

Nemak posts 8% EBITDA¹ growth in 2Q16

Monterrey, Mexico. July 18, 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 second quarter of 2016.

For the second quarter of 2016 and the first half of the year, EBITDA increased 8.3% and 7.2%, respectively. This result was mainly driven by an improved sales mix of higher value-added products, plus currency effects and efficiency gains.

Key Figures

| | Second Quarter | | | For the six months of: | | |
|--------------------------------|----------------|-------|-------|------------------------|-------|-------|
| | 2016 | 2015 | Δ% | 2016 | 2015 | Δ% |
| Volume (M. Equivalent units) | 13.1 | 12.9 | 1.6 | 26.0 | 25.9 | 0.4 |
| Net Sales | 1,122 | 1,167 | (3.9) | 2,198 | 2,339 | (6.0) |
| Operating Income | 142 | 131 | 8.4 | 276 | 260 | 6.2 |
| EBITDA ¹ | 221 | 204 | 8.3 | 430 | 401 | 7.2 |
| EBITDA ¹ / Eq. Unit | 16.9 | 15.8 | 7.0 | 16.5 | 15.5 | 6.5 |
| Net Income | 77 | 77 | 0.0 | 174 | 149 | 16.8 |
| CAPEX | 129 | 113 | 14.2 | 260 | 214 | 21.5 |
| Net Debt ² | 1,339 | 1,269 | 5.5 | | | |

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

Improvements in sales mix and operational efficiencies drove profitability for us this quarter. Our European operations led the way, delivering double-digit top- and bottom-line growth on the back of new programs. In particular, we continued to benefit from our solid position in the regional market for high-performance cylinder heads and engine blocks.

In terms of our strategic goals, we advanced key initiatives to further strengthen our global manufacturing footprint and provide more value-added services to our customers. These included investments across our regions to enhance our existing manufacturing capabilities and increase the share of castings we machine in-house. Moreover, we made good progress in the construction of our new facilities in Mexico and Slovakia that will produce engine blocks and structural components—we remain on track to launch these facilities before the end of this year and in the second half of 2017, respectively.

I am also pleased to share that we continued to grow our sales backlog. During the first six months of the year we won new contracts worth approximately US\$450 million in annual revenues, approximately half of which represented incremental business.

Automotive Industry

Millions of Units For the second quarter of:

| | 2016 | 2015 | % Var. |
|---|------|------|--------|
| U.S. Vehicle Sales SAAR ⁽¹⁾ | 17.2 | 17.1 | 0.6 |
| North America Vehicle Production | 4.7 | 4.5 | 4.4 |
| North America Nematik Customer Production | 3.3 | 3.2 | 3.1 |
| Europe Vehicle Sales SAAR ⁽¹⁾ | 19.7 | 18.6 | 5.9 |
| Europe Vehicle Production | 5.9 | 5.5 | 7.3 |
| Europe Nematik Customer Production | 4.1 | 3.7 | 10.8 |

(1) SAAR = Seasonally Adjusted Annual Rate

During 2Q16, the seasonally adjusted annual rate (SAAR) for vehicle sales in the U.S. was slightly up from 2Q15. Meanwhile, North America vehicle production was up 4% and Nematik customers' vehicle production increased 3%. Our customer's vehicle mix continued to shift from cars to pickup trucks and large SUVs.

In Europe, vehicle sales SAAR in 2Q16 was up 6% compared to 2Q15 as Western Europe continued driving growth which more than offset a decrease in sales from Russia. Vehicle production in Europe increased 7% compared to 2Q15, mainly driven by Western Europe. Nematik's customer production in Europe increased 11% as Nematik customers continued to gain market share.

Recent Developments

- Nematik was honored by Ford as a top global supplier at the automaker's 18th annual World Excellence Awards ceremony held in May. The award recognizes Nematik's commitment to quality, performance, and technology.
- During the first half of the year, Nematik was awarded contracts to produce cylinder heads, engine blocks, transmission parts, and structural components worth US\$450 million in annual revenues, approximately half of which represented incremental programs.
- In June, Standard and Poor's raised its outlook on Nematik to "positive" from "stable," citing our solid operating performance and attractive credit profile. Our credit rating was confirmed at "BB+".

Financial Results

Volume in 2Q16 was 13.1 million equivalent units, a 1.6% increase from 2Q15. Higher volumes in Europe more than offset lower volumes in North America.

For the first half of 2016, volume was 26.0 million equivalent units, in line with the first half of 2015. Higher volumes in Europe compensated for lower volumes in RoW and North America.

Total revenues were US\$1.1 billion, a 3.9% decrease from 2Q15 mainly due to lower aluminum prices. Revenues in North America accounted for 58% of the total, while Europe contributed with 35%.

For the first half of 2016, total revenues decreased 6.0% compared to the first half of 2015 to US\$2.2 billion mainly due to lower aluminum prices and the depreciation of the euro compared to the US dollar.

Gross profit in 2Q16 was US\$203 million, a 1.5% increase compared to 2Q15, driven by improved mix, currency effects, and efficiency gains. Gross margins in 2Q16 increased 100 basis points compared to the same period in 2015 to 18.1% of total revenues.

For the first half of 2016, gross profit increased 1.8% compared to the first half of 2015, to US\$405 million driven by an improved sales mix, currency effects, and efficiency gains. Gross margin increased 140 basis points compared to the first half of 2015 to 18.4% of total revenues.

Operating income in 2Q16 was US\$142 million, an 8.4% increase compared to 2Q15 driven by improved mix, currency effects, and efficiency gains. Operating margin in 2Q16 increased 150 basis points compared to 2Q15, to 12.7% of total revenues.

For the first half of 2016, operating income increased 6.2% compared to the first half of 2015, to US\$276 million driven by improved mix, currency effects, and efficiency gains. Operating margin in the first half of 2016 increased 150 basis points compared to the first half of 2015, to 12.6% of total revenues.

EBITDA in 2Q16 rose to US\$221 million, an 8.3% increase compared to 2Q15 mainly due to an increase in operating income. EBITDA margin in 2Q16 increased 220 basis points compared to 2Q15, to 19.7% of total revenues.

For the first half of 2016, EBITDA increased 7.2% compared to the first half of 2015, to US\$430 million mainly due to an increase in income from operations. EBITDA margin in the first half of 2016 increased 250 basis points compared to the first half of 2015, to 19.6% of total revenues.

EBITDA per equivalent unit increased 7.0% compared to 2Q15, to US\$16.9 in 2Q16. For the first half of 2016, EBITDA per equivalent unit increased 6.5% compared to the first half of 2015, to US\$16.5.

Net income remained stable compared to 2Q15, at US\$77 million in 2Q16 where a higher income from operations compensated a non-cash foreign exchange loss. For the first half of 2016, net income increased 16.8% compared to the first half of 2015, to US\$174 million, driven by a higher operating income.

Capital expenditures totaled US\$129 million during 2Q16. Investments were made to expand capacity, update existing production equipment, and improve operational efficiency. Furthermore, Nemak continued to develop initiatives to maximize asset utilization and to reduce investment per unit of installed capacity.

Nemak's balance sheet as of June 30, 2016 recorded a cash balance of US\$112 million. Short-term debt was US\$195 million, while long-term debt was US\$1.3 billion. The consolidated net debt balance was US\$1.3 billion. Financial ratios in 2Q16 were: Net Debt to EBITDA of 1.7 times and Interest Coverage of 11.0 times, which compare to 1.7 times and 10.2 times, respectively, reported in 2Q15.

Regional Results

North America

In 2Q16, revenues in North America decreased 12.3% compared to 2Q15 mainly due to lower aluminum prices and lower volumes. EBITDA in North America increased 5.1% in 2Q16 compared to 2Q15 mainly due to an improved sales mix, currency effects, and efficiency gains.

In the first half of 2016, revenues decreased 11.8% compared to the first half of 2015 mainly due to lower aluminum prices and lower volumes. EBITDA in North America increased 6.3%, compared to the first half of 2015 mainly due to an improved sales mix, currency effects, and efficiency gains.

Europe

In 1Q16, revenues increased 15.1% and EBITDA in Europe increased 14.5% compared to 2Q15 mainly due to higher volumes.

In the first half of the year, revenues and EBITDA increased 8.1% and 9.9%, respectively, compared to the first half of 2015 mainly due to higher volumes and a better sales mix which more than offset the devaluation of the euro compared to the US dollar. Excluding the translation effect of the euro, in the first half of 2016 revenues and EBITDA grew 9.2% and 10.8% respectively, compared to the first half of 2015.

Rest of the World (RoW)

In 2Q16, revenues in RoW decreased by 6.1% compared to 2Q15 mainly due to lower volumes in South America, the devaluation of local currencies, and lower aluminum prices. EBITDA in RoW increased by US\$1 million in 2Q16 compared to 2Q15 as higher profitability in Asia more than compensated for lower volumes in South America.

In the first half of the year, revenues in RoW decreased 14.7% compared to the first half of 2015 mainly due to lower volumes in South America, the devaluation of local currencies, and lower aluminum prices. EBITDA in RoW increased US\$1 million in the first half of 2016 compared to the first half of 2015 mainly due to higher profitability in Asia which more than compensated for lower volumes in South America.

Conference call information

Nemak's Second Quarter 2016 Conference Call will be held on: Tuesday, July 19th, 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 second quarter of: | | | | | For the six months of: | | | | |
|-------------------------------------|----------------------------|-----------|-------|-----------|--------|------------------------|-----------|-------|-----------|--------|
| | 2016 | % of rev. | 2015 | % of rev. | % Var. | 2016 | % of rev. | 2015 | % of rev. | % Var. |
| Volume (million equivalent units) | 13.1 | | 12.9 | | 1.6 | 26.0 | | 25.9 | | 0.4 |
| Total revenues | 1,122 | 100.0 | 1,167 | 100.0 | (3.9) | 2,198 | 100.0 | 2,339 | 100.0 | (6.0) |
| Gross profit | 203 | 18.1 | 200 | 17.1 | 1.5 | 405 | 18.4 | 398 | 17.0 | 1.8 |
| Sales & administrative expenses | (61) | (5.4) | (72) | (6.2) | (15.3) | (130) | (5.9) | (142) | (6.1) | (8.5) |
| Other income (expenses) net | 0 | 0.0 | 4 | 0.3 | 0.0 | 1 | 0.0 | 4 | 0.2 | (75.0) |
| Income from operations | 142 | 12.7 | 131 | 11.2 | 8.4 | 276 | 12.6 | 260 | 11.1 | 6.2 |
| Interest Expenses | (18) | (1.6) | (19) | (1.6) | (5.3) | (34) | (1.5) | (37) | (1.6) | (8.1) |
| Interest Income | 0 | 0.0 | 1 | 0.1 | NA | 1 | 0.0 | 1 | 0.0 | 0.0 |
| Foreign exchange gain (loss) | (14) | (1.2) | 1 | 0.1 | NA | 0 | 0.0 | (8) | (0.3) | NA |
| Financing expenses net | (32) | (2.9) | (17) | (1.5) | 88.2 | (33) | (1.5) | (44) | (1.9) | (25.0) |
| Participation in associates results | 1 | 0.1 | 1 | 0.1 | 0.0 | 1 | 0.0 | 2 | 0.1 | (50.0) |
| Income Tax | (34) | (3.0) | (38) | (3.3) | (10.5) | (70) | (3.2) | (69) | (2.9) | 1.4 |
| Net Income | 77 | 6.9 | 77 | 6.6 | 0.0 | 174 | 7.9 | 149 | 6.4 | 16.8 |

| | 2016 | % of rev. | 2015 | % of rev. | % Var. | 2016 | % of rev. | 2015 | % of rev. | % Var. |
|---|------|-----------|------|-----------|--------|------|-----------|------|-----------|--------|
| Income from Operations | 142 | 12.7 | 131 | 11.2 | 8.4 | 276 | 12.6 | 260 | 11.1 | 6.2 |
| Depreciation, Amortization & Other non-Cash items | 79 | 7.0 | 73 | 6.3 | 8.2 | 154 | 7.0 | 141 | 6.0 | 9.2 |
| EBITDA ¹ | 221 | 19.7 | 204 | 17.5 | 8.3 | 430 | 19.6 | 401 | 17.1 | 7.2 |
| CAPEX | 129 | 11.5 | 113 | 9.7 | 14.2 | 260 | 11.8 | 214 | 9.1 | 21.5 |

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

Nemak
Balance Sheet
Millions of Dollars

| Assets | Jun-16 | Dec-15 | % Var |
|------------------------------------|--------|--------|--------|
| Cash and cash equivalents | 112 | 104 | 7.7 |
| Accounts receivable | 721 | 584 | 23.4 |
| Inventories | 596 | 562 | 6.1 |
| Other current assets | 44 | 74 | (41.1) |
| Total current assets | 1,472 | 1,324 | 11.2 |
| Investments in shares | 20 | 22 | (8.8) |
| Property, plant and equipment, net | 2,346 | 2,224 | 5.5 |
| Other assets | 672 | 616 | 9.1 |
| Total assets | 4,510 | 4,186 | 7.8 |

| Liabilities & stockholders' equity | Jun-16 | Dec-15 | % Var |
|--|--------|--------|-------|
| Bank loans | 166 | 13 | NA |
| Current maturities of long-term debt | 29 | 27 | 9.0 |
| Interest payable | 13 | 13 | 2.3 |
| Operating liabilities | 1,012 | 1,038 | (2.5) |
| Total current liabilities | 1,221 | 1,091 | 11.9 |
| Long-term debt | 1,256 | 1,265 | (0.7) |
| Labor liabilities | 47 | 45 | 3.3 |
| Other long term liabilities | 208 | 161 | 29.0 |
| Total liabilities | 2,730 | 2,562 | 6.6 |
| Total stockholders' equity | 1,780 | 1,624 | 9.6 |
| Total liabilities & stockholders' equity | 4,510 | 4,186 | 7.8 |

Nemak Regional Results

Millions of Dollars

| Volume (million equivalent units) | For the second quarter of: | | | For the six months of: | | |
|-----------------------------------|----------------------------|-------------|------------|------------------------|-------------|------------|
| | 2016 | 2015 | % Var. | 2016 | 2015 | % Var. |
| North America | 7.9 | 8.2 | (3.7) | 15.8 | 16.4 | (3.7) |
| Europe | 4.2 | 3.6 | 16.7 | 8.2 | 7.3 | 12.3 |
| Rest of World | 1.0 | 1.1 | (9.1) | 2.0 | 2.2 | (9.1) |
| Total | 13.1 | 12.9 | 1.6 | 26.0 | 25.9 | 0.4 |

| Total Revenues* | 2016 | 2015 | % Var. | 2016 | 2015 | % Var. |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| North America | 649 | 740 | (12.3) | 1,287 | 1,459 | (11.8) |
| Europe | 397 | 345 | 15.1 | 760 | 703 | 8.1 |
| Rest of World | 77 | 82 | (6.1) | 151 | 177 | (14.7) |
| Total | 1,122 | 1,167 | (3.9) | 2,198 | 2,339 | (6.0) |

| EBITDA ¹ | 2016 | 2015 | % Var. | 2016 | 2015 | % Var. |
|---------------------|------------|------------|------------|------------|------------|------------|
| North America | 145 | 138 | 5.1 | 288 | 271 | 6.3 |
| Europe | 71 | 62 | 14.5 | 133 | 121 | 9.9 |
| Rest of World | 5 | 4 | 25.0 | 10 | 9 | 11.1 |
| Total | 221 | 204 | 8.3 | 430 | 401 | 7.2 |

(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: | | | | |
|-------------------------------------|----------------------------|-----------|---------|-----------|--------|------------------------|-----------|---------|-----------|--------|
| | 2016 | % of rev. | 2015 | % of rev. | % Var. | 2016 | % of rev. | 2015 | % of rev. | % Var. |
| Volume (million equivalent units) | 13.1 | | 12.9 | | 1.6 | 26.0 | | 25.9 | | 0.4 |
| Total revenues | 20,255 | 100.0 | 17,868 | 100.0 | 13.4 | 39,637 | 100.0 | 35,385 | 100.0 | 12.0 |
| Gross profit | 3,669 | 18.1 | 3,058 | 17.1 | 20.0 | 7,310 | 18.4 | 6,027 | 17.0 | 21.3 |
| Sales & administrative expenses | (1,097) | (5.4) | (1,100) | (6.2) | (0.3) | (2,329) | (5.9) | (2,137) | (6.0) | 9.0 |
| Other income (expenses) net | 0 | 0.0 | 56 | 0.3 | NA | 10 | 0.0 | 54 | 0.2 | (81.5) |
| Income from operations | 2,573 | 12.7 | 2,014 | 11.3 | 27.8 | 4,990 | 12.6 | 3,944 | 11.1 | 26.5 |
| Interest Expenses | (331) | (1.6) | (292) | (1.6) | 13.4 | (620) | (1.6) | (560) | (1.6) | 10.7 |
| Interest Income | (3) | (0.0) | 8 | 0.0 | NA | 23 | 0.1 | 16 | 0.0 | 43.8 |
| Foreign exchange gain (loss) | (253) | (1.2) | 16 | 0.1 | NA | (8) | (0.0) | (120) | (0.3) | (93.3) |
| Financing expenses net | (587) | (2.9) | (268) | (1.5) | NA | (605) | (1.5) | (664) | (1.9) | (8.9) |
| Participation in associates results | 22 | 0.1 | 22 | 0.1 | 0.0 | 21 | 0.1 | 19 | 0.1 | 10.5 |
| Income Tax | (617) | (3.0) | (589) | (3.3) | 4.8 | (1,276) | (3.2) | (1,039) | (2.9) | 22.8 |
| Net Income | 1,391 | 6.9 | 1,179 | 6.6 | 18.0 | 3,130 | 7.9 | 2,260 | 6.4 | 38.5 |

| | 2016 | % of rev. | 2015 | % of rev. | % Var. | 2016 | % of rev. | 2015 | % of rev. | % Var. |
|---|-------|-----------|-------|-----------|--------|-------|-----------|-------|-----------|--------|
| Income from Operations | 2,573 | 12.7 | 2,014 | 11.3 | 27.8 | 4,990 | 12.6 | 3,944 | 11.1 | 26.5 |
| Depreciation, Amortization & Other non-Cash items | 1,423 | 7.0 | 1,110 | 6.2 | 28.2 | 2,778 | 7.0 | 2,127 | 6.0 | 30.6 |
| EBITDA ¹ | 3,996 | 19.7 | 3,124 | 17.5 | 27.9 | 7,768 | 19.6 | 6,071 | 17.2 | 28.0 |
| CAPEX | 2,320 | 11.5 | 1,739 | 9.7 | 33.4 | 4,691 | 11.8 | 3,243 | 9.2 | 44.7 |

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

Nemak
Balance Sheet
Millions of Pesos

| Assets | Jun-16 | Dec-15 | % Var |
|------------------------------------|--------|--------|--------|
| Cash and cash equivalents | 2,122 | 1,793 | 18.3 |
| Accounts receivable | 13,628 | 10,048 | 35.6 |
| Inventories | 11,268 | 9,667 | 16.6 |
| Other current assets | 823 | 1,272 | (35.3) |
| Total current assets | 27,840 | 22,780 | 22.2 |
| Investments in shares | 374 | 374 | 0.0 |
| Property, plant and equipment, net | 44,366 | 38,263 | 15.9 |
| Other assets | 12,709 | 10,602 | 19.9 |
| Total assets | 85,289 | 72,018 | 18.4 |

| Liabilities & stockholders' equity | Jun-16 | Dec-15 | % Var |
|--|--------|--------|-------|
| Bank loans | 3,139 | 227 | NA |
| Current maturities of long-term debt | 552 | 462 | 19.4 |
| Interest payable | 252 | 223 | 12.9 |
| Operating liabilities | 19,138 | 17,859 | 7.2 |
| Total current liabilities | 23,081 | 18,771 | 23.0 |
| Long-term debt | 23,743 | 21,758 | 9.1 |
| Labor liabilities | 884 | 779 | 13.6 |
| Other long term liabilities | 3,927 | 2,771 | 41.7 |
| Total liabilities | 51,635 | 44,079 | 17.1 |
| Total stockholders' equity | 33,653 | 27,939 | 20.5 |
| Total liabilities & stockholders' equity | 85,289 | 72,018 | 18.4 |