

Nemak posts 6% EBITDA¹ growth in 1Q16

Monterrey, Mexico. April 14, 2016. - Nemak, S.A.B. de C.V. ("Nemak") (BMV: NEMAK), a leading provider of innovative lightweighting solutions for the global automotive industry, announced today its operational and financial results for the first quarter of 2016.

For the first quarter of 2016, EBITDA increased 6%. This result was mainly driven by an improved mix of higher value-added products, currency effects, and efficiency gains.

Key Figures

	First Quarter		
	2016	2015	Δ%
Volume (M. Equivalent units)	12.9	13.1	(1.5)
Net Sales	1,076	1,172	(8.2)
Operating Income	134	129	3.9
EBITDA ¹	209	197	6.1
EBITDA ¹ / Eq. Unit	16.2	15.0	7.7
Net Income	97	72	34.7
CAPEX	131	101	29.7
Net Debt ²	1,327	1,267	4.7

Expressed in millions of US Dollars

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

(2) Net Debt = Total Debt - Cash

Message from the CEO

This quarter, we remained on track to meet our targets for the year. We continued benefiting from the strength of our core powertrain business and made further progress with the implementation of strategic investments. Our key drivers of EBITDA growth included improved profitability in North America and top- and bottom-line growth in Europe. Revenues decreased mainly due to lower aluminum prices and the depreciation of the euro.

At the same time, we took important steps to reinforce our foundation for future growth. These included winning new contracts across our product lines worth approximately US\$250 million in annual revenues, half of which represented incremental business.

In addition, we are pleased to announce that construction has begun on a new, state-of-the-art plant in Slovakia dedicated to the production of structural components. We plan to invest US\$55 million, and expect to begin operations in 2017.

Automotive Industry

	Millions of Units		
	For the first quarter of:		
	2016	2015	% Var.
U.S. Vehicle Sales SAAR ⁽¹⁾	17.2	16.8	2.9
North America Vehicle Production	4.5	4.3	5.0
North America Nematik Customer Production	3.1	3.0	3.1
Europe Vehicle Sales SAAR ⁽¹⁾	19.5	18.8	4.2
Europe Vehicle Production	5.5	5.4	1.8
Europe Nematik Customer Production	3.8	3.7	2.0

(1) SAAR = Seasonally Adjusted Annual Rate

During 1Q16, the seasonally adjusted annual rate (SAAR) for vehicle sales in the United States was up 3% from 1Q15, mainly due to favorable credit conditions, low unemployment, and lower gas prices. Meanwhile, in North America, vehicle production and Nematik customers' vehicle production increased 5% and 3%, respectively.

In Europe, vehicle sales SAAR in 1Q16 was up 4% compared to 1Q15 as lower sales in Russia were more than offset by Western Europe's recovery which was supported by credit availability. Vehicle production and Nematik's customer production both increased 2% from 1Q15 due to Western Europe's recovery.

Recent Developments

- Nematik's operation in Europe received the Volvo Cars Quality Excellence (VQE) award for 2015. The VQE award distinguishes suppliers who achieve continuous improvement and excellence in systems, processes, and performance.
- Nematik's operation in Mexico received the General Motors Supplier Quality Award for 2015. This award is granted to manufacturing locations that have delivered outstanding quality performance.
- Nematik announced the construction of a new plant in Slovakia dedicated to the production of structural components. The plant requires an investment of approximately US\$55 million and will begin operations in 2017.

Financial Results

Volume in 1Q16 was 12.9 million equivalent units, a 2% decrease from 1Q15. Higher volumes in Europe partially offset lower volumes in RoW and North America.

Total revenues were US\$1.1 billion, an 8% decrease from 1Q15 mainly due to lower aluminum prices and the depreciation of the euro compared to the US dollar. Revenues in North America accounted for 59% of the total, while Europe contributed with 32%.

Gross profit in 1Q16 was US\$202 million, a 2% increase compared to 1Q15, driven by improved mix, currency effects, and efficiency gains. Gross margins in 1Q16 increased 190 basis points compared to the same period in 2015 to 18.8% of total revenues.

Operating income in 1Q16 was US\$134 million, a 4% increase compared to 1Q15 mainly due to an increase in gross profit. Operating margin in 1Q16 increased 150 basis points compared to 1Q15, to 12.5% of total revenues.

EBITDA in 1Q16 rose to US\$209 million, a 6% increase compared to 1Q15 mainly due to an increase in operating income. EBITDA margin in 1Q16 increased 260 basis points compared to 1Q15, to 19.4% of total revenues.

EBITDA per equivalent unit increased 8% compared to 1Q15, to US\$16.2 in 1Q16.

Net income increased 35% compared to 1Q15, to US\$97 million in 1Q16, driven by a foreign exchange gain and higher operating income.

Capital expenditures totaled US\$131 million during 1Q16. Investments were made to expand capacity, update existing production equipment, and improve operational efficiency. Furthermore, Nematik continued to develop initiatives to maximize asset utilization and to reduce investment per unit of installed capacity.

Nematik's balance sheet as of March 31, 2016 recorded a cash balance of US\$101 million. Short-term debt was US\$173 million, while long-term debt was US\$1.3 billion. The consolidated net debt balance was US\$1.3 billion. Financial ratios in 1Q16 were: Net Debt to EBITDA of 1.7 times and Interest Coverage of 10.8 times, which compare to 1.8 times and 10.0 times, respectively, reported in 1Q15.

Regional Results

North America

In 1Q16, revenues in North America decreased 11% compared to 1Q15 mainly due to lower aluminum prices and lower volumes. EBITDA in North America increased 8% in 1Q16 compared to 1Q15 mainly due to an improved sales mix, currency effects, and efficiency gains.

Europe

In 1Q16, revenues increased 2% and EBITDA in Europe increased 5% compared to 1Q15 mainly due to higher volumes and a better mix of higher value-added products which more than offset the devaluation of the euro compared to the US dollar. Excluding the translation effect of the euro, in 1Q16 revenues and EBITDA grew 6% and 9% respectively, compared to 1Q15.

Rest of the World (RoW)

In 1Q16, revenues in RoW decreased by 23% compared to 1Q15 mainly due to lower volumes in South America, the devaluation of local currencies, and lower aluminum prices. EBITDA in RoW remained stable in 1Q16 compared to 1Q15 as higher profitability in Asia compensated for lower volumes in South America.

Conference call information

Nemak's First Quarter 2016 Conference Call will be held on: Friday, April 15th, 2016, 11:30 a.m. Eastern Time (10:30 a.m. Mexico City Time). To participate in the conference call, please dial: Domestic US: (877) 407-0784; International: (201) 689-8560; Mexico Toll Free 01-800-522-0034. 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 lightweighting 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 2015, the company employed more than 21,000 people at 35 facilities worldwide and generated revenues of US\$4.5 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 US dollars, as indicated. For income statements, peso amounts were translated into US dollars using the average exchange rate of the months during which the operations were recorded. For balance sheets, peso amounts were translated into US dollars using the end of period exchange rate of the period. Financial ratios are calculated in US 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
Income Statement
Millions of Dollars

For the first quarter of:

	2016	% of rev.	2015	% of rev.	% Var.
Volume (million equivalent units)	12.9		13.1		(1.5)
Total revenues	1,076	100.0	1,172	100.0	(8.2)
Gross profit	202	18.8	198	16.9	2.0
Sales & administrative expenses	(69)	(6.4)	(69)	(5.9)	0.0
Other income (expenses) net	1	0.1	0	0.0	NA
Income from operations	134	12.5	129	11.0	3.9
Interest Expenses	(16)	(1.5)	(18)	(1.5)	(11.1)
Interest Income	1	0.1	1	0.1	0.0
Foreign exchange gain (loss)	14	1.3	(9)	(0.8)	NA
Financing expenses net	(1)	(0.1)	(26)	(2.2)	(96.2)
Participation in associates results	0	0.0	0	0.0	0.0
Income Tax	(37)	(3.4)	(30)	(2.6)	23.3
Net Income	97	9.0	72	6.1	34.7

	2016	% of rev.	2015	% of rev.	% Var.
Income from Operations	134	12.5	129	11.0	3.9
Depreciation, Amortization & Other non-Cash items	75	7.0	68	5.8	10.3
EBITDA ¹	209	19.4	197	16.8	6.1
CAPEX	131	12.2	101	8.6	29.7

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

Nemak
Balance Sheet
Millions of Dollars

Assets	Mar-16	Dec-15	% Var
Cash and cash equivalents	101	104	(2.9)
Accounts receivable	684	584	17.1
Inventories	605	562	7.7
Other current assets	32	74	(56.8)
Total current assets	1,423	1,324	7.5
Investments in shares	21	17	23.5
Property, plant and equipment, net	2,318	2,224	4.2
Other assets	641	621	3.2
Total assets	4,404	4,186	5.2

Liabilities & stockholders' equity	Mar-16	Dec-15	% Var
Bank loans	143	13	NA
Current maturities of long-term debt	26	27	(3.7)
Interest payable	4	13	(69.2)
Operating liabilities	1,002	1,038	(3.5)
Total current liabilities	1,175	1,091	7.7
Long-term debt	1,263	1,265	(0.2)
Labor liabilities	48	45	6.7
Other long term liabilities	175	161	8.7
Total liabilities	2,661	2,562	3.9
Total stockholders' equity	1,743	1,624	7.3
Total liabilities & stockholders' equity	4,404	4,186	5.2

Nemak Regional Results

Millions of Dollars

Volume (million equivalent units)	For the first quarter of:		
	2016	2015	% Var.
North America	8.0	8.2	(2.4)
Europe	4.0	3.7	8.1
Rest of World	0.9	1.2	(25.0)
Total	12.9	13.1	(1.5)

Total Revenues*	For the first quarter of:		
	2016	2015	% Var.
North America	639	719	(11.1)
Europe	363	357	1.7
Rest of World	73	95	(23.2)
Total	1,075	1,171	(8.2)

EBITDA ¹	For the first quarter of:		
	2016	2015	% Var.
North America	143	133	7.5
Europe	62	59	5.1
Rest of World	5	5	0.0
Total	210	197	6.6

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

* To external customers

Nemak
Income Statement
Millions of Pesos

For the first quarter of:

	2016	% of rev.	2015	% of rev.	% Var.
Volume (million equivalent units)	12.9		13.1		(1.5)
Total revenues	19,382	100.0	17,518	100.0	10.6
Gross profit	3,640	18.8	2,968	16.9	22.6
Sales & administrative expenses	(1,233)	(6.4)	(1,036)	(5.9)	19.0
Other income (expenses) net	10	0.1	(2)	(0.0)	NA
Income from operations	2,417	12.5	1,930	11.0	25.2
Interest Expenses	(289)	(1.5)	(269)	(1.5)	7.4
Interest Income	26	0.1	8	0.0	NA
Foreign exchange gain (loss)	245	1.3	(136)	(0.8)	NA
Financing expenses net	(18)	(0.1)	(397)	(2.3)	(95.5)
Participation in associates results	(1)	(0.0)	(3)	(0.0)	(66.7)
Income Tax	(659)	(3.4)	(449)	(2.6)	46.8
Net Income	1,739	9.0	1,081	6.2	60.9

	2016	% of rev.	2015	% of rev.	% Var.
Income from Operations	2,417	12.5	1,930	11.0	25.2
Depreciation, Amortization & Other non-Cash items	1,356	7.0	1,017	5.8	33.3
EBITDA ¹	3,773	19.5	2,947	16.8	28.0
CAPEX	2,371	12.2	1,505	8.6	57.5

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

Nemak
Balance Sheet
Millions of Pesos

Assets	Mar-16	Dec-15	% Var
Cash and cash equivalents	1,758	1,793	(2.0)
Accounts receivable	11,900	10,048	18.4
Inventories	10,533	9,667	9.0
Other current assets	563	1,272	(55.7)
Total current assets	24,754	22,780	8.7
Investments in shares	374	288	29.9
Property, plant and equipment, net	40,345	38,263	5.4
Other assets	11,162	10,687	4.4
Total assets	76,635	72,018	6.4

Liabilities & stockholders' equity	Mar-16	Dec-15	% Var
Bank loans	2,496	227	NA
Current maturities of long-term debt	450	462	(2.6)
Interest payable	77	223	(65.5)
Operating liabilities	17,431	17,859	(2.4)
Total current liabilities	20,454	18,771	9.0
Long-term debt	21,979	21,758	1.0
Labor liabilities	830	779	6.5
Other long term liabilities	3,049	2,772	10.0
Total liabilities	46,312	44,080	5.1
Total stockholders' equity	30,323	27,939	8.5
Total liabilities & stockholders' equity	76,635	72,019	6.4