

Nemak posts 5.7% EBITDA¹ growth in 2Q15

Monterrey, Mexico. July 21, 2015. - Nemak, S.A.B. de C.V. (“Nemak”) (BMV: NEMAK), a leading provider of innovative light-weighting solutions for the global automotive industry, announced today its operational and financial results for the second quarter of 2015.

For the second quarter of 2015 and the first half of the year, EBITDA increased 5.7% and 5.2%, respectively. This result was driven by higher contribution margins due to an improved sales mix and efficiency gains which more than offset flat volumes.

Key Figures

	Second Quarter			For the six months of:		
	2015	2014	Δ%	2015	2014	Δ%
Volume (M. Equivalent units)	12.9	12.9	(0.0)	25.9	25.9	(0.0)
Net Sales	1,167	1,202	(2.9)	2,339	2,406	(2.8)
Operating Income	131	123	6.5	260	242	7.4
EBITDA ¹	204	193	5.7	401	381	5.2
EBITDA ¹ / Eq. Unit	15.8	15.0	5.7	15.5	14.7	5.2
Net Income	77	66	16.7	149	136	9.6
CAPEX	113	78	44.9	214	152	40.8
Net Debt ²	1,269	1,235	2.8			

Expressed in millions of US Dollars

(1) EBITDA = Operating Income + Depreciation, Amortization & other non-Cash Charges

(2) Net Debt = Total Debt - Cash

Armando Tamez Martínez, Nemak’s CEO commented: “On July 1st, we successfully completed an Initial Public Offering of Nemak’s shares on the Mexican Stock Exchange, marking a historic milestone for us. Investors showed solid demand for our company’s shares and we are confident that this IPO will support our strategic growth plans.

In terms of our second quarter, we closed the period with EBITDA growth in our largest markets, Europe and North America. We delivered 5.7% EBITDA growth despite the negative impact of the Euro depreciation. An improved sales mix and operational efficiency gains were our main drivers. On a currency-neutral basis, that is, excluding the exchange differences, revenues and EBITDA increased 4% and 10% year-on-year, respectively.

During the first half of the year, we were awarded contracts for cylinder heads, engine blocks, transmission components and structural components worth 640 million dollars in annual revenues, more than half of which represent incremental programs. These numbers are proof of the confidence our customers continue to have in our company. In addition, as part of our efforts to increase vertical integration through increased in-house machining, we began construction of our second machining facility in Mexico. We expect that this facility will support margin expansion and strengthen our competitive position.”

Automotive Industry

	Millions of units		
	For the second quarter of:		
	2015	2014	% Var.
North America SAAR ⁽¹⁾	17.1	16.6	3.4
North America Vehicle Production	4.4	4.4	0.9
North America Nematik Customer Production	3.2	3.2	(1.6)
Europe SAAR ⁽¹⁾	17.8	17.9	(0.5)
Europe Vehicle Production	5.1	5.3	(3.3)
Europe Nematik Customer Production	3.6	3.7	(3.9)

During 2Q15, the seasonally adjusted annual rate (SAAR) for vehicle sales in North America was up 3% from 2Q14. Vehicle production in North America increased 1% over 2Q14. For the same period, Nematik's North America customer production was down 2% as some OEMs continued with the retooling of their lines.

In Europe, vehicle sales SAAR in 2Q15 was down 1% compared to 2Q14 as lower sales in Russia were partially offset by Western Europe's recovery. Vehicle production in Europe was down 3% from 2Q14 due to lower production in Russia. Meanwhile, Nematik's customer production in Europe decreased 4%, in line with the industry.

Recent Developments

- Nematik successfully completed its Ps. 10,752 million initial public offering ("IPO") of 537.6 million common shares of stock excluding the overallotment option granted to the placement agents. The shares were listed on the Mexican Stock Exchange (BMV), where they began trading at Ps. 20 under the ticker "NEMAK". The shares were sold in Mexico and internationally pursuant to Rule 144A and Regulation S.
- During the first half of the year, Nematik was awarded contracts for cylinder heads, engine blocks, transmission components and structural components worth U.S. \$640 million in annual revenues, more than half of which represent incremental programs.
- Nematik has been awarded a total of 6 programs up to now to produce aluminum structural components for premium European OEMs, as it continues making inroads into this high-potential new business line. Nematik will support its current and future programs to produce structural components out of its product development center in Poland.
- Customers continue to value Nematik's efforts as their strategic partner. This quarter Volkswagen certified us in engine block innovation and PSA Peugeot Citroën recognized Nematik Brazil as its "Best Plant" in Latin America.

Financial Results

Volume in 2Q15 was 12.9 million equivalent units, in line with 2Q14. Europe reported higher volumes despite weak industry performance, and higher volumes in Asia compensated for lower volumes in North America and South America.

For the first half of 2015, volume was 25.9 million equivalent units, in line with the first half of 2014. Higher volumes in Europe compensated for lower volumes in South America.

Total revenues were U.S. \$1.2 billion, a 2.9% decrease from 2Q14 mainly due to the 20% depreciation of the Euro compared to the U.S. Dollar. Revenues in North America accounted for 63% of the total, while Europe contributed with 30%.

For the first half of 2015, total revenues decreased 2.8% compared to the first half of 2014 to U.S. \$2.3 billion mainly due to the depreciation of the Euro compared to the U.S. Dollar.

Gross profit in 2Q15 increased 4.2% compared to 2Q14, to U.S. \$200 million driven by an improved sales mix. The sales mix improved because Nemak sold more complex castings which carry a higher price tag and higher value-added components. Gross margins in 2Q15 increased 110 basis points compared to the same period in 2014 to 17.1% of total revenues.

For the first half of 2015, gross profit increased 6.4% compared to the first half of 2014, to U.S. \$398 million driven by an improved sales mix. Gross margin increased 150 basis points compared to the first half of 2014 to 17.0% of total revenues.

Operating income in 2Q15 was U.S. \$131 million, a 6.5% increase compared to 2Q14 mainly due to an increase in gross profit and efficiency gains. Operating margin in 2Q15 increased 100 basis points compared to 2Q14, to 11.2% of total revenues.

For the first half of 2015, operating income increased 7.4% compared to the first half of 2014, to U.S. \$260 million mainly due to an increase in gross profit and efficiency gains. Operating margin in the first half of 2015 increased 100 basis points compared to the first half of 2014, to 11.1% of total revenues.

EBITDA in 2Q15 rose to U.S. \$204 million, a 5.7% increase compared to the 2Q14 mainly due to an increase in income from operations which compensated for the depreciation of the Euro compared to the U.S. Dollar. EBITDA margin in 2Q15 increased 140 basis points compared to 2Q14, to 17.5% of total revenues.

For the first half of 2015, EBITDA increased 5.2% compared to the first half of 2014, to U.S. \$401 million mainly due to an increase in income from operations which compensated for the depreciation of the Euro compared to the U.S. Dollar. EBITDA margin in the first half of 2015 increased 130 basis points compared to the first half of 2014, to 17.1% of total revenues.

EBITDA per equivalent unit increased 6.5% compared to 2Q14, to U.S. \$15.8 in 2Q15. For the first half of 2015, EBITDA per equivalent unit increased 5.2% compared to the first half of 2014, to U.S. \$15.5.

Net income increased 16.7% compared to 2Q14, to U.S. \$77 million in 2Q15, driven by higher income from operations combined with a lower effective tax rate.

For the first half of 2015, net income increased 9.6% compared to the first half of 2014, to U.S. \$149 million, driven by higher income from operations which compensated for a foreign exchange loss.

Earnings per share for 2Q15 and the first half of the year were Ps 0.39 and Ps 0.75, respectively. These results were calculated using 3,023,514,479 shares which do not include the overallotment option to the placement agents in the IPO.

Capital expenditures totaled U.S. \$113 million during 2Q15. Investments were made to expand capacity, update existing production equipment, and improve operational efficiency. These included investments in 2 projects in Mexico; first the start of construction of a new machining facility, and secondly the ongoing construction activities associated with a new high-pressure die casting plant. Furthermore, Nemak continues to develop initiatives to maximize asset utilization as well as to reduce investment per unit of installed capacity. For the first half of 2015, capital expenditures totaled U.S. \$214 million.

Nemak's Balance sheet as of June 30, 2015 recorded a cash balance of U.S. \$111 million. Short-term debt was U.S. \$437 million, while long-term debt was U.S. \$945 million. The consolidated net debt balance was

U.S. \$1.3 billion. Financial ratios in 2Q15 were: Net Debt to EBITDA of 1.7 times and Interest Coverage of 10.2 times, which compare to 1.8 times and 7.6 times, respectively, reported in 2Q14.

Regional Results

North America

In 2Q15, revenues in North America increased 1.0% compared to 2Q14. EBITDA in North America increased 7.0% in 2Q15 compared to 2Q14 due to a better sales mix.

In the first half of 2015, revenues and EBITDA increased 0.7% and 9.7%, respectively, compared to the first half of 2014. The increase in EBITDA was driven by a better sales mix.

Europe

In 2Q15, revenues in Europe declined 9.0% compared to 2Q14 mainly due to the 20% devaluation of the Euro compared to the US Dollar. EBITDA in Europe increased 1.6% in 2Q15 compared to 2Q14 driven by a better mix of higher value-added products which more than offset the devaluation of the Euro compared to the US Dollar. On a currency-neutral basis, in 2Q15 revenues and EBITDA grew 16% and 26%, respectively compared to 2Q14.

In the first half of the year, revenues and EBITDA declined 8.3% and 1.6%, respectively, compared to the first half of 2014. The decrease in revenues and EBITDA was driven by the devaluation of the Euro. On a currency-neutral basis, in the first half of the year revenues and EBITDA grew 14% and 23%, respectively, compared to the first half of 2014.

Rest of the World (RoW)

In 2Q15, revenues in RoW decreased 8.9% compared to 2Q14 driven by an unfavorable product mix combined with lower volumes in South America. EBITDA in RoW increased U.S. \$1 million in 2Q15 compared to 2Q14 mainly due to efficiency gains in Asia which offset lower volumes in South America.

In the first half of the year, revenues in RoW decreased 7.3% compared to 2Q14 driven by an unfavorable product mix combined with lower volumes in South. EBITDA in RoW decreased U.S. \$4 million in 2Q15 compared to 2Q14 mainly due to loss of scale in South America.

Conference call information

Nemak's Second Quarter 2015 Conference Call will be held on: Wednesday, July 22nd, 2015, 11:30 AM Eastern Time (10:30 AM Mexico City Time). To participate in the conference call, please dial: Domestic US: (877) 407-0748; International: (201) 689-8560. The conference call will be webcast live through streaming audio. If you are unable to connect, the conference call audio and script will be available on our website. For more information, please visit www.nemak.com/investors

About Nemak

Nemak is a leading provider of innovative light-weighting solutions for the global automotive industry specializing in the development and manufacturing of aluminum components for powertrain and body structure applications. As of year-end 2014, the company employed more than 20,000 people at 35 facilities worldwide and generated revenues of U.S. \$4.6 billion. For more information about Nemak, visit: www.nemak.com

Forward looking statements

This report may contain certain forward-looking statements concerning Nemak's future performance that should be considered as good faith estimates made by us. These forward-looking statements reflect management's expectations and are based upon currently available data and analysis. Actual results are subject to future events and uncertainties, which could materially impact Nemak's actual performance and results.

Methodology for presentation of results

The report presents unaudited financial information figures in Mexican Pesos or U.S. Dollars, as indicated. For income statements, peso amounts were translated into U.S. Dollars using the average exchange rate of the months during which the operations were recorded. For balance sheets, peso amounts were translated into U.S. Dollars using the end of period exchange rate of the period. Financial ratios are calculated in U.S. Dollars. Due to the rounding up of figures, small differences may occur when calculating percent changes from one period to another.

Three pages of tables to follow

Nemak Regional Results

Millions of Dollars

Volume (million equivalent units)	For the second quarter of:			For the six months of:		
	2015	2014	% Var.	2015	2014	% Var.
North America	8.2	8.3	(1.2)	16.4	16.6	(1.2)
Europe	3.6	3.5	2.9	7.3	7.0	4.3
Rest of World	1.1	1.1	0.0	2.2	2.3	(4.3)
Total	12.9	12.9	(0.0)	25.9	25.9	(0.0)

Total Revenues*	2015	2014	% Var.	2015	2014	% Var.
North America	739	732	1.0	1,459	1,449	0.7
Europe	345	379	(9.0)	703	767	(8.3)
Rest of World	82	90	(8.9)	177	191	(7.3)
Total	1,166	1,201	(2.9)	2,339	2,407	(2.8)

EBITDA ¹	2015	2014	% Var.	2015	2014	% Var.
North America	138	129	7.0	271	245	10.6
Europe	62	61	1.6	121	123	(1.6)
Rest of World	4	3	33.3	9	13	(30.8)
Total	204	193	5.7	401	381	5.2

(1) EBITDA = Operating Income + Depreciation, Amortization & other non-Cash items

* To external customers

Nemak
Income Statement
Millions of Pesos

For the second quarter of:

For the six months of:

	For the second quarter of:			For the six months of:						
	2015	% of rev.	2014	% of rev.	% Var.	2015	% of rev.	2014	% of rev.	% Var.
Volume (million equivalent units)	12.9		12.9		0.0	25.9		25.9		0.0
Total revenues	17,868	100.0	15,625	100.0	14.4	35,385	100.0	31,571	100.0	12.1
Gross profit	3,058	17.1	2,493	16.0	22.7	6,027	17.0	4,903	15.5	22.9
Sales & administrative expenses	(1,100)	(6.2)	(904)	(5.8)	21.7	(2,137)	(6.0)	(1,753)	(5.6)	21.9
Other income (expenses) net	56	0.3	13	0.1	NA	54	0.2	28	0.1	92.9
Income from operations	2,014	11.3	1,602	10.3	25.7	3,944	11.1	3,178	10.1	24.1
Interest Expenses	(292)	(1.6)	(248)	(1.6)	17.7	(561)	(1.6)	(488)	(1.5)	15.0
Interest Income	8	0.0	4	0.0	100.0	16	0.0	8	0.0	100.0
Foreign exchange gain (loss)	16	0.1	32	0.2	(50.0)	(120)	(0.3)	34	0.1	NA
Financing expenses net	(268)	(1.5)	(212)	(1.4)	26.4	(665)	(1.9)	(446)	(1.4)	49.1
Participation in associates results	21	0.1	6	0.0	NA	18	0.1	8	0.0	NA
Income Tax	(589)	(3.3)	(534)	(3.4)	10.3	(1,038)	(2.9)	(956)	(3.0)	8.6
Net Income	1,178	6.6	862	5.5	36.7	2,259	6.4	1,784	5.7	26.6

	For the second quarter of:			For the six months of:						
	2015	% of rev.	2014	% of rev.	% Var.	2015	% of rev.	2014	% of rev.	% Var.
Income from Operations	2,014	11.3	1,602	10.3	25.7	3,944	11.1	3,178	10.1	24.1
Depreciation, Amortization & Other non-Cash items	1,110	6.2	907	5.8	22.4	2,127	6.0	1,855	5.9	14.7
EBITDA ¹	3,124	17.5	2,509	16.1	24.5	6,071	17.2	5,033	15.9	20.6
CAPEX	1,739	9.7	1,019	6.5	70.6	1,739	4.9	1,739	5.5	0.0

(1) EBITDA = Operating Income + Depreciation, Amortization & other non-Cash items

Nemak
Balance Sheet
Millions of Pesos

Assets	Jun-15	Dic-14	% Var
Cash and cash equivalents	1,724	976	76.6
Accounts receivable	9,136	6,894	32.5
Inventories	9,331	8,472	10.1
Other current assets	755	656	15.1
Total current assets	20,946	16,998	23.2
Investments in shares	351	288	21.9
Property, plant and equipment, net	34,271	32,535	5.3
Other assets	9,704	9,270	4.7
Total assets	65,272	59,091	10.5

Liabilities & stockholders' equity	Jun-15	Dic-14	% Var
Bank loans	4,883	3,055	59.8
Current maturities of long-term debt	1,916	1,561	22.7
Interest payable	180	168	7.1
Operating liabilities	27,546	14,216	93.8
Total current liabilities	34,525	19,000	81.7
Long-term debt	14,709	15,087	(2.5)
Labor liabilities	715	690	3.6
Other long term liabilities	3,374	2,816	19.8
Total liabilities	53,323	37,593	41.8
Total stockholders' equity	11,949	21,498	(44.4)
Total liabilities & stockholders' equity	65,272	59,091	10.5