

THOMSON REUTERS STREETEVENETS

# EDITED TRANSCRIPT

NEMAKA.MX - Q2 2017 Nemark SAB De CV Earnings Call

EVENT DATE/TIME: JULY 27, 2017 / 3:30PM GMT



JULY 27, 2017 / 3:30PM, NEMAKA.MX - Q2 2017 Nemark SAB De CV Earnings Call

## CORPORATE PARTICIPANTS

### Adrian Althoff

**Alberto Sada Medina** *Nemark, S. A. B. de C. V. - CFO*

**Armando Tamez Martínez** *Nemark, S. A. B. de C. V. - CEO*

## CONFERENCE CALL PARTICIPANTS

**Christian C. Landi** *Scotiabank Global Banking and Markets, Research Division - Deputy Director of Metals & Mining and Associate*

**Gilberto Garcia** *Barclays PLC, Research Division - Assistant VP and Equity Research Analyst*

**Luis Miranda Valenzuela** *Santander Investment Securities Inc., Research Division - Head of Food and Beverage*

**Mauricio Serna Vega** *UBS Investment Bank, Research Division - Analyst*

## PRESENTATION

### Operator

Good morning, everyone, and welcome to Nemark's Second Quarter 2017 Earnings Call. Armando Tamez, Nemark CEO; Alberto Sada, CFO; and Adrian Althoff, Investor Relations Officer are here this morning to discuss the company's performance and answer any questions that you may have. As a reminder, today's conference is being recorded and will be available on the company's Investor Relations website. I will now turn the call over to Adrian Althoff.

### Adrian Althoff

Thank you, operator. Good morning, and welcome, everyone. We very much appreciate your participation. Armando Tamez, our CEO, will lead off today's call by providing an overview of our business and financial highlights. Alberto Sada, our CFO, will then discuss key industry trends and our second quarter financial results in more detail. Afterwards, we will open up for a Q&A session. Before we get started, let me remind you that information discussed on today's call may include forward-looking statements regarding the company's future financial performance and prospects, which are subject to risks and uncertainties. Actual results may differ materially, and the company cautions not to place undue reliance on these forward-looking statements. Nemark undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

I will now turn over the call to Armando Tamez.

### Armando Tamez Martínez - Nemark, S. A. B. de C. V. - CEO

Thank you, Adrian. Hello, everyone, and welcome to Nemark's Second Quarter 2017 Results Conference Call.

This quarter, we continue to advance with our growth strategy, while at the same time weathering external headwinds, which effected our results. Regarding volumes, 2 key customers in North America, FCA and Ford, reduced demand for our products on the back of lower vehicle sales. Meanwhile, aluminum prices continue to rise albeit at the lower pace than in first quarter '17. While these help cost increase revenues, it is also ensured that we saw a negative metal price lag effect for the second consecutive quarter, hindering our profits and creating a tough comparable vis a vis the same period last year, when we saw a positive metal price lag. To counter these effects, we continue with the regional company-wide initiatives, targeting cost savings and productivity improvements. As we mentioned in last quarter's call, we are growing our teams from across our company, improving our global purchase and function to drive these efforts forward.



## JULY 27, 2017 / 3:30PM, NEMAKA.MX - Q2 2017 Nemak SAB De CV Earnings Call

In terms of our other regions, rest of the world, saw the biggest relative against as of business maintain an outward trajectory in Asia, while stabilizing in South America.

I would like to emphasize that we remain optimistic on our prospects in the churn to bigger term in China, where we are delivering better results on the back of an improved performance, scale and product mix. Moreover, underlying macroeconomics and industry fundamentals have been supportive of our growth plans. With automotive lightweighting solutions becoming center to efforts to meet the country's carbon and emissions targets, we're seeing an accelerating trend towards increased aluminum penetration in our core powertrain business.

At the same time, we are seeing Chinese consumers placing an even greater premium on attributes such as power and performance, helping to drive a secular [chief] towards more advanced engines which in turn require the type of complex higher value added castings for which we are a market leader.

I'm also pleased to share that we continue to make a stride in the scale out of our new structural and electric vehicle components businesses. This include the successful transfer of a new program to produce structural component for the Audi Q5 from Poland to Mexico. A first in North America for this product line. We are now supplying this part to the customers, Puebla site from our new high-pressure die casting plant in Monterrey. Additionally, we launch a new program to produce structural components for Alfa Romeo, while advancing according to plan with the ramp up of 2 new structural component programs with BMW that we announced last quarter.

With automakers looking to further enhance engine efficiency while also optimizing the range and performance of the next generation of hybrids and full electric vehicle models, we believe it is likely that aluminum content in a structural and electric vehicle components will continue increasing for the foreseeable future. As you may have already heard, during the quarter, we announced the creation of a new global organization that we get to these new business lines, which will be 1 for main labors, supporting operational execution as well as efforts to capture growth opportunities linked to these emerging trends going forward.

To serve central and structural in EV components. One of our most important learnings having the degree to which resources and know-how instrumental to our base powertrain business can also serve as a foundation for excellence in these new products. One of the key enablers of our structural component joining so far has been our expertise in high-pressure diecasting, which is also a critical technology for our engine block and transmission based product lines. Today, a parallel storyline is emerging on the EV side where we are seeing increasingly attractive growth prospects in the components we are targeting. Mainly, E-drives and bearing housings via proprietary casting processes, which we have traditionally used to produce cylinder heads and engine blocks. Moreover, with demand for EV components increasing among all major auto makers, it is clear today the interim report that these new business lines will be the company-wide undertaking. To this end, we are leveraging our innovation infrastructure in all regions with the aim of building a leading position in these components.

We made significant progress on this front in this quarter beginning work with an Asian customer to develop the first ever battery housing prototypes with the North American market and starting development of E-drive housings in Europe and North America using our proprietary processes. Given our long-term customer relationships and their right for capabilities in EV components, which include high value-added design, manufacturing and finishing processes, we are confident that we will be able to offer a unique value proposition to the market as demand for these components continue to grow.

With that, I would hand off the call to Alberto Sada, Nemak's CFO.

---

### **Alberto Sada Medina** - *Nemak, S. A. B. de C. V. - CFO*

Thank you, Armando. And good morning, everyone. Let me start by sharing relevant regional industry data that sheds lights on our results. In the U.S., we saw vehicle sales lowered during the quarter with a seasonally adjusted annual rate or SAAR finishing down 3% year-over-year as fleet sales continue to fall short of expectations. In turn, North American and Nemak customers' vehicle production decreased by 2.7% and 2.0% respectively. In terms of Europe, vehicle sales SAAR was flat year-over-year as Western Europe decreases slightly while Eastern Europe showed marginal growth. Industry and Nemak customers' production in the region decreased 3% and 4.1% respectively, mainly due to inventory and export reductions.



## JULY 27, 2017 / 3:30PM, NEMAKA.MX - Q2 2017 Nemak SAB De CV Earnings Call

Moving on to our results, we saw total volumes down 2.3% as lower volumes in North America outweighed higher volumes in rest of the world. Our China operation accounted for most of the growth delivering a better operational performance on the back of new program ramp ups where Brazil finishes slightly positive. Meanwhile revenues posted a 3.8% gain mainly due to higher aluminum prices. As you may know, we have agreements in our contracts with customers that allow us to pass on the impact of changes in aluminum prices with the time lag.

We reported consolidated operating income of \$124 million, 12.7% lower than second quarter of '16. This result was mainly due to the following factors. First, higher aluminum prices resulted in a negative metal price lag effect previously described, which amounted to approximately \$9 million this quarter as aluminum prices increase by 4% in this period. While this negative effect was less than the first quarter of this year, the year-over-year comparison is difficult due to a positive metal lag of a similar amount in the second quarter of '16.

Second, volumes decreased 2.3% mainly due to lower sales in North America as explained previously. Third, we had higher operating expenses associated with the new programs primarily in Europe. Partly offsetting the above, we had a nonrecurring gain in the amount of \$18 million derived from the reversal of a provision related to a disputed indirect tax on revenues.

Lower operating income in turn caused EBITDA to finish at \$206 million, 6.8% below second quarter of '16. EBITDA margin was 17.7%, 200 basis points lower than the 19.7% reported last year. EBITDA per equivalent unit was \$16.10, \$0.80 lower than the \$16.90 reported in the second quarter of '16.

Foreign exchange movements resulted in lower deferred income tax provisions, which contributed to a net income increase of 1.3% year-over-year. We continue implementing cash flow improvement initiatives focusing on managing working capital and optimizing capital expenditures. Regarding CapEx, we invested \$88 million in the quarter for the semester, free cash flow was \$51 million better than the same period last year, a clear sign these efforts are paying off.

Now I would like to go over our regional results. Our volume in North America decreased 7.6%, mainly due to the discontinuation or reduction in production of certain FCA and Ford vehicle lines respectively. As we have shared in previous calls, FCA scaled down production and canceled its Chrysler 200 and Dodge Dart vehicle lines for which we supply heads, blocks and bedplates, creating a tough year-over-year comparison.

As we explained in last quarter's call, we expect to recover some of these volumes once FCA deploys production of new vehicle lines.

Revenues increased 0.8% as higher aluminum prices more than offset the volume effect previously mentioned by a narrow margin. EBITDA in North America decreased 2.8% compared to second quarter '16, mainly due to lower volumes combined with negative metal price lag. This result included the nonrecurring gain already mentioned originating from a Brazilian federal court ruling in favor of the company, which brought an end to a long-standing dispute and allowed us to reverse the corresponding provision. The gain was recorded at the holding company level, which for presentation purposes has been considered as part of North America. Excluding this nonrecurring gain, second quarter of (inaudible) in North America was 15% lower year-on-year.

Turning to Europe, volumes were flat for the quarter. Revenues rose 1.3% driven mainly by higher aluminum prices. However, EBITDA in Europe decreased \$15 million or 21.1% compared to the same quarter of last year. Approximately 2/3 of this was due to the net effect of negative metal price lag this quarter compared to a positive metal price lag in second quarter of '16. The rest was due to external operating expenses related to the ramp up of new programs and R&D costs.

In our rest of the world operations, our volumes increased 30% mainly due to higher volumes in Asia, revenues increased 42%, driven mainly by volumes. EBITDA increased by \$5 million mainly due to the improved volume just mentioned and profitability in Asia.

I would now like to hand the call back to Armando.

## JULY 27, 2017 / 3:30PM, NEMAKA.MX - Q2 2017 Nemak SAB De CV Earnings Call

**Armando Tamez Martínez** - *Nemak, S. A. B. de C. V. - CEO*

Thank you, Alberto. Related to 2017 results, I will now like to update our 2017 guidance. Given the cyclically and extraordinary effects, we have been seeing over the first 6 months of the year and a have started our efforts to provide timely information to the markets, we have decided to revise our guidance. Primarily, adjusting for the impact of ratable expected -- negative metal price lag, reduced production among certain North American customers, foreign exchange volatility particularly related to the Mexican peso.

Our revised 2017 guidance is as follows. For volume, we expect 50.4 million equivalent units instead of 51.6 million. Revenue remains unchanged at \$4.4 billion because we expect that lower volumes will be offset by higher aluminum prices.

Turning to EBITDA, we expect \$750 million instead of \$802 million. And last, we expect that continued efforts to optimize capital allocation will enable us to finish this year with the CapEx of \$385 million instead \$430 million.

With that, I will open the call for your questions. Operator, please instruct the participants on how to place their questions.

### QUESTIONS AND ANSWERS

**Operator**

(Operator Instructions) Our first question comes from the line of Mauricio Serna with UBS.

**Mauricio Serna Vega** - *UBS Investment Bank, Research Division - Analyst*

First, sorry, I joined the call a little bit late, so if could provide us maybe -- I don't know if you provide information on -- when you're talking about the electric batteries and electric cars outlook. Did you mention anything on whether you're expecting like certain amount of sales in the long-term generating from -- arising from this initiative? Or did this come included in the \$1 billion expectations for the structural components? And second, on Europe, I was particularly concerned given that the first quarter you had a 10% increase in volumes and now even with the acquisition you did have in Turkey and at the end of last year, the volumes were flat. So I guess, I just wanted to know, what happened here? And what -- there in Europe? And finally, if you could maybe provide a little bit of a -- at consolidated level the breakdown on the EBITDA, negative effect, and how much came from metal lag? I would sense that mostly wasn't the volumes, on the weak volumes in North America and also the investments?

**Armando Tamez Martínez** - *Nemak, S. A. B. de C. V. - CEO*

The first part of your question related to electric and structural components. What we have indicated is that we are making good inroads. We have so far accumulated a book order of about \$280 million and we're still targeting to reach approximately \$1 billion by 2022, as we have indicated in previous calls. We're seeing a lot of opportunities with different OEMs worldwide to quote different type of components. And we are, as I have indicated, including this in the same organization. We have recently appointed a new Vice President that has been working for also -- he's located in Europe, and he's responsible for this organization from all points of view, from the sales, product development and also manufacturing. We have great expectations and as I indicated during my call, we are making already some -- by replace E-drives for some European OEMs. And we have also made an excellent connection with an Asian customer, that for confidentiality reasons, we cannot identify the name, but this is a major producer of battery and electric engines and we are developing a prototype for them, as we speak. Moving to Europe, Alberto?

**Alberto Sada Medina** - *Nemak, S. A. B. de C. V. - CFO*

Yes, sure. Mauricio, related to the European volume, as indicated what we saw was a little bit of reduction in production by the OEMs due to inventory adjustments, these are cyclical factors, as well as a little bit of reduction of the exports of engines that get sent from Europe from Hurley to North America. So that explains why you are seeing a little bit of a deviation versus what we saw on the first quarter. And related to the EBITDA



## JULY 27, 2017 / 3:30PM, NEMAKA.MX - Q2 2017 Nemark SAB De CV Earnings Call

effects, if we exclude the external gains that we reported of \$18 million, about half of the difference versus last year came from the metal lag, both the combination of a positive metal lag last year and a negative metal lag this year, and the rest about 25% of the difference comes from volume, and net effect of North America versus the rest of the world. And the other portion from a little bit of regional operating expense and early costs.

---

**Mauricio Serna Vega** - *UBS Investment Bank, Research Division - Analyst*

Great. And finally, just a follow-up on you mentioned in the -- first in the electric vehicles that you already have like several contracts you're working on. Can you maybe just give us a sense on how much does these right now represent in terms of revenues and other revenues?

---

**Armando Tamez Martínez** - *Nemark, S. A. B. de C. V. - CEO*

Yes, we are combining both the structural component and the electric vehicles. Right now represents approximately \$50 million for the electric vehicle components and the rest is related to structural components.

---

**Operator**

Our next question comes from the line of Luis Miranda with Santander.

---

**Luis Miranda Valenzuela** - *Santander Investment Securities Inc., Research Division - Head of Food and Beverage*

A couple of questions. And the first one is, going back to Europe, if you could tell us these are the charges that you've recorded in the second quarter. Should we expect additional charges during the second half or it was more an event during this quarter? The second to Armando, with this new structure in the structural component, do you expect or could we start to see some benefit of these new structure in terms of more activity and more contracts and to increase their backlog in structural and electric cars?

---

**Alberto Sada Medina** - *Nemark, S. A. B. de C. V. - CFO*

Hi, Luis. Related to your question on Europe, I think the primary difference came, as indicated from the metal lag that we saw in Europe. Europe has a slightly lengthier adjustment period for the metal lag. The remaining difference which is about 1/3 comes from this operating -- extra operating expense on R&D. Most of them are extraordinary. These are related to ramp up and set up of capacity for the launching of new businesses, which are gradually coming to our full production. We might expect a very little bit but the majority I think happened in the second quarter.

---

**Armando Tamez Martínez** - *Nemark, S. A. B. de C. V. - CEO*

Luis, related to the structural and electric vehicle components, we are seeing as we speak a lot of activity. We are in the process of quoting a lot of new structural pass, mainly for Europe, and we are seeing a little bit less activity in North America. In the E-drive, we are seeing a lot of activity worldwide. We are seeing a lot of activity, a lot of request from both. We are seeing an important trend of customers moving into hybrid vehicles. And they're looking to see for the opportunity to again get the benefits from strong casting suppliers and certainly, we have already been producing some parts. Related to your question, when do we expect to see benefits of this production? As we speak, we already mentioned that we are starting to produce some structural parts in Europe as well as in North America and also E-drives. So we're expecting to see some positive results before the end of this year, and we will see better financial results in the following years, we're just ramping up.



## JULY 27, 2017 / 3:30PM, NEMAKA.MX - Q2 2017 Nema SAB De CV Earnings Call

**Luis Miranda Valenzuela** - *Santander Investment Securities Inc., Research Division - Head of Food and Beverage*

Maybe just let me clarify my question. I mean, in terms of these new business structure with the division of the structural components on this whole new structure for the business, in terms of putting the people in Europe, and I mean, this should translate also into more aggressive bidding or new contracts in the medium-term. And that's quite minimal, especially in the production in Europe?

**Armando Tamez Martínez** - *Nemak, S. A. B. de C. V. - CEO*

Yes, Luis. That's exactly the idea behind our strategy to appoint a dedicated organization to really focus on targeting this activity, which by the way, is separate from the powertrain business. That's one of the reasons that we decided to create this organization. We have already the resources. But we want to focus and concentrate a higher and deeper activity in terms of pursuing opportunities with customers as well as develop the products and the execution is key, because in most of the contracts that we have, we are a single source supplier. So we cannot make any mistakes. So that's why we are appointing these dedicated organizations and we are confident that we will take advantage of all the activities that we have seen from customers in Europe as well as in Asia and also in North America.

**Operator**

Our next question comes from the line of Christian Landi with Scotia Bank.

**Christian C. Landi** - *Scotiabank Global Banking and Markets, Research Division - Deputy Director of Metals & Mining and Associate*

I have 2 questions, if I may. The first one has to do with what profitability are you expecting from the structural market products and electrical vehicle products? Going forward, is it supposed to be higher than the powertrain components profitability? And the second question, is this new guidance already considering the mix of vehicles that we have seen in the U.S., that now field, say, toward more as you [need than] pickups, contrary to small cars? That would be it.

**Armando Tamez Martínez** - *Nemak, S. A. B. de C. V. - CEO*

Thank you, Christian for your call. Related to profitability, we are expecting to have a little bit higher profitability than what we have on heads and blocks for these new products. We're pricing competitively but at the same time, due to these new activity and since there is no capacity open in the industry. We are trying to position ourselves at reasonable prices for our customers to make it affordable but at the same time, looking for better profitability than growing products that we produce.

**Alberto Sada Medina** - *Nemak, S. A. B. de C. V. - CFO*

Yes, Christian, this is Alberto. And related to your second part of question about the assumption on volumes on the guidance. Yes, I mean, the main reason why we saw the variation in volume comes from the reduction of sales of smaller vehicles in the U.S. In particular as we have said the scale down and final cancellation of FCAs, 200 and Dart vehicle lines as well as reduction in production from Ford's small and midsize vehicle applications. So that's part of the assumption on the guidance related to volume.

**Operator**

Our next question comes from the line of [Paulo Flacio] with Citi.



JULY 27, 2017 / 3:30PM, NEMAKA.MX - Q2 2017 Nemak SAB De CV Earnings Call

### Unidentified Analyst

I just have a quick clarification. When you shared out the right number for the backlog in structural components and electric vehicles. If I heard correctly, the number is \$280 million of which \$50 million is electrical vehicle and the rest is structural components, is that correct?

**Armando Tamez Martínez** - *Nemak, S. A. B. de C. V. - CEO*

That is correct.

### Operator

(Operator Instructions) Our next question comes from the line of Gilberto Garcia with Barclays.

**Gilberto Garcia** - *Barclays PLC, Research Division - Assistant VP and Equity Research Analyst*

I have a question on North American volumes. You have explained that, that some of the decline is related to your customers switching some programs, but your decline was a little larger than some there. So is this related to them boosting production of other lines where you don't participate as a supplier or is this more about switching production from North America to other regions?

**Alberto Sada Medina** - *Nemak, S. A. B. de C. V. - CFO*

Yes, there are several factors. and I think when you see our volumes, when you see a slightly higher decline versus what we saw on the industry, it's from 2 things. First is, you have the fact that for this particular case of FCA, we're producing the bedplate, the block and the head, and that has, let's say, an amplifying effect on our volumes when you see that platform, engine platform, coming down. So I think that explains one of the reasons why we have a slightly higher volume reduction on our numbers versus what we're seeing on the industry. And the rest that we're seeing is on inventory reductions from our customers. And you may have seen that some customers are with a little bit higher inventories and that inventory reduction causes on production reductions as well.

### Operator

Our next question comes from the line of Mauricio Santos with GBM.

### Unidentified Analyst

A few follow ups on North America operation. Could you show us which is the mix between light vehicles and pickup trucks and SUVs in the U.S.? In order to -- well the thing is that, I would like to know, what would be the sensitivity. Or your bet against what do you call, we are seeing in U.S. sales? And I guess, as you mentioned, it depends on the mix of vehicles you're producing? And of course, if you could share, when does this impact of FCA units will be faded out from your top line?

**Alberto Sada Medina** - *Nemak, S. A. B. de C. V. - CFO*

As related to your second question, I think what we saw in terms of FCA's reduction and cancellation of their platforms, that the reduction on the engine side happened gradually. It was actually stopped at the beginning of the year. So from, let's say, from a performance point of view, you are going to be seeing this effect on the whole year. And this happen a little bit earlier than what we had anticipated. For that reason we did not include this effect on our volume assumptions for the year. And related to your second question about the passenger versus light truck combination. Out of the number that we have for the second quarter, which is around \$16.7 million of SAAR, we saw \$10.5 million out of light trucks and \$6.2 million out of passenger cars. So I think that trend of switching to higher, let's say, to larger vehicles both pickup trucks as well as SUVs and CUVs continues





## JULY 27, 2017 / 3:30PM, NEMAKA.MX - Q2 2017 Nema SAB De CV Earnings Call

happening, and we see that trend essentially staying in the same level as we're seeing low gasoline prices essentially not having any issues on higher demand for the light trucks. So preference from the American consumer continues being favoring that vehicle segments.

### Unidentified Analyst

And how are you positioned for serving that changing trends? Let's say that volumes fell twice as much as what you saw in the whole industry, and of course, you already mentioned that this is sort of explained by the fact that you're selling the whole powertrain too to FCA. However, I would think that the mix you are -- Nema mix is important in order for us to assess what to expect of volumes as U.S. sales continues to decelerate?

### Alberto Sada Medina - Nema, S. A. B. de C. V. - CFO

Yes. Well, I think you're making a good point. I think some of the changing applications that have been suffering are associated with these 2 platforms that we saw being reduced. But at the same time, we're seeing new vehicle lines coming in that will be using some of these engines. Right now those engines are being, let's say, switched to other ones where as we indicated on this side for FCA, we have 3 components. On the other vehicles we have 2 components. But at the end, our engines have a widespread number of applications, and we traditionally get the benefit whenever a vehicle line doesn't perform as expected, that engine gets used on different lines. Our small and midsize engines get used on a lot -- on a very ample breadth of vehicle lines. So we eventually catch up on some of those applications. But again, in particular for our case, for FCA in particular, the has this amplifying effect of 3 components in that engine versus 2 components or 1 component on other engines.

### Armando Tamez Martínez - Nema, S. A. B. de C. V. - CEO

Yes, I think just to add on what Alberto is indicating. With some customers that are moving -- switching to light trucks instead of passenger cars, in some of the powertrains they still have some blocks made out of cast iron and we don't participate on that. So that's, to some extent an explanation of this shift, and certainly, we are expecting that eventually, they would have to move to lighter materials to comply with the regulations in terms of fuel efficiency. And I think we have demonstrated that we have a very strong technology and cost competitiveness to participate for the future.

### Unidentified Analyst

So taking all this into consideration, we should expect your sales to -- given what's happening in the U.S. market nowadays, we should expect your volumes to decline a little bit more to what we're seeing for the rest of the NAFTA?

### Alberto Sada Medina - Nema, S. A. B. de C. V. - CFO

Well, I mean, the forecast for NAFTA is around 17.1 million units in terms of the yearly sales, which is a slight reduction versus what we saw last year. So essentially, what we have seen so far, I think that's --

### Armando Tamez Martínez - Nema, S. A. B. de C. V. - CEO

What we are -- again, Mauricio, indicating is that our guidance in terms of volume is 50.4 million equivalent units. We are expecting -- originally our volume was a little bit more than 1.2 million units. We have lost almost already 1 million. So we are not expecting for the second half of the year and this is our projection and we are also communicating with our customers. So we don't expect to see a severe impact there, and it is already discounted in the new guidance that I just provided.

### Operator

We have no further questions at this time. I would now like to turn the floor back over to management for closing comments.



JULY 27, 2017 / 3:30PM, NEMAKA.MX - Q2 2017 Nemak SAB De CV Earnings Call

---

**Adrian Althoff**

Thank you, operator. I would just like to thank everyone for participating in today's call. Please feel free to contact us, if you have any follow-up questions or comments. Have a good day.

---

**Operator**

Ladies and gentlemen, this does conclude today's teleconference. You may disconnect your lines at this time. Thank you for your participation, and have a wonderful day.

---

**DISCLAIMER**

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2017, Thomson Reuters. All Rights Reserved.

