

## GCC REPORTS FIRST QUARTER 2014 RESULTS

**Chihuahua, Chih., Mexico, April 29, 2014** – Grupo Cementos de Chihuahua, S.A.B. de C.V. (“GCC” or the “Company”) (BMV: GCC\*), a leading producer of cement and concrete in markets in Mexico and the United States, today announced its consolidated results for the first quarter of 2014.

### HIGHLIGHTS

- GCC achieved double-digit growth in sales and EBITDA, and triple digits in operating income
- Sales rose 28.0% in the United States and 12.5% in Mexico, respectively
- Operating income and EBITDA increased 126.8% and 70.8%, respectively
- Cement sales volumes rose 13% in the United States and 9% in Mexico.
- Concrete sales volumes grew 22% in the United States and 25% in Mexico

### KEY FIGURES (millions of pesos)

	1Q14	1Q13	1Q14 vs 1Q13
Net Sales	1,744.8	1,437.6	21.4%
Operating Income	18.3	(68.2)	126.8%
EBITDA	230.8	135.1	70.8%
Consolidated Net Loss	(10.0)	(98.6)	-89.9%

*EBITDA: operating income + depreciation and amortization*

### FINANCIAL RESULTS

**Net sales** in the first quarter of 2014 totaled \$1,744.8 million pesos, a strong 21.4% increase over the same period of 2013. This was the result of the following factors: solid double-digit growth in sales volumes for most of the Company’s products in both countries, less extreme winter weather, and more business days in the month of March, as Holy Week fell in the first quarter in 2013.

In the United States, sales totaled \$1,054.8 million pesos, an increase of 28.0% over the first quarter of 2013, with increases of 13% and 22% in cement and concrete volumes, respectively. The largest sales increases were in the states of Colorado, North Dakota and New Mexico, driven by activity in the following segments: commercial, manufacturing, healthcare, recreation and office buildings; public utilities construction; and the strengthening of the residential sector. Additionally, the pricing environment continued better than in the first quarter of 2013. Sales increase in dollar terms was 22.2% reflecting a 4.6% depreciation of the peso against the dollar.

In Mexico, sales rose 12.5% compared to the first quarter of 2013, totaling \$690.0 million pesos, as a result of a 9% increase in cement sales volumes and double-digit volume increases in concrete, blocks and aggregates, generated by public sector activity in major public infrastructure projects, urban paving and highways; ongoing construction activity in the industrial and commercial sectors, and better performance in the residential sector. In general, the pricing environment was stable compared to the same period of 2013.

**NET SALES** (millions of pesos)

	1Q14	1Q13	1Q14 vs 1Q13
<b>Consolidated</b>	<b>1,744.8</b>	<b>1,437.6</b>	<b>21.4%</b>
United States	1,054.8	824.3	28.0%
Mexico	690.0	613.3	12.5%

**NET SALES** (millions of dollars)

	1Q14	1Q13	1Q14 vs 1Q13
<b>Consolidated</b>	<b>131.9</b>	<b>113.5</b>	<b>16.2%</b>
United States	79.7	65.2	22.2%
Mexico	52.1	48.3	8.0%

**VARIATION IN SALES VOLUME** (%)

	1Q14 vs 1Q13
<b>Cement</b>	<b>11%</b>
<i>United States</i>	13%
<i>Mexico</i>	9%
<b>Concrete</b>	<b>24%</b>
<i>United States</i>	22%
<i>Mexico</i>	25%
<b>Block</b>	<b>25%</b>
<b>Aggregates</b>	<b>15%</b>

---

**Cost of sales** in the first quarter of 2014 was \$1,490.8 million pesos and represented 85.4% of sales, a decrease of 3.9 percentage points from the same period of last year. This was due to lower variable costs at cement plants in the United States, mainly due to lower energy costs, and lower fixed production expenses in these operations, related to wages and benefits, as well as to maintenance expenses.

**Operating expenses** in the first quarter of 2014 totaled \$235.7 million pesos, an increase of 6.3% compared to the year ago figure. This increase was mainly due to the negative effect of the depreciation of the peso against the dollar for costs in the U.S. Division, as well as to an increase in salaries, benefits and expenses related to medical insurance.

**Operating income** in the first quarter of 2014 was \$18.3 million pesos, an increase of 126.8% compared to the loss registered in the first quarter of 2013.

**Operating Cash Flow (EBITDA)** in the first quarter of the year rose a significant 70.8% compared to the first quarter of 2013, totaling \$230.8 million pesos. EBITDA margin increased 3.8 percentage points and represented 13.2% of sales.

**Financial expenses, net** in the first quarter of 2014 totaled \$129.3 million pesos, 13.5% higher than in the same period of 2013. This increase was a result of the following factors: higher interest rates of non-bank debt, an adjustment in the effective rate used in the calculation of interest-bearing liabilities, employee benefits and environmental remediation obligations, as well as the effect of the depreciation of the peso against the dollar; this was partially offset by the reduction in the Company's debt position.

During the first quarter of 2014, **Income Taxes** resulted in a benefit of \$97.9 million pesos, increasing 16.7% compared to a benefit of \$83.9 million pesos in the first quarter of last year, as a result of changes to tax estimates and reserves derived from the new fiscal regulations in effect as of 2014.

In the first quarter of 2014 the Company registered a **Consolidated Net Loss** of \$10.0 million pesos, a 90.0% improvement compared to the \$98.6 million peso loss recorded in the first quarter of 2013.

**Free Cash Flow** generated in the first quarter of 2014 resulted in a resource requirement of \$162.8 million pesos, which was less than the \$197.3 million pesos required in the first quarter of last year. This variation is attributable to higher EBITDA, lower working capital requirement, the increase in interest expense due to the semiannual interest payment made in February, lower capex and increased tax payments.

**EBITDA AND FREE CASH FLOW** (millions of pesos)

	1Q14	1Q13	Var
<b>Operating income</b>	<b>18.3</b>	<b>(68.2)</b>	<b>126.8%</b>
Depreciation and amortization	212.6	203.3	4.6%
<b>EBITDA</b>	<b>230.8</b>	<b>135.1</b>	<b>70.8%</b>
Interest income (expense)	(184.7)	(73.6)	150.9%
(Increase) Decrease in working capital	(119.0)	(163.9)	-27.4%
Taxes	(16.5)	(3.4)	392.4%
Capital expenditures*	(72.7)	(91.2)	-20.2%
Other	(0.7)	(0.3)	103.1%
<b>Free cash flow</b>	<b>(162.8)</b>	<b>(197.3)</b>	<b>-17.5%</b>

\*Excludes investments in new production capacity and acquisitions

Total **Interest-Bearing Debt** at March 31, 2014 was \$6,316.5 million pesos, an increase of 5.1% compared to the figure at the end of March 2013. This increase was generated by the effect of depreciation in the exchange rate at the end of period, which was 5.9%. At March 31, 2014, net debt totaled \$5,465.7 million pesos, an increase of 1.9% compared to net debt of \$5,362.8 million pesos registered at the end of the same period of 2013.

At the end of the first quarter of 2014, short-term debt was \$399.5 million pesos, accounting for 6.3% of GCC's debt. Of the Company's total debt, 92% is denominated in dollars and 8% in pesos.

**INTEREST-BEARING DEBT** (millions of pesos)

	Mar 2014	Mar 2013	2014 vs 2013
<b>TOTAL</b>	<b>6,316.5</b>	<b>6,008.9</b>	<b>5.1%</b>
<i>US dollar denominated</i>	92%	91%	
<i>Mexican peso denominated</i>	8%	9%	
<b>Short-term</b>	<b>399.5</b>	<b>78.6</b>	<b>408.3%</b>
<i>US dollar denominated</i>	83%	82%	
<i>Mexican peso denominated</i>	17%	18%	
<b>Long-term</b>	<b>5,917.0</b>	<b>5,930.3</b>	<b>-0.2%</b>
<i>US dollar denominated</i>	92%	91%	
<i>Mexican peso denominated</i>	8%	9%	

GCC's **Total Assets** at March 31, 2014 were \$21,735.8 million pesos, rising 0.7% from the first quarter of 2013, due mainly to a combination of the following factors: increase in cash and accounts receivable, decrease in deferred income taxes (resulting from the application of new tax regulations effective as of 2014), and the increase in property, plant and equipment generated by the positive effect of the depreciation of the pesos on the value of assets registered in foreign currency.

---

As per the provisions of Article 4.033.01 section VIII of the Mexican Stock Exchange Regulations, the Company discloses that as of January 2014, analyst coverage of GCC stock is conducted by the independent research group Investigaciones MSMexico, S. de R.L. de C.V. (Morningstar).

## **BASIS OF PREPARATION FOR FINANCIAL STATEMENTS**

All figures herein were prepared in accordance with International Financial Reporting Standards, and are expressed in Mexican pesos. Unless otherwise stated, all percentage changes refer to the 2014 figures compared to those of 2013.

### **About GCC**

GCC is a leading supplier of cement, aggregates, concrete and construction-related services in Mexico and the United States. The Company has annual cement production capacity of 4.4 million tons.

Founded in 1941, the Company's shares trade on the Mexican Stock Exchange under the ticker symbol GCC\*.

This document contains forward-looking statements relating to Grupo Cementos de Chihuahua S.A.B. de C.V. and subsidiaries (GCC) based upon management projections. These projections reflect GCC's opinion on future events that may be subject to a number of risks and uncertainties. Various factors may cause actual results to differ from those expressed herein, including, among others, changes in macroeconomic, political, governmental or business conditions in the markets where GCC operates; changes in interest rates, inflation rates and currency exchange rates; construction industry performance; pricing, business strategy and other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. GCC assumes no obligation to update or correct the information contained in this press release.

## Income Statement

(Thousands of pesos)

	1Q 2014	%	1Q 2013	%	1Q14 / 1Q13
<b>Net sales</b>	<b>1,744,773</b>	100.0%	<b>1,437,640</b>	100.0%	<b>21.4%</b>
Mexico sales	689,985	39.5%	613,299	42.7%	12.5%
U.S.A. sales	1,054,788	60.5%	824,341	57.3%	28.0%
Cost of sales	1,490,788	85.4%	1,283,967	89.3%	16.1%
<b>Gross income</b>	<b>253,985</b>	14.6%	<b>153,673</b>	10.7%	<b>65.3%</b>
Operating expenses	235,721	13.5%	221,833	15.4%	6.3%
<b>Operating income (loss)</b>	<b>18,264</b>	1.0%	<b>(68,160)</b>	-4.7%	<b>126.8%</b>
Other expenses, net	700	0.0%	345	0.0%	102.9%
<b>Operating income (loss) after other expenses, net</b>	<b>17,564</b>	1.0%	<b>(68,505)</b>	-4.8%	<b>125.6%</b>
Financial income	7,022	0.4%	3,262	0.2%	115.3%
Financial expenses	(139,107)	-8.0%	(114,537)	-8.0%	21.5%
Exchange gain (loss), net	2,741	0.2%	(2,706)	-0.2%	201.3%
<b>Net financing income (expenses)</b>	<b>(129,344)</b>	-7.4%	<b>(113,981)</b>	-7.9%	<b>13.5%</b>
Earnings in associates	3,935	0.2%	-	0.0%	100.0%
<b>Income (loss) before taxes</b>	<b>(107,845)</b>	-6.2%	<b>(182,486)</b>	-12.7%	<b>-40.9%</b>
Income taxes	(97,868)	-5.6%	(83,878)	-5.8%	16.7%
<b>Consolidated net (loss) income</b>	<b>(9,977)</b>	-0.6%	<b>(98,608)</b>	-6.9%	<b>-89.9%</b>
<b>Related to equity holders of the parent</b>	<b>(9,996)</b>	-0.6%	<b>(98,527)</b>	-6.9%	-89.9%
<b>Non-controlling interests</b>	<b>19</b>	0.0%	<b>(81)</b>	0.0%	123.4%
<b>EBITDA</b>	<b>230,823</b>	13.2%	<b>135,104</b>	9.4%	<b>70.8%</b>
<b>Free cash flow</b>	<b>(162,835)</b>	-9.3%	<b>(197,314)</b>	-13.7%	-17.5%

## Statement of Financial Position

(Thousands of pesos)

	MARCH 2014	MARCH 2013	Variation
<b>Total Assets</b>	<b>21,735,817</b>	<b>21,579,205</b>	0.7%
<b>Current Assets</b>	<b>4,164,095</b>	<b>3,679,650</b>	13.2%
Cash and cash equivalents	850,812	646,068.8	31.7%
Accounts receivable, net	1,041,388	959,876.0	8.5%
Other accounts receivable, net	535,397	351,862.2	52.2%
Inventories	1,639,565	1,629,023.4	0.6%
Prepaid expenses	96,933	92,819.4	4.4%
<b>Non-current assets</b>	<b>5,644,051</b>	<b>6,117,763.7</b>	-7.7%
Investment in associates	119,154	109,019.4	9.3%
Goodwill	4,210,463	4,170,503.3	1.0%
Other non-current assets	248,034	351,933.0	-29.5%
Deferred taxes	1,066,400	1,486,308.0	-28.3%
Property, machinery and equipment, net	11,927,671	11,781,791.6	1.2%
<b>Total liabilities</b>	<b>9,312,806</b>	<b>9,655,990</b>	-3.6%
<b>Current liabilities</b>	<b>1,421,203</b>	<b>1,058,227</b>	34.3%
<i>Bank debt</i>	390,103	77,551.6	403.0%
<i>Senior secured notes</i>	-	-	0.0%
<i>Other cost bearing liabilities</i>	9,412	1,048.4	797.8%
Trade accounts payable	810,827	595,469.7	36.2%
Other current liabilities	210,861	384,157.5	-45.1%
<b>Long-term liabilities</b>	<b>7,891,603</b>	<b>8,597,763</b>	-8.2%
<i>Bank debt</i>	2,644,933	2,861,053.0	-7.6%
<i>Senior secured notes</i>	3,272,020	3,068,194.8	6.6%
<i>Other cost bearing liabilities</i>	-	1,008.8	-100.0%
Employee benefits	351,430	424,935.6	-17.3%
Remediation obligation of the assets	50,668	42,580.9	19.0%
Deferred income taxes	1,572,553	2,199,989.5	-28.5%
<b>Total equity</b>	<b>12,423,011</b>	<b>11,923,215</b>	4.2%
<b>Equity attributable to equity holders of the parent</b>	<b>12,419,551</b>	<b>11,919,797</b>	4.2%
Capital stock	396,270	396,270.0	0.0%
Additional paid-in capital	1,832,940	1,832,940.0	0.0%
Reserves	279,998	279,998.2	0.0%
Retained earnings	9,767,147	9,828,605.0	-0.6%
Net consolidated (loss) income	(9,996)	(98,527.3)	-89.9%
Other comprehensive income	153,192	(319,489.0)	147.9%
<b>Non-controlling interest</b>	<b>3,460</b>	<b>3,418</b>	1.2%
<b>Total liabilities and equity</b>	<b>21,735,817</b>	<b>21,579,205</b>	0.7%

## Income Statement

(Thousands of dollars)

	1Q 2014	%	1Q 2013	%	1Q14 / 1Q13
<b>Net sales</b>	<b>131,853</b>	100.0%	<b>113,484</b>	100.0%	<b>16.2%</b>
Mexico sales	52,139	39.5%	48,276	42.5%	8.0%
U.S.A. sales	79,714	60.5%	65,208	57.5%	22.2%
Cost of sales	112,656	85.4%	101,502	89.4%	11.0%
<b>Gross income</b>	<b>19,197</b>	14.6%	<b>11,982</b>	10.6%	<b>60.2%</b>
Operating expenses	17,815	13.5%	17,400	15.3%	2.4%
<b>Operating income (loss)</b>	<b>1,382</b>	1.0%	<b>(5,418)</b>	-4.8%	<b>125.5%</b>
Other expenses, net	55	0.0%	27	0.0%	103.7%
<b>Operating income (loss) after other expenses, net</b>	<b>1,327</b>	1.0%	<b>(5,445)</b>	-4.8%	<b>124.4%</b>
Financial income	531	0.4%	258	0.2%	105.8%
Financial expenses	(10,508)	-8.0%	(8,754)	-7.7%	20.0%
Exchange gain (loss), net	208	0.2%	(214)	-0.2%	197.2%
<b>Net financing income (expenses)</b>	<b>(9,769)</b>	-7.4%	<b>(8,710)</b>	-7.7%	<b>12.2%</b>
Earnings in associates	293	0.2%	-	0.0%	100.0%
<b>Income (loss) before taxes</b>	<b>(8,149)</b>	-6.2%	<b>(14,155)</b>	-12.5%	<b>-42.4%</b>
Income taxes	(7,388)	-5.6%	(6,629)	-5.8%	11.4%
<b>Consolidated net (loss) income</b>	<b>(761)</b>	-0.6%	<b>(7,526)</b>	-6.6%	<b>-89.9%</b>
<b>Related to equity holders of the parent</b>	<b>(762)</b>	-0.6%	<b>(7,520)</b>	-6.6%	-89.9%
<b>Non-controlling interests</b>	<b>1</b>	0.0%	<b>(6)</b>	0.0%	116.7%
<b>EBITDA</b>	<b>17,441</b>	13.2%	<b>10,618</b>	9.4%	<b>64.3%</b>