

Nemak posts 8% EBITDA¹ growth in 2015

Monterrey, Mexico. February 10, 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 fourth quarter and full year 2015.

For the fourth quarter and full year 2015, EBITDA increased 4% and 8%, respectively. This result was mainly driven by an improved mix of higher value-added products and efficiency gains.

Key Figures

	Fourth Quarter			For the twelve months of:		
	2015	2014	Δ%	2015	2014	Δ%
Volume (M. Equivalent units)	12.4	11.4	8.8	50.7	49.4	2.6
Net Sales	1,048	1,085	(3.4)	4,482	4,633	(3.3)
Operating Income	88	84	4.8	469	417	12.5
EBITDA ¹	165	159	3.8	759	702	8.1
EBITDA ¹ / Eq. Unit	13.3	13.9	(4.6)	15.0	14.2	5.3
Net Income	61	59	3.4	291	256	13.7
CAPEX	130	124	4.8	460	393	17.0
Net Debt ²	1,210	1,270	(4.8)			

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

In 2015, we grew volumes and EBITDA in all our regions mainly on the back of increased sales of higher value-added products. Our ongoing investments in vertical integration initiatives further supported our business performance, enabling us to deliver quality improvements to our customers while increasing our margins. At the same time, we took important steps to strengthen our foundation for future growth. We won new contracts worth U.S. \$1.2 billion, close to half of which represented incremental revenues. These included new contracts to produce cylinder heads, engine blocks, transmission cases, and structural components.

Regarding our structural components business, we were recently awarded a new program for U.S. \$60 million in annual revenues which increases our order backlog for these components to U.S. \$200 million per year. These programs will begin production between 2016 and 2019.

We also successfully made the transition to being a publicly-traded company, completing the largest Initial Public Offering in Latin America in the year. Just last month, we joined the Mexican Stock Exchange’s IPC Index, which is comprised of the 35 highest-ranked publicly-traded companies in Mexico in terms of market capitalization and trading volume.

Automotive Industry

	Millions of Units		
	For the fourth quarter of:		
	2015	2014	% Var.
U.S. Vehicle Sales SAAR ⁽¹⁾	17.9	16.8	6.6
North America Vehicle Production	4.3	4.2	1.9
North America Nematik Customer Production	3.1	3.0	2.4
Europe Vehicle Sales SAAR ⁽¹⁾	19.4	18.9	2.7
Europe Vehicle Production	5.1	5.0	2.3
Europe Nematik Customer Production	3.6	3.5	3.6

(1) SAAR = Seasonally Adjusted Annual Rate

During 4Q15, the seasonally adjusted annual rate (SAAR) for vehicle sales in the U.S. was up 7% from 4Q14, mainly due to favorable credit conditions, low unemployment, and low gas prices. Meanwhile, North America vehicle production and Nematik customers' vehicle production both increased 2%.

In Europe, vehicle sales SAAR in 4Q15 was up 3% compared to 4Q14 as lower sales in Russia were more than offset by Western Europe's recovery. Vehicle production in Europe increased 2% from 4Q14 for the same reason. On the other hand, Nematik's customer production in Europe increased 4%, driven by an increase in market share from several Nematik customers.

Recent Developments

- Effective January 11th, Nematik joined the Mexican Stock Exchange's IPC Index (*Indice de Precios y Cotizaciones*). The IPC is comprised of the 35 highest-ranked publicly-traded companies in Mexico in terms of market capitalization and trading volume.
- In November, Fitch raised Nematik's credit rating from BB to BB+, a reflection of our strong credit metrics, solid profitability and cash flow generation, and leading industry position.
- In the fourth quarter of 2015, Nematik refinanced U.S. \$500 million through a syndicated loan and other bilateral credit facilities. Utilizing the proceeds from these transactions, Nematik prepaid some short-term debt as well as its outstanding "*certificados bursátiles*."
- In February 2016, Nematik was awarded a new program to produce structural components for a premium European OEM worth U.S. \$60 million in annual revenues.

Financial Results

Volume in 4Q15 was 12.4 million equivalent units, a 9% increase from 4Q14. We delivered higher volumes in all our regions.

For 2015, volume was 50.7 million equivalent units, 3% higher than 2014. We delivered higher volumes in all our regions.

Total revenues were U.S. \$1 billion, a 3% decrease from 4Q14 mainly due to the 12% depreciation of the euro compared to the U.S. dollar and lower aluminum prices. Revenues in North America accounted for 59% of the total, while Europe contributed with 32%.

For 2015, total revenues decreased 3% compared to 2014 to U.S. \$4.5 billion mainly due to the depreciation of the euro compared to the U.S. dollar combined with lower aluminum costs, which were partially compensated with incremental volumes.

Gross profit in 4Q15 increased 1% compared to 4Q14, to U.S. \$152 million driven by an improved sales mix. Gross margins in 4Q15 increased 60 basis points compared to the same period in 2014 to 14.5% of total revenues.

For 2015, gross profit increased 9% compared to 2014, to U.S. \$743 million, mainly 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 margin increased 190 basis points compared to 2014 to 16.6% of total revenues.

Operating income in 4Q15 was U.S. \$88 million, a 5% increase compared to 4Q14 mainly due to a higher gross profit combined with efficiency gains. Operating margin in 4Q15 increased 70 basis points compared to 4Q14, to 8.4% of total revenues.

For 2015, operating income increased 12% compared to 2014, to U.S. \$469 million mainly due to an increase in gross profit and efficiency gains. Operating margin in 2015 increased 150 basis points compared to 2014, to 10.5% of total revenues.

EBITDA in 4Q15 rose to U.S. \$165 million, a 4% increase compared to 4Q14 mainly due to an increase in operating income. EBITDA margin in 4Q15 increased 100 basis points compared to 4Q14, to 15.7% of total revenues.

For 2015, EBITDA increased 8% compared to 2014, to U.S. \$759 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 2015 increased 190 basis points compared to 2014, to 16.6% of total revenues.

EBITDA per equivalent unit decreased 5% compared to 4Q14, to U.S. \$13.3 in 4Q15. For 2015, EBITDA per equivalent unit increased 5% compared to 2014, to U.S. \$15.0.

Net income increased 3% compared to 4Q14, to U.S. \$61 million in 4Q15, driven by higher operating income, combined with a lower financing expenses.

For 2015, net income increased 14% compared to 2014, to U.S. \$291 million, driven by higher income from operations which more than compensated for a foreign exchange loss.

Earnings per share for 4Q15 and 2015 were Ps 0.33 and Ps 1.49, respectively. These results were based on 3,080,747,324 shares outstanding.

Capital expenditures totaled U.S. \$130 million during 4Q15. Investments were made to expand capacity, update existing production equipment, and improve operational efficiency. These included investments in two projects in Mexico: first the construction of a new high-pressure die casting plant; and second, the of construction of a new machining facility. Furthermore, Nemak continued to develop initiatives to maximize asset utilization and to reduce investment per unit of installed capacity. For 2015, capital expenditures totaled U.S. \$460 million.

Nemak's Balance sheet as of December 31, 2015 recorded a cash balance of U.S. \$104 million. Short-term debt was U.S. \$42 million, while long-term debt was U.S. \$1,265 million. The consolidated net debt balance was U.S. \$1.2 billion. Financial ratios in 4Q15 were: Net Debt to EBITDA of 1.6 times and Interest Coverage of 10.2 times, which compare to 1.8 times and 9.8 times, respectively, reported in 4Q14.

Regional Results

North America

In 4Q15, revenues in North America decreased 6% compared to 4Q14 mainly due to lower aluminum prices. EBITDA in North America decreased 6% in 4Q15 compared to 4Q14 mainly due to a reduction in inventories that increased the cost allocation in 4Q15, combined with higher maintenance costs in 2015.

In 2015, revenues in North America decreased 3% compared to 2014 mainly due to lower aluminum prices. In 2015, EBITDA increased 11% compared to 2014 mainly due to a better sales mix.

Europe

In 4Q15, revenues and EBITDA in Europe increased 1% and 15% respectively, compared to 4Q14 mainly due to a lower price of aluminum and 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 4Q15 revenues and EBITDA grew 14% and 31% respectively, compared to 4Q14.

In 2015, revenues declined 4% and EBITDA increased 2% compared to 2014. The decrease in revenues was mainly driven by the devaluation of the euro. On a currency-neutral basis, in 2015 revenues and EBITDA in Europe grew 15% and 22%, respectively, compared to 2014.

Rest of the World (RoW)

In 4Q15, revenues in RoW decreased 2% compared to 4Q14 mainly due to the devaluation of local currencies and a lower price of aluminum. EBITDA in RoW increased U.S. \$7 million in 4Q15 compared to 4Q14 mainly due to new product launches in Asia.

In 2015, revenues in RoW decreased 5% compared to 2014, mainly driven by the devaluation of local currencies. EBITDA in RoW increased U.S. \$1 million in 2015 compared to 2014 mainly due to incremental volume.

Conference call information

Nemak's Fourth Quarter 2015 Conference Call will be held on: Thursday, February 11th, 2015, 11:30 AM Eastern Time (10:30 AM 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 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 2015, the company employed more than 21,000 people at 35 facilities worldwide and generated revenues of U.S. \$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 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 fourth quarter of:					For the twelve months of:				
	2015	% of rev.	2014	% of rev.	% Var.	2015	% of rev.	2014	% of rev.	% Var.
Volume (million equivalent units)	12.4		11.4		8.8	50.7		49.4		2.6
Total revenues	1,048	100.0	1,085	100.0	(3.4)	4,482	100.0	4,633	100.0	(3.3)
Gross profit	152	14.5	151	13.9	0.7	743	16.6	683	14.7	8.8
Sales & administrative expenses	(65)	(6.2)	(67)	(6.2)	(3.0)	(277)	(6.2)	(271)	(5.8)	2.2
Other income (expenses) net	1	0.1	0	0.0	0.0	3	0.1	5	0.1	(40.0)
Income from operations	88	8.4	84	7.7	4.8	469	10.5	417	9.0	12.5
Interest Expenses	(20)	(1.9)	(20)	(1.8)	0.0	(74)	(1.7)	(75)	(1.6)	(1.3)
Interest Income	1	0.1	1	0.1	0.0	3	0.1	2	0.0	50.0
Foreign exchange gain (loss)	13	1.2	8	0.7	62.5	(11)	(0.2)	20	0.4	NA
Financing expenses net	(6)	(0.6)	(11)	(1.0)	(45.5)	(82)	(1.8)	(53)	(1.1)	54.7
Participation in associates results	1	0.1	1	0.1	0.0	3	0.1	3	0.1	0.0
Income Tax	(21)	(2.0)	(16)	(1.5)	31.3	(99)	(2.2)	(111)	(2.4)	(10.8)
Net Income	61	5.8	59	5.4	3.4	291	6.5	256	5.5	13.7

	2015	% of rev.	2014	% of rev.	% Var.	2015	% of rev.	2014	% of rev.	% Var.
Income from Operations	88	8.4	84	7.7	4.8	469	10.5	417	9.0	12.5
Depreciation, Amortization & Other non-Cash items	77	7.3	75	6.9	2.7	290	6.5	285	6.2	1.8
EBITDA ¹	165	15.7	159	14.7	3.8	759	16.9	702	15.2	8.1
CAPEX	130	12.4	124	11.4	4.8	460	10.3	393	8.5	17.0

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

Nemak
Balance Sheet
Millions of Dollars

Assets	Dec-15	Dec-14	% Var
Cash and cash equivalents	104	66	57.6
Accounts receivable	623	468	33.1
Inventories	562	576	(2.4)
Other current assets	35	45	(22.2)
Total current assets	1,324	1,155	14.6
Investments in shares	22	20	10.0
Property, plant and equipment, net	2,224	2,211	0.6
Other assets	616	630	(2.2)
Total assets	4,186	4,015	4.3

Liabilities & stockholders' equity	Dec-15	Dec-14	% Var
Bank loans	13	208	(93.8)
Current maturities of long-term debt	29	106	(72.6)
Interest payable	13	11	18.2
Operating liabilities	1,036	966	7.2
Total current liabilities	1,091	1,291	(15.5)
Long-term debt	1,265	1,025	23.4
Labor liabilities	45	47	(4.3)
Other long term liabilities	161	191	(15.7)
Total liabilities	2,562	2,554	0.3
Total stockholders' equity	1,624	1,461	11.2
Total liabilities & stockholders' equity	4,186	4,015	4.3

Nemak Regional Results

Millions of Dollars

Volume (million equivalent units)	For the fourth quarter of:			For the twelve months of:		
	2015	2014	% Var.	2015	2014	% Var.
North America	7.7	7.3	5.5	32.1	31.9	0.6
Europe	3.6	3.1	16.1	14.2	13.2	7.6
Rest of World	1.1	1.0	10.0	4.4	4.3	2.3
Total	12.4	11.4	8.8	50.7	49.4	2.6

Total Revenues*	2015	2014	% Var.	2015	2014	% Var.
North America	621	658	(5.6)	2,753	2,831	(2.8)
Europe	339	337	0.6	1,381	1,437	(3.9)
Rest of World	88	90	(2.2)	348	365	(4.7)
Total	1,048	1,085	(3.4)	4,482	4,633	(3.3)

EBITDA ¹	2015	2014	% Var.	2015	2014	% Var.
North America	112	119	(5.9)	530	478	10.9
Europe	46	40	15.0	209	205	2.0
Rest of World	7	0	NA	20	19	5.3
Total	165	159	3.8	759	702	8.1

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

* To external customers

Nemak
Income Statement
Millions of Pesos

	For the fourth quarter of:					For the twelve months of:				
	2015	% of rev.	2014	% of rev.	% Var.	2015	% of rev.	2014	% of rev.	% Var.
Volume (million equivalent units)	12.4		11.4		8.8	50.7		49.4		2.6
Total revenues	17,532	100.0	15,128	100.0	15.9	70,891	100.0	61,490	100.0	15.3
Gross profit	2,543	14.5	2,277	15.1	11.7	11,748	16.6	9,034	14.7	30.0
Sales & administrative expenses	(1,101)	(6.3)	(922)	(6.1)	19.4	(4,393)	(6.2)	(3,587)	(5.8)	22.5
Other income (expenses) net	17	0.1	0	0.0	0.0	43	0.1	61	0.1	(29.5)
Income from operations	1,459	8.3	1,356	9.0	7.6	7,398	10.4	5,508	9.0	34.3
Interest Expenses	(335)	(1.9)	(273)	(1.8)	22.7	(1,172)	(1.7)	(998)	(1.6)	17.4
Interest Income	12	0.1	18	0.1	(33.3)	45	0.1	33	0.1	36.4
Foreign exchange gain (loss)	210	1.2	110	0.7	90.9	(165)	(0.2)	266	0.4	NA
Financing expenses net	(114)	(0.7)	(145)	(1.0)	(21.4)	(1,292)	(1.8)	(699)	(1.1)	84.8
Participation in associates results	19	0.1	18	0.1	5.6	47	0.1	38	0.1	23.7
Income Tax	(355)	(2.0)	(263)	(1.7)	35.0	(1,552)	(2.2)	(1,453)	(2.4)	6.8
Net Income	1,009	5.8	966	6.4	4.5	4,601	6.5	3,394	5.5	35.6

	2015	% of rev.	2014	% of rev.	% Var.	2015	% of rev.	2014	% of rev.	% Var.
Income from Operations	1,459	8.3	1,356	9.0	7.6	7,398	10.4	5,508	9.0	34.3
Depreciation, Amortization & Other non-Cash items	1,296	7.4	1,005	6.6	29.0	4,608	6.5	3,971	6.5	16.0
EBITDA ¹	2,755	15.7	2,361	15.6	16.7	12,006	16.9	9,479	15.4	26.7
CAPEX	2,184	12.5	1,725	11.4	26.6	7,314	10.3	5,254	8.5	39.2

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

Nemak
Balance Sheet
Millions of Pesos

Assets	Dec-15	Dec-14	% Var
Cash and cash equivalents	1,793	976	83.7
Accounts receivable	10,720	6,894	55.5
Inventories	9,667	8,472	14.1
Other current assets	600	656	(8.5)
Total current assets	22,780	16,998	34.0
Investments in shares	374	288	29.9
Property, plant and equipment, net	38,263	32,535	17.6
Other assets	10,601	9,270	14.4
Total assets	72,018	59,091	21.9

Liabilities & stockholders' equity	Dec-15	Dec-14	% Var
Bank loans	227	3,055	(92.6)
Current maturities of long-term debt	501	1,561	(67.9)
Interest payable	223	168	32.7
Operating liabilities	17,819	14,216	25.3
Total current liabilities	18,770	19,000	(1.2)
Long-term debt	21,758	15,087	44.2
Labor liabilities	779	690	12.9
Other long term liabilities	2,772	2,816	(1.6)
Total liabilities	44,079	37,593	17.3
Total stockholders' equity	27,939	21,498	30.0
Total liabilities & stockholders' equity	72,018	59,091	21.9