



AHMSA Announces Second Quarter 2020 Results

Monclova, Coahuila – July 28, 2020 - Altos Hornos de México, S.A.B. de C.V. and Subsidiaries (“AHMSA” or “the Company”) (BMV: AHMSA) reported financial results for the Quarter ended on June 30, 2020 (2Q 2020). Financial and operating figures included in this report are unaudited and are based on AHMSA’s operating figures and financial statements, in accordance with International Financial Reporting Standards (IFRS), and are expressed in U.S. dollars (US\$) and metric tons (MT), unless otherwise indicated.

2Q 2020 Highlights

- **Adjusted EBITDA** was US\$ **(64.7)** million, a 17.6% decline compared to US\$ **(55.0)** million in 2Q 2019.
- **Adjusted EBITDA** for the **Steel Segment** was US\$ **(38.7)** million, an 18.4% decrease in loss compared to US\$ **(47.4)** million in 2Q 2019. This result is explained by the following:
 - *Net Sales declined by 53.7%, driven by a weaker demand for our products and instability of international steel prices and .*
 - *Cost of sales decreased by 52.9%, due to lower production volumes and a change in the product mix.*
 - *SG&A expenses decreased by 32,4% as a result of the Company's savings and efficiency plan.*
- **Adjusted EBITDA** for the **Steam Coal Segment** reported a loss of US\$ 23.8 million, compared to a loss of US\$ 4.6 million in 2Q 2019.
 - *Sales were affected by a lower steam coal demand by CFE and the cancellation of contracts for the supply of steam coal to CFE.*

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Financial Highlights

	2Q 2020	2Q 2019	%Var
<i>Steel Segment</i>			
Sales volume (thousands of MT)			
Flat products	425,291	688,855	(38.3)
Coated products	21,831	35,512	(38.5)
Structural shapes	1,559	34,790	(95.5)
Steel slabs	65	48	37.7
Total volume of shipments	448,747	759,204	(40.9)
Average sales price (US\$ per MT)	587	749.7	(21.7)
<i>Steel financial highlights (thousands of US\$)</i>			
Net sales	275,188	574,801	(52.1)
Cost of sales	280,707	596,057	(52.9)
Depreciation	32,690	40,166	(18.6)
Operating costs	10,131	32,842	(69.2)
Operating (loss) profit	(48,340)	(94,264)	48.7
EBITDA	(29,147)	(45,656)	36.2
Currency fluctuation	(9,550)	(1,765)	(441.2)
Adjusted EBITDA	(38,697)	(47,420)	18.4
<i>Steam Coal Segment</i>			
Sales volume (thousands of MT)	406	1,467	(72.4)
Average sales price (US\$ per MT)	37	56	(33.4)
<i>Steam coal financial highlights (thousands of US\$)</i>			
Net sales	15,150	82,220	(81.6)
Cost of sales	33,668	85,692	(60.7)
Depreciation	6,121	8,211	(25.5)
Operating costs	(84)	2,611	(103.2)
Operating (loss) profit	(120,315)	(14,293)	(741.8)
EBITDA	(21,217)	(4,228)	(401.8)
Currency fluctuation	(2,540)	(355)	(615.6)
Adjusted EBITDA	(23,757)	(4,583)	(418.4)

Consolidated Financial Results

	2Q 2020	2Q 2019	Var %
Net Sales (thousands of US\$)	297,268	674,920	(56.0)
Cost of sales	322,932	699,745	(53.9)
Depreciation	40,089	49,971	(19.8)
SG&A	26,996	39,906	(32.4)
Other (income) expenses	(16,430)	(465)	(3,432.2)
Operating income	(172,080)	(114,237)	(50.6)
EBITDA	(52,653)	(52,930)	0.5
Currency fluctuation	(12,090)	(2,119)	(470.4)
Adjusted EBITDA	(64,743)	(55,049)	(17.6)

Consolidated net sales for 2Q 2020 were US\$ 297.3 million, a 56% decrease compared to 2Q 2019. This result was due to the general weakness of the steel industry and lower sales in the Coal Segment.

In 2Q 2020, **cost of sales** totaled US\$ 322.9 million, a decrease of US\$ 376.8 million (-53.9%) compared to 2Q 2019. This impact on the cost of sales was primarily due to a decline in the consumption of raw materials and energy costs, resulting from lower production of liquid steel and steam coal.

Selling, general and administrative expenses (SG&A) for 2Q 2020 represented 9.1% of net sales, a decrease of US\$ 12.9 million compared to 2Q 2019. This result mainly stemmed from the implementation of a savings and efficiency plan that was carried out by the Company during the quarter.

As a result, the Company reported an **operating loss** of US\$ 172.1 million in 2Q 2020, an increase of US\$ 57.8 million compared with an operating loss reported for 2Q 2019.

Steel Segment

	2Q 2020	2Q 2019	Var %
Net Sales (thousands of US\$)	275,188	574,801	(52.1)
Cost of sales	280,707	596,057	(52.9)
Depreciation	32,690	40,166	(18.6)
SG&A	23,063	33,275	(30.7)
Other (income) expenses	(12,933)	(434)	(2,881.6)
Operating income	(48,340)	(94,264)	48.7
EBITDA	(29,147)	(45,656)	36.2
Currency fluctuation	(9,550)	(1,765)	(441.2)
Adjusted EBITDA	(38,697)	(47,420)	18.4

Steel segment net sales for 2Q 2020 were US\$ 275.2 million, a 52.1% decrease from those of 2Q 2019, mainly due to the instability of international steel prices and a decline in demand of our main products. The average price per ton of steel was lower in US\$162/MT (-21.7%).

In 2Q 2020, **cost of sales** totaled US\$ 280.7 million, a decline of US\$ 315.3 million (-52.9%), compared to 2Q 2019. The impact on the cost of sales was primarily due to lower production levels and a lower consumption of raw materials, resulting from lower production of liquid steel.

Selling, general and administration expenses (SG&A) for 2Q 2020 reached US\$ 23.1 million, representing 8.4% of net sales, a decrease of US\$ 10.2 million compared to 2Q 2019. This result was mainly due to the decline in costs incurred for travel expenses and to lower professional services fees.

As a result of the aforementioned, the steel segment reported an **operating loss** of US\$ 48.3 million in 2Q 2020, a US\$ 45.9 million decrease versus the operating loss reported in 2Q 2019.

As part of the Company's vertical integration, mineral production for our own internal demand was as follows:

Product (in MT)	2Q 2020	2Q 2019	% Var
Iron Ore	560,645	788,294	(28.9)
Metallurgical Coal	62,334	308,019	(79.8)

Steam Coal Segment

	2Q 2020	2Q 2019	% Var
Net Sales (thousands of US\$)	15,150	82,220	(81.6)
Cost of sales	33,668	85,692	(60.7)
Depreciation	6,121	8,211	(25.5)
SG&A	2,513	2,609	(3.7)
Other (income) expenses	(2,598)	2	(149,801.4)
Operating income	(120,315)	(14,293)	(741.8)
EBITDA	(21,217)	(4,228)	(401.8)
Currency fluctuation	(2,540)	(355)	(615.6)
Adjusted EBITDA	(23,757)	(4,583)	(418.4)

Steam Coal segment net sales for 2Q 2020 were US\$ 15.2 million, a 81.6% decrease compared to 2Q 2019. During the quarter, sales were affected by a lower steam coal demand by CFE and the cancellation of contracts for the supply of steam coal to CFE.

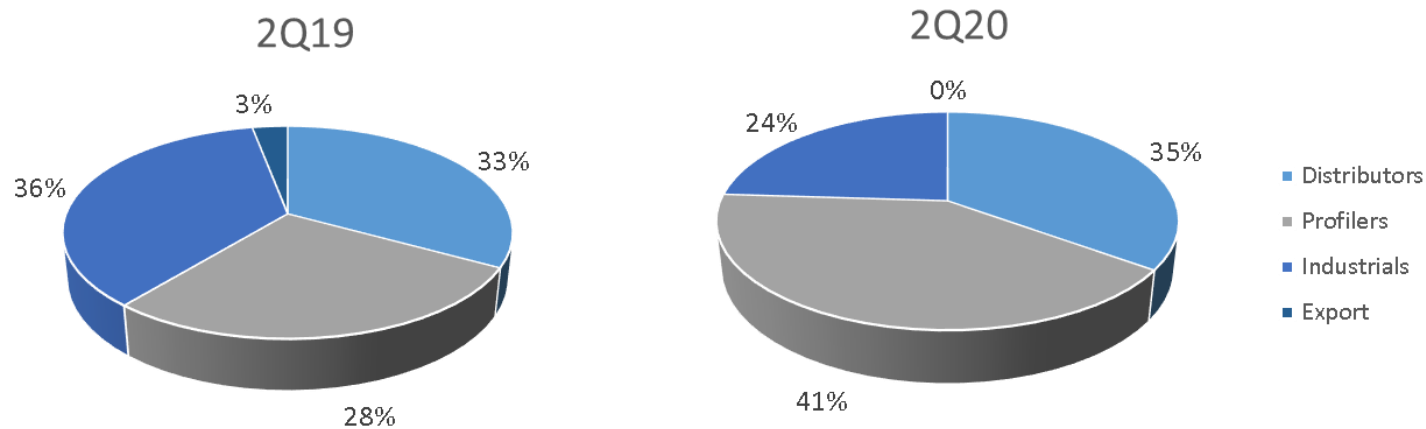
In 2Q 2020, **cost of sales** was US\$ 33.7 million, a decrease of US\$ 52 million compared to 2Q 2019. This result was mainly driven by a lower production of coal.

Selling, general and administrative expenses (SG&A) in 2Q 2020 represented 16.6% of net sales, reaching US\$ 2.5 million. This represented a decline of US\$ 0.1 million compared to 2Q 2019, mainly due to lower professional services fees.

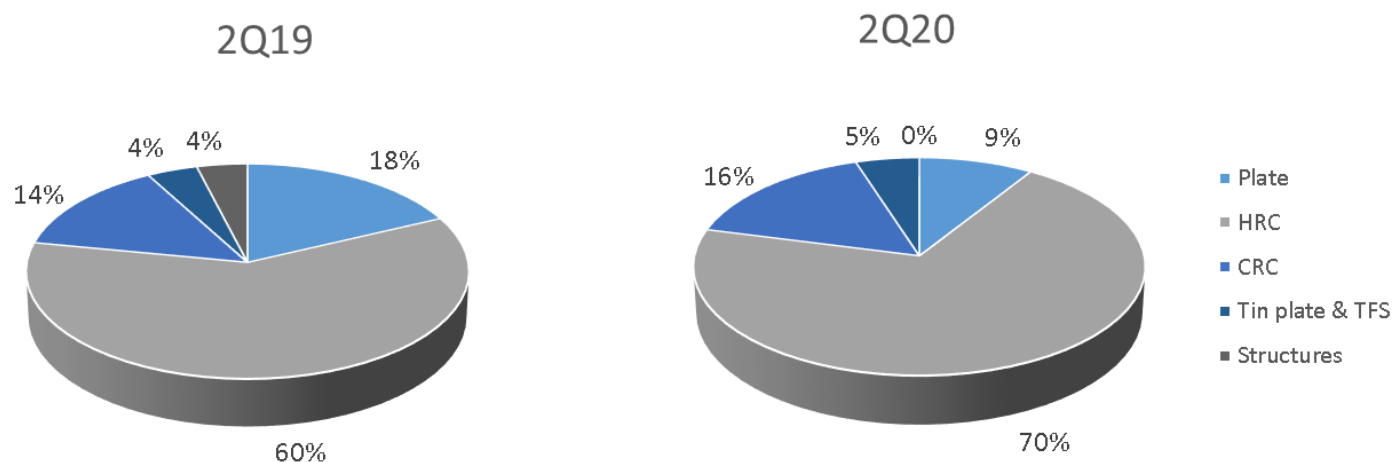
As a result of the above, **operating loss** for the steam coal segment during 2Q 2020 was US\$ 120.3 million, an increase of US\$ 106 million compared with the loss registered in 2Q 2019.

Sales Analysis of Steel Segment

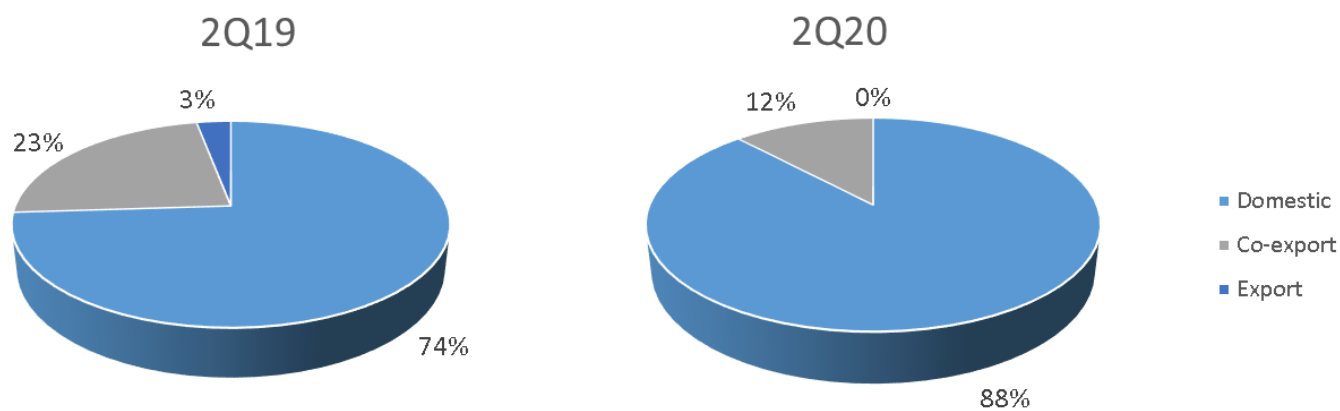
By Client Type:



By Product Type:



By Market:

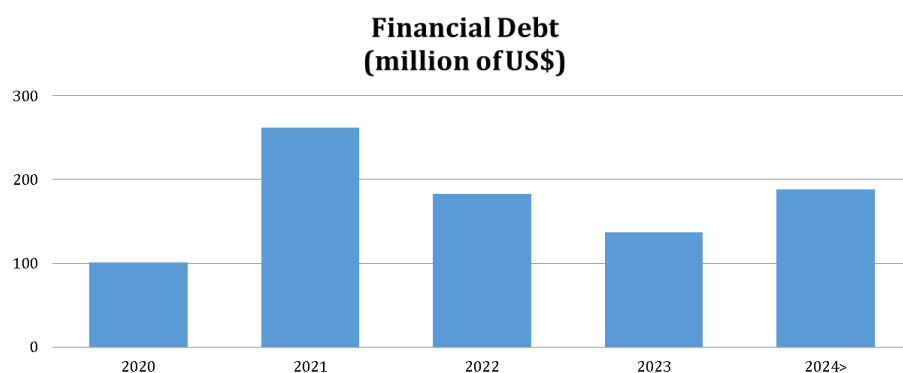


Financial Debt

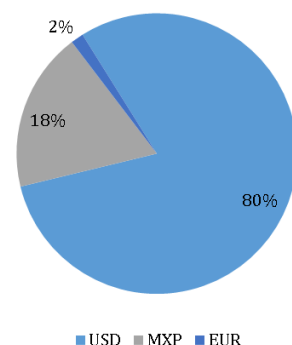
As of June 30th 2020, financial debt was US\$ 877.4 million, a 7.9% decrease compared to the US\$ 952.8 million reported at the close of December 2019. Of this figure, US\$ 681 million (78%) corresponded to bank debt, and US\$ 196.4 million (22%) to financial and capital leases.

- Faced with multiple defaults on credit agreements, on June 10th, 2020 Cargill Financial Services International, Inc. and Cargill Servicios Financieros, S.A. de C.V. SOFOM, ENR, notified the early maturity of their loans.
- On June 5th, 2020, notice was received from Banco Afirme, S.A. and Almacenedora Afirme, S.A., de C.V. where the deferral of the principal and interest payments of their credits was agreed, for the months from July to December 2020, as part of the support program implemented as a measure against the contingency derived from Covid-19.

Financial Debt Profile



Financial Debt per Currency



* This chart does not consider the early maturity of credits.

CAPEX

Capital Expenditures as of 2Q 2020 were US\$ 10.5 million, a 70.7% decrease compared to the capital expenditures executed as of 2Q 2019. This figure includes the application of results from mining exploration expenses incurred to date. The main investments carried out during this period included those for the modernization and optimization processes, as well as technological updates and development of mines.

2Q20 Shareholder Composition

Shareholder	# of Shares	% Ownership
Grupo Acerero del Norte	302,325,250	64%
Board & Management	14,401,883	3%
Float	154,750,627	33%

About AHMSA

AHMSA is the largest steel producer in Mexico. The Company was founded in 1942 and began operations in 1944. In December 1991, the Company was privatized and Grupo Acerero del Norte, S.A. de C.V. (GAN) assumed control. In December 1995, GAN incorporated into AHMSA the iron ore and coal mines to convert AHMSA into an integrated steel producer in Mexico with a nominal capacity of 3.8 million MT of liquid steel per year. Since 2007, it has managed the *Fénix* Project, the most ambitious investment program in the Company's history aimed at increasing installed capacity by at least 40% and enabling AHMSA to surpass 5 million MT of liquid steel per year following the incorporation of its new electric arc furnace. With this new equipment, AHMSA also expanded its ranges of steel and increased specifications, which allows the Company to enter new market niches.

In 2019, AHMSA held 12% share of the domestic steel market, 21% of the domestic market for flat products and 7% of exports from Mexico of finished steel products. The corporate headquarters and steel mills have an area of approximately 1,200 hectares and is located in Monclova, Coahuila de Zaragoza, 248 km from the U.S. border.

Forward-looking statements:

The information set forth in this presentation contains "forward-looking statements" within the meaning of applicable Mexican securities legislation and the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements") including but not limited to projections of revenues or losses, plans and objectives for future operations, products or services, and statements relating to future economic performance. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause AHMSA's actual results to differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include but are not limited to regional, national or global economic, business, market and regulatory conditions and the following: (i) AHMSA's ability to service its debt, including the outstanding non-transferable rights of each recognized creditor in the suspension of payments proceeding to receive certain payments; (ii) competition and loss of market shares; (iii) changes in AHMSA's relationships with customers and suppliers; (iv) increases in raw material costs or interruptions in supply; (v) declines in, and volatility affecting, global prices of steel; (vi) the existence or termination of free trade agreements, such as the North American Free Trade Agreement; (vii) foreign currency exchange fluctuations; (viii) the inherently dangerous nature of mining; (ix) work stoppages, strikes or other labor disputes; (x) changes in Mexican economic policy, as well as currency instability; (xi) inaccuracies in AHMSA's estimates of economically recoverable coal reserves; and (xii) AHMSA's dependence on certain raw materials.

The financial and operating projections, as well as estimates of assets, are based solely on the assumptions developed by AHMSA that it believes are reasonable based upon information available to AHMSA as of the date hereof. All projections and estimates are subject to material uncertainties, and should not be viewed as a prediction or an assurance of actual future performance. The validity and accuracy of AHMSA's projections will depend upon unpredictable future events, many of which are beyond AHMSA's control and, accordingly, no assurance can be given that AHMSA's assumptions will prove true or that its projected results will be achieved.

Non-GAAP Financial Measures:

This presentation provides information regarding EBITDA and Adjusted EBITDA. EBITDA and Adjusted EBITDA are not recognized terms or measures of financial performance under U.S. GAAP or IFRS and do not purport to be and should not be considered as alternatives to net income, as determined on a consolidated basis in accordance with IFRS, as indicators of AHMSA's operating performance or as net resources generated by operating activities as a measure of AHMSA's liquidity. AHMSA includes EBITDA and Adjusted EBITDA because it believes that they enhance the understanding of AHMSA's financial performance and its ability to satisfy principal and interest obligations with respect to its indebtedness as well as to fund capital expenditures and working capital requirements.

Exchange Rate disclaimer

This document includes certain exchange rate conversions from Mexican Pesos to U.S. Dollars, only for convenience of the user. The exchange rate used for the purposes of this translation is, for accounts related to the Income or Cash Flow statements, the average of the Official Exchange Rates published by Banco de Mexico each day during the months and the years ended, and the last day of each period for accounts related to the Balance Sheet.

Balance Sheet (thousands of US\$)

	June 2020	December 2019
ASSETS		
Cash and cash equivalents	11,037	15,200
Restricted cash	1,078	15,945
Clients, net	89,702	134,081
Due from related parties, net	12,956	16,336
Other accounts receivable, net	108,340	115,383
Inventories, net	202,461	342,651
Prepaid expenses	3,410	15,489
Total Current Assets	428,984	655,086
Due from related parties, net	21,587	25,808
Other accounts receivable, net	1,948	2,736
Guaranty deposits	42,806	63,517
Investments in shares of associates or joint ventures	2,704	3,875
Property, plant and equipment, net	1,637,284	2,091,651
Deferred tax	119,817	0
Intangible assets, net	83,263	156,673
Other assets, net	29,738	67,934
Total Non-Current Assets	1,939,145	2,412,195
TOTAL ASSETS	2,368,130	3,067,282
LIABILITIES		
Financial liabilities	751,204	840,510
Suppliers	614,578	578,302
Taxes payable	109,499	82,746
Due to related parties	6,300	20,713
Liabilities from SP Restructuring	36,614	59,438
Advances from customers	59,045	88,677
Other payables and provisions	175,733	168,587
Total Current Liabilities	1,752,974	1,838,972
Financial liabilities	126,220	152,201
Liabilities from SP restructure	0	0
Employee retirement obligations	355,997	415,703
Other payables and provisions	11,747	20,986
Deferred income taxes	3,085	24,706
Total long-term liabilities	497,049	613,597
TOTAL LIABILITIES	2,250,023	2,452,569
SHAREHOLDERS' EQUITY		
Capital stock	594,222	724,332
Retained earnings	(510,249)	(121,649)
Other comprehensive income concepts	3,046	(25,745)
Total controlling interest	87,019	576,938
Non-controlling interest	31,088	37,775
TOTAL SHAREHOLDERS' EQUITY	118,107	614,713
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,368,130	3,067,282

Income Statement (thousands of US\$)

	2Q 2020	2Q 2019
Net Sales	297,268	674,920
Cost of Sales	363,021	749,716
GROSS PROFIT (LOSS)	(65,753)	(74,796)
Selling, general and administrative expenses	26,996	39,906
Other Expenses, net	(16,430)	(465)
Decaying of Thermal Coal Segment	95,761	0
OPERATING INCOME (LOSS)	(172,080)	(114,237)
Financial Expenses	65,901	36,738
Financial Products	(766)	(3,975)
Currency Fluctuation	(13,039)	(94)
Investments in shares of associates or joint ventures	516	(377)
INCOME (LOSS) BEFORE INCOME TAXES	(224,692)	(146,530)
Income Taxes	(37,854)	(35,921)
INCOME (LOSS) FOR THE PERIOD	(186,838)	(110,609)
EBITDA	(52,653)	(52,930)

Statement of Cash Flow (thousands of US\$)

	Jan-Jun 2020	Jan-Jun 2019
Profit (loss) net	(583,409)	(199,882)
Depreciation and amortization	89,959	113,717
Equity in income of associated and joint ventures	434	(640)
Impairment of assets	87,257	0
Provisions	8,886	0
Loss on sales of property, plant and equipment, net	(28,259)	(68)
Income from sale of shares	0	0
Interest income	(1,746)	(5,846)
Currency fluctuation, Profit (loss)	108,436	63,646
Interest expense	143,531	(1,465)
	(174,912)	(30,538)
Trade accounts receivable, net	22,528	57,208
Due from related parties, net	33	(376)
Other short and long-term accounts receivable, net	(7,910)	(4,151)
Inventories, net	55,115	77,218
Advance payments	2,871	(11,156)
Suppliers	114,077	57,567
Taxes payable	31,181	(3,736)
Due to related parties	(2,295)	(4,656)
Other payables and provisions	45,936	37,465
Advances from customers	(15,126)	(3,795)
Employee retirement obligations, net	(12,049)	(6,488)
Other long term payables and provisions	0	0
Income tax (paid) recovered	(1,913)	(11,898)
Interest expenses paid	(4,435)	(8,532)
Interest income received	786	3,076
	228,798	177,747
Net cash flow provided by operating activities	53,887	147,209
Additions to property, plant and equipment	(10,503)	(35,802)
Cash provided by sales of property, plant and equipment	54,106	47
Investment in shares of associated companies	(0)	(3)
Accounts receivable from sale of shares	0	782
Guaranty deposits	9,889	(6,679)
Interest received	932	2,770
Restricted cash	12,760	(196,097)
Other assets	2,848	79
Purchase of equity of Non-controlling interest	9	0
Intangible assets	(3,216)	(7,628)
Net cash flow from financing activities	66,826	(240,965)
Financing debt	22,999	499,688
Increase in social capital	0	0
Financial debt paid	(97,303)	(77,380)
Payment released of lifting of Suspension of Payments	(12,913)	(272,845)
Interest paid	(56,478)	(38,638)
Other payables and provisions	0	0
Net cash flow from financing activities	(143,695)	110,826
Increase (decrease) in cash and cash equivalents	(22,982)	17,070
Adjustments to cash flow due to exchange rate fluctuations	18,819	(5,238)
Beginning of year	15,200	19,768
End of period	11,037	31,600

Balance Sheet (thousands of Ps\$)

ASSETS

	June 2020	December 2019
Cash and cash equivalents	253,538	286,455
Restricted cash	24,755	300,492
Clients, net	2,060,595	2,526,791
Due from related parties, net	297,616	307,855
Other accounts receivable, net	2,488,741	2,174,418
Inventories, net	4,650,833	6,457,328
Prepaid expenses	78,339	291,898
Total Current Assets	9,854,416	12,345,236
Due from related parties, net	495,875	486,351
Other accounts receivable, net	44,740	51,557
Guaranty deposits	983,310	1,196,998
Investments in shares of associates or joint ventures	62,121	73,034
Property, plant and equipment, net	37,610,866	39,417,581
Deferred taxes	2,752,368	0
Intangible assets, net	1,912,669	2,952,543
Other assets, net	683,131	1,280,235
Total Non-Current Assets	44,545,080	45,458,298
TOTAL ASSETS	54,399,496	57,803,535

LIABILITIES

Financial liabilities	17,256,276	15,839,574
Suppliers	14,117,785	10,898,222
Taxes payable	2,515,366	1,559,359
Due to related parties	144,719	390,335
Liabilities from SP Restructuring	841,084	1,120,122
Due to related parties	1,356,357	1,671,134
Other payables and provisions	4,036,858	3,177,055
Total Current Liabilities	40,268,444	34,655,800
Financial liabilities	2,899,474	2,868,266
Liabilities from SP restructure	0	0
Employee retirement obligations	8,177,777	7,834,000
Other payables and provisions	269,840	395,488
Deferred income taxes	70,877	465,597
Total long-term liabilities	11,417,968	11,563,350
TOTAL LIABILITIES	51,686,412	46,219,150

SHAREHOLDERS' EQUITY

Capital stock	13,650,179	13,650,179
Retained earnings	(11,721,188)	(2,292,496)
Other comprehensive income concepts	69,965	(485,177)
Total controlling interest	1,998,957	10,872,506
Non-controlling interest	714,127	711,878
TOTAL SHAREHOLDERS' EQUITY	2,713,084	11,584,384
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	54,399,496	57,803,535

Income Statement (thousands of Ps\$)

	2Q 2020	2Q 2019
Net Sales	6,959,373	12,904,014
Cost of Sales	8,467,106	14,338,667
GROSS PROFIT (LOSS)	(1,507,733)	(1,434,653)
Selling, general and administrative expenses	625,147	763,351
Other Expenses, net	(366,312)	(8,889)
Decaying of Thermal Coal Segment	2,132,523	0
OPERATING INCOME (LOSS)	(3,899,091)	(2,189,114)
Financial Expenses	1,509,512	703,425
Financial Products	(17,833)	(76,122)
Currency Fluctuation	(319,291)	(1,718)
Investments in shares of associates or joint ventures	12,542	(7,200)
INCOME (LOSS) BEFORE INCOME TAXES	(5,084,022)	(2,807,499)
Income Taxes	(866,968)	(688,080)
INCOME (LOSS) FOR THE PERIOD	(4,217,054)	(2,119,418)
EBITDA	(1,197,048)	(1,015,504)

Statement of Cash Flow (thousands of PS\$)

	Jan-Jun 2020	Jan-Jun 2019
Profit (loss) net	(12,536,461)	(3,832,228)
Depreciation and amortization	1,943,939	2,180,186
Equity in income of associated and joint ventures	10,914	(12,258)
Impairment of assets	1,940,513	0
Provisions	192,012	0
Loss on sales of property, plant and equipment, net	(610,658)	(895)
Income from sale of shares	0	0
Interest income	(37,133)	(112,094)
Currency fluctuation, Profit (loss)	2,356,740	1,220,845
Interest expense	3,050,271	(28,086)
	(3,689,863)	(584,530)
Trade accounts receivable, net	486,810	1,096,825
Due from related parties, net	715	(7,215)
Other short and long-term accounts receivable, net	(170,930)	(79,594)
Inventories, net	1,190,977	1,480,458
Advance payments	62,029	(213,892)
Suppliers	2,465,104	1,103,705
Taxes payable	673,793	(71,620)
Due to related parties	(49,597)	(89,274)
Other payables and provisions	992,639	718,305
Advances from customers	(326,855)	(72,754)
Employee retirement obligations, net	(260,366)	(124,395)
Other long term payables and provisions	0	0
Income tax (paid) recovered	(41,328)	(228,105)
Interest expenses paid	(95,847)	(163,581)
Interest income received	16,985	58,981
	4,944,129	3,407,844
Net cash flow provided by operating activities	1,254,266	2,823,314
Additions to property, plant and equipment	(226,959)	(686,403)
Cash provided by sales of property, plant and equipment	1,169,176	895
Investment in shares of associated companies	(1)	(65)
Accounts receivable from sale of shares	0	15,000
Guaranty deposits	213,688	(128,053)
Interest received	20,148	53,113
Restricted cash	275,737	(3,759,644)
Other assets	61,540	1,515
Purchase of equity of Non-controlling interest	200	0
Intangible assets	(69,485)	(146,252)
Net cash flow from financing activities	1,444,044	(4,619,885)
Financing debt	496,985	9,580,236
Increase in social capital	0	0
Financial debt paid	(2,102,633)	(1,483,558)
Payment released of lifting of Suspension of Payments	(279,038)	(5,231,106)
Interest paid	(1,220,432)	(740,778)
Other payables and provisions	0	0
Net cash flow from financing activities	(3,105,118)	2,124,794
Increase (decrease) in cash and cash equivalents	(406,808)	328,223
Adjustments to cash flow due to exchange rate fluctuations	373,891	(111,594)
Beginning of year	286,455	389,094
End of period	253,538	605,723