

- **North America**
  Light vehicle sales in the USA are trending upward, supported by government stimulus packages, low interest rates, and extended loan payoff periods. The seasonally adjusted annual rate (SAAR) in September was 16.2 million units. Solid production levels are expected for the rest of the year, due to the recovery in demand and low inventory in the supply chain.

- **Europe**
  Incentive programs in the main markets in the region, such as Spain, France, Germany, and the United Kingdom, drove up volumes in 3Q20. The main risk for the region is a second wave of infections from COVID-19, which could cause the economy to recover more slowly.

- **China**
  The economy has been gaining ground, and the outlook for GDP in 2020 has improved. The demand for vehicles continues to be backed up by government incentives and subsidies. OEMs continued accelerating production and did not have their typical stoppages in July and August, accumulating inventory prior to the October festivities.

Business Results (Millions of US$)

	Third Quarter			Nine Months		
	2020	2019	Var %	2020	2019	Var %
Foundry Volume[1]	**91,589**	**96,876**	**(5)**	**222,099**	**304,266**	**(27)**
North America	50,583	55,532	(9)	117,176	162,316	(28)
Europe / Asia	41,006	41,344	(1)	104,923	141,950	(26)
Machining Volume[2]	**1,927**	**2,078**	**(7)**	**5,050**	**6,755**	**(25)**
North America	1,015	1,225	(17)	2,565	3,687	(30)
Europe / Asia	912	853	6	2,484	3,068	(19)
Sales	**143**	**155**	**(8)**	**348**	**501**	**(31)**
North America	72	84	(14)	169	250	(32)
Europe / Asia	70	72	(2)	178	251	(29)
EBITDA	**32**	**35**	**(7)**	**58**	**104**	**(44)**
Margin	**23%**	**23%**		**17%**	**21%**	

1. **Volume of iron casting, including Evercast (tons)**
2. **Iron and aluminum machining, includes Evercast *(thousands of parts)***

Volume

Foundry volume in 3Q20 was 5% lower than in the same period of 2019; however, this was significantly higher than in 2Q20, due to the reopening of the main markets where we operate. The volume of our operations in North America contracted 9% in 3Q20 vs. the same period of last year, in line with the contraction in the region's automotive industry as a whole. The volume of Draxton Europe and Asia continues to recover, and is only 1% behind the same period of last year.

All OEMs have already opened their vehicle assembly operations, and they continue increasing volume gradually. Fiscal and monetary stimulus packages in the USA and Europe are having a positive impact, and have helped the economy recover more quickly than anticipated, thus a higher level of sales is expected over the next few months.

Sales

Draxton reported sales of US$ 143 million in 3Q20, an 8% contraction against the same quarter of the prior year, due to the lower volume of foundry and iron machining, mainly in Mexico, as well as the impact of lower iron scrap prices, which are a pass-through to our customers. Sales from our operations in Mexico were US$ 72 million, 14% lower than in 3Q19, while Draxton Europe and Asia reported sales of US$ 70 million, 2% lower than in the same period of the prior year.

EBITDA

EBITDA during the quarter behaved similarly to sales (-7%), closing at US$ 32 million. Nevertheless, although sales were lower than in 3Q19, the margin increased to 23% due to rightsizing efforts, as well as efficiency and productivity improvements during the quarter.

For the last quarter of the year, we expect the recovery in the automotive markets to accelerate, and we estimate that our volumes will reach 85-90% of pre-COVID levels; however, our EBITDA margin will continue to improve, as compared to pre-COVID levels, thanks to our rightsizing and efficiency programs.

During the third quarter of 2020, Draxton obtained new projects from end customers like FCA, Honda, Hyundai, Subaru, Daimler, and Volkswagen, to be launched in the following two years, thus validating its position as the brakes component leader in the automotive market. In line with our strategy to grow in the trucks market, we were awarded new business for brakes from our customer Knorr-Bremse. Draxton also secured its first contract with Tenneco for machined chassis supports for Daimler.

As part of our growth and diversification strategy, the following events deserve mention: in 3Q20, the Draxton China plant began the first program for machined differential housing for Volkswagen, for the Chinese and European markets. Draxton's plant in Barcelona launched the first secondary flywheel made of vermicular graphite iron for ZF, thus expanding our portfolio of materials and technologies. Finally, Draxton won a contract for engine supports for Renault-Nissan, with a volume of more than one million high-performance machined parts in the material SiMo (Silicon Molybdenum), which underpins our strategy to offer high-performance materials to our clients.

Joint Ventures

GISEderlan, our joint venture plant with Fagor Ederlan in Mexico that machines iron castings, also showed improved results in 3Q20, in conformance with the recovering auto industry. The business unit reported revenues of US$ 8 million.

VITROMEX

Millions of pesos

	Third Quarter			Nine Months		
	2020	2019	Var %	2020	2019	Var %
Sales	**977**	**840**	**16**	**2,482**	**2,608**	**(5)**
EBITDA	**97**	**(17)**	**NA**	**60**	**(211)**	**NA**
Margin	*10%*	*-2%*		*2%*	*-8%*	

Millions of US$

	Third Quarter			Nine Months		
	2020	2019	Var %	2020	2019	Var %
Sales	**44**	**43**	**2**	**116**	**136**	**(15)**
EBITDA	**4**	**(1)**	**NA**	**3**	**(11)**	**NA**
Margin	*10%*	*-2%*		*3%*	*-8%*	

Sales

Revenues at Vitromex in 3Q20 grew 16% with respect to 3Q19, where a strong recovery was seen in the market following the negative effects caused by the pandemic. In Mexico, we observed a strong level of activities associated with home remodeling. Vitromex was able to respond to market needs, serving the extraordinary demand associated with replenishing the channel in a flexible and timely manner.

In Mexico, a portfolio with successful designs has contributed not only to improving profitability, but also to enriching the product mix. With respect to exports to the USA, we are preparing the launch of a new commercial strategy, with benefits expected in 2021. In Latin America, the market recovery has been slow due to restrictions on mobility and economic activities.

EBITDA

The heavy focus on improvement of manufacturing processes enabled Vitromex to set records in several productivity, efficiency and quality indicators, being able to significantly decrease the unit cost of production, which in the third quarter dropped 16% vs. the average seen in 2019, measured without the impact of dollar-denominated supplies, which had an impact due to a weaker Mexican peso.

In 3Q20 the operations team attained the best unit cost of production it has seen over the last 15 quarters, and is pursuing "stretch" objectives to drive the sustainability that enables us to continue offsetting increases in raw materials and energy prices.

Vitromex's operations focus on continuous improvement, establishing objectives to attain world-class levels of efficiency, productivity and performance. This means that processes and practices will gradually reflect additional cost improvements.

The dynamism of revenues in Mexico, and the strong cost reduction, led to a 3Q20 EBITDA of $ 97 million pesos, 10% of sales, which is the best result since September 2016.

Operating performance and strict management of working capital showed strong cash flow generation of nearly $ 200 million pesos in 3Q20, and $ 600 million pesos year to date.

Millions of pesos

	Third Quarter			Nine Months		
	2020	2019	Var %	2020	2019	Var %
Sales	**398**	**314**	**27**	**998**	**1,003**	**(1)**
EBITDA	**42**	**(17)**	**NA**	**27**	**18**	**52**
Margin	*11%*	*-6%*		*3%*	*2%*	

EBITDA in 3Q20 includes $ 12 million pesos in expenses for: (i) prevention and attention to COVID; and (ii) non-recurring expenses.

Millions of US$

	Third Quarter			Nine Months		
	2020	2019	Var %	2020	2019	Var %
Sales	**18**	**16**	**12**	**47**	**52**	**(11)**
EBITDA	**2**	**(1)**	**NA**	**1**	**1**	**52**
Margin	*11%*	*-6%*		*3%*	*2%*	

EBITDA in 3Q20 included US$ 0.5 million in expenses for: (i) prevention and attention to COVID; and (ii) non-recurring expenses.

Sales

- A 700% increase in e-commerce sales, and a 210% increase in exports to the USA with respect to the same period of the prior year
- Growth of 129% in the category of food processors compared to 3Q19
- Good performance in the catalog channel
- Slow recovery in the wholesale channel

EBITDA

- Due to operating efficiencies, there was a 12% reduction in variable costs, and a 17% reduction in fixed costs with respect to the same period of the prior year

Quarterly Conference Call Information

The conference call to discuss the Company's results will take place on Friday, October 30 at 10:00 a.m. (Mexico City). It will be in English, and will include a question and answer session.

GISSA will be enhancing its call by conducting it via Zoom's Webinar platform. In order to gain access, we ask that you please register in advance via this link:

https://us02web.zoom.us/webinar/register/WN_tUzLmVQvRwyNRzdU12glUg

Upon registering, you will receive a confirmation email containing the Webinar access information codes.

Analyst Coverage

As GIS has securities listed under Section I of the List referred to in provision 4.002.00 of the Mexican Stock Exchange Internal Regulations (shares, and more recently securitized notes), and given the importance of continuing to participate actively in the securities market, in compliance with provision 4.033.10 of that Regulation, the financial entities that provide Analyst Coverage of GIS' securities are the following:

Institution	Analyst
GBM	Alejandro Azar Wabi
Signum Research	Alain Jaimes
BBVA	Montserrat Araujo Nagore
Santander	Rubén López
Actinver	Lilian Ochoa
Apalache (CIBanco – Vector)	Jorge Lagunas

Reporting Basis

Numbers are stated in US dollars (US$) unless otherwise indicated.

Due to conclusion of the sale of Calorex in 2019, the financial information of GIS and the Construction Sector exclude data from that business in that period. In order to better evaluate the results by segment and to avoid distortions in comparability, management uses a specific methodology based on the services that it actually provides, and it collects amounts for brand usage rights from the business units, applying a specific percentage to the distribution of corporate services to each segment for standardization.

Notes to the Financial Statements

We recommend reviewing the notes to the financial statements, which are a part of the quarterly report presented to the Mexican Stock Exchange.

Disclaimer

This release may contain certain statements and forward-looking information about Grupo Industrial Saltillo S.A.B. de C.V. and its subsidiaries (collectively, the "Company") that are subject to risks and uncertainties that may cause the Company's results to differ materially from management's current expectations. These risks and uncertainties include, but are not limited to: development and marketing of new products; demand and acceptance of the Company's products; competitors' products and prices; economic conditions in the markets and geographic regions where the Company sells its products; changes to the rules of foreign trade or treaties to which Mexico is a signatory, as well as foreign currency fluctuations, among others.

Annex – Outlook

	Short Term	Medium to Long Term
Draxton + JVs	• Sales and EBITDA recovering after dropping due to the COVID-19 pandemic • Gradual recovery is expected in the fourth quarter of 2020. Rightsizing strategies, cost reductions, and productivity enable recovery of EBITDA margin to pre-COVID levels	• The relocation to Mexico of brake producers will bring along growth opportunities for Draxton, which may involve some investments to satisfy new demand • Expanded margins due to growth in machining products, arising from an outsourcing strategy by OEMs and Tier 1s in all markets
Vitromex	• Consolidate revenues and maintain market share in Mexico • Resume growth in international markets after re-opening • Consolidate operating strategies and cost flexibility	• Additional cost improvements, closing in on benchmark standards to drive profitability • Reinitiate regional growth in the USA through a new commercial strategy
Cinsa	• Focus on sales growth in the USA • Support for commercial partners in the gradual recovery of the traditional channel, and seasonal self-service promotions	• Accelerate market penetration in the USA with own brands and Graniteware • Accelerate e-commerce • Continue driving our innovation initiative • Accelerate improvements in operating efficiencies

— **Estimated CAPEX in 2020 (Millions of Dollars)**

	CAPEX
Draxton + JVs	• North America 19-22 M • Europe and Asia 13-15 M
Vitromex	7 M
Cinsa	1 M
TOTAL	**40-45 M**

Annex – Consolidated Income Statement

Millions of US$

Grupo Industrial Saltillo, S.A.B. de C.V.
Consolidated Information

	3Q			YTD		
	2020	2019	% Change	2020	2019	% Change
Revenues	**205**	**216**	**(5%)**	**511**	**686**	**(26%)**
Draxton	143	155	(8%)	348	501	(31%)
Vitromex	44	43	2%	116	136	(15%)
Cinsa	18	16	12%	47	52	(11%)
Cost of Sales	156	169	(8%)	415	553	(25%)
General Expenses	30	32	(7%)	96	98	(2%)
Other Expenses (Income), Net	0	0	N/A	0	0	N/A
EBIT	18	14	**29%**	(1)	35	**N/A**
Draxton	19	23	(17%)	20	67	(71%)
Vitromex	2	(4)	N/A	(6)	(22)	N/A
Cinsa	1	(2)	N/A	(1)	(2)	N/A
EBITDA	38	33	**14%**	58	95	**(39%)**
Draxton	32	35	(7%)	58	104	(44%)
Vitromex	4	(1)	N/A	3	(11)	128%
Cinsa	2	(1)	N/A	1	1	52%
CFR	3	4		7	19	
Income Tax	3	4	(42%)	11	2	330%
Discontinued operations	0	(2)		0	(20)	
Consolidated Profit	12	7	76%	(19)	33	N/A
Profit from non-controlling interest	(1)	(1)		1	(3)	N/A
Profit from controlling interest	11	6	86%	(17)	30	N/A

Note 1: The line "Income/Loss from Discontinued Operations" for 2019 includes a charge for US$ 10.6 million, as well as Other Restructuring Expenses, which arise from suspension of operations at the Saltillo plant in the floors and ceramic coatings business, Vitromex.

Note 2: The line "Income/Loss from Discontinued Operations" for 2019 includes a credit due to divestment of the water heater business, Calorex.

Note 3: Integration of Sales and EBITDA by business includes a corporate line item to reach the consolidated number.

Annex – Consolidated Balance Sheet
Millions of US$

Grupo Industrial Saltillo, S.A.B. de C.V.
Consolidated Information

	sep-20	dec-19
ASSETS		
Current Assets		
Cash and cash equivalents	76	89
Accounts receivable	117	136
Inventories	67	96
Assets classified as held for sale	0	1
Property, plant & equipment, net	**469**	**510**
Investments in associates and JVs	**6**	**7**
Goodwill	167	199
Other assets	267	222
TOTAL ASSETS	**1,168**	**1,259**
LIABILITIES		
Current Liabilities		
Current liabilities at cost	4	0
Trade payables	120	136
Other current liabilities	80	101
Liabilities included in assets classified as held for sale	0	0
Non-current Liabilities		
Non-current liabilities at cost	255	283
Deferred taxes	6	8
Other non-current liabilities	88	71
TOTAL LIABILITIES	**553**	**600**
TOTAL SHAREHOLDERS EQUITY	**616**	**659**
TOTAL LIABILITIES AND EQUITY	**1,168**	**1,259**

Annex – Information on Derivatives and Forwards

Type	Referring to	Contractor	Notional Value	Conclusion Date	Currency	Item Covered
Forward	Local currency needs	Draxton Poland	2,300,000	Sept. 21, 2020	PLN	Cash Flow
Forward	Local currency needs	Draxton Czech Republic	41,320,000	Dec. 11, 2020	CZK	Cash Flow
Forward	Local currency needs	Vitromex	420,000	Dec. 15, 2020	EUR	Cash Flow
Forward	Local currency needs	Vitromex	465,000	Dec. 15, 2020	US$	Cash Flow
Cross Currency Swap	Securitized Notes	GISSA	625,000,000 / 29,302,936	Oct. 24, 2021	EUR/MXN	Securitized Notes
Cross Currency Swap	Syndicated Loan	GISSA	95,000,000 / 85,241,284	Sept. 11, 2025	EUR/US$	Syndicated Loan
Interest Rate Swap	Syndicated Loan	GISSA	75,000,000	Sept. 11, 2025	US$	Syndicated Loan