



Monterrey, Nuevo Leon, October 21st, 2020. Sigma is a leading multinational food company that produces, markets, and distributes quality branded foods, including packaged meats, cheese, yogurt and other refrigerated and frozen foods. Sigma has a diversified portfolio of leading brands and operates 70 plants and 210 distribution centers in 18 countries across its four key regions: Mexico, Europe, the United States, and Latin America.

Sigma presents its results for the third quarter of 2020 (3Q20) and first nine months period (YTD20) compared to the comparable period of 2019. All figures are presented in U.S. Dollars (U.S.\$) unless otherwise stated.

SELECTED FINANCIAL INFORMATION (US \$ MILLIONS)

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD `20	YTD `19	Ch. %
				2Q20	3Q19			
Revenues	1,577	1,470	1,632	7	(3)	4,684	4,758	(2)
Mexico	580	527	678	10	(14)	1,786	2,009	(11)
Europe	602	535	573	13	5	1,710	1,632	5
United States	286	298	261	(4)	10	853	762	12
LatAm	109	110	120	(1)	(9)	336	354	(5)
EBITDA	179	159	182	13	(1)	506	527	(4)
Mexico	84	73	99	16	(15)	247	293	(16)
Europe	41	21	37	98	13	87	88	(1)
United States	44	56	35	(21)	28	143	112	28
LatAm	9	9	11	4	(15)	29	34	(15)
CAPEX & Acquisitions¹	24	35	42	(31)	(42)	83	98	(16)
Net Debt	1,930	1,996	2,040	(3)	(5)	1,930	2,040	(5)
Net Debt / LTM EBITDA*	2.8	2.9	2.9					
LTM Interest Coverage ² *	5.4	5.5	6.0					

* Times. LTM = Last 12 months

¹ Gross amount; does not include divestments

² Interest Coverage = EBITDA/Net Financial Expenses

Revenues amounted to US \$1.577 billion, down 3% versus 3Q19, mainly explained by the FX conversion effect on the Mexican peso and a decrease in Foodservice sales across regions, resulting from the temporary closure of hotels and restaurants due to COVID-19. On a currency neutral basis and excluding Foodservice results, revenues during the quarter were 5% higher year-on-year. During 3Q20, revenues in local currencies and excluding Foodservice results increased by 6% in Mexico, 2% in Europe, 9% in the U.S. and 9% in Latin America, compared to 3Q19. Accumulated revenues were US \$4.684 billion, 2% lower when compared to the same period in 2019 (see table 2). On a currency neutral basis and excluding Foodservice results, accumulated sales rose by 8% year-on-year.

EBITDA reached US \$179 million, down 1% year-on-year mainly due to the FX conversion effect on the Mexican peso and the impact related to COVID-19 on the Foodservice distribution channel. On a currency neutral basis and excluding results from Foodservice, 3Q20 Adjusted EBITDA increased 13% year-on-year, mainly supported by margin improvements in Europe and Mexico. Accumulated EBITDA was US \$506 million, down 4% versus the same period of 2019 (see table 3). On a currency neutral basis and excluding Foodservice results, accumulated Adjusted EBITDA was up 11% year-on-year.

Capital expenditures (CAPEX) & Acquisitions amounted to US \$24 million in 3Q20, a 42% decrease year-on-year, following actions taken on non-strategic investments to preserve cash flow amid the COVID-19 pandemic. Accumulated CAPEX totaled US \$83 million, down 16% versus 2019.

Net Debt was US \$1.930 billion, down 5% and 3% when compared to 3Q19 and 2Q20, respectively, as a result of solid operating performance and initiatives to maximize cash flow amid COVID-19. Cash totaled US \$590 million at the end of the third quarter, as Sigma gradually began to reduce excess cash as conditions continued to normalize. Financial ratios at the end of the quarter were 2.8 times and 5.4 times for Net Debt to EBITDA and Interest Coverage, respectively (see table 4).

INDUSTRY COMMENTS - SIGMA

During the third quarter, the COVID-19 pandemic continued to present a challenge for the global economy due to the effects of preventive lockdowns on consumer behavior. The situation led to weaker economic growth and higher unemployment, even as some communities transition towards a new normal, while others start facing a second wave.

Consumer confidence in Mexico reported by INEGI¹ increased 13% in 3Q20 compared to the end of 2Q20 but remains below pre-pandemic levels. Additionally, same-store-sales reported by ANTAD² for 3Q20 were down 4% year-on-year in nominal Pesos, improving from levels near negative 20% from the previous quarter.

In the U.S., the average consumer confidence index³ during the quarter decreased by 29% over the same period in 2019. In contrast, food retail sales⁴ rose by an average 9% between July and August, compared to the figures for the same two months in 2019.

In Europe, the average consumer confidence index reported by the European Commission decreased from a negative 6.7 in 3Q19 to a negative 14.5 in 3Q20. As other regions, food retail sales increased by 3% year-on-year.

During 3Q20, key raw material prices remained below 3Q19 levels due to high inventories in the U.S. and lower commercial activity worldwide associated with the COVID-19 lockdown measures.

In Europe, pork shoulder, pork ham and lean hog prices decreased 16%, 15% and 10%, respectively year-on-year. When compared to 2Q20, pork shoulder and pork leg prices declined 7%, respectively, while lean hog prices decreased 27%.

In the U.S., pork ham prices decreased 26% versus 3Q19 and increased 34% versus 2Q20. With respect to poultry, prices for turkey breasts and turkey thighs declined 13% and 25%, respectively, while chicken prices remained flat, year-on-year. On a sequential basis, prices for turkey thighs and turkey breasts increased 2% and 9%, respectively, while chicken prices remained flat.

Given that Sigma's operations in Mexico source most of its raw materials from the U.S., the decrease on certain raw material prices was partially offset by a 14% year-on-year depreciation of the Mexican peso against the U.S. dollar.

RESULTS BY REGION - SIGMA

During 3Q20, sales in Europe accounted for 38% of the total, while Mexico represented 37%, the U.S. 18%, and Latin America 7%.

Mexico Peso-denominated 3Q20 sales and EBITDA both decreased 3% year-on-year, mainly impacted by lower sales volume in the Foodservice distribution channel. Hotels and restaurants began to gradually reopen at limited capacity,

¹ Instituto Nacional de Estadística y Geografía – National Institute for Statistics and Geography

² Asociación Nacional de Tiendas de Autoservicio y Departamentales - National Association of Supermarkets and Department Stores

³ Source: The Conference Board

⁴ Source The U.S. Census Bureau

in line with government restrictions related to COVID-19 contingency. Excluding Foodservice results, sales and EBITDA in pesos increased 6% and 8% versus 3Q19, respectively.

Europe improved its results supported by higher margins. 3Q20 sales in euros were flat when compared to 3Q19, partially explained by lower sales volume in the Foodservice distribution channel due to COVID-19. Meanwhile, EBITDA increased 7% in euros for the same period, primarily attributed to margin expansion related to higher average prices. Excluding Foodservice results, revenues in euros increased 2% and EBITDA increased 11% versus 3Q19. On a sequential basis, margins improved over 290 basis points mainly due to lower raw material costs.

United States continued its outstanding performance throughout 3Q20. Sales and EBITDA increased by 10% and 28% year-on-year, respectively, as a result of higher sales volumes and average prices. This highlights the company's ability to satisfy consumer demand in the region. 3Q20 EBITDA was the second highest recorded for the U.S. operations.

Latam 3Q20 sales and EBITDA in local currencies were down 5% and 12%, respectively, versus 3Q19. A gradual recovery of the Foodservice distribution channel was observed on a monthly basis, although levels continue below those for the same period of 2019. Excluding Foodservice results, revenues and EBITDA in local currencies increased 9% and 14% versus 3Q19, respectively.

RECENT DEVELOPMENTS - SIGMA

COVID-19	<ul style="list-style-type: none"> The company is committed to maintaining the health and safety of its employees around the world, as well as delivering nutritious and high-quality food to communities everywhere Strict preventive measures and protocols continue being implemented and are constantly updated across geographic locations to protect employees, their families and communities, customers, suppliers, and consumers As of today, all production plants and distribution centers continue operating, following strict health & safety protocols to prevent the spread of the virus Sigma's supply chain has not presented disruptions
Liquidity Management	<ul style="list-style-type: none"> Credit lines amounting to US \$177 million, drawn as a precautionary measure related to COVID-19, were prepaid during 3Q20 <ul style="list-style-type: none"> Strong cash position of US \$590 million +US \$700 million in available committed credit lines Next long-term maturity is in 2024
Financial Hedges	<ul style="list-style-type: none"> As of today, Sigma hedged approximately up to nine months of its U.S. dollar needs through FX forward contracts for a nominal amount of US \$550 million @22.17 MXN/USD
Product Labeling in Mexico	<ul style="list-style-type: none"> Amendments to the Mexican general labeling specifications for pre-packaged food (NOM-051) require the inclusion of one label for each of the following criteria: high calories, added sugars, saturated fats, trans fats, and sodium Sigma continues delivering nutritious and high-quality food to communities everywhere Ongoing efforts aim to further improve the nutritional profile of Sigma's products without compromising consumer preference Approximately 60% of sales in Mexico will be related to products without labels, while 34% will have a single label
Tastech by Sigma	<ul style="list-style-type: none"> Tastech, Sigma's first worldwide acceleration program, had its DemoDay in September. Positive results from the implementation of 8 pilot tests in 4 different countries were presented 2021 Call-out is planned to start during 4Q20

Sustainability	<ul style="list-style-type: none"> • Sigma reaffirms its sustainability commitments of Health & Nutrition, Wellbeing, Shared Value, and the Environment to become a more sustainable company • Sigma's goals are aligned with the UN Sustainable Development Goals (SDGs) • Visit Sigma's web page for more information
ALFA Unlocking Value	<ul style="list-style-type: none"> • Sigma has an independent structure with some services provided by ALFA, that could be integrated into the company at Sigma's full discretion and without material expense increases • Sigma reiterates its leverage objective of 2.5x Net Debt to EBITDA
ASF in Germany	<ul style="list-style-type: none"> • During 3Q20, cases of ASF on wild hogs were identified in Germany • German government containment actions are in place • Certain Asian countries such as China, Japan, and South Korea, banned imports temporarily • Prices in Germany decreased 14% during the week in which cases were identified and have remained stable since
Credit Ratings	<ul style="list-style-type: none"> • Fitch BBB; Stable Outlook • Moody's Baa3; Stable Outlook • Standard & Poor's (S&P) lowered Sigma rating to BBB- from BBB as a result of S&P methodology placing a cap at the parent level (ALFA). Stable Outlook

(See "Financial Statements" for Sigma's 3Q20 Balance Sheet and Income Statement)

SIGMA

Table 1 | SIGMA - VOLUME AND PRICE CHANGES (%)

	3Q20 vs.		YTD '20 vs.
	2Q20	3Q19	YTD '19
Total Volume	(0.1)	(5.3)	(2.0)
Avg. Ps. Prices	1.7	16.2	13.3
Avg. US \$ Prices	7.4	2.0	0.4

Table 2 | SIGMA - REVENUES

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD '20	YTD '19	Ch.%
				2Q20	3Q19			
Total Revenues								
Ps. Millions	34,855	34,287	31,688	2	10	101,712	91,610	11
US \$ Millions	1,577	1,470	1,632	7	(3)	4,684	4,758	(2)
Domestic Revenues								
Ps. Millions	12,824	12,304	13,389	4	(4)	38,522	38,900	(1)
US \$ Millions	580	527	690	10	(16)	1,785	2,021	(12)
Foreign Revenues								
Ps. Millions	22,031	21,983	18,299	-	20	63,190	52,710	20
US \$ Millions	997	942	942	6	6	2,899	2,737	6
Foreign / Total (%)	63	64	58			62	58	

Table 3 | SIGMA - OPERATING INCOME AND EBITDA

	3Q20	2Q20	3Q19	(%) 3Q20 vs.		YTD '20	YTD '19	Ch.%
				2Q20	3Q19			
Operating Income								
Ps. Millions	2,719	2,458	2,424	11	12	7,460	6,872	9
US \$ Millions	123	106	125	16	(2)	342	357	(4)
EBITDA								
Ps. Millions	3,962	3,695	3,525	7	12	11,032	10,144	9
US \$ Millions	179	159	182	13	(1)	506	527	(4)

Table 4 | SIGMA - SELECTED BALANCE SHEET INFORMATION & FINANCIAL RATIOS (US \$ Millions)

	3Q20	2Q20	3Q19
Assets	5,185	5,274	5,038
Liabilities	4,088	4,256	4,212
Stockholders' Equity	1,097	1,018	826
Majority Equity	1,097	1,018	798
Net Debt	1,930	1,996	2,040
Net Debt/EBITDA*	2.8	2.9	2.9
Interest Coverage*	5.4	5.5	6.0

* Times. LTM= Last 12 months

Sigma Alimentos, S.A. de C.V. and Subsidiaries

BALANCE SHEET

Information in millions of Nominal Mexican Pesos

	Sep 20	Jun 20	Sep 19	(% Sep 20 vs.)	
Assets				Jun 20	Sep 19
CURRENT ASSETS:					
Cash and cash equivalents	13,197	14,982	10,136	(12)	30
Restricted cash	27	41	12	(35)	129
Customers, net	3,967	4,453	4,835	(11)	(18)
Income tax recoverable	622	555	331	12	88
Inventories	18,451	20,341	16,692	(9)	11
Other current assets	3,779	3,994	3,087	(5)	22
Total current assets	40,044	44,366	35,093	(10)	14
Property, plant and equipment, net	36,204	36,352	32,213	-	12
Intangible assets, net	18,717	18,742	15,749	-	19
Goodwill	15,965	15,752	12,987	1	23
Deferred income tax	4,013	4,271	1,987	(6)	102
Investments in associates and joint ventures	139	118	348	18	(60)
Other non-current assets	1,361	1,558	544	(13)	150
Total non-current assets	76,399	76,793	63,829	(1)	20
Total assets	116,443	121,159	98,922	(4)	18
LIABILITIES AND STOCKHOLDER'S EQUITY					
CURRENT LIABILITIES:					
Current debt	728	4,570	5,742	(84)	(87)
Notes payables	725	725	601	-	20
Suppliers	20,342	22,957	19,882	(11)	2
Income tax payable	600	802	1,663	(25)	(64)
Provisions	146	114	86	28	70
Other current liabilities	7,787	6,762	5,730	15	36
Total current liabilities	30,328	35,930	33,705	(16)	(10)
NON-CURRENT LIABILITIES:					
Non-current debt	52,632	53,056	41,738	(1)	26
Notes payables	2,225	2,238	1,816	(1)	23
Deferred income taxes	4,291	4,273	3,365	-	27
Employees benefits	1,854	1,813	1,460	2	27
Provisions	97	93	71	4	37
Income tax payable	373	370	513	1	(27)
Other non-current liabilities	4	4	41	-	(91)
Total non-current liabilities	61,475	61,848	49,005	(1)	25
Total liabilities	91,803	97,778	82,710	(6)	11
STOCKHOLDERS' EQUITY:					
Total controlling interest:	24,640	23,381	15,670	5	57
Total non-controlling interest:	0	0	542	-	-
Total stockholders' equity	24,640	23,381	16,212	5	52
Total liabilities and stockholders' equity	116,443	121,159	98,922	(4)	18

Sigma Alimentos, S.A. de C.V. and Subsidiaries

INCOME STATEMENT

Information in millions of Nominal Mexican Pesos

	3Q20	2Q20	3Q19	YTD '20	YTD '19	3Q20 vs. (%)	
						2Q20	3Q19
Revenue	34,855	34,287	31,688	101,712	91,610	2	10
Cost of sales	24,861	(24,601)	(22,779)	(73,058)	(65,717)	1	9
Gross profit	9,994	9,686	8,909	28,654	25,893	3	12
Selling expenses	(5,637)	(5,680)	(5,131)	(16,575)	(15,135)	(1)	10
Administrative expenses	(1,690)	(1,503)	(1,396)	(4,666)	(4,037)	12	21
Other income (expenses), net	52	(45)	42	48	152	(216)	24
Operating profit	2,719	2,458	2,424	7,460	6,872	11	12
Comprehensive financial expenses, net	(730)	4	(495)	(691)	(2,043)	-	47
Equity in income (loss) of associates	13	(1)	(0)	12	(2)	-	-
Profit before income tax	2,003	2,461	1,928	6,781	4,827	(19)	4
Provisions for:							
Income tax	(1,063)	(837)	(660)	(1,224)	(1,996)	27	61
Net consolidated profit	940	1,624	1,268	5,558	2,831	(42)	(26)
Non-controlling interest	0	0	(7)	0	(19)	-	-
Controlling interest	940	1,624	1,275	5,558	2,850	(42)	(26)



investorrelations@sigma-alimentos.com