



GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. DE C.V. (BMV: GCC *)

First quarter 2017 earnings results

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GCC REPORTS FIRST QUARTER 2017 RESULTS

Chihuahua, Chihuahua, Mexico, April 25, 2017 – Grupo Cementos de Chihuahua, S.A.B. de C.V. ("GCC" or the "Company") (BMV: GCC *), a leading producer of cement and ready mix in markets in the United States and Mexico, today announced its results for the first quarter of 2017.

HIGHLIGHTS

GCC started 2017 with a strong performance generating double-digit increases in sales, operating income and operating cash flow during the quarter. Newly acquired operations in the states of Texas and New Mexico performed better than expected.

- Total sales grew 42.5 percent in the first quarter of 2017
- Operating income before other expenses increased by 37.9 percent in the quarter
- EBITDA grew 50.5 percent with a 1.1 percentage point increase in the margin
- Net leverage (net debt/EBITDA) was 2.65 times at the close of March 2017

KEY FIGURES (millions of pesos)

	1Q17	1Q16	1Q17 vs. 1Q16
Net Sales	3,364.5	2,361.5	42.5%
Operating Income before other expenses	243.8	176.8	37.9%
EBITDA	661.3	439.5	50.5%
Consolidated Net Income	31.6	58.8	-46.2%

EBITDA: operating income + depreciation and amortization

FINANCIAL RESULTS

Net Sales for the first quarter of 2017 increased by 42.5 percent compared to the same period of 2016, totaling \$3,364.5 million pesos. This increase resulted from higher cement volumes in Mexico, and higher cement and ready mix volumes in the United States, reflecting the addition of the newly acquired businesses, a better pricing scenario for cement and concrete in Mexico and cement in the U.S., as well as the effect of the 13.0 percent depreciation of the peso against the dollar on dollar-denominated sales. For comparison purposes, net sales for the first quarter of 2017 excluding the newly acquired businesses resulted in a 14.0 percent increase compared to the first quarter of 2016.

In the United States, sales rose 52.4 percent in the first quarter of 2017 compared to the same period of the previous year, totaling \$2,411.1 million pesos and representing 71.7 percent of GCC's consolidated net sales. This strong growth reflects higher cement sales volumes in the states of Texas, Colorado, North Dakota, South Dakota and Minnesota, and higher ready mix volumes in Texas and Arkansas, achieving increases of 42.5 percent in cement and 21.8 percent in ready mix compared to the first quarter of 2016.

Excluding newly acquired operations, cement volumes increased 6.4 percent, while ready mix volumes decreased 2.1 percent.

Cement prices increased 5.8 percent in the period and, excluding purchased operations, grew 1.7 percent, while concrete prices increased 1.8 percent excluding new operations, and including them had a reduction of 1.4 percent.

U.S. sales excluding purchased operations remained similar to sales in the first quarter of the previous year. The segments with the highest investment in construction in the regions where GCC operates were residential, with emphasis on the construction of multi-family housing, and the non-residential segment, in which the construction of offices, commercial buildings and hotels stood out. Sales in the United States expressed in dollar terms increased 35.7 percent in the first quarter compared to the same period of 2016.

In Mexico, sales for the first quarter of 2017 rose 22.3 percent compared to the first quarter of 2016, totaling \$953.4 million pesos and representing 28.3 percent of consolidated net sales. This increase was a result of a 6.7 percent growth in cement sales volumes, generated mainly by the industrial and do-it-yourself construction sectors. Cement prices increased 19.3 percent and ready mix prices increased 18.1 percent, driven by a better sales mix, and the depreciation of the peso against the dollar generated an additional positive effect on export cement prices.

NET SALES

Millions of pesos	1Q17	1Q16	1Q17 vs. 1Q16
Consolidated	3,364.5	2,361.5	42.5%
United States	2,411.1	1,581.7	52.4%
Mexico	953.4	779.8	22.3%
Millions of dollars			
Consolidated	166.1	131.0	26.8%
United States	119.0	87.7	35.7%
Mexico	47.1	43.3	8.8%

VARIATION IN SALES VOLUME (%)

	1Q17 vs. 1Q16
Cement	
United States	42.5%
Mexico	6.7%
Concrete	
United States	21.8%
Mexico	-0.5%

VARIATION IN SALES PRICE IN LOCAL CURRENCY (%)

1Q17 vs. 1Q16	
Cement	
United States	5.8%
Mexico	19.3%
Concrete	
United States	-1.4%
Mexico	18.1%

The **Cost of Sales** in the first quarter of 2017 totaled \$2,679.6 million pesos and represented 79.6 percent of sales, a rise of 0.6 percentage points compared to the same quarter of last year. This increase was mainly due to higher fixed production costs and depreciation of assets in the United States, resulting from the incorporation of the cement, ready mix and construction materials businesses, as well as the effect of the depreciation of the peso against the dollar. These factors were partially offset by lower fuel and energy costs in the United States, and a better pricing environment for cement and ready mix in Mexico and cement in the U.S.

Cost of sales excluding acquired operations, represented 78.3 percent of sales, a decrease of 0.7 percentage points over the same period in 2016.

Operating Expenses in the first quarter of 2017 totaled \$441.1 million pesos, 38.6 percent higher than in the same quarter of last year, and represented 13.1 percent of sales, down 0.4 percentage points from the first quarter of 2016. This result reflects the increase in expenses and sales due to the addition of newly acquired businesses in the state of Texas and New Mexico, as well as the depreciation of the peso against the dollar on expenses incurred in dollars.

Operating expenses excluding the newly acquired businesses totaled \$365.4 million pesos, increasing 14.8 percent over the first quarter of 2016, representing 13.6 percent of sales, and increasing by 0.1 percentage points as a percentage of sales.

Operating Income before Other Expenses for the first quarter of 2017 increased 37.9 percent compared to the same quarter of 2016, and totaled \$243.8 million pesos.

Other Expenses, Net were not registered in the first quarter of 2017, compared to \$30.4 million pesos in the same quarter of 2016.

Operating Income for the first quarter of 2017 reached \$243.8 million pesos, a 66.5 percent increase compared to the first quarter of 2016.

EBITDA for the first quarter of 2017 totaled \$661.3 million pesos, 50.5 percent more than in the same quarter of 2016. The margin increased by 1.1 percentage points and represented 19.7 percent of sales.

EBITDA excluding the newly acquired businesses for the first quarter of 2017 increased by 22.1 percent

compared to the first quarter of 2016, totaling \$536.6 million pesos. Margin increased by 1.3 percentage points and represented 19.9 percent of sales.

In the first quarter of 2017, EBITDA generated by the operations in the United States represented 49.2 percent of the total, while 50.8 percent was generated by the operations in Mexico.

Net Financial Expenses in the first quarter of 2017 totaled \$299.5 million pesos, rising 93.2 percent over the same quarter of the previous year. This increase was due to the following factors: a higher debt balance arising from the US\$253.5 million dollar financing for the acquisition of assets in the United States; a charge of \$45.2 million pesos for an exchange rate fluctuation; and the effect of the depreciation of the peso against the dollar.

In the first quarter of 2017, **Income Taxes** totaled \$81.0 million pesos, compared to \$61.9 million pesos in the first quarter of 2016.

Consolidated Net Income in the first quarter of 2017 totaled \$31.6 million pesos, a 46.2 percent decrease from the first quarter of 2016.

Free Cash Flow in the first quarter of the year required resources for \$406.1 million pesos, lower than the \$408.8 million pesos required in the first quarter of 2016. This variation was mainly due to the combination of the following factors: an increase in EBITDA and higher cash requirements in financial expenses, working capital, capital expenditures, and taxes.

EBITDA AND FREE CASH FLOW (millions of pesos)

	1Q17	1Q16	1Q17 vs. 1Q16
Operating income before other expenses	243.8	176.8	37.9%
Depreciation and amortization	417.5	262.6	59.0%
EBITDA	661.3	439.5	50.5%
Interest income (expense)	(354.1)	(229.3)	54.4%
(Increase) Decrease in working capital	(439.6)	(245.3)	79.2%
Taxes	(31.1)	(29.6)	5.2%
Capital Expenditures*	(175.5)	(145.6)	20.6%
Other	(67.1)	(198.6)	-66.2%
Free cash flow	(406.1)	(408.8)	-0.7%
Initial cash balance	3,396.9	2,522.8	34.6%
FX effect	(234.2)	23.2	-1109.8%
Growth capital expenditures and other related expenses	(173.0)	(77.2)	124.0%
Debt amortizations, net	(6.6)	(16.7)	-60.5%
Dividends paid	0.0	0.0	0.0%
Final cash balance	2,577.0	2,043.3	26.1%

*excludes capital expenditures for growth and expansion

EBITDA AND FREE CASH FLOW (millions of dollars)

	1Q17	1Q16	1Q17 vs. 1Q16
Operating income before other expenses	12.3	9.8	25.1%
Depreciation and amortization	20.4	14.6	39.8%
EBITDA	32.6	24.4	33.9%
Interest income (expense)	(17.7)	(12.5)	41.8%
(Increase) Decrease in working capital	(21.8)	(13.6)	59.8%
Taxes	(1.6)	(1.3)	18.5%
Capital Expenditures*	(7.9)	(7.6)	5.1%
Other	(1.0)	(14.3)	-93.1%
Free cash flow	(17.3)	(24.9)	-30.4%
Initial cash balance	163.9	147.7	11.0%
Growth capital expenditures and other related expenses	(9.2)	(4.4)	107.2%
Debt amortizations, net	(0.4)	(1.0)	-63.4%
Dividends paid	0.0	0.0	0.0%
Final cash balance	137.0	117.4	16.7%

*excludes capital expenditures for growth and expansion

As of March 31, 2017, **Interest-Bearing Debt** totaled \$12,978.5 million pesos (US\$690.0 million dollars), 69.6% higher than the figure recorded at the end of the first quarter of 2016. This increase was primarily due to the bank loan contracted for the partial financing of the acquisition for cement and ready mix assets in the states of Texas and New Mexico.

Net leverage (Net debt/EBITDA) at the end of the first quarter of 2017 reached 2.65 times.

As of March 31, 2017, short-term debt represented 0.8% of total debt, and reached \$98.7 million pesos (\$5.3 million dollars). The Company's debt is 100% denominated in U.S. dollars.

INTEREST-BEARING DEBT (millions of pesos)

	Mar-2017	Mar-2016	2017 vs. 2016
TOTAL	12,978.5	7,653.1	69.6%
U.S. dollar	100%	94%	
Mexican peso	0%	6%	
Short-term	98.7	195.0	-49.4%
U.S. dollar	100%	86%	
Mexican peso	0%	14%	
Long-term	12,879.7	7,458.0	72.7%
U.S. dollar	100%	94%	
Mexican peso	0%	6%	

INTEREST-BEARING DEBT (millions of dollars)

	Mar-2017	Mar-2016	2017 vs. 2016
TOTAL	690.0	439.8	56.9%
U.S. dollar	100%	94%	
Mexican peso	0%	6%	
Short-term	5.3	11.2	-53.2%
U.S. dollar	100%	86%	
Mexican peso	0%	14%	
Long-term	684.8	428.6	59.8%
U.S. dollar	100%	94%	
Mexican peso	0%	6%	

GCC's **Total Assets** reached \$35,548.7 million pesos as of March 31, 2017, an increase of 31.7 percent compared to total assets as of March 31, 2016. This increase was primarily due to the acquisition of assets in November 2016, and the effect of the depreciation of the peso against the dollar on U.S. assets.

As per the provisions of Article 4.033.01, section VIII of the Mexican Stock Exchange Regulations, the Company informs that analysts currently covering GCC stock include Acciones y Valores Banamex, J.P. Morgan and Bank of America Merrill Lynch.

OTHER EVENTS

GCC informs about the passing of its Chief Financial Officer

Grupo Cementos de Chihuahua, S.A.B. de C.V. ("GCC") (BMV: GCC*) regrettfully informs that Martha Soledad Rodríguez Rico, Chief Financial Officer and member of its Board of Directors, has passed away in the city of Chihuahua, Chihuahua, Mexico.

GCC is executing the succession process to define the person who will be replacing her, and in due time this decision will be informed. In the meantime, the management and finance team, under the supervision of the Chief Executive Officer, continues operating GCC with a business-as-usual approach with no setbacks anticipated.

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 2017 figures compared to those of 2016.

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 5.0 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; performance of the construction industry; pricing, business strategy, and other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results related to beliefs, projections and estimates described herein may vary materially. GCC assumes no obligation to update the information contained in this press release.

Income Statement

(Thousands of pesos)

	1Q 2017	%	1Q 2016	%	1Q17 / 1Q16
Net sales	3,364,520	100.0%	2,361,500	100.0%	42.5%
USA sales	2,411,081	71.7%	1,581,718	67.0%	52.4%
Mexico sales	953,439	28.3%	779,782	33.0%	22.3%
Cost of sales	2,679,632	79.6%	1,866,416	79.0%	43.6%
Gross income	684,888	20.4%	495,084	21.0%	38.3%
Operating expenses	441,084	13.1%	318,246	13.5%	38.6%
Operating income before other expenses, net	243,804	7.2%	176,838	7.5%	37.9%
Other expenses, net	-	0.0%	30,443	1.3%	-100.0%
Operating income	243,804	7.2%	146,395	6.2%	66.5%
Financial income	16,111	0.5%	8,435	0.4%	91.0%
Financial expenses	(270,452)	-8.0%	(157,697)	-6.7%	71.5%
Exchange gain (loss), net	(45,190)	-1.3%	(5,800)	-0.2%	679.1%
Net financing expenses	(299,531)	-8.9%	(155,062)	-6.6%	93.2%
Earnings in associates	6,411	0.2%	5,590	0.2%	14.7%
Loss before taxes	(49,316)	-1.5%	(3,077)	-0.1%	1502.7%
Income taxes	(80,951)	-2.4%	(61,910)	-2.6%	30.8%
Consolidated net income	31,635	0.9%	58,833	2.5%	-46.2%
Controlling interest	30,960	0.9%	58,424	2.5%	-47.0%
Non-controlling interest	675	0.0%	409	0.0%	64.9%
EBITDA	661,295	19.7%	439,468	18.6%	50.5%
Free cash flow	(406,090)	-12.1%	(408,826)	-17.3%	-0.7%

Statement of Financial Position

(Thousands of pesos)

	MARCH 2017	MARCH 2016	Variation
Total assets	35,548,742	26,987,420	31.7%
Current Assets	7,445,809	6,185,185	20.4%
Cash and cash equivalents	2,576,998	2,043,314	26.1%
Accounts receivable, net	1,516,987	1,212,530	25.1%
Other accounts receivable, net	798,580	694,794	14.9%
Due from related parties	33,792	47,502	-28.9%
Inventories and urban land	2,329,753	1,993,339	16.9%
Prepaid expenses	189,699	193,706	-2.1%
Non-current assets	28,102,933	20,802,235	35.1%
Investment in associates	169,485	144,818	17.0%
Property, machinery and equipment, net	17,654,993	14,028,210	25.9%
Goodwill	7,613,057	5,567,203	36.7%
Intangible assets, net	1,198,083	98,432	1117.2%
Other non-current assets	81,000	99,735	-18.8%
Deferred taxes	1,386,315	863,837	60.5%
Total liabilities	18,988,024	12,065,260	57.4%
Current liabilities	2,712,368	2,122,967	27.8%
Bank debt	92,165	191,545	-51.9%
Other cost bearing liabilities	6,583	3,480	89.2%
Current portion of long term debt	98,748	195,025	-49.4%
Trade accounts payable	1,302,070	945,049	37.8%
Due to related parties	15,635	15,390	1.6%
Short term - employee benefits	368,935	354,153	4.2%
Accrued expenses and taxes other than income taxes	818,454	508,355	61.0%
Provisions	108,526	104,995	3.4%
Long-term liabilities	16,275,656	9,942,293	63.7%
Bank debt	8,078,548	3,045,224	165.3%
Senior secured notes	4,760,271	4,368,901	9.0%
Other cost bearing liabilities	40,910	43,900	-6.8%
Long term debt	12,879,729	7,458,025	72.7%
Employee benefits	721,383	658,021	9.6%
Other long-term liabilities	174,842	76,795	127.7%
Income taxes payable	809,638	933,673	-13.3%
Deferred income taxes	1,690,064	815,779	107.2%
Total equity	16,560,718	14,922,160	11.0%
Controlling interest	16,556,724	14,917,612	11.0%
Capital stock	396,270	396,270	0.0%
Additional paid-in capital	1,832,940	1,832,940	0.0%
Reserves	279,998	279,998	0.0%
Retained earnings	12,090,805	10,973,850	10.2%
Net consolidated income	30,960	58,424	-47.0%
Other comprehensive income	1,925,751	1,376,130	39.9%
Non-controlling interest	3,994	4,548	-12.2%
Total Liabilities and Equity	35,548,742	26,987,420	31.7%

Income Statement

(Thousands of dollars)

	1Q 2017	%	1Q 2016	%	1Q17 / 1Q16
Net sales	166,115	100.0%	131,015	100.0%	26.8%
USA sales	119,004	71.6%	87,711	66.9%	35.7%
Mexico sales	47,111	28.4%	43,304	33.1%	8.8%
Cost of sales	132,237	79.6%	103,521	79.0%	27.7%
Gross income	33,878	20.4%	27,494	21.0%	23.2%
Operating expenses	21,607	13.0%	17,685	13.5%	22.2%
Operating income before other expenses, net	12,271	7.4%	9,809	7.5%	25.1%
Other expenses, net	-	0.0%	1,689	1.3%	-100.0%
Operating income	12,271	7.4%	8,120	6.2%	51.1%
Financial income	790	0.5%	468	0.4%	68.8%
Financial expenses	(13,280)	-8.0%	(8,752)	-6.7%	51.7%
Exchange gain (loss), net	(2,296)	-1.4%	(322)	-0.2%	613.0%
Net financing expenses	(14,786)	-8.9%	(8,606)	-6.6%	71.8%
Earnings in associates	312	0.2%	312	0.2%	0.0%
Loss before taxes	(2,203)	-1.3%	(174)	-0.1%	1166.1%
Income taxes	(3,931)	-2.4%	(3,435)	-2.6%	14.4%
Consolidated net income	1,728	1.0%	3,261	2.5%	-47.0%
Controlling interest	1,695	1.0%	3,238	2.5%	-47.7%
Non-controlling interest	33	0.0%	23	0.0%	46.0%
EBITDA	32,641	19.6%	24,380	18.6%	33.9%

Statement of Financial Position

(Thousands of dollars)

	MARCH 2017	MARCH 2016	Variation
Total assets	1,889,966	1,550,867	21.9%
Current Assets	395,860	355,440	11.4%
Cash and cash equivalents	137,007	117,422	16.7%
Accounts receivable, net	80,651	69,680	15.7%
Other accounts receivable, net	42,457	39,927	6.3%
Due from related parties	1,797	2,730	-34.2%
Inventories and urban land	123,862	114,550	8.1%
Prepaid expenses	10,085	11,132	-9.4%
Non-current assets	1,494,106	1,195,428	25.0%
Investment in associates	9,011	8,322	8.3%
Property, machinery and equipment, net	938,636	806,149	16.4%
Goodwill	404,752	319,927	26.5%
Intangible assets, net	63,697	5,657	1026.1%
Other non-current assets	4,306	5,731	-24.9%
Deferred taxes	73,704	49,642	48.5%
Total liabilities	1,009,507	693,346	45.6%
Current liabilities	144,204	121,999	18.2%
Bank debt	4,900	11,007	-55.5%
Other cost bearing liabilities	350	200	75.0%
Current portion of long term debt	5,250	11,207	-53.2%
Trade accounts payable	69,225	54,308	27.5%
Due to related parties	831	884	-6.0%
Short term - employee benefits	19,615	20,352	-3.6%
Accrued expenses and taxes other than income taxes	43,513	29,213	49.0%
Provisions	5,770	6,034	-4.4%
Long-term liabilities	865,303	571,347	51.4%
Bank debt	429,500	174,998	145.4%
Senior secured notes	253,082	251,065	0.8%
Other cost bearing liabilities	2,175	2,523	-13.8%
Long term debt	684,757	428,585	59.8%
Employee benefits	38,353	37,814	1.4%
Other long-term liabilities	9,296	4,413	110.6%
Income taxes payable	43,045	53,655	-19.8%
Deferred income taxes	89,853	46,880	91.7%
Total equity	880,458	857,521	2.7%
Controlling interest	880,248	857,279	2.7%
Capital stock	32,100	32,100	0.0%
Additional paid-in capital	148,299	148,299	0.0%
Reserves	22,700	22,700	0.0%
Retained earnings	887,794	771,223	15.1%
Net consolidated income	1,695	3,238	-47.7%
Other comprehensive income	(212,340)	(120,281)	76.5%
Non-controlling interest	211	243	-13.1%
Total Liabilities and Equity	1,889,966	1,550,867	21.9%