



Monterrey, Nuevo Leon, February 11th, 2021. 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 fourth quarter of 2020 (4Q20) and the full year (2020) 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)

	4Q20	3Q20	4Q19	(% 4Q20 vs.)		2020	2019	Ch. %
				3Q20	4Q19			
Revenues	1,662	1,577	1,706	5	(3)	6,347	6,463	(2)
Mexico	644	580	716	11	(10)	2,430	2,725	(11)
Europe	634	602	624	5	2	2,343	2,256	4
United States	269	286	244	(6)	10	1,122	1,006	12
LatAm	116	109	122	6	(6)	452	477	(5)
EBITDA	178	179	176	(1)	1	684	703	(3)
Mexico	89	84	89	6	1	336	382	(12)
Europe	43	41	43	4	(1)	130	131	(1)
United States	33	44	33	(25)	1	176	145	22
LatAm	12	9	12	31	7	41	46	(10)
CAPEX & Acquisitions¹	38	24	76	58	(50)	121	186	(35)
Net Debt	1,756	1,930	1,994	(9)	(12)	1,756	1,994	(12)
Net Debt / LTM EBITDA*	2.6	2.8	2.8					
LTM Interest Coverage ^{2*}	5.5	5.4	6.2					

* Times. LTM = Last 12 months

1 Gross amount; does not include divestments

2 Interest Coverage = EBITDA/Net Financial Expenses

Revenues amounted to US \$1.662 billion, down 3% compared to 4Q19, mainly due to the impact of COVID-19 on the Foodservice distribution channel in Mexico, Europe, and Latam, which resulted from lower consumer mobility and containment measures implemented in hotels and restaurants.

Revenues benefited from a stronger Euro, which was offset by a depreciation of the Mexican peso, versus 4Q19. On a currency neutral basis and excluding Foodservice results, revenues during 4Q20 were 2% higher year-on-year. During the quarter, revenues in local currencies and excluding Foodservice results, increased by 4% in Mexico, 10% in the U.S. and 4% in Latin America, and decreased 3% in Europe, compared to the previous year.

Accumulated revenues were US \$6.347 billion, 2% lower when compared to 2019 (see table 2). On a currency neutral basis and excluding Foodservice results, accumulated sales rose by 7% year-on-year.

Consolidated Foodservice sales have shown a positive trend, improving to -35% y-o-y in 4Q20 from a decrease of -70% y-o-y in April 2020 as mobility restrictions ease in certain geographies and consumers adapt to the new normal.

EBITDA reached US \$178 million, 1% higher year-on-year despite a decrease in Foodservice sales in most regions. In local currencies and excluding results from Foodservice, 4Q20 Adjusted EBITDA increased 7% year-on-year, supported by margin improvements in Mexico and Latam.

Accumulated EBITDA was US \$684 million, down 3% 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, driven by record EBITDA in the U.S. and margin expansions in Mexico, U.S., and Latam, attributed to lower raw material prices and cost reduction initiatives.

Capital expenditures (CAPEX) totaled US \$38 million during the 4Q20, a decrease of 50% year-on-year. The lower CAPEX follows Sigma's postponement of non-essential investments during 2020 to preserve cash flow amid the pandemic.

Accumulated CAPEX during the year was US \$121 million, down 30% versus 2019. These actions were taken without compromising maintenance and innovation initiatives. As concerns resulting from the pandemic ease, Sigma will resume productive expansions and optimization projects.

Net Debt was US \$1.756 billion, 12% and 9% below 4Q19 and 3Q20 levels, respectively. The lower Net Debt is explained by continued solid operating performance, the implementation of cash-flow-maximizing initiatives amid the pandemic, improvements in net working capital, and lower dividends.

Cash totaled US \$820 million at year-end, increasing 39% on a sequential basis. Financial ratios at the end of the quarter were 2.6 times and 5.5 times for Net Debt to EBITDA and Interest Coverage, respectively (see table 4).

INDUSTRY COMMENTS - SIGMA

During the fourth quarter, Sigma displayed strong operational results despite COVID-19-related challenges. As some regions continue adapting to the new normal, others undergo additional government containment measures implemented in response to new contagion waves. The impact on economic growth and unemployment levels remains a key consideration.

Mexico's consumer confidence, reported by INEGI¹, gradually recovered since May 2020, when the index reported a decrease to 31.4pts; its lowest level since 1Q17, from 42.4pts reported in March from the same year. As of the end of 2020, the index partially recovered to 38.1pts.

During the fourth quarter, same-store-sales reported by ANTAD² rose 2.8% and 2.6% in October and November, respectively, but decreased 6.2% during December, partially explained by government containment measures implemented during the last weeks of 2020.

Consumer confidence³ in the U.S., during 4Q20 decreased by 26% year-on-year. Meanwhile, food retail sales⁴ rose by an average 8% during the fourth quarter, compared to about 9% from the previous quarter.

In Europe, the average consumer confidence index reported by the European Commission decreased to a negative 15.6 in 4Q20 from to a negative 7.6 in 4Q19. Food retail sales measured by Eurostat increased 4%, on average, during October and November, year-on-year.

Average raw material prices in the U.S., during the quarter, continued below 4Q19 levels, in line with those observed throughout 2020. During the quarter, pork ham prices in the US decreased 14% year-on-year, closing the gap from 26% observed during 3Q20, when compared to the previous year. Meanwhile, turkey breast and turkey thigh prices maintained a similar trend at 14% and 24%, below 2019. In Europe, pork prices showed a steady downward trend with shoulder, ham and lean hog prices decreasing 29%, 24% and 23%, respectively year-on-year.

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

Sigma's Mexican operations source approximately 60% of its protein raw materials from the U.S. As a result, both raw material prices in U.S. dollars and the Peso-Dollar exchange rate influence product prices and revenue management initiatives.

The average exchange rate for the Mexican peso versus the U.S. dollar, during the quarter, showed a partial recovery since the third quarter, but continued to be about 7% below 2019 levels. Meanwhile the euro gained ground with respect to the U.S. dollar by close to 7%. Currencies in LatAm mostly depreciated in relation to the U.S. dollar, with a net negative impact on results.

RESULTS BY REGION - SIGMA

During the fourth quarter of 2020, sales in Mexico accounted for 39% of the total, while Europe represented 38%, the U.S. 16%, and Latin America 7%.

Mexico: 4Q20 sales, in local currency, decreased 4% year-on-year, primarily due to lower sales volume in the Foodservice distribution channel, which continues to be impacted by lower mobility and high at-home food consumption.

In contrast, EBITDA, in local currency, increased 8%, with a 1% margin expansion, and benefiting from lower-than-expected raw material costs. Excluding Foodservice results and the impact from the depreciation of the Mexican peso, sales and EBITDA increased 4% and 15% versus 4Q19, respectively.

Europe: During the quarter, sales and EBITDA, in euros, decreased 5% and 7% respectively when compared to 4Q19, mainly due to consumer uncertainty caused by government containment measures for the holiday season that impacted the quarter's product mix, with lower-than-expected demand for seasonal products.

Also, although the Foodservice channel shows a gradual recovery on a sequential basis, it continues to be impacted by the pandemic when compared to the same period of 2019. 4Q20 EBITDA margin remained flat year-on-year as lower volume off-set benefits from lower raw material prices.

United States: strong performance in 4Q20 sales, up 10% year-on-year. Meanwhile, EBITDA grew 1% when compared to the same period of 2019, as a result of the temporary impact from adjustments in our distribution capabilities. During 2020 the U.S. reached record sales and EBITDA of US \$1.122 billion and US \$176 million, respectively due to a strong demand, efficient operations, and agile production and distribution planning.

Latam: sales, in local currencies, were down 1% year-on-year during 4Q20, mainly as a result of lower Foodservice volumes. On the other hand, EBITDA increased 12% in local currencies, mainly due to cost and expense reduction initiatives, as well as volume recovery towards the end of the year. On a currency neutral basis and excluding Foodservice results, EBITDA increased 27% versus 4Q19.

RECENT DEVELOPMENTS - SIGMA

Liquidity Management	<ul style="list-style-type: none"> • Strong cash position of US \$820 million (+39% vs. 3Q20) • +US \$700 million in available committed credit lines • Next long-term maturity in 2024
Financial Hedges	<ul style="list-style-type: none"> • As of December 2020, Sigma's outstanding currency forward hedges amounted to US \$700 million with an average exchange rate of 21.57 MXN/USD, enough to cover its 2021 U.S. dollar needs
New sources of revenue	<ul style="list-style-type: none"> • Sigma boosted its efforts to develop and pursue new sources of revenue • Key members of a high-performance team with entrepreneurial skills and expertise in fast-high quality-execution were assigned to growth initiatives • Sigma engages in an agile and continuous exercise of filtering, analyzing, piloting, and scaling high potential opportunities
Tastech by Sigma	<ul style="list-style-type: none"> • Sigma launched Tastech by Sigma in 2019, an acceleration program that aims to collaborate with high-impact startups and scaleups • Tastech received over 120 applications worldwide in its first call-out, which resulted in 8 pilot tests • On February 3rd, 2021 Tastech launched its second-generation call-out
Innovation	<ul style="list-style-type: none"> • ~1,300 new products launched during the last 36 months, +500 of those in 2020 • New products represented +9% of 2020 sales
Sustainability	<ul style="list-style-type: none"> • 2,300 volunteers participated in sustainability initiatives • 2,533 tons of food donated during 2020 • During 2020, 4 production facilities were integrated to our Green Energy Portfolio through efficient cogeneration technology • Visit Sigma's sustainability web page for more information

(See "Financial Statements" for Sigma's 4Q20 Balance Sheet and Income Statement)

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

	4Q20 vs.		2020 vs.
	3Q20	4Q19	2019
Total Volume	(0.8)	(5.5)	(2.9)
Avg. Ps. Prices	(0.9)	10.2	12.4
Avg. US \$ Prices	6.3	3.1	1.1

Table 2 | SIGMA - REVENUES

	4Q20	3Q20	4Q19	(%) 4Q20 vs.		2020	2019	Ch.%
				3Q20	4Q19			
Total Revenues								
Ps. Millions	34,271	34,855	32,888	(2)	4	135,983	124,498	9
US \$ Millions	1,662	1,577	1,706	5	(3)	6,347	6,463	(2)
Domestic Revenues								
Ps. Millions	13,261	12,824	13,575	3	(2)	51,783	52,475	(1)
US \$ Millions	644	580	704	11	(9)	2,429	2,725	(11)
Foreign Revenues								
Ps. Millions	21,010	22,031	19,313	(5)	9	84,200	72,023	17
US \$ Millions	1,019	997	1,002	2	2	3,918	3,739	5
Foreign / Total (%)	61	63	59			62	58	

Table 3 | SIGMA - OPERATING INCOME AND EBITDA

	4Q20	3Q20	4Q19	(%) 4Q20 vs.		2020	2019	Ch.%
				3Q20	4Q19			
Operating Income								
Ps. Millions	1,807	2,719	2,276	(34)	(21)	9,267	9,148	1
US \$ Millions	86	123	118	(30)	(27)	428	475	(10)
EBITDA								
Ps. Millions	3,675	3,962	3,399	(7)	8	14,707	13,543	9
US \$ Millions	178	179	176	(1)	1	684	703	(3)

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

	4Q20	3Q20	4Q19
Assets	5,508	5,185	5,250
Liabilities	4,339	4,088	4,337
Stockholders' Equity	1,168	1,097	913
Majority Equity	1,168	1,097	913
Net Debt	1,756	1,930	1,994
Net Debt/EBITDA*	2.6	2.8	2.8
Interest Coverage*	5.5	5.4	6.2

* Times. LTM= Last 12 months

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

BALANCE SHEET

Information in millions of Nominal Mexican Pesos

(% Dec 20 vs.

Assets	Dec 20	Sep 20	Dec 19	Sep 20	Dec 19
CURRENT ASSETS:					
Cash and cash equivalents	16,301	13,197	9,730	24	68
Restricted cash	24	27	11	(11)	112
Customers, net	3,833	3,967	5,365	(3)	(29)
Income tax recoverable	741	622	407	19	82
Inventories	15,248	18,451	16,245	(17)	(6)
Other current assets	3,585	3,779	3,024	(5)	19
Total current assets	39,732	40,044	34,782	(1)	14
Property, plant and equipment, net	33,346	36,204	32,306	(8)	3
Intangible assets, net	17,179	18,717	15,701	(8)	9
Goodwill	14,638	15,965	12,865	(8)	14
Deferred income tax	4,125	4,013	2,678	3	54
Investments in associates and joint ventures	132	139	107	(5)	23
Other non-current assets	719	1,361	489	(47)	47
Total non-current assets	70,140	76,399	64,147	(8)	9
Total assets	109,872	116,443	98,929	(6)	11
LIABILITIES AND STOCKHOLDER'S EQUITY					
CURRENT LIABILITIES:					
Current debt	649	715	576	(9)	13
Notes payables	558	739	535	(24)	4
Suppliers	20,352	20,342	21,521	-	(5)
Income tax payable	461	600	1,739	(23)	(74)
Provisions	182	146	102	25	79
Other current liabilities	7,748	7,786	5,332	-	45
Total current liabilities	29,949	30,328	29,805	(1)	-
NON-CURRENT LIABILITIES:					
Non-current debt	47,746	52,632	44,083	(9)	8
Notes payables	2,030	2,225	1,875	(9)	8
Deferred income taxes	3,934	4,291	3,524	(8)	12
Employees benefits	1,807	1,854	1,771	(2)	2
Provisions	90	97	83	(7)	9
Income tax payable	974	373	556	161	75
Other non-current liabilities	38	4	31	891	20
Total non-current liabilities	56,619	61,475	51,923	(8)	9
Total liabilities	86,568	91,803	81,728	(6)	6
STOCKHOLDERS' EQUITY:					
Total controlling interest:	23,304	24,640	17,201	(5)	35
Total non-controlling interest:	0	0	0	-	-
Total stockholders' equity	23,304	24,640	17,201	(5)	35
Total liabilities and stockholders' equity	109,872	116,443	98,929	(6)	11

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

INCOME STATEMENT

Information in millions of Nominal Mexican Pesos

	4Q20	3Q20	4Q19	2020	2019	4Q20 vs. (%)	
						3Q20	4Q19
Revenue	34,271	34,855	32,888	135,983	124,498	(2)	4
Cost of sales	(24,603)	(24,861)	(23,953)	(97,661)	(89,670)	(1)	3
Gross profit	9,668	9,994	8,935	38,322	34,828	(3)	8
Selling expenses	(5,325)	(5,637)	(5,200)	(21,901)	(20,336)	(6)	2
Administrative expenses	(1,739)	(1,690)	(1,436)	(6,405)	(5,473)	3	21
Other income (expenses), net	(797)	52	(24)	(750)	128	-	-
Operating profit	1,807	2,719	2,276	9,267	9,148	(34)	(21)
Comprehensive financial expenses, net	(1,774)	(730)	(586)	(2,465)	(2,629)	143	203
Equity in income (loss) of associates	-	13	12	12	10	(100)	(100)
Profit before income tax	32	2,003	1,702	6,814	6,529	(98)	(98)
Provisions for:							
Income tax	(598)	(1,063)	(981)	(1,822)	(2,977)	(44)	(39)
Net consolidated profit	(566)	940	721	4,992	3,552	(160)	(178)
Non-controlling interest	0	0	6	0	(13)	-	(100)
Controlling interest	(566)	940	715	4,992	3,565	(160)	(179)



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