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CONFERENCE CALL PARTICIPANTS

Mauricio Serna, UBS Casa de Bolsa SA de CV

Pablo Ricalde, Bank of America Merrill Lynch

Adrian Huerta, JP Morgan & Co.

Alejandro Lavín, Citi

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Ana Reynal, Schroders

PRESENTATION

Operator

Good morning and welcome to the GCC Third Quarter 2017 Earnings Conference Call.

Before we begin, I would like to remind you that this call is being recorded, and that information discussed today may include forward-looking statements regarding the Company's financial and operating performance. All projections are subject to risks and uncertainties and actual results may differ materially. Please refer to the detailed note in the Company's earnings report regarding forward-looking statements.

At this time, I would like to turn the call over to Mr. Enrique Escalante, Chief Executive Officer. Please go ahead, sir.

Enrique Escalante

Thank you, operator, and good morning everyone. Joining me today are Luis Carlos Arias, our CFO, and other members of our finance team.

GCC recorded double digit increases in sales and EBITDA in the third quarter of 2017, which Luis Carlos will discuss in more detail.

We continue to be on track in terms of executing our business strategy.

- First, we have completed the initial integration of the Texas and New Mexico operations acquired last year.
- Second, the expansion of the South Dakota plant is proceeding on schedule.
- Third, we continue to make improvements in our operations.
- And, fourth, our leverage continues to come down faster than expected.

Let me discuss each of these points.

We have completed the initial integration of the operating and commercial processes, and systems of the Odessa, Texas plant and other operations in Texas and New Mexico acquired last November.

The market in West Texas, including the Permian Basin oil patch, is one of GCC's strongest. We are meeting demand with production from three cement plants: Odessa, Texas, Tijeras, New Mexico, and Samalayuca, in the state of Chihuahua. As I mentioned last quarter, the Odessa plant is now fully dedicated to producing oil well cement. We are also increasing the share of oil well cement produced by Tijeras, with Samalayuca stepping up to meet demand for construction cement in West Texas and the El Paso metropolitan region. This has pushed production at the Samalayuca plant to 76 percent, compared to 56 percent at the end of 2016.

Coordinating production and deliveries among all our facilities in the region in order to provide excellent customer service and cost reductions is a major part of the integration effort, and it is working well.

In Rapid City, South Dakota, the expansion of the plant is about 70 percent completed and will add an additional 440,000 metric tons of capacity to our integrated system.

The budget for the project is around US\$100 million dollars and we are on schedule to become operational mid-year 2018.

Operational improvements are continuing. We are increasing efficiency and the usage of alternative fuels in most of our plants. Some customers of the coal mine are returning. And we are focused on trying to extract the most value from all our operations.

Our EBITDA margin in Mexico reached 40.8 percent - the highest in the last decade. And our U.S. margins reached 25.3 percent, the second highest since the Great Recession.

In our consolidated results, some of these improvements were masked by delayed sales for weather-related reasons. But based on our backlog we believe that GCC will increase EBITDA margins for the full year 2017 compared to 2016.

My final point is about our financial strength. The Net Debt to EBITDA ratio fell to 2.27 times as of September 30. That is down from 2.56 times at the end of 2016. The reduction puts us ahead of schedule to meet our target of 2.0 times by the end of 2018.

Let me now pass the call to Luis Carlos Arias, our CFO, who will review our third quarter operating performance.

Luis Carlos Arias

Thank you, Enrique. Good morning to everyone on the call.

As Enrique mentioned earlier, our third quarter results were broadly in line with expectations, although some of our markets were softer than seemed likely earlier in the year.

Consolidated net sales increased 16 percent in the quarter, with growth coming from both the U.S. and Mexico. U.S. sales grew 18 percent, while Mexico sales increased 7 percent.

In the U.S., cement sales volumes increased 21 percent and dollar prices rose 6 percent. Excluding the acquisitions, volumes decreased 3 percent. In addition to robust demand in Texas that Enrique mentioned, Colorado sales are strong, particularly for single-family housing and manufacturing. Nebraska and New Mexico also made significant contributions to cement volume. Strength in these markets offset decreases in other regions, including North Dakota.

U.S. volumes were somewhat affected by several episodes of bad weather in Q3 that slowed execution of projects. Our U.S. backlog continues to be strong for the rest of the year.

U.S. ready-mix volumes rose 8 percent, principally because of the acquisitions and demand in the Texas market, while prices were unchanged year-over-year. Excluding the acquisitions, concrete volumes decreased 5 percent, because of slowdowns in some other regions.

In Mexico, cement sales volumes decreased 8 percent, while prices rose 16 percent, so the net result in financial terms is in line with our expectations. Ready-mix volumes were down 5 percent, while prices also rose 16 percent. The residential and mining markets were the segments with the strongest performance in Mexico, which helped offset a relatively weak panorama for public sector projects and decisions by the private sector to put some planned projects on hold.

Costs as a percentage of sales increased 1.8 percentage points, principally because of the increase in depreciation from the newly acquired operations and higher freight costs from the increase in cement export volumes going to the Permian market.

Operating expenses were 7.7 percent of sales, a decrease of 0.2 percentage points. Excluding the new operations, operating expenses were 7.5 percent of sales, a reduction of 0.4 percentage points year over year. The improvement mostly reflects improved operating leverage plus the end of integration-related expenses and exchange rate effects.

EBITDA grew 14 percent to 1.4 billion pesos, with a 28.6 percent margin. As mentioned by Enrique, at the divisional level our EBITDA generation in Mexico reached a ten-year high, and the EBITDA margin in the U.S. was the 2nd highest since the great recession.

For the first nine months of 2017, our EBITDA margin expanded 0.2 percentage points over 2016 levels.

The third quarter is also when GCC's Free Cash Flow turns strongly positive, and third quarter 2017 free cash flow reached 1.2 billion pesos. It was below the 2016 level because of higher working capital levels as a result of the incorporation of the new assets.

I will now return the call to Enrique.

Enrique Escalante

Thank you, Luis Carlos.

Our performance during the third quarter and the first nine months of 2017 is broadly in line with our expectations and the full year outlook we've provided to the market.

Mexican demand has definitely been somewhat softer than expected, and both cement and ready-mix volumes were down. This was compensated by higher prices, and the net effect is still in line with our expectations.

The most significant factor in Mexico has been a slowdown in public infrastructure spending in the state of Chihuahua. Existing projects are being executed, but we are seeing delays and postponements in planned commercial and industrial investments because of the uncertainty regarding NAFTA. For the full year, we now expect cement and concrete volumes in Mexico to decrease by 3 to 5 percentage points, while prices maintain their double-digit gains.

In the U.S., strong demand in markets like West Texas and Colorado are offsetting softness in some other markets. Our customers experienced some unusual weather-related delays in the summer months. So far, October has been a very good month. If contractors are able to continue to work well into November, we expect that we will meet our target for double-digit increases in cement volumes in the U.S, while concrete volumes increase at high-single digit rates. On a like-to-like basis, cement volumes for the year are expected to show a 1 to 3 percent increase, while concrete volumes decrease by a somewhat larger amount.

For the full year outlook, we expect U.S. prices to increase by 3 to 5%, on a blended basis.

On a consolidated basis, we still expect EBITDA to grow around 20 percent.

Our estimate for working capital needs is unchanged. We estimate that Capex for the year will be approximately US\$ 85 million. The expenditures for the Rapid City expansion are being offset by lower needs for major maintenance and a reprogramming of other investments for next year.

I also want to reinforce GCC's commitment to continue to de-lever. We expect to end the year below our current net leverage level of 2.27 times. Management's target is to reduce our Net Debt to EBITDA ratio to 2.0 times by the end of 2018.

We believe that our strong business model, our operational and financial track record, our solid capital structure and leverage profile, together with our highly talented employees, position us well to navigate the external challenges we could face moving forward in the markets where we operate. We remain confident that we are on the right path that will create and deliver the highest value to our shareholders and other stakeholders.

This concludes our remarks for today's call.

At this point, we are ready to take your questions.

Thank you, operator.

Operator

Thank you. If you would like to signal to ask a question, please press star, one on your phone. Please make sure your mute function is turned off to allow your signal to reach our equipment. Again, that's star, one for any questions. We'll go first today to Mauricio Serna with UBS.

Mauricio Serna:

Hi. Good morning. Thanks for the call and for taking my questions. I just wanted to go over a couple of things in Mexico and U.S. First on the results in Mexico, you know, maybe you could give a bit more clarity on if we're actually expecting now the volumes to be negative for the year on delays on both infrastructure and investments in the private sector. Are you pushing that demand into next year so maybe we expect, like, a much stronger 2018, or is the expectation beyond 2017? On that case, if demand continues to be softer, would you continue to push out pricing, maybe not at the mid-teens that we saw throughout this year, but maybe still double digits?

Just also just on the U.S. very quickly, you mentioned that one of the reasons why the margins contracted is because of these exports, I guess, from Samalayuca to supply the demand in Texas. I just wanted to know if this will be something that is recurring given that it seems it had huge impact over 200 basis points year-over-year, I think, estimating the impact on the EBITDA margins. Just trying to get a sense if this will be kind of something recurring given the high level of demand or is there anything the Company is planning to kind of soften the effect on the margins in the medium term? Thank you.

Enrique Escalante:

Mauricio, thank you for your questions. Let address first, I mean, the Mexico expectations. Volumes have, of course, as I mentioned, decreased recently, and some of the projects definitely have pushed to next year. Yesterday, we reviewed the list of commercial projects we have on-hand and only one is a little bit uncertain in terms of it going forward or not. It's a building tower for apartments here in Chihuahua. The rest of the freights (phon) are going forward.

In terms of pricing, of course, we're going to try to aggressively increase prices next year. Of course, we are going to have to be careful in (inaudible) markets, but we're definitely expecting that we're going to increase price early next year in Mexico. In the U.S., margins have definitely increased only 20 basis points so far for the year. The lack of higher increase is definitely related to some pushback that we have had in terms of price increases in the U.S. market, not so much because of the Samalayuca exports of freight affected (phon) to the U.S. Basically, I mean, the pricing affecting the U.S., it's responsible for about 120 basis points that we should have had already in our EBITDA.

Mauricio Serna:

Okay. Okay. Just very quickly on Mexico, I think you mentioned that you are seeing, like, a downturn, so do you expect, like, the activity to actually moderate in the upcoming years? Just also in the U.S., how much of the volumes approximately does this export represent?

Enrique Escalante:

Your first question, we definitely don't expect volume growth in the Mexican market. With elections coming national elections next year on one hand and the uncertainty over the NAFTA negotiations, we are not seeing a big influence of influx of projects for next year, so we expect today and we're reviewing budgets as we speak more or less a flat year in terms of volumes for Mexico.

Can you repeat the second question for the U.S.?

Mauricio Serna:

Yes. Sure. Just how much of these exports are from Samalayuca to the U.S., how much of these represent of the U.S. volumes or consolidated volumes, however you want to frame it?

Luis Carlos Arias:

Yes, Mauricio. We've exported year-to-date around 450,000 tons of the total volume for the U.S. of—hold on a second here—around 2.3 million tons.

Mauricio Serna:

Okay. Okay. Understand.

Luis Carlos Arias:

A little over 10%.

Mauricio Serna:

Yes. Yes. A little over 10%. Okay. Thank you.

Operator:

We'll take our next question from Pablo Ricalde with Bank of America Merrill Lynch.

Pablo Ricalde:

Hey. Hi. Good morning, Luis. Thanks for taking the question. I have two questions, if I may. The first one is regarding your like-for-like volume contraction we saw in the U.S. in the quarter. I was wondering if you could provide more color on what drove the contraction, and if we could say (phon) if you saw the greatest weakness?

Enrique Escalante:

Pablo, this is Enrique Escalante. Yes. The contraction in the quarter in the U.S. is basically weather-related. We do have enough backlog for the year and we have had it the whole year and we had them in the month of August and also at the last week of September, I mean, delays caused by weather. In October, I mentioned that we're pushing Cement very well. I mean, our shipments are very good and we are recovering, and so far this week we have closed the gap on a year-to-date basis against our forecast, our budget for the year. In Cement volumes, as of today, we are on track and we already recovered the delays of the third quarter.

Pablo Ricalde:

Okay. My second question, it's regarding your EBITDA growth guidance. You're guiding something around 20% year-over-year EBITDA growth, yet, year-to-date you're over 25% growth. I guess my question here is what are you expecting on the fourth quarter in terms of EBITDA growth to reach that level of the guidance?

Luis Carlos Arias:

Well our guidance, Pablo, is on a general basis. We definitely are very positive about the fourth quarter. The current range that we are giving, as Enrique was saying, we have very, very good October month, so we really expect a very good fourth quarter, of course, if the construction season is long enough to do all the backlog that is already there. Again, our guidance is around the range and we expect a very good fourth quarter.

Enrique Escalante:

On the other hand, if you let me add a little bit, Pablo, remember about the seasonality that we have in our market, so hopefully, I mean, the last quarter of the year it's a lot lower than third quarter just because of the nature of the market where we are.

Pablo Ricalde:

Okay. Thanks.

Operator:

We'll go next to Adrian Huerta with JP Morgan.

Adrian Huerta:

Thank you. Good morning Enrique and Luis Carlos and thank you for taking my call. Two quick questions: one is if you can just remind us what was the working capital guidance that you had for this year; then second, the public sector in Mexico for you this year, how much do you think has represented in terms of total demand and if you're starting to see that we could see a pick up soon over the next couple of months? I mean, you mentioned that probably for next year total volume should be flat. What should we expect in terms of the public sector and if post-elections we can start seeing a pick up overall in the second half of next year? Thanks.

Luis Carlos Arias:

Okay. Thanks, Adrian. I will cover your first question and Enrique the second one. Our guidance for working capital is at a slight increase mainly because of the incorporation of the new operations in terms of receivables. That's mainly the explanation for the slight increase.

Enrique Escalante:

Adrian, this is Enrique. Thank you for your question. Public sector here in Mexico, as I have mentioned in past calls, the public works have been basically absent this year. The debt of the Chihuahua State is very high and the Government has not had any public investment, the State Government. We are basically running empty in regards to public works at the state level. At the city levels or county levels, Chihuahua has started to put out

some work, some old projects however, but the Local Government seems to be picking up a little bit and we have now going on a couple of underpasses and some concrete paving in the cities.

Juarez is really very slow at the city and county level and I can tell you that we're not expecting really a significant change next year, and again, based more than anything on the finances at the state level.

Now, looking at the glass half full, I can tell you that basically last year and this year we have had almost no of work of Government infrastructure and that has, of course, improved our pricing and margins a lot because of the (inaudible). As long as the private sector continues with project for next year, we're seeing an improvement now in housing projects in (inaudible) housing projects for the rest of the year, so that's obviously going to be helping again in the mix. But no infrastructure projects whatsoever.

Adrian Huerta:

Thanks, Enrique. I guess then the residential and the commercial and industrial sector in Chihuahua are probably at peak levels. How do you see the backlog? Do you think you can be able to sustain the leads (phon) for the next probably two years?

Enrique Escalante:

Well, three years, I mean, we don't have enough visibility for three years. I would expect that next year— sorry to say that, but that's...

Adrian Huerta:

Yes. Yes.

Enrique Escalante:

...(inaudible). I will say that for next year we don't see an increase in Mexico and so we are, of course, banking on the strength of the U.S. economy to compensate a little bit, I mean, the lack of enough work in Mexico. I basically see today a flat market. Again, I mean, we're in the process of reviewing budgets so we cannot tell you anything definite yet, but we don't see today an improvement in the year in terms of volume. The backlog of projects is there, but we don't see an increase over what we have this year.

Adrian Huerta:

Excellent. Thank you so much, Enrique. Appreciate it.

Operator:

We'll go next to Alejandro Lavín with Citi.

Alejandro Lavín:

Hi. Good morning. Thank you for the call. I have a couple of questions. The first one on Mexico: do you think this strong EBITDA margin is sustainable going forward or in the midterm? The second one: on the U.S. volumes that dropped a little bit, could you give us more detail on which projects were delayed this quarter but could reactivate in the fourth quarter? Thank you.

Enrique Escalante:

Okay. Let's go to Mexico first. EBITDA margins we fully expect to continue to at least maintain the EBITDA margin in Mexico. Actually we're working, as you know, in increasing it above the 40.8 let's say that we have today. We're working, as I've said, I mean, we're going to be aggressively working on pricing in different segments.

On the cost side we continue to deepen our usage of alternative fuels. As I have been informing in past conferences, we have a project going on in the Chihuahua plant that we call (inaudible) in order to move the usage of alternative fuels in this plant from around 10% to 25% and next year. That's going to help, of course, on the fuel side. We're, of course, also reviewing our fixed cost and SG&A for next year in light of a weaker market. With the combination of those actions, we expect to at least maintain it now to improve the EBITDA margin in Mexico.

In the U.S., I think the question was what projects we think that have been delayed for the fourth quarter and it's basically...

Alejandro Lavín:

Yes. That's correct.

Enrique Escalante:

I will say it's basically paving projects that did not go at the speed that we expected during the summer, part because of the weather as deflation (phon) that I already commented. The other factor was that we experienced during the big months of the summer a certain shortage of labor in the U.S. market to lay down the concrete in several of the projects. There was even a shortage of trucking in order to ship out the expected demand of certain of several contractors in the market. Those projects have been pushing. I mean, basically paving projects, again, have been pushing to the fall, and of course, everybody's trying to complete their work for the year, and given the good weather, that's how we're catching up.

Alejandro Lavín:

Okay. That's very clear. Just, if I may ask, in which states would these projects be in?

Enrique Escalante:

One was in Nebraska. There is one that I know of very important in Colorado. It's a project on I-25 between—close to Fort Collins that have (inaudible) and it's actually rebidding at the moment so that's most likely going to push all the way to next year. Those would be the main ones that I can remember.

Alejandro Lavín:

Okay. Thank you so much.

Operator:

We'll go next to Francisco Suarez with Scotiabank.

Francisco Suarez:

Hi. Good morning, gents. Thank you for having my questions. The question relates with the potential acquisition of Ash Grove by CRH; does CRH—it's an important client for you and if you can actually link that answer to your overall (inaudible) that you have in the U.S. on your plans. Secondly, on your balance sheet, yes, I understand that you are fully committed to more deleverage and that is healthy, but the base of deleverage considering the amount of free cash flow that you're generating is impressive, so at some point it seems that eventually you might either consider, again, perhaps for higher potential dividends going forward or perhaps you might be interested in trying to expand your operations or considering organic growth? Thank you so much.

Enrique Escalante:

Thank you, Francisco. First on the question on Ash Grove and CRH, we don't see any significant effect for GCC if that transaction closes or when it closes. Definitely we don't have a big CRH or Old Castle customer base in the region and there are basically no overlaps from us with Ash Grove, so that's not going to have any significant affect on GCC. We're very confident that that's going to help the consolidation of the market, of course.

In terms of the balance sheet, yes, we're generating strong cash flow, as we projected, and that's why we said this year our intention was to de-lever fast from the acquisition we did last year. We don't have in mind increasing significantly our dividend payout. I mean, that's something that the Board's usually conservative and they are not looking into that. More likely, they will be considering us to go forward with any opportunities to grow that we can see that makes sense to the GCC system, especially in the U.S.

In terms of expansion or organic growth, I mean, if there's an opportunity, again, as I mentioned we're more into earning, but if it makes sense for GCC and we will be ready to jump at the opportunity to beat the races. In terms of organic, if we don't find an opportunity to acquire a plant in our system, we are already analyzing expansion projects in three or four plants. In order to make sure that we can meet demand is we're expecting it to continue to increase and to grow over the next three to four years at least in the U.S., so we are reviewing with technology companies and with our Engineering Team already of all possible expansions to build our plant.

Francisco Suarez:

Thank you; very clear. Congrats on your results.

Enrique Escalante:

Thank you.

Luis Carlos Arias:

Thank you.

Operator:

We'll take our next question from Froylan Mendez with JP Morgan.

Froylan Mendez:

Hi, guys. Thank you very much for taking my question. First, quick as a follow-up on the previous question, what specific states in the U.S. are you seeing pushback on pricing, and are these states below or above the national average? That's my first question.

Enrique Escalante:

Froylan, thank you for the question. I don't think that we're seeing the pushback necessarily by state, but, more specifically, in some regions than by a couple of competitors. We think we're handling it pretty well. We have managed so far not to lose market share in mid-pricing where we need in order to keep our volumes going. Mostly, it has been in the Green Cities (phon) area in Minnesota where given the reconfiguration of the industry there, there was a reaction from some of the competitors there in terms of regaining some market.

The other area that we have said, of course, in the Permian Basin with new capacity online that could see put out with the modernization of the (inaudible) plant. Again, I can say that today that has been stabilized and we have prevailed in terms of a difference in our volumes of increasing volumes and our customer base there. We think that's basically already behind us and we look forward to, I mean, a stronger price increase in the market for next year, some of which has already been announced by several competitors. We're optimistic that the additional price increases will take place starting in January of next year.

Froylan Mendez:

Thank you, Enrique. If I may also, regarding your margin expansion now in the U.S., can you give us a little more sense of what percentage of that margin expansion outlook has to do with pricing power and how much from logistic optimization?

Enrique Escalante:

Yes, of course. As I mentioned before, around 120 basis points is what we did not materialize of margin improvement this year because of pricing power and this pushback that I told you about. In terms of logistics, it was basically from 20 to 22 basis points.

Froylan Mendez:

Going forward, I mean, to reach your midterm target, how much should come from pricing and how much from logistics?

Enrique Escalante:

Obviously, what we need to do is increase and push prices as much as we can. That's going to be the key, Froylan. Of course, all our—I mean not say all, but the vast majority of our focus and effort today in our discussions with Management for both additions is about precisely the actions that we have to take in order to have robust price increases in both regions, in the U.S. and Mexico, so we'll bring a lot of emphasis and focus on that, and that's going to be the lever to really boost up that margin improvement in EBITDA.

Froylan Mendez:

Great. Thank you very much, guys. Thank you.

Luis Carlos Arias:

Thank you.

Operator:

We'll go next to Chelsea Colon with TIAA Investments.

Chelsea Colon:

Hi. Thank you for taking the questions. My first question is about pricing in Mexico. I'm just wondering if you can better elaborate on the dynamics there in terms of how you expect to be able to continue to pass through price increases in light of a pretty weak environment in terms of volumes. Then my second question is in terms of the cap ex guidance. It seems to be about \$50 million lower for this year than you were initially expecting. Can you just highlight the main differences there and do you therefore expect cap ex to be higher in 2018 as a result?

Enrique Escalante:

Thank you, Chelsea. Pricing in Mexico, of course, it's not typical for the reason that you mentioned about a market that has not grown. However, we do see some segments that may take a price increase, and so we're going to be very careful to do it this year and we're already working on a very detailed and customer-by-customer and segment-by-segment analysis to detect exactly where we can increase prices.

Of course, I mean, inflation has been high this year in Mexico and it's an argument that the market usually takes into consideration. We already have talked to our distributors of what we call (inaudible) and they're all, of course, aligned and willing to help in order to push the price in order to recover the cost inflation. That's in Mexico.

In terms of cap ex, the guidance, yes, we are below and one of the main reasons is that we have a push into next year parts of the payments of the cap ex for the (inaudible) project. We will have to, of course, increase that same amount next year. But the other reason is that we have postponed several maintenance projects that were not ready this year and/or investments that are still under analysis, like efficiency improvements in the Odessa plant that we had on the cap ex project (phon).

Chelsea Colon:

Sorry. Which project did you say first was the one that you delayed the payment?

Enrique Escalante:

The (inaudible), the expansion of the Rapid City, South Dakota project. It's basically that we're just moving forward, of course, on time with the project, but several of the construction contracts we're renegotiating in order to extend payments to next year.

Chelsea Colon:

About how much does that amount to?

Enrique Escalante:

Around \$20 million.

Chelsea Colon:

Okay. Great. Thank you.

Operator:

We'll take our next question from Ana Reynal with Schroders.

Ana Reynal:

Hello. Good morning. Thanks for your time. Just going back to the EBITDA growth guidance, the guidance of plus 20% year-over-year implies that EBITDA and EBITDA growth in the fourth quarter of only 5% versus the 25% we've seen year-to-date, which would basically mean that excluding all this (phon) that EBITDA would be down in the high single digits area for the organic business, which would be great negative. However listening to you now, it sounds like you expect a pretty good fourth quarter, so if you could elaborate on this kind of seeming mismatch, that would be very helpful.

Luis Carlos Arias:

Yes. Thanks, Ana. Well, as I answered to, I think it was Pablo, he made around the same question. The guidance that we are giving, it's a range and we—as Enrique was saying, we have had a very good October and we expect a very good fourth quarter. Again, the guidance is a range that we're giving, but we are very positive on the fourth quarter, and again, it depends on how long the construction season is, and again, if we can deliver all the cement for the backlog. Let's see how we do in this part of the construction season where weather plays a big part and see how our margins go.

Enrique Escalante:

Let me elaborate, Ana, because perhaps it helps understand how the region where we do business behaves in terms of winter. As Luis Carlos said, as long as we continue to have good weather, I mean, we're going to have a much better quarter probably than what we're stating here. That's why he talks about a range. I would say obviously a 20%, this is the minimum, but it can grow beyond that. But we want to be on the cautious side because when weather changes, and it's very rapidly in that part of the country, it's not a delay anymore, it completely stops the activities. When the ground freezes, everything goes, I mean, down to zero at that moment. It's very dependent on when that happens. If we continue with good weather up to Thanksgiving, we'll be very well, but if we have an early winter, let's say the middle of the first two weeks or the middle of November and we have an early weather, then we're going to basically lose the rest of the year at that moment. That's why we have to be cautious here in terms of the range that Luis Carlos is talking about.

Ana Reynal:

Okay. That kind of guidance that's in your press release, that would be your worst-case scenario or would you call it your base-case scenario?

Enrique Escalante:

I think it's going to be the worst-case scenario.

Ana Reynal:

Okay. Just another question very quickly; on the capacity outlook in your update on the U.S., do you have visibility if any other players are looking at brownfield, like the one (Inaudible) just made or just anybody else?

Enrique Escalante:

No. We don't have any information. Actually, the information we have is that there is no expansion that have been announced or we don't hear any rumors about it either.

Ana Reynal:

Okay. Thank you.

Luis Carlos Arias:

Thanks, Ana.

Operator:

Thank you. As a reminder it is star, one if you'd like to ask a question. We'll go next to Pablo Ricalde with Bank of America Merrill Lynch.

Pablo Ricalde:

Hi. Thanks. I have a follow-up question on your pricing strategy for the U.S. in 2018. Have you sent the letters already to your customers, and which level of price hike are you expecting?

Enrique Escalante:

The answers to the question is we've seen several letters from the competitors and we're in the process of announcing already our prices to our customers at this time. It's going to be in a range, depending on the region, that goes from \$6.00 to \$9.00 per ton.

Pablo Ricalde:

Okay. Last year it was \$12.00, if I'm not mistaken. Which percentage of that is really, like, sticking?

Enrique Escalante:

I would say that at least 80%, I mean, it's basically our experience.

Pablo Ricalde:

Okay. Thanks.

Operator:

At this time, I'd like to turn the conference back to our speakers for any additional or closing remarks.

Enrique Escalante:

Thank you for participating on today's call, and we look forward to speaking with you next quarter. Please do not hesitate to contact us should you have any questions.

Operator:

Thank you. This concludes today's call. Thank you for your participation. You may now disconnect.