GIS Reports 3Q21 Results
GIS increases Vitromex's installed capacity to support growth strategy

Saltillo Coahuila, Mexico, October 21, 2021 -- Grupo Industrial Saltillo, S.A.B. de C.V. (MSE: GISSA) ("GIS" or "the Company"), a Mexican multinational company focused on the automotive, construction and kitchenware markets, publishes results for the third quarter of 2021 ("3Q21").

Financial Highlights

Millions of USD

	Third Quarter			Nine Months		
	2021	2020	Var %	2021	2020	Var %
Sales	**248**	**205**	**21**	**747**	**511**	**46**
Draxton	169	143	19	521	348	50
Vitromex	53	44	19	151	116	31
Cinsa	26	18	45	76	47	63
EBITDA	**23**	**38**	**(40)**	**99**	**58**	**71**
Draxton	19	32	(42)	83	58	42
Vitromex	6	4	40	18	3	483
Cinsa	2	2	(13)	6	1	346
Margin (%)	9%	18%		13%	11%	
Net Debt				**189**	**205**	
Net Debt/EBITDA				**1.4x**	**2.7x**	

- At Vitromex and Cinsa, we continue to see growth in revenue driven by a strong domestic demand, as well as by higher exports. In these businesses, the ability? to offset strong increases in raw materials and energy through operating efficiency and productivity stands out

- Vehicle demand is very solid. However, the semiconductor shortage continues to limit the production of automakers globally. As a result, vehicle inventories are at historical lows and OEM's have not been able to fulfill demand. As the semiconductor supply chain recovers, analysts forecast an increasing level of vehicle production in the coming quarters to cover Pent-Up demand and recover inventories

- Draxton's margins are pressured by historically high scrap iron prices, that is transferred to prices with a three-month lag and, particularly in Europe, unprecedented increases in electricity costs

Manuel Rivera, CEO of GIS, noted: "We have deployed actions to further improve our operating costs to address this temporary challenges. We remain cautiously optimistic that in the coming quarters our volumes will be recover and the raw material and energy prices in Europe will be stabilized. The fundamentals are solid and we are continuing with our investment programs".

Highlights for the Quarter

Draxton

- **Temporary disruption** due to semiconductor shortages, high scrap iron prices and energy costs in Europe
- **The impact on Draxton's volumes has been lower than the impact on the industry** mostly due to new assignments in North America, although the product mix has been more favorable for lower value-added products. When scrap iron prices stop increasing, the lag effect in the pricing formula for our products will disappear
- **Draxton's strong fundamentals and competitive position are reflected in volume awarded on new programs,** 115 thousand tons in 2021, most notably for braking system components, which are 100% compatible with hybrid and electric vehicles. In addition to the expansion at Draxton SLP announced last quarter, we are considering an additional expansion to address the strong commercial performance and volume outlook in the industry

Vitromex

- **Domestic market demand remains dynamic. Vitromex reached record sales in the quarter**
- Profitability Recovery Program on track through operational improvements and commercial strategies driving margin, with stable **double-digit EBITDA to sales (12%)**, reaching MXN 123 million in the quarter
- **EBITDA for L12M came to MXN 442 million**, a solid and consistent trend of profitability recovery
- The production line improvement actions implemented in the previous quarter allowed us to **increase capacity by 10%**
- To take advantage of market growth, we will install an additional kiln at our San Jose 2 plant, with an investment of USD 11 million, which will start operations by the end of 2022. This investment, along with our Q2 actions will increase our production capacity by 15%

Cinsa

- **Export dynamism** continues to be the main driver of revenue growth
- Sharp increases in cold rolled steel prices have been partially mitigated by **price and product mix improvements, and particularly by strategies that have boosted productivity and efficiency**

GIS

- **Revenue of USD 248 million**
- Rising input and energy prices, along with the lag of raw material indicators, **temporarily affect EBITDA margin, which stood at 9% or USD 23 million.**
- **Last twelve-month EBITDA of USD 138 million**
- Healthy financial position with a **leverage level of 1.4x Net Debt / EBITDA**, while maintaining strength and flexibility to evaluate growth opportunities

Message from the CEO

During the third quarter, the automotive industry's production continued to be affected by the lack of components. The recovery we anticipated in the semiconductor supply chain has been delayed by a plant fire in Japan and closures in Malaysia due to the pandemic. We expect vehicle production, to a large extent, will return to normal during the first half of 2022.

Additionally, scrap iron prices reached historical levels that affected margins due to indexation formula lags (Draxton's average delay of three months). In the last few weeks, prices of this input have stabilized, which would considerably reduce this effect and also normalize metal indicators, which due to the recent volatility have been distorted.

We have also seen unprecedented increases in the cost of electricity in Europe, which has jeopardized several industries. Analysts and futures markets are forecasting a significant reduction by the second quarter of 2022.

We are aware that the external challenges we face today are temporary, which is why we have reactivated several *rightsizing plans,* similar to those we implemented in 2020, to mitigate the adverse effects on the situation. We will continue to prioritize productivity that will further strengthen our competitive position.

Although these issues' normalization will likely be consolidated in 2022, we believe that by the end of this year we will start to see the gradual recovery of the supply chain and the vehicle production of our customers.

As a further demonstration that events are temporary, we continue to receive new volume orders that show Draxton's competitiveness. So far this year, we have obtained orders for 115 thousand tons. Draxton continues to make progress in the installation of its new line in SLP and is evaluating an additional line to meet the in-process orders.

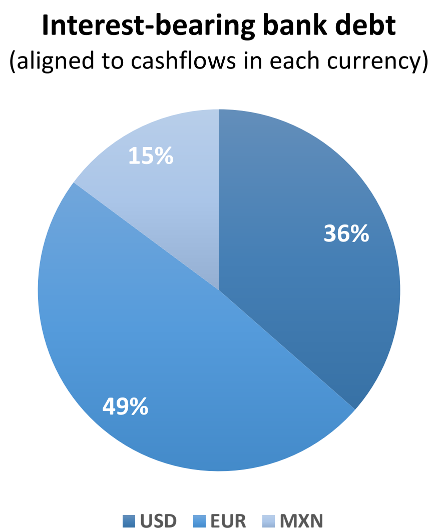
At Vitromex and Cinsa, we continue to see strong domestic demand and a higher share in exports, reaching strong sales levels. In these Businesses, operating improvements continue to be reflected in unit cost reductions, largely offsetting increases in raw material and energy prices. Their profitability recovery has been solid and consistent.

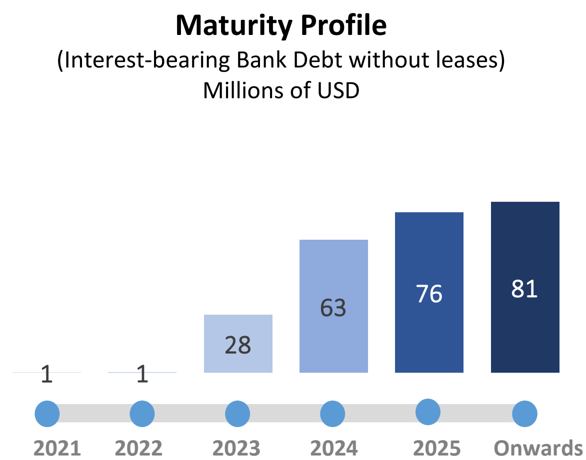
Today, GIS's financial health allows it to continue analyzing further investment opportunities.

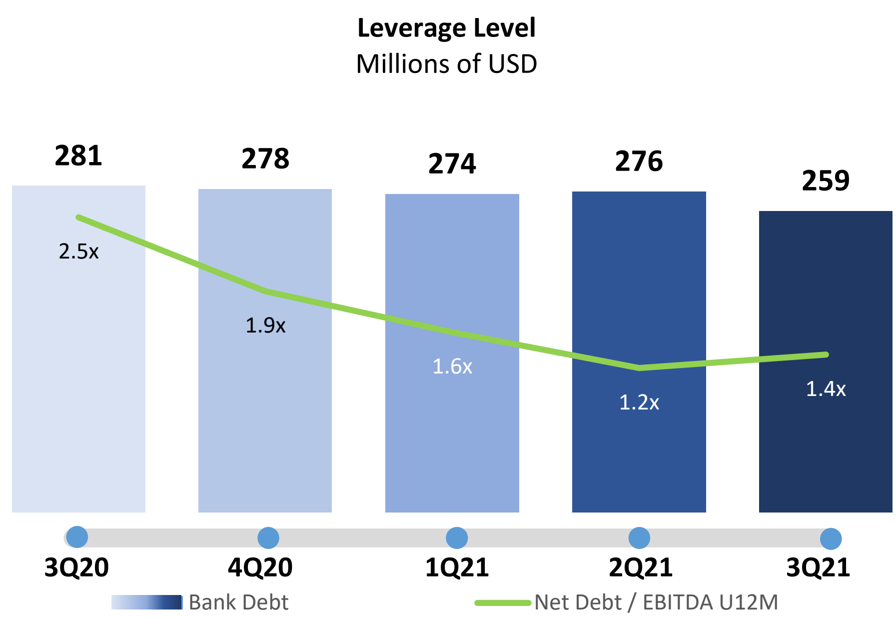
Manuel Rivera
CEO

Debt Information

As of September 30, 2021, interest-bearing bank debt, including leases, were USD 259 million. Cash generation allowed GIS to close with a Net Debt of USD 189 million.







Exchange rate used to convert Euros to Dollars: 1.1618
IFRS16 leases came to USD 10 million

DRAXTON

Industry Data (Thousands of Vehicles)

	Third Quarter			Nine Months		
	2021	**2020**	**Var %**	**2021**	**2020**	**Var %**
Vehicle Production	**16.9**	**20.5**	**(17.5)**	**56.3**	**51.0**	**10.4**
North America	3.1	4.0	(23.2)	9.9	9.2	7.7
Europe	3.4	4.4	(21.3)	12.3	11.3	8.8
China	5.3	6.4	(16.9)	17.0	15.8	7.7
Vehicle Sales	**18.7**	**21.1**	**(11.4)**	**60.0**	**53.5**	**12.2**
North America	4.2	4.7	(9.2)	13.9	12.2	14.3
Europe	3.9	4.8	(17.1)	13.0	11.7	11.1
China	5.5	6.6	(15.9)	17.3	16.3	6.4

- **North America**
  Vehicle sales for the first nine months of 2021 showed a growth rate of 14.3% YoY, although the third quarter was down 9.2% compared to the same period in 2020. This is due to the low level of vehicle inventories caused by the 23.2% reduction in vehicle production arising from the semiconductor shortage. A gradual recovery in production is expected starting in 4Q21, continuing throughout 2022.

- **Europe**
  Cumulative vehicle sales in 3Q21 were up 11.1% vs. 2020. However, due to the semiconductor shortage that caused a 21.3% drop in vehicle production, 3Q21 sales were down 17.1% YoY. As in North America, production levels are expected to recover from 4Q21 onwards.

- **China**
  The Chinese market has also been affected by the semiconductor shortage, with sales down 15.9%, and vehicle production down 16.9% in 3Q21 vs. 3Q20. Incentive and subsidy programs for electric vehicles have been extended to 2022 to help the domestic market.

Business Results (Millions of USD)

	Third Quarter			Nine Months		
	2021	2020	Var %	2021	2020	Var %
Casting Volume[1]	**93,706**	**91,589**	**2**	**299,936**	**223,170**	**34**
North America	55,280	50,583	9	163,395	118,248	38
Europe / Asia	38,426	41,006	(6)	136,541	104,923	30
Machining Volume[2]	**1,676**	**1,927**	**(13)**	**5,540**	**5,050**	**10**
North America	898	1,015	(12)	2,639	2,565	3
Europe / Asia	778	912	(15)	2,902	2,484	17
Sales	**169**	**143**	**19**	**521**	**348**	**50**
North America	94	72	30	262	169	55
Europe / Asia	76	70	8	259	178	45
EBITDA	**19**	**32**	**(42)**	**83**	**58**	**42**
Margin	**11%**	**23%**		**16%**	**17%**	

1. **Volume of iron casting (Tons)**
2. **Machined iron and aluminum (Thousands of Pieces)**

Volume

Global casting volume for 3Q21 was 2% higher than the same period in 2020. Despite limitations in vehicle production due to semiconductor shortages, Draxton was able to mitigate this drop in volume with recent product volume awarded mostly in North America.

- Draxton North America volume increased 9% in 3Q21, mainly due to the launch of recently awarded new programs and the consolidation of the third line in Evercast. We are optimistic about volume growth in the coming quarters based on vehicle production returning to normal in North America, as well as programs being launched.

- Draxton Europe and Asia was down 6% in casting volume and 15% in machining volume, mostly due to reduced customer demand caused by semiconductor shortages. Momentum remains high in commercial vehicle parts volume in the region, which will provide a better mix in Europe, while in China, our solid order book puts us in an excellent position.

The combination of strong demand and limited vehicle production due to the global semiconductor shortage continued to decrease vehicle inventories to less than 25 days in the U.S. The impact of the semiconductor shortage is estimated to have peaked in 3Q21, and a recovery in vehicle production levels is now expected, which makes us optimistic for the coming quarters, as automakers will have to address pent-up demand and replenish inventories of the supply chain.

Sales

Draxton recorded sales of USD 169 million in 3Q21, 19% YoY, mainly due to the significant increase in iron scrap prices, partially passed on to customers based on indexation formulas, which have a three-month lag on average.

Draxton North America sales were USD 94 million, 30% higher than in 3Q20, while Draxton Europe and Asia recorded sales of USD 76 million, 8% higher YoY.

EBITDA

Cumulative EBITDA for the first nine months of the year was USD 83 million, 42% higher than last year. For 3Q21, EBITDA was USD 19 million, compared to USD 32 million in 3Q20. The main factors affecting this quarterly result were increases in raw material prices and their lag vs. sales prices, as well as increases in energy cost, mainly in Europe. We consider these effects to be temporary, and expect them to be resolved as the semiconductor supply chain is re-established and automotive industry volumes return to normal levels; as input prices stabilize, like we have begun to see in recent weeks; and as energy costs in Europe are reduced. This last effect is already beginning to be seen in forward energy price quotes for 2Q22 onwards.

Commercial Performance

During the third quarter of the year, Draxton won new business contracts for 35 thousand tons per year for a total of 115 thousand tons won this year, which shall be launched over the next 18-24 months. Among these programs won, a new contract for brake components that shall be assembled on a platform used exclusively for electric vehicles is highlighted.

Based on this outstanding commercial performance and the industry outlook in North America, adding to the capacity announced last quarter for Draxton SLP, which will start operations in late 2022, Draxton is evaluating the need for an additional expansion to meet programs that we expect to win in the coming months.

VITROMEX

Millions of pesos

	Third Quarter			Nine Months		
	2021	2020	Var %	2021	2020	Var %
Sales	1,056	977	8	3,042	2,482	23
EBITDA	123	97	26	355	60	492
Margin	*12%*	*10%*		*12%*	*2%*	

Millions of USD

	Third Quarter			Nine Months		
	2021	2020	Var %	2021	2020	Var %
Sales	53	44	19	151	116	31
EBITDA	6	4	40	18	3	483
Margin	*12%*	*10%*		*12%*	*3%*	

Sales

Revenue growth of 8% confirms the positive trend observed in the year, mainly due to higher volumes and a more favorable product mix. The exceptional demand caused by the pandemic continues and has allowed us to keep moving significant volumes in our main distribution channels.

Volumes in the U.S. continue to improve thanks to the new commercial strategy. Additional opportunities will continue to be explored to increase penetration in this market. In Central and South America, growth continues in line with previous quarters. Excellent commercial relationships have given us the opportunity to increase our presence in different markets.

In the previous quarter, we implemented actions to improve our production lines, which increased our capacity by 10%, and will allow us to continue to meet the demand of the markets in which we participate and improve the service we provide to our customers.

In September, an investment of USD 11 million was authorized to increase installed capacity by 2 million m^2 in one of our plants in the state of Guanajuato to support our strategy of sustained growth in sales volumes. This investment, along with the actions taken in the second quarter, will increase production capacity by a total of 15%.

EBITDA

In the third quarter we reported an EBITDA of MXN 123 million, 26% higher YoY. The results of our profitability recovery strategy and margin expansion have been constant during the year. In L12M figures, Vitromex EBITDA came to MXN 442 million. The efficiency and operational excellence actions implemented have allowed us to post a sustained double-digit margin. We remain optimistic that this margin expansion trend will continue.

Millions of pesos

	Third Quarter			Nine Months		
	2021	2020	Var %	2021	2020	Var %
Sales	**523**	**398**	**31**	**1,528**	**998**	**53**
EBITDA	**34**	**43**	**(22)**	**128**	**27**	**368**
Margin	*6%*	*11%*		*8%*	*3%*	

Millions of USD

	Third Quarter			Nine Months		
	2021	2020	Var %	2021	2020	Var %
Sales	**26**	**18**	**45**	**76**	**47**	**63**
EBITDA	**2**	**2**	**(13)**	**6**	**1**	**346**
Margin	*6%*	*11%*		*8%*	*3%*	

Sales

The third quarter had a 31% growth in revenue compared to 3Q20. This increase is mainly explained by:

- Exports to the U.S. and Canada grew 17% and 129% to other countries
- 48% growth in the traditional channel and 30% growth in the modern channel
- Institutional channel sales grew 6 times and 28% in the catalog channel

EBITDA

EBITDA for the quarter was 22% below the amount reported last year. Increases in the price of raw materials, mainly cold rolled steel, which has tripled in the year, were partially offset by the alignment of prices to the market, higher volume, as well as efficiency actions in costs and expenses.

Outlook

	Short Term	Medium - Long Term
Draxton	• Recovery of the automotive industry in the coming quarters • Stabilization of the main input costs, the impact of metal lag will disappear. • Energy prices returning to normal in Europe as of 2Q22 • We will continue to focus commercial efforts on the electric and commercial vehicle market	• New casting line at Draxton SLP, Mexico to start production in late 2022 • With good prospects for additional growth in Mexico, additional capacity expansion is being evaluated • Growth in machining derived from an *outsourcing* strategy by OEMs and Tier 1s in all geographical locations • Development of processes and materials that give us a competitive advantage in electric vehicles
Vitromex	• Consolidate growth in exports to the North American market • Drive manufacturing cost reductions at all our plants •	• Capacity Expansion due to the installation of an additional kiln in San José, Guanajuato • Strengthen market share in Mexico and consolidate leadership in value segment • Achieve regional growth in the North American market
Cinsa	• Focus on U.S. sales growth and *e-commerce* • Continue to support business partners in the recovery of traditional, catalog and institutional channels • Obtain growth in modern channel through new products	• Accelerate market penetration in the U.S. with domestic brands and Granite Ware • Boost innovation • Consolidate e-commerce • Export to other countries

Estimated 2021 CAPEX (Millions of Dollars)

	CAPEX
Draxton + JVs	49 – 52
Vitromex	6 – 9
Cinsa	1 – 3
TOTAL	**56 – 64**

Additional Figures
Millions of USD

	Third Quarter			Nine Months		
	2021	**2020**	**Var %**	**2021**	**2020**	**Var %**
Net Income	**(1)**	**11**	**NA**	**18**	**(17)**	**NA**
Margin	**0%**	**5%**		**2%**	**(3%)**	
EPS (USD)[1]				**0.09**	**(0.02)**	**NA**
CAPEX	**15**	**9**	**62**	**36**	**24**	**13**
Draxton	13	8	55	30	19	13
Vitromex	2	1	NA	5	4	10
Cinsa	0	0	NA	1	0	22

1) Calculation includes earnings for last 12 months

Joint Ventures

GISEderlan, our machining facility and joint venture with Fagor Ederlan in Mexico, recorded an improvement in its income during 3Q21 as the automotive industry recovers. The business unit reported revenue of USD 13 million during the period.

Quarterly Conference Data

The conference call to discuss the Company's results will be held on Friday, October 22 at 9:00 a.m. (Mexico City time). It will be conducted in English and will also include a question-and-answer session.

This quarter, the conference call will be held via Zoom Webinar. To join the conference call, please complete a simple registration form at the following link:

https://us02web.zoom.us/webinar/register/WN_BifwzoRoQbyIDsJ6yTQ_LA

After registering, you will receive an email with the information to join the call via Webinar or phone.

Analysis Coverage

As GIS has securities listed in Section I of the List referred to in provision 4.002.00 of the Internal Regulations of the Mexican Stock Exchange (shares and, recently, certificates) and given the importance of maintaining an active participation in the stock market, we inform you that, in compliance with the provision 4.033.10 of the aforementioned Regulations, the financial entities that perform Analyst Coverage of GIS securities are:

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

Basis of Presentation

Data are given in U.S. dollars (USD) unless otherwise indicated. In accordance with the provisions issued by the reform on outsourcing, the consolidated EBIT and EBITDA reflect a provision for employee profit sharing expense that is higher than that recognized in previous years. In order to preserve comparability, the provision associated with each of the months in which this takes effect (during the second half of the year) is considered for only the Business Units; in such a way that the surplus (identified in months of the first half of the year) is considered outside the measurement of EBIT and EBITDA for the Businesses. It should be noted that, at the Consolidated level, the totality of the effects attributable to this reform are submitted.

Notes to the financial statements

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

About future events

This release may contain certain forward-looking statements and information relating to Grupo Industrial Saltillo S.A.B., de C.V. and its subsidiaries (collectively, the "Company") that are subject to risks and uncertainties that could cause the Company's income to differ materially from management's current expectations. These risks and uncertainties include, but are not limited to: the development of new products and their commercialization; demand for and acceptance of the Company's products; competitor products and prices; economic conditions in the markets and geographical areas of the Company's products; changes in foreign trade rules or treaties to which Mexico is a party; and fluctuations in foreign currency, among others.

Appendix - Consolidated Statements of Income

Millions of USD

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

	THIRD QUARTER			AS OF SEPTEMBER 30		
	2021	2020	% Change	2021	2020	% Change
Sales	**248**	**205**	**21%**	**747**	**511**	**46%**
Draxton	169	143	19%	521	348	50%
Vitromex	53	44	19%	151	116	31%
Cisna	26	18	45%	76	47	63%
Cost of Sales	210	157	34%	608	415	46%
General Expenses	34	30	13%	100	96	3%
Other Expenses	1	(0)	N/A	2	0	N/A
Operating Profit	2	18	**(88%)**	**38**	**(1)**	**N/A**
Draxton	2	19	(87%)	34	20	73%
Vitromex	3	2	88%	8	(6)	N/A
Cinsa	1	1	(23%)	4	(1)	N/A
EBITDA	23	38	**(40%)**	99	58	**71%**
Draxton	19	32	(42%)	83	58	42%
Vitromex	6	4	40%	18	3	483%
Cinsa	2	2	(13%)	6	1	346%
Registered Tax Regime	2	3	(44%)	9	7	21%
Corporate Tax	1	3	(58%)	9	11	(19%)
Profit/Loss of Discontinued Operations	0	0	N/A	0	0	N/A
Net Income	(1)	12	N/A	20	(19)	N/A
Non-controlling share of Income, associated	(1)	(1)	N/A	(3)	1	N/A
Controlling share of income	(1)	11	N/A	18	(17)	N/A

Note 1: The inclusion of Sales and EBITDA by business includes a corporate item to get the consolidated figure.

Appendix - Consolidated Statements of Financial Position

Millions of USD

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

	Sep-21	Dec-20
ASSETS		
Current Assets		
Cash and Temporary Investments	70	93
Accounts Receivable	132	132
Inventory	102	77
Buildings, Plant and Equipment, Net	**471**	**484**
Investment in Shares	**7**	**6**
Goodwill	204	214
Other Assets	226	232
TOTAL ASSETS	**1,213**	**1,238**
LIABILITIES		
Current Liabilities		
Liability with short-term cost	0	7
Suppliers	200	157
Other current liabilities (income tax, employee profit sharing, and others)	75	79
Non-current Liabilities		
Liability with long-term cost	240	248
Liability for Tax Consolidation	6	7
Other long-term liabilities	74	91
TOTAL LIABILITIES	**596**	**589**
TOTAL EQUITY	**617**	**649**
TOTAL EQUITY AND LIABILITY	**1,213**	**1,238**

Appendix - Derivatives and Forwards Information

Type	Linked to	Contractee	Notional Value	Termination date	Currency	Item Covered
Forward	Local currency requirements	Cinsa	3,300,000	01-Dec-21	USD	Cash Flow
Forward	Local currency requirements	Vitromex	1,650,000	01-Dec-21	EUR	Cash Flow
Forward	Local currency requirements	Vitromex	2,850,000	15-Dec-21	USD	Cash Flow
Forward	Natural Gas Price	GISSA (Mirror to MV)	590,000	31-Dec-21	MMBTU	NG Price
Cross Currency Swap	Certificates	GISSA	625,000,000 / 29,302,937	10-Oct-24	EUR/MXN	Certificates
Cross Currency Swap	Syndicated Loan	GISSA	86,925,000 / 77,995,775	11-Sep-25	EUR/USD	Syndicated Loan
Interest Rate Swap	Syndicated Loan	GISSA	59,475,000	11-Sep-25	USD	Syndicated Loan

Investor Contact
Arturo Morales
ir@gis.com.mx
www.gis.com.mx