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Jean Bruny *BBVA - Analyst*

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PRESENTATION

Operator

Good morning, everyone and welcome to Nemak's Fourth Quarter 2015 Earnings Call. Armando Tamez, Nemak's CEO; Alberto Sada, CFO; and Maximilian Zimmermann, Investor Relations are here this morning to discuss the Company's performance and to answer any questions that you may have. As a reminder, today's conference is being recorded and will be available on the Company's Investor Relations website.

I will now turn the call over to Maximilian Zimmermann.

Maximilian Zimmermann - *Nemak SAB De CV - Investor Relations*

Thank you, operator. Good morning and welcome, everyone. We very much appreciate your participation. Armando Tamez, our CEO will lead off today's call by providing an overview of our business and financial highlights. Alberto Sada, our CFO will then discuss key industry trends and our fourth quarter and full-year financial results in more detail. Afterwards, we will open up for Q&A session.

Before we get started, let me remind you that information discussed on today's call may include forward-looking statements regarding the Company's future financial performance and prospects, which are subject to risks and uncertainties, actual results may differ materially and the Company cautions not to place undue reliance on these forward-looking statements. Nemak undertakes no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

I will now turn the call over to Armando Tamez.



Armando Tamez - *Nemak SAB De CV - Chief Executive Officer*

Thank you, Max. Hello, everyone and welcome to Nemak's fourth quarter 2015 results conference call. We closed 2015 on a positive note, delivering solid profitability on the back of an improved sales mix, operational efficiencies and increased volumes. Furthermore, we took important steps to lay the groundwork for future growth. These included winning new contracts to produce powertrain components, our core business and structural components, our new business line, as well as continuing to make strategic investments to enhance our manufacturing and R&D capabilities. Our business performance in North America and Europe, our largest markets [global] results. During the quarter, we recorded a 9% volume increase supported by gains in all our regions. In terms of revenues, we posted a 3% decrease compared to the same period last year, mainly due to the depreciation of the euro and lower aluminum prices. Meanwhile, EBITDA increased by 4%, mainly driven by higher profitability in our European operations. Excluding the foreign exchange effect, revenues and EBITDA increased 2% and 8% year-on-year respectively. I would also like to highlight some improvements to our balance sheet. We recently refinanced \$500 million through a syndicated loan and other bilateral credit facilities. Utilizing the proceeds from these transactions, Nemak repaid its outstanding certificados bursatiles and also improved the maturity of some short-term debt.

Additionally, as you may have read, this past November the rating agency Fitch, raised our credit rating to BB+ from BB. With this upgrade, the three main rating agencies S&P, Moody's and Fitch have us rated one-notch below investment grade, a reflection of our strong credit metrics, solid profitability, cash flow generation and leading industry position.

I would now like to move on to the commercial side of the business. During 2015, we were awarded new contracts with global customers, worth a totally of approximately \$1.2 billion in annual revenues, close to half of which represented incremental programs. This included \$200 million worth of new contracts in the fourth quarter alone.

As we look to build further upon our track record, we will continue to focus on leveraging our technological capabilities to grow our business. With automakers increasingly turning to aluminum as a lever for making their vehicles lighter, and therefore more fuel-efficient, we are seeing that our expertise in aluminum casting engineering, including materials, processes, design and simulation, is enabling us to serve as a strategic partner to them in the development of new vehicle platforms.

Moreover, as engines in new light vehicles become more sophisticated, we have seen the demand for automotive components required advance and therefore higher value added castings is continuing to increase. In particular, this trend is supporting attractive growth opportunities for us in our cylinder heads, engine blocks and complex automatic transmission power plants.

We have built our R&D portfolio with our customers' needs top of mind, focusing on technological innovation that help us to meet and exceed their quality, performance, emissions and fuel economy targets, in ways that are cost effective. And with six strategically located product development centers around the world, we're well positioned to provide our customers with integrated solutions.

In addition to further enhancing our core powertrain portfolio, we are making significant investments in CapEx and R&D to support the growth of our new structural component business. In 2015, we continued to advance our structural components strategy, by improving our technological base in our new product development center in Poland and building a dedicated engineering team in Germany and Mexico. To date, we've had booked contracts to produce structural components worth a total of \$200 million in annual revenues, including a recently awarded new program for \$60 million a year, with a premium European OEM.

At the same time, as part of our vertical integration strategy, we have continued to make significant investments to expand our in-house machining capacity across all our regions. These investments in turn have enabled us to deliver quality improvements to our customers, while reducing our costs and increasing our margins. In 2015, we increased to 40% in-house machining and moving towards our goal of reaching 70% by the end of the decade.

Lastly, (inaudible) reminder of what we have accomplished in 2015, I am pleased to share that effective January 11, Nemak joined the Mexican Stock Exchange's IPC Index. The IPC is comprised of the 25 highest ranked publically traded companies in Mexico, in terms of market capitalization and trading volume. I will now hand off the call to Alberto Sada, Nemak's CFO.

Alberto Sada - Nemark SAB De CV - Chief Financial Officer

Thank you, Armando and good morning, everyone. Let me start by sharing relevant key industry data that sheds light on our results. During the quarter the seasonally adjusted annual rate for vehicle sales in the US was up 7% from the fourth quarter of last year, due to favorable credit conditions, low unemployment, low gasoline prices and sales incentives. Meanwhile in North America vehicle production and Nemark customers' vehicle production were both up 2%. The growth difference between sales and production came from a strong sales quarter, driven by seasonal incentives, which in turn resulted in a decline of inventories to an average of 60-day supply.

In Europe, the seasonally adjusted annual rate in the quarter was up 3% compared to the same quarter of last year, driven by Western Europe's recovery, which more than compensated for lower sales in Russia. Vehicle production increased 2% and Nemark's costumers' production increased 4% driven by increases in market share and exports from several Nemark customers, including Renault, Daimler and BMW.

Now let me move on to discuss our results. Volume in the quarter was 12.4 million equivalent units, a 9% increase from the same quarter of last year, mainly due to higher volumes in all our regions. I will now turn to our financials. Revenues were \$1 billion, 3% below the same quarter of last year, due to the effect of the depreciation of the euro compared to the US dollar and a lower aluminum prices. As you may be aware, 30% of our revenues are generated in euros, this impacted our top line by approximately \$46 million. On a currency-neutral basis, consolidated revenues increased 2% in the quarter. In terms of aluminum pricing, we had a negative revenue effect of approximately \$70 million in the quarter due to an 18% decrease in average aluminum prices. It is important to highlight that we have a pass through of aluminum prices in all our contract (inaudible). Gross profit increased 1% to a \$152 million, several factors helped us increase our gross profit in the quarter. The most important ones being volume and improved sales mix, which more than offset the Euro translation effect. In addition to mix, we continue to improve our operating efficiencies across our regions.

Now let me move on to our bottom line. Income from operation was \$88 million, a 5% increase from the same quarter of 2014, mainly due to the increase in gross profit, which I just mentioned. EBITDA for the period was a \$165 million, a 4% increase compared to the fourth quarter of last year. This increase was due to higher income from operations. EBITDA per unit decreased 5% on the same period -- \$13.3 per unit due to seasonal effects in North America that I will explain shortly. Net income increased 3% compared to the fourth quarter of last year to \$61 million in the period. This was driven by higher income from operations, combined with lower financing expenses. In terms of our balance sheet as of the end of September, we had a net debt position of \$1.2 billion, \$90 million lower than December of last year. Cash and cash equivalents were \$123 million.

Now let me -- to give you some details on our regional results. Our volumes in North America increased 6%, meanwhile revenues decreased 6%, mainly due to a lower aluminum prices. As indicated before, aluminum prices are pass through under the contracts we have with our customers. In terms of EBITDA, North America decreased 6% compared to 4Q 2014, mainly driven by two factors. First, a reduction in inventories that increased the fixed cost allocation in 4Q 2015, and second higher maintenance costs in 2015. In addition, 4Q 2014 results were benefit for the opposite effects of inventory increases and a retroactive commercial adjustment that took place in the quarter, making it [both] comparable.

Moving on, we are very pleased with the financial results achieved in Europe. Volume increased 16% surpassing our customers production volume, despite the 12% evaluation of the euro, revenues and EBITDA increased 1% and 15% respectively, compared to the same quarter of last year. On a currency-neutral basis, revenue and EBITDA increased 14% and 31% respectively. In our rest of the world operations, our volume increased by 10%, mainly driven by launching of new programs in Asia. Revenues decreased mainly due to the depreciation of local currencies. EBITDA increased to \$7 million for the quarter due to the new product launches in Asia.

I will now return the call to Armando Tamez, Nemark's CEO.

Armando Tamez - Nemark SAB De CV - Chief Executive Officer

Thank you, Alberto. On a final note, I would like to touch on our outlook for 2016. We expect to continue delivering good operational growth in all our regions. At the same time, I would like to emphasize that we see 2016 as a transition year marked by investments to support new programs starting in 2017 and 2018. For 2016, we expect revenues of \$4.5 billion, EBITDA of \$777 million and CapEx of \$495 million.



And with that I would like to open the call for your questions. Operator, please instruct the participants on how to place their questions.

QUESTIONS AND ANSWERS

Operator

Thank you. We will now be conducting a question-and-answer session. (Operator Instructions) Patrick Archambault, Goldman Sachs.

Patrick Archambault - Goldman Sachs - Analyst

Hi, guys. So just wanted to follow-up on the guidance, I think the \$777 million, if I'm not mistaken that was a little bit lower than what was being discussed around the IPO time, so I feel it was like maybe closer to \$800, so what on the margin has changed, understanding of course that there's a lot of uncertainty out there in terms of volumes and things like that, but maybe that would be a good place to start the conversation?

Armando Tamez - Nemak SAB De CV - Chief Executive Officer

Yes. Patrick, I think that's a fair question. One of the things that has changed to us is the -- as you are mentioning some uncertainty in different markets, and we have seen again lower volumes than originally anticipated in several markets. The first one, of course, is China, with all this uncertainty is decreasing as well as also we had higher expectations according to some industry analysts for the US market and also Europe. And in spite of the fact that South America is not making a big impact in our operations, it is also a market that has a lower volume than originally anticipated. So in a short answer, I would say that the main change that we're seeing today is volumes. The previous volume that we had on a global basis was 54 million units, now we're projecting sales of approximately 52 million equivalent units for this year.

Patrick Archambault - Goldman Sachs - Analyst

And just, if I can build on that a little bit, is that a function of overall macro assumptions like IHS production being lower or is there kind of a take rate consideration there as well?

Armando Tamez - Nemak SAB De CV - Chief Executive Officer

No. Basically we are basing our assumptions on external consultants, important one that we are considering is IHS, as you are mentioning, and certainly they are projecting lower numbers than originally anticipated.

Patrick Archambault - Goldman Sachs - Analyst

And then like, maybe just delving into China, I think the one thing that might surprise us a little bit is the market has obviously done well over the last couple of quarters, and it's based on that purchase tax cut, right, which is obviously driving up demand. Is there kind of a mix issue, is there something about the fact that demand in vehicles with under 1.6 liters is increasing and there is a mix issue, is that part of the issue, because it seems at a high level the market itself is doing okay?

Armando Tamez - Nemak SAB De CV - Chief Executive Officer

Yes. That's a very valid point. Certainly China is growing at a slower pace than they have been growing over the last few years, as you are aware. And your point is also very well taken. Certainly the Chinese government imposed a new regulation for government officials' cars that they only



allowed to purchase vehicles below 1.6 liters, so that is also having some effect and they are benefiting from the local brands, rather than the foreign brands.

Operator

Juan Tavarez, CitiGroup

Juan Tavarez - CitiGroup - Analyst

Hi, thank you. Good morning, gentlemen. Just my first question was regarding your margin in North America. If you can help us understand a little bit better that trend in cost this quarter? I know you mentioned inventory, cost allocation and some maintenance, but can you give us some detail there, specifically on how much will be recurring into the first quarter. And then second, if you can just discuss a little bit more big picture, what you're seeing in structural component negotiations going forward with oil prices being lower than what they were a year ago. Is it impacting the pace of the backlog that you were initially expecting, just to get some visibility there? Thanks.

Alberto Sada - Nemak SAB De CV - Chief Financial Officer

Sure, Juan. Hi. This is Alberto. Just to give you a little more explanation about our quarter margins in North America. And as I indicated most of the effect to do with changes in inventory, and as you know, when you reduce or increase inventory, there are different fixed cost allocations that take place. And some additional maintenance expenses that were there in the quarter. Normally due to the lower production rates in the last part of the year, we take advantage of those low volumes to do maintenance. So these are pretty much, the two of them are mostly non-recurring. So we don't expect most of that incremental costs to be recurring ones. So they are pretty much extraordinary, and I think also 2014 was a little bit of a tough comparable, because we had the opposite effect on the inventory side.

Armando Tamez - Nemak SAB De CV - Chief Executive Officer

This is Armando. And to answer Juan, your second part of the question related to structural components, what I can tell you is that in spite of the fact that, yes, oil prices are significantly lower than everybody was expecting and gasoline prices mainly in the US are extremely affordable or cheap. Again, OEMs need to continue moving forward to meet the CO2 and fuel efficiency requirements imposed by government. Just to remind you, in the US, they need to achieve 54.5 miles per gallon by 2025, and in Europe they need to achieve 60 miles or the equivalent of 95 grams per kilometer by 2020. So we are seeing, based on those regulations and they have not changed, that customers or OEMs need to improve the efficiency of the vehicles and one significant lever that they have is to reduce the weight of the vehicles. We have seen tremendous opportunity on the structural component business as I was mentioning in the call. Yes, we're continuing to getting new contracts mainly with European OEMs and certainly we are also in discussions with North American OEMs, that also will need to meet fuel requirements.

Juan Tavarez - CitiGroup - Analyst

So, just to understand your backlog breakdown regionally, so is it mainly Europe, that \$200 million of backlog?

Armando Tamez - Nemak SAB De CV - Chief Executive Officer

A significant portion, we have most of the contracts for European OEMs of this time. We have a single one for also European, but that is going to be located in North America, as we speak. However, as I indicated, we are in close negotiations and discussions with several North American based OEMs.

Operator

(Operator Instructions) Luis Miranda, Santander.

Luis Miranda - Santander - Analyst

Yes, hi. Thanks for taking my call. Armando, I wanted (inaudible) just to try to understand a little bit the performance in EBITDA per head. We were seeing a strong volume growth. You mentioned value added products and increase in machining. And despite that we see a marginal decline in EBITDA per head, which I would have expected to be at least stable year-over-year. How should we see this going forward and what explains the contraction? Thanks.

Alberto Sada - Nemak SAB De CV - Chief Financial Officer

Yes. Certainly as you know, we have a, some type of seasonality and which will not be just following. For instance, normally in this industry 55% of the revenues come in the first half of the year and 45% in the second part. Main reason for that is summer shutdown that some of our customers use to change product lines, as well as holidays that they have in the fall and of course in the winter time. And again, I think, if you take a look at what we have been doing in terms of improving our EBITDA margins compared to previous years, I think we are moving in the right direction. And we're expecting again this year to continue with similar margins as we are getting last year.

Luis Miranda - Santander - Analyst

Okay. Sorry, just in terms of EBITDA per head should we see 2016 on similar levels to 2015, yes?

Alberto Sada - Nemak SAB De CV - Chief Financial Officer

Yes, that is correct. If you do the math with the numbers that Armando shared, you're going to see EBITDA per unit, which is very close to what we had in 2015. I think it's important to mention as well that 2015 had positive effects, such as the metal lag that we have been discussing and that obviously is a non-recurring event, depending on how materials move in the year there may be some additional contribution to that. But we think that 2015 is a fair number, which is even higher. slightly higher due to drop in metal lag effect that we saw in 2015.

Operator

Humberto Garcia, Barclays.

Humberto Garcia - Barclays - Analyst

Hi. Good morning. Thank you for taking my question. A quick question on the guidance, what assumption are you making for the exchange rate for the year?

Armando Tamez - Nemak SAB De CV - Chief Executive Officer

Okay. The exchange rate that we are taking is the following: We are taking a peso or dollar at 18 pesos and also the euro at 107. This guidance is based on these assumptions.



Humberto Garcia - *Barclays - Analyst*

Okay. And what kind of sensitivity is there, with regards to movements in FX?

Armando Tamez - *Nemak SAB De CV - Chief Executive Officer*

Providing that we will not have any change on the euro, every single peso that the dollar is or the peso is evaluated, I'm sorry, that every single unit that the dollar improves in its strength is equivalent to approximately 12 additional millions in EBITDA, providing that the euro doesn't move.

Humberto Garcia - *Barclays - Analyst*

Okay. Thank you very much.

Armando Tamez - *Nemak SAB De CV - Chief Executive Officer*

You're welcome.

Operator

Erik McKee, Lazard.

Erik McKee - *Lazard - Analyst*

Hi. Thank you for taking my call. Could you maybe just talk quickly about what you're seeing in terms of pricing? The pricing environment for the three geographies that you report. Also wondering about your EBITDA margin in the rest of the world, where do you think that could get to in the future? And then finally, just in terms of receivables probably I am [mistaken] your receivable days came up quite a bit in the fourth quarter, what you're expecting with that going forward?

Alberto Sada - *Nemak SAB De CV - Chief Financial Officer*

Okay. This is Alberto. Let me first talk a little bit about the margins, your question on the margins. I think the way we see margins rather than doing on a percentage of sales due to the effect of the aluminum, we're seeing it more on a per piece basis. So, I think on an EBITDA per piece basis, what we're seeing 2015 of close to \$15 per piece that is a gradual increase from what we have seen in the past, and we're expecting that same level for 2016, and gradually increasing going forward for the next years. And the reason for that is the introduction of more machining work, the improvement in mix of our products and the incorporation of more structural components. The other side is on the working capital side. I'll have to check exactly how receivables came, but I would tell you that working capital has been relatively stable, but you also need to consider that when you look at the working capital during the year, you see a lot of seasonality and normally on December, we see a reduction in activity and therefore reduction -- a deep reduction in working capital, both on the receivable side and on the sales -- and on the payable side.

Armando Tamez - *Nemak SAB De CV - Chief Executive Officer*

Just following on your question related to pricing, in the assumptions that we have presented to you today, we have already certain price reduction already considering into these and most of them are already negotiated. But at the same time, we're always working internally in increasing our productivity to offset a significant portion of the price [give backs] that we provide to our customers.

Operator

Valentin Mendoza, Banorte.

Valentin Mendoza - *Banorte - Analyst*

Hello. Good morning, everyone. My first question is, would you please break down the contribution of China in terms of volume sales, so we can have a little visibility on the impact that the lower estimations on the Chinese productions for your customers [you] have, and the rest of the world volumes and revenues?

Alberto Sada - *Nemak SAB De CV - Chief Financial Officer*

Sure. This is Alberto. Well, rest of the world is really comprised mainly of both China and Brazil. And I think a fair assumption at this point will be that Chinese is half of that.

Valentin Mendoza - *Banorte - Analyst*

Okay, thank you very much. And in Russia given the fall in the sales in that country?

Armando Tamez - *Nemak SAB De CV - Chief Executive Officer*

I'm sorry. Could you repeat the question, because you broke-up initially?

Valentin Mendoza - *Banorte - Analyst*

I'm sorry. Would you please give us some color on the performance of your new plant in Russia, given the fall in the sales in that country?

Armando Tamez - *Nemak SAB De CV - Chief Executive Officer*

Yes. As we indicated during the previous conference call, we've officially inaugurated the plant last September. The plant certainly started with good performance in terms of quality, deliveries, productivity and so on. Volumes in that region, as you would expect, are lower than originally anticipated. We are in discussions with our customer, which is the Volkswagen group and they are planning to export some of the engines produced in this plant to other facilities in Central Europe. Again, we have not received indication from the customer, what volume it is going to be. However, in this -- since we're just launching, we were not expecting a high volume for this year. But at this stage, the Russian facility is not presenting a significant impact to our bottom line.

Valentin Mendoza - *Banorte - Analyst*

Thank you very much, Armando. And one final question if I may is, have you seen up to now any impact on your sales volume, given the fall of Volkswagen production in Mexico of around 42% in January?

Armando Tamez - *Nemak SAB De CV - Chief Executive Officer*

That's also a good question. I think it's important also to remind everyone that we have approximately 1% on the diesel engines supplied to Volkswagen, so that represents a small portion of our dollar revenues. We have not seen yet any impact on sales to the Volkswagen group, not



only the Volkswagen brand, but other brands, such as Audi, Porsche, Skoda, Seat and so on. So far the answer is no effect in sales related to the piece of situation.

Valentin Mendoza - *Banorte - Analyst*

Thank you very much.

Operator

Jose Vazquez, GBM

Jose Vazquez - *GBM - Analyst*

Hi, Armando, Alberto and Max. I have two quick questions, the first one is on the revenue side, the 3.4% decline that we saw on a yearly basis, which -- how much could be attributed to declining aluminum prices and the other to FX losses. And the second one would be, what are your -- what is your outlook for aluminum prices for 2016? And maybe you have something for next year also would be really appreciated. Thank you.

Armando Tamez - *Nemak SAB De CV - Chief Executive Officer*

Sure. On the exchange rate side, I mean, and this is a simple calculation out of our revenue close to 31% is euro denominated. So out of this, the difference in revenue we saw an effect of close to \$300 million of exchange rate and about a \$135 million associated with aluminum. The aluminum, as we said, we have pass through agreement and the only effect we see on the aluminum side is in the metal lag depending on how quick the aluminum prices move. For 2016, we're essentially assuming a flat aluminum price for our guidance, so we have no effects on that and that's more or less at the level of close to \$1,600 per ton for aluminum products.

Jose Vazquez - *GBM - Analyst*

Okay. Thank you.

Armando Tamez - *Nemak SAB De CV - Chief Executive Officer*

Those were yearly figures.

Operator

Pablo Riveroll, Credit Suisse.

Pablo Riveroll - *Credit Suisse - Analyst*

Hi. My questions have been already answered.

Operator

Jean Bruny, BBVA.



Jean Bruny - *BBVA - Analyst*

Hi, there. Thank you for the call. Just one quick question, it's on the contracts you signed in 2015, there were \$1 billion -- \$1.2 billion contracts you signed. If you just can break it down between the renewal, incremental and then by businesses? Thank you very much.

Alberto Sada - *Nemak SAB De CV - Chief Financial Officer*

Yes. As I indicated that approximately about 55% of the \$1.2 billion is replacement business, the other of 45% is new business. And I think it's a mix of additional cylinder heads, engine blocks as well as structural components that we see in these additional -- approximately \$550 million in additional revenues.

Operator

[Armelia Ramirez, Signum.]

Unidentified Participant

Hi, everyone. My first question is that, what do you think is going to be your market share in the structural components, your initial market share and what is going to be your target in this segment?

Armando Tamez - *Nemak SAB De CV - Chief Executive Officer*

I'm sorry, could you repeat the question? We didn't hear it well.

Unidentified Participant

What's going to be your market share in structural components?

Armando Tamez - *Nemak SAB De CV - Chief Executive Officer*

Well, this is a new industry. The total industry size is estimated to be at approximately \$1 billion today. And with the \$200 million we're expecting to have approximately 20% of the industry. However, we are developing a new strategy to continue growing. And hopefully again, the industry is expected to grow to approximately about \$3 billion to \$4 billion by the end of the decade, and about \$15 billion estimated to be by 2030. And certainly we would like to have a good and solid market share. I think we have already demonstrated in spite to the fact that we started this new product line 18 months ago, we have been able to capture significant orders and certainly we -- I need to tell you that, we have in some cases declined to (inaudible) or even take additional orders, because we wanted to launch all the products successfully. And I think we are putting, as I indicated, in my comments during the call that, we are building a new product development center in Poland as well as strengthening our team in Europe as well as in North America to be prepared to capture additional market share in the structural component business.

Unidentified Participant

Okay, perfect. Thank you. My second question is regarding the new contract you got, the annual [\$1,200]. When do you expect to recognize the revenues? And -- I mean, how much of this amount are you going to earn this year? And when will you start earning the total amount?



Alberto Sada - *Nemak SAB De CV - Chief Financial Officer*

The average development time for a new product takes between 18 months to 24 months. So -- and not all the products come with the maximum volume on the first day and they will gradually take approximately -- especially for powertrains two years to three years to reach maximum volume. So again, on the contracts that we received last year, we are expecting to start investments this year and again start production in 2017 and 2018 and reach full volume by 2019.

Unidentified Participant

Okay, thank you. I just have a last question. Now that Ford is planning to double its production in Mexico. What do you think will be your participation in this new production?

Armando Tamez - *Nemak SAB De CV - Chief Executive Officer*

As one of the main suppliers in North America and not only in Mexico, and there is a lot of new companies are investing in Mexico, taking advantage of again the competitive labor cost and other competitive advantages that the country presents. And certainly we have captured already some important contracts with different customers. For instance, we would be the supplier for Audi, the new Q5 that will be launching in Puebla. As we speak, we're developing some products. We are, as well developing products for KIA, it's almost ready to start the launching of their new plant here, in the state of Nuevo Leon. As well as Ford their expansion in Chihuahua, we're able to secure a very nice and important contract and also we are talking and again developing some products for Daimler, Nissan for their Aguascalientes, and also some of the plants that they have in the US. And we're working with other potential customers that are investing in North America, and not only in Mexico.

Operator

Thank you. Ladies and gentlemen, at this time, I would like to turn the conference back over to Maximilian Zimmermann, for any closing comments.

Maximilian Zimmermann - *Nemak SAB De CV - Investor Relations*

Thank you, operator. I would just like to thank everyone for participating in today's call. Please feel free to contact us, if you have any follow-up questions or comments. Have a great day.

Operator

Thank you. Ladies and gentlemen, this does conclude today's teleconference. You may disconnect your lines at this time. And thank you for your participation.

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