

## Nemak posts 19% EBITDA<sup>1</sup> growth in 3Q15

Monterrey, Mexico. October 20, 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 third quarter of 2015.

For the third quarter of 2015 and the first nine months of the year, EBITDA increased 19% and 9%, respectively. This result was mainly driven by an improved mix of higher value added products as well as cost and efficiency gains.

### Key Figures

	Third Quarter			For the nine months of:		
	2015	2014	Δ%	2015	2014	Δ%
Volume (M. Equivalent units)	12.4	12.1	2.5	38.3	38.1	0.5
Net Sales	1,094	1,141	(4.1)	3,433	3,548	(3.2)
Operating Income	121	90	34.4	381	333	14.4
EBITDA <sup>1</sup>	193	162	19.1	594	543	9.4
EBITDA <sup>1</sup> / Eq. Unit	15.6	13.4	16.3	15.5	14.3	8.8
Net Income	81	61	32.8	230	197	16.8
CAPEX	115	117	(1.7)	330	269	22.7
Net Debt <sup>2</sup>	1,199	1,244	(3.7)			

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 took important steps to build on the solid foundations of our business, while continuing to benefit from healthy industry conditions across North America and Europe, our core markets. We delivered 19% EBITDA growth mainly due to an improved mix of higher value added products as well as cost and efficiency gains.

During the quarter, we steadily advanced our strategic growth plans. In Mexico, we continued construction of a machining facility and a high pressure die casting (HPDC) plant. The machining facility will support our vertical integration strategy, thereby helping us to improve our margins and strengthen our competitive position; and the HPDC plant will primarily support new engine blocks, transmission cases, and structural components programs with North American and European customers. We expect to launch both of these facilities during the second half of 2016. In addition, we officially inaugurated a new plant in Ulyanovsk, Russia, the 35th in our system. This facility strengthens our global footprint and represents our entry point to serve the Russian automotive market.

Furthermore, I am pleased to announce that year-to-date, we have been awarded contracts for cylinder heads, engine blocks, transmission components and structural components worth approximately U.S. \$1 billion in annual revenues, around half of which represent incremental programs. These new programs are a clear sign of the trust our customers place in us and will support our strategic growth plans.

## Automotive Industry

	millions of units		
	For the third quarter of:		
	2015	2014	% Var.
North America SAAR <sup>(1)</sup>	17.7	16.8	5.3
North America Vehicle Production	4.4	4.2	4.9
North America Nemark Customer Production	3.1	3.0	4.5
Europe SAAR <sup>(1)</sup>	18.3	18.0	1.8
Europe Vehicle Production	4.8	4.6	4.7
Europe Nemark Customer Production	3.4	3.2	6.9

(1) SAAR = Seasonally Adjusted Annual Rate

During 3Q15, the seasonally adjusted annual rate (SAAR) for vehicle sales in North America was up 5% from 3Q14, in line with both vehicle production in North America and Nemark's North America customer production.

In Europe, vehicle sales SAAR in 3Q15 was up 2% compared to 3Q14 as lower sales in Russia were offset by Western Europe's recovery. Vehicle production in Europe increased 5% from 3Q14 as a result of Western Europe's recovery. In addition, Nemark's customer production in Europe increased 7%, driven by an increase in market share and exports from several Nemark customers.

### Recent Developments

- Moody's raised our credit rating from Ba2 to Ba1, a reflection of our strong credit metrics, solid profitability, and leading industry position.
- For the third year in a row, Kia selected our plant in Slovakia as a "World Top Productivity Plant."

### Financial Results

**Volume** in 3Q15 was 12 million equivalent units, a 3% increase from 3Q14 due to higher volumes in Europe and Asia.

For the first nine months of 2015, volume was 38 million equivalent units, 1% higher than the first nine months of 2014. Higher volumes in Europe more than compensated for lower volumes in North America.

**Total revenues** were U.S. \$1.1 billion, a 4% decrease from 3Q14 mainly due to the 16% depreciation of the Euro compared to the U.S. Dollar and lower aluminum prices. Revenues in North America accounted for 62% of the total, while Europe contributed with 31%.

For the first nine months of 2015, total revenues decreased 3% compared to the first nine months of 2014 to U.S. \$3.4 billion mainly due to the depreciation of the Euro compared to the U.S. Dollar.

**Gross profit** in 3Q15 increased 22% compared to 3Q14, to U.S. \$193 million driven by i) an improved sales mix; ii) the positive effect of the devaluation of the Mexican peso; iii) increased in-house machining; iv) positive metal price lag; and v) lower energy costs. Gross margins in 3Q15 increased 380 basis points compared to the same period in 2014 to 17.6% of total revenues.

For the first nine months of 2015, gross profit increased 11% compared to the first nine months of 2014, to U.S. \$591 million driven by an improved sales mix. Gross margin increased 220 basis points compared to the first nine months of 2014 to 17.2% of total revenues.

**Operating income** in 3Q15 was U.S. \$121 million, a 34% increase compared to 3Q14 mainly due to an increase in gross profit and efficiency gains. Operating margin in 3Q15 increased 320 basis points compared to 3Q14, to 11.1% of total revenues.

For the first nine months of 2015, operating income increased 14% compared to the first nine months of 2014, to U.S. \$381 million mainly due to an increase in gross profit and efficiency gains. Operating margin in the first nine months of 2015 increased 170 basis points compared to the first nine months of 2014, to 11.1% of total revenues.

**EBITDA** in 3Q15 rose to U.S. \$193 million, a 19% increase compared to the 3Q14 mainly due to an increase in income from operations. EBITDA margin in 3Q15 increased 340 basis points compared to 3Q14, to 17.6% of total revenues.

For the first nine months of 2015, EBITDA increased 9% compared to the first nine months of 2014, to U.S. \$594 million mainly due to an increase in income from operations which more than compensated for the depreciation of the Euro compared to the U.S. Dollar. EBITDA margin in the first nine months of 2015 increased 200 basis points compared to the first nine months of 2014, to 17.3% of total revenues.

**EBITDA per equivalent unit** increased 16% compared to 3Q14, to U.S. \$15.6 in 3Q15. For the first nine months of 2015, EBITDA per equivalent unit increased 9% compared to the first nine months of 2014, to U.S. \$15.5.

**Net income** increased 33% compared to 3Q14, to U.S. \$81 million in 3Q15, driven by higher income from operations combined with a lower effective tax rate which more than compensated a foreign exchange loss.

For the first nine months of 2015, net income increased 17% compared to the first nine months of 2014, to U.S. \$230 million, driven by higher income from operations which more than compensated for a foreign exchange loss.

**Earnings per share** for 3Q15 and the first nine months of the year were Ps 0.43 and Ps 1.16, respectively. These results were calculated using 3,080,747,324 shares.

**Capital expenditures** totaled U.S. \$115 million during 3Q15. Investments were made to expand capacity, update existing production equipment, and improve operational efficiency. These included investments in two projects in Mexico: first the ongoing construction activities associated with a new high-pressure die casting plant; and second the start of construction of a new machining facility. Furthermore, Nematik continues to develop initiatives to maximize asset utilization as well as to reduce investment per unit of installed capacity. For the first nine months of 2015, capital expenditures totaled U.S. \$330 million.

**Nematik's Balance sheet** as of September 30, 2015 recorded a cash balance of U.S. \$101 million. Short-term debt was U.S. \$404 million, while long-term debt was U.S. \$900 million. The consolidated net debt balance was U.S. \$1.2 billion. Financial ratios in 3Q15 were: Net Debt to EBITDA of 1.6 times and Interest Coverage of 10.9 times, which compare to 1.8 times and 7.8 times, respectively, reported in 3Q14.

## Regional Results

### North America

In 3Q15, revenues in North America decreased 6% compared to 3Q14 due to lower aluminum prices. EBITDA in North America increased 28% in 3Q15 compared to 3Q14 driven by i) an improved sales mix; ii) the devaluation of the Mexican peso; iii) incremental in-house machining; iv) a positive metal price lag; and v) lower energy costs.

In the first nine months of 2015, revenues in North America decreased 2% compared to the first nine months of 2014. In the first nine months of 2015, EBITDA increased 16% compared to the first nine months of 2014. The increase in EBITDA was mainly driven by a better sales mix.

### Europe

In 3Q15, revenues and EBITDA in Europe remained stable compared to 3Q14 mainly due to a better mix of higher value-added products and a lower cost of aluminum which offset the devaluation of the Euro compared to the US Dollar. On a currency-neutral basis, in 3Q15 revenues and EBITDA both grew 19% compared to 3Q14.

In the first nine months of the year, revenues and EBITDA declined 6% and 1%, respectively, compared to the first nine months of 2014. The decrease in revenues and EBITDA was mainly driven by the devaluation of the Euro. On a currency-neutral basis, in the first nine months of the year revenues and EBITDA in Europe grew 15% and 20%, respectively, compared to the first nine months of 2014.

### Rest of the World (RoW)

In 3Q15, revenues in RoW decreased 2% compared to 3Q14 mainly due to the devaluation of local currencies and a lower cost of aluminum. EBITDA in RoW decreased U.S. \$1 million in 3Q15 compared to 3Q14 mainly due to the devaluation of local currencies.

In the first nine months of the year, revenues in RoW decreased 5% compared to the first nine months of 2014, mainly driven by the devaluation of local currencies. EBITDA in RoW decreased U.S. \$5 million in the first nine months of the year compared to the first nine months of 2014 mainly due to the devaluation of local currencies and higher launching expenses.

## Conference call information

Nemak's Third Quarter 2015 Conference Call will be held on: Wednesday, October 21st, 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; 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](http://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](http://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**  
**Income Statement**  
**Millions of Dollars**

**For the third quarter of:**

**For the nine months of:**

	2015	% of rev.	2014	% of rev.	% Var.	2015	% of rev.	2014	% of rev.	% Var.
Volume (million equivalent units)	12.4		12.1		2.5	38.3		38.1		0.5
Total revenues	1,094	100.0	1,141	100.0	(4.1)	3,433	100.0	3,548	100.0	(3.2)
Gross profit	193	17.6	158	13.8	22.2	591	17.2	531	15.0	11.3
Sales & administrative expenses	(70)	(6.4)	(70)	(6.1)	0.0	(212)	(6.2)	(203)	(5.7)	4.4
Other income (expenses) net	(2)	(0.2)	2	0.2	NA	2	0.1	5	0.1	(60.0)
Income from operations	121	11.1	90	7.9	34.4	381	11.1	333	9.4	14.4
Interest Expenses	(17)	(1.6)	(18)	(1.6)	(5.6)	(54)	(1.6)	(55)	(1.6)	(1.8)
Interest Income	1	0.1	1	0.1	0.0	2	0.1	1	0.0	100.0
Foreign exchange gain (loss)	(15)	(1.4)	9	0.8	NA	(23)	(0.7)	12	0.3	NA
Financing expenses net	(31)	(2.8)	(8)	(0.7)	NA	(75)	(2.2)	(42)	(1.2)	78.6
Participation in associates results	1	0.1	1	0.1	0.0	2	0.1	1	0.0	NA
Income Tax	(9)	(0.8)	(22)	(1.9)	(59.1)	(78)	(2.3)	(95)	(2.7)	(17.9)
Net Income	81	7.4	61	5.3	32.8	230	6.7	197	5.6	16.8

	2015	% of rev.	2014	% of rev.	% Var.	2015	% of rev.	2014	% of rev.	% Var.
Income from Operations	121	11.1	90	7.9	34.4	381	11.1	333	9.4	14.4
Depreciation, Amortization & Other non-Cash items	72	6.6	72	6.3	0.0	213	6.2	210	5.9	1.4
EBITDA <sup>1</sup>	193	17.6	162	14.2	19.1	594	17.3	543	15.3	9.4
CAPEX	115	10.5	117	10.3	(1.7)	330	9.6	269	7.6	22.7

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

**Nemak**  
**Balance Sheet**  
**Millions of Dollars**

Assets	Sep-15	Dic-14	% Var
Cash and cash equivalents	101	66	53.0
Accounts receivable	629	468	34.4
Inventories	590	576	2.4
Other current assets	78	45	73.3
Total current assets	1,399	1,155	21.1
Investments in shares	22	20	10.0
Property, plant and equipment, net	2,202	2,211	(0.4)
Other assets	620	630	(1.6)
Total assets	4,243	4,015	5.7

Liabilities & stockholders' equity	Sep-15	Dic-14	% Var
Bank loans	279	208	34.1
Current maturities of long-term debt	125	106	17.9
Interest payable	5	11	(54.5)
Operating liabilities	1,092	966	13.0
Total current liabilities	1,501	1,291	16.3
Long-term debt	900	1,025	(12.2)
Labor liabilities	45	47	(4.3)
Other long term liabilities	261	191	36.6
Total liabilities	2,707	2,554	6.0
Total stockholders' equity	1,536	1,461	5.1
Total liabilities & stockholders' equity	4,243	4,015	5.7

## Nemak Regional Results

### Millions of Dollars

Volume (million equivalent units)	For the third quarter of:			For the nine months of:		
	2015	2014	% Var.	2015	2014	% Var.
North America	8.0	8.0	0.0	24.4	24.7	(1.2)
Europe	3.3	3.1	6.5	10.6	10.1	5.0
Rest of World	1.1	1.0	10.0	3.3	3.3	0.0
<b>Total</b>	<b>12.4</b>	<b>12.1</b>	<b>2.5</b>	<b>38.3</b>	<b>38.1</b>	<b>0.5</b>

  

Total Revenues*	2015	2014	% Var.	2015	2014	% Var.
North America	673	720	(6.5)	2,132	2,169	(1.7)
Europe	338	337	0.2	1,041	1,104	(5.7)
Rest of World	83	85	(1.9)	260	275	(5.5)
<b>Total</b>	<b>1,094</b>	<b>1,141</b>	<b>(4.1)</b>	<b>3,433</b>	<b>3,548</b>	<b>(3.2)</b>

  

EBITDA <sup>1</sup>	2015	2014	% Var.	2015	2014	% Var.
North America	146	114	28.1	417	359	16.2
Europe	42	42	0.0	163	165	(1.2)
Rest of World	5	6	(16.7)	14	19	(26.3)
<b>Total</b>	<b>193</b>	<b>162</b>	<b>19.1</b>	<b>594</b>	<b>543</b>	<b>9.4</b>

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

\*To external customers

**Nemak**  
**Income Statement**  
**Millions of Pesos**

**For the third quarter of:**

**For the nine months of:**

	For the third quarter of:			For the nine months of:						
	2015	% of rev.	2014	% of rev.	% Var.	2015	% of rev.	2014	% of rev.	% Var.
Volume (million equivalent units)	12.4		12.1		2.5	38.3		38.1		0.5
Total revenues	17,973	100.0	14,967	100.0	20.1	53,359	100.0	46,538	100.0	14.7
Gross profit	3,178	17.7	2,067	13.8	53.7	9,205	17.3	6,970	15.0	32.1
Sales & administrative expenses	(1,156)	(6.4)	(912)	(6.1)	26.8	(3,292)	(6.2)	(2,665)	(5.7)	23.5
Other income (expenses) net	(28)	(0.2)	32	0.2	NA	25	0.0	60	0.1	(58.3)
Income from operations	1,994	11.1	1,187	7.9	68.0	5,938	11.1	4,365	9.4	36.0
Interest Expenses	(277)	(1.5)	(237)	(1.6)	16.9	(837)	(1.6)	(725)	(1.6)	15.4
Interest Income	17	0.1	7	0.0	NA	32	0.1	16	0.0	100.0
Foreign exchange gain (loss)	(255)	(1.4)	122	0.8	NA	(375)	(0.7)	156	0.3	NA
Financing expenses net	(515)	(2.9)	(108)	(0.7)	NA	(1,180)	(2.2)	(553)	(1.2)	NA
Participation in associates results	12	0.1	12	0.1	0.0	31	0.1	19	0.0	63.2
Income Tax	(159)	(0.9)	(287)	(1.9)	(44.6)	(1,197)	(2.2)	(1,243)	(2.7)	(3.7)
Net Income	1,332	7.4	804	5.4	65.7	3,592	6.7	2,588	5.6	38.8

	2015	% of rev.	2014	% of rev.	% Var.	2015	% of rev.	2014	% of rev.	% Var.
Income from Operations	1,994	11.1	1,187	7.9	68.0	5,938	11.1	4,365	9.4	36.0
Depreciation, Amortization & Other non-Cash items	1,184	6.6	936	6.3	26.5	3,312	6.2	2,754	5.9	20.3
EBITDA <sup>1</sup>	3,178	17.7	2,123	14.2	49.7	9,250	17.3	7,119	15.3	29.9
CAPEX	1,887	10.5	1,531	10.2	23.3	5,130	9.6	3,529	7.6	45.4

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

**Nemak**  
**Balance Sheet**  
**Millions of Pesos**

<b>Assets</b>	Sep-15	Dic-14	% Var
Cash and cash equivalents	1,721	976	76.3
Accounts receivable	10,704	6,894	55.3
Inventories	10,036	8,472	18.5
Other current assets	1,332	656	NA
Total current assets	23,793	16,998	40.0
Investments in shares	375	288	30.2
Property, plant and equipment, net	37,458	32,535	15.1
Other assets	10,540	9,270	13.7
Total assets	72,166	59,091	22.1

  

<b>Liabilities &amp; stockholders' equity</b>	Sep-15	Dic-14	% Var
Bank loans	4,747	3,055	55.4
Current maturities of long-term debt	2,127	1,561	36.3
Interest payable	84	168	(50.0)
Operating liabilities	18,571	14,216	30.6
Total current liabilities	25,529	19,000	34.4
Long-term debt	15,300	15,087	1.4
Labor liabilities	766	690	11.0
Other long term liabilities	4,442	2,816	57.7
Total liabilities	46,037	37,593	22.5
Total stockholders' equity	26,129	21,498	21.5
Total liabilities & stockholders' equity	72,166	59,091	22.1