



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

Second quarter 2016 earnings results

## GCC REPORTS SECOND QUARTER 2016 RESULTS

**Chihuahua, Chihuahua, Mexico, July 26, 2016** – 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 Mexico and the United States, today announced its results for the second quarter of 2016.

### HIGHLIGHTS

GCC significantly increased its profitability, with strong double-digit growth in sales, operating income, EBITDA and net income, driven by greater operational efficiency and solid performance in the second quarter of 2016 compared to the same period of 2015.

- Sales rose 22.4% in the United States and 14.8% in Mexico.
- Operating income increased 56.8% with a 4.3 percentage point expansion in the margin.
- EBITDA grew 41.5% and the margin increased 3.9 percentage points.
- Net income increased 72.2% with a margin improvement of 3.6 percentage point.
- The leverage ratio (total debt/EBITDA) declined from 2.72 to 2.50 times.

### KEY FIGURES (millions of pesos)

	2Q16	2Q15	2Q16 vs. 2Q15	2016	2015	2016 vs. 2015
Net Sales	3,669.2	3,051.0	20.3%	6,030.7	5,145.3	17.2%
Operating income	691.3	441.0	56.8%	868.1	554.7	56.5%
EBITDA	957.8	676.9	41.5%	1,397.3	1,016.7	37.4%
Net consolidated income	437.3	254.0	72.2%	496.1	294.1	68.7%

EBITDA: operating income + depreciation and amortization

### FINANCIAL RESULTS

During the second quarter of 2016, **Net Sales** increased 20.3% over the same period of 2015, totaling \$3,669.2 million pesos. This increase reflects higher volumes of cement in Mexico and ready mix in the United States, a better pricing environment for GCC's products in both divisions, and the effect of the 17.9% depreciation of the peso against the dollar on dollar-denominated sales.

In the United States, sales increased 22.4% in the quarter compared to the previous year, to \$2,681.4 million pesos. This was due to the following factors: ready mix volumes increased 12%, a continuation of the positive trend from the first quarter in the two regions where GCC is present: in the south, in Oklahoma and Arkansas, and in the north, in South Dakota and Iowa; sales volumes of cement rose by double-digits in Iowa and Nebraska, as did sales of cement specialties, along with solid performance in the Colorado, New Mexico and Wyoming markets; a better pricing environment in cement and ready mix; and the depreciation of the peso against the dollar that positively impacted sales when converted to pesos.

The segments with the highest investment in construction in the regions where GCC operates were residential, manufacturing, commercial, health and office construction, and notably public sector investment in some northern regions of the country such as South Dakota. The growth of sales in the United States in dollar terms was 3.4%.

In Mexico, sales in the second quarter of 2016 grew a strong 14.8% over the same period of 2015 and totaled \$987.8 million pesos. This is the result of a better pricing environment for all products and an 8% increase in sales volumes of cement arising from increased activity in the commercial sector, with the construction of shopping malls and hotel infrastructure; and industrial, with the construction of manufacturing facilities and buildings, as well as a more dynamic retail segment.

Consolidated net sales in the first half of 2016 increased 17.2% over the same period of last year and totaled \$6,030.7 million pesos.

In the United States, sales in the first half of the year rose 24.1% to \$4,263.1 million pesos. The factors that led to this increase were: a better price environment; the 16% increase in ready mix volumes; cement volumes similar to those in the first half of last year; and the depreciation of the peso against the dollar. U.S. sales in dollar terms increased 4.2% in the period.

In Mexico, the 3.3% increase in sales in the first half of 2016 was primarily driven by a better pricing environment and a slight increase in cement volumes due to increased activity in the commercial and industrial sectors, which offset the decline in the public sector following the completion of two major urban paving and highway projects in 2015.

**NET SALES** (millions of pesos)

	2Q16	2Q15	2Q16 vs. 2Q15	2016	2015	2016 vs. 2015
<b>Consolidated</b>	<b>3,669.2</b>	<b>3,051.0</b>	<b>20.3%</b>	<b>6,030.7</b>	<b>5,145.3</b>	<b>17.2%</b>
United States	2,681.4	2,190.3	22.4%	4,263.1	3,434.3	24.1%
Mexico	987.8	860.7	14.8%	1,767.6	1,711.0	3.3%

**NET SALES** (millions of dollars)

	2Q16	2Q15	2Q16 vs. 2Q15	2016	2015	2016 vs. 2015
<b>Consolidated</b>	<b>202.4</b>	<b>199.0</b>	<b>1.7%</b>	<b>333.4</b>	<b>339.0</b>	<b>-1.6%</b>
United States	147.7	142.8	3.4%	235.4	226.0	4.2%
Mexico	54.7	56.2	-2.7%	98.0	113.0	-13.3%



**VARIATION IN SALES VOLUME (%)**

	2Q16 vs. 2Q15	2016 vs. 2015
<b>Cement</b>	<b>3%</b>	<b>0%</b>
United States	0%	-1%
Mexico	8%	1%
<b>Concrete</b>	<b>2%</b>	<b>0%</b>
United States	12%	16%
Mexico	-11%	-18%
<b>Block</b>	<b>-7%</b>	<b>-5%</b>
<b>Aggregates</b>	<b>-11%</b>	<b>-20%</b>

The **Cost of Sales** in the second quarter of 2016 was \$2,654.9 million pesos and represented 72.4% of sales, a significant reduction of 2.8 percentage points over the same period of last year. The U.S. Division contributed to this reduction with lower cost of fuel used for the production of cement and distribution of ready mix and cement, which offset the effect of the depreciation of the peso against the dollar. In the Mexico Division, the cost of electricity and fuel were lower. In addition, the positive pricing environment contributed to the gross margin improvement.

In the first six months of 2016 the cost of sales represented 75.0% of sales, and decreased 2.6 percentage points from the same period of 2015, reflecting a better pricing environment in both divisions, and reduced variable costs, mainly due to lower fuel and freight costs in the U.S. Division.

**Operating Expenses** in the second quarter of 2016 totaled \$323.1 million pesos, 2.3% higher compared to the same quarter of last year, and represented 8.8% of sales, decreasing 1.6 percentage points compared to the same quarter of 2015. The increase in the quarter was due to the effect of the depreciation of the peso against the dollar on expenses in the U.S. Division, partially offset by a decrease in salaries and benefits in both divisions. In the first half of 2016, operating expenses increased 6.8% as a result of the effect of the depreciation of the peso against the dollar, which was partially offset by lower expenses on wages and benefits. As a percentage of sales, operating expenses for the first six months of the year decreased by 1.1 percentage points.

**Operating Income** for the second quarter of 2016 increased 56.8% from the same quarter of 2015 and totaled \$691.3 million pesos, reflecting GCC's operating leverage. Similarly, cumulative operating income in the first half of the year grew by 56.5% over the same period of last year and totaled \$868.1 million pesos.

**EBITDA** for the second quarter of 2016 increased 41.5% compared to the second quarter of last year, totaling \$957.8 million pesos. The margin increased 3.9 percentage points and accounted for 26.1% of sales. Cumulative EBITDA in 2016 rose 37.4% over the first half of 2015, and totaled \$1,397.3 million pesos, with a margin of 23.2% of sales, 3.4 percentage points higher than in the same period of 2015.

**Net Financial Expenses** in the second quarter of 2016 totaled \$117.0 million pesos, 17.3% lower than the same quarter of last year. This decrease was due to the combination of lower debt cost and lower

total debt position, and the effect of the depreciation of the peso against the dollar on the conversion of financial expenses into pesos. Additionally, a foreign exchange gain was recorded for the effect of the depreciation of the peso against the dollar. During the first half of 2016, net interest expense totaled \$272.1 million pesos, 2.5% lower than the same period of last year due to the lower cost of debt and an exchange gain, which offset the effect of the depreciation of the peso against the dollar on the conversion of financial expenses into pesos.

In the second quarter of 2016, **Income Taxes** totaled \$140.0 million pesos, higher than the \$46.3 million pesos in the same period of last year. This was a result of the 92.2% increase in pre-tax income over the second quarter of 2015. Income taxes in the first half of 2016 totaled \$78.1 million pesos.

**Consolidated Net Income** in the second quarter of 2016 totaled \$437.3 million pesos, reflecting a strong 72.2% increase over the second quarter of 2015. In the first half of 2016, consolidated net income of \$496.1 million pesos was 68.7% higher than the \$294.1 million pesos registered in the same period last year.

**Free Cash Flow** in the second quarter of the year was \$342.2 million pesos, rising 282.6% from the resource requirement of \$187.4 million pesos in the second quarter of 2015. This variation is comprised of the combination of the following factors: 41.5% increase in EBITDA, lower working capital requirements, mainly due to the increase in accounts payable, the 5.7% and 24.2% decrease in capital expenditures and interest payments, respectively, and higher cash flow generated by other items. In the first half of 2016, there was a resource requirement of \$120.7 million pesos, a decrease of 82.0% compared to the 2015 figure of \$669.7 million pesos. This decrease was mainly due to the 37.4% increase in EBITDA as well as lower working capital requirements and a decrease in capital expenditures.

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

	2Q16	2Q15	Var	2016	2015	Var
<b>Operating Income</b>	<b>691.3</b>	<b>441.0</b>	<b>56.8%</b>	<b>868.1</b>	<b>554.7</b>	<b>56.5%</b>
Depreciation and amortization	266.5	235.9	13.0%	529.1	462.0	14.5%
<b>EBITDA</b>	<b>957.8</b>	<b>676.9</b>	<b>41.5%</b>	<b>1,397.3</b>	<b>1,016.7</b>	<b>37.4%</b>
Interest income (expense)	(27.0)	(31.0)	-12.9%	(256.3)	(229.0)	11.9%
(Increase) Decrease in working capital	(431.6)	(627.1)	-31.2%	(718.9)	(973.8)	-26.2%
Taxes	(76.9)	(101.4)	-24.2%	(106.5)	(113.9)	-6.5%
Capital expenditures	(222.5)	(236.1)	-5.7%	(478.3)	(522.6)	-8.5%
Other	142.5	131.4	8.5%	42.0	152.9	-72.5%
<b>Free cash flow</b>	<b>342.2</b>	<b>(187.4)</b>	<b>282.6%</b>	<b>(120.7)</b>	<b>(669.7)</b>	<b>-82.0%</b>
Initial cash balance	2,043.3	1,111.3	83.9%	2,522.8	1,786.7	41.2%
Debt amortizations	(21.4)	(197.4)	-89.2%	(38.0)	(390.4)	-90.3%
Dividends paid	(171.6)	0.0	100.0%	(171.6)	0.0	100.0%
<b>Final cash balance</b>	<b>2,192.5</b>	<b>726.6</b>	<b>201.8%</b>	<b>2,192.5</b>	<b>726.6</b>	<b>201.8%</b>

**Interest-bearing Debt** at June 30, 2016 was \$8,270.3 million pesos, 20.8% higher than June 2015 figure. This is due to the depreciation of the peso against the dollar. In the past 12 months GCC made amortization payments totaling \$3.1 million dollars. Debt amortization and the increase in EBITDA helped reduce leverage (measured as Total Debt/EBITDA) from 2.72 to 2.50 times, the lowest leverage level since 2007. Similarly, net leverage decreased from 2.44 to 1.86 times.

At the close of the first half of 2016, short-term debt represented 3.5% of total debt and totaled \$292.9 million pesos. 94% of the Company's total debt is denominated in dollars and 6% in pesos.

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

	Jun-2016	Jun-2015	2016 vs. 2015
<b>TOTAL</b>	<b>8,270.3</b>	<b>6,847.4</b>	<b>20.8%</b>
Dollar denominated	94%	94%	
Pesos denominated	6%	6%	
<b>Short term</b>	<b>292.9</b>	<b>977.6</b>	<b>-70.0%</b>
Dollar denominated	87%	85%	
Pesos denominated	13%	15%	
<b>Long Term</b>	<b>7,977.4</b>	<b>5,869.8</b>	<b>35.9%</b>
Dollar denominated	95%	95%	
Pesos denominated	5%	5%	

GCC's **Total Assets** at June 30, 2016 totaled \$29,112.8 million pesos, rising 17.9% over the total assets at the end of the second quarter of 2015, mainly due to the effect of the depreciation of the peso against the dollar on U.S. Division assets, capital expenditures, and the 201.8% increase in available cash.

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).

## OTHER EVENTS

On May 2, 2016, GCC announced that it reached an agreement to acquire certain assets of CEMEX, S.A.B. de C.V. ("CEMEX", NYSE: CX).

The proposed acquisition, valued at \$400 million dollars, includes two cement plants, located in Odessa, Texas and Lyons, Colorado, with a combined capacity of 1.0 million metric tons per year; three cement terminals located in Florence, Colorado, and in Amarillo and El Paso, Texas; and the ready-mix, aggregates and building materials business in El Paso, Texas and Las Cruces, New Mexico; these all include their respective inventories.

Enrique Escalante, CEO of GCC, said: "These assets strengthen the GCC's geographic footprint in key regional markets, enhance our ability to serve the construction industry efficiently, and support our long-term growth strategy in the United States with an additional 45% cement production capacity in that country, a more robust distribution network, and the addition of a building materials business. "

The transaction is expected to close before year-end 2016, subject to the completion of certain conditions precedent, principally due diligence, final binding agreements, and approval from the competition authority, among others.

## 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 2016 figures compared to those of 2015.

## 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 4.5 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)

	2Q 2016	%	2Q 2015	%	2Q16 / 2Q15
<b>Net sales</b>	<b>3,669,206</b>	100.0%	<b>3,050,964</b>	100.0%	<b>20.3%</b>
USA sales	2,681,377	73.1%	2,190,309	71.8%	22.4%
Mexico sales	987,829	26.9%	860,655	28.2%	14.8%
Cost of sales	2,654,882	72.4%	2,294,127	75.2%	15.7%
<b>Gross income</b>	<b>1,014,324</b>	27.6%	<b>756,837</b>	24.8%	<b>34.0%</b>
Operating expenses	323,059	8.8%	315,844	10.4%	2.3%
<b>Operating income</b>	<b>691,265</b>	18.8%	<b>440,993</b>	14.5%	<b>56.8%</b>
Other expenses, net	4,098	0.1%	2,715	0.1%	50.9%
<b>Operating income after other expenses, net</b>	<b>687,167</b>	18.7%	<b>438,278</b>	14.4%	<b>56.8%</b>
Financial income	5,556	0.2%	6,184	0.2%	-10.2%
Financial expenses	(162,827)	-4.4%	(152,779)	-5.0%	6.6%
Exchange gain (loss), net	40,279	1.1%	5,200	0.2%	674.6%
<b>Net financing expenses</b>	<b>(116,992)</b>	-3.2%	<b>(141,395)</b>	-4.6%	<b>-17.3%</b>
Earnings in associates	7,069	0.2%	3,400	0.1%	107.9%
<b>Income before taxes</b>	<b>577,244</b>	15.7%	<b>300,283</b>	9.8%	<b>92.2%</b>
Income taxes	139,968	3.8%	46,282	1.5%	202.4%
<b>Consolidated net income</b>	<b>437,276</b>	11.9%	<b>254,001</b>	8.3%	<b>72.2%</b>
<b>Controlling interest</b>	<b>436,245</b>	11.9%	<b>253,941</b>	8.3%	<b>71.8%</b>
<b>Non-controlling interest</b>	<b>1,031</b>	0.0%	<b>60</b>	0.0%	<b>1618.3%</b>
<b>EBITDA</b>	<b>957,783</b>	26.1%	<b>676,858</b>	22.2%	<b>41.5%</b>
Free cash flow	342,169	9.3%	(187,381)	-6.1%	282.6%



## Cumulative Income Statement to June 30

(Thousands of pesos)

	2016	%	2015	%	2016 / 2015
<b>Net sales</b>	<b>6,030,706</b>	100.0%	<b>5,145,327</b>	100.0%	<b>17.2%</b>
USA sales	4,263,095	70.7%	3,434,311	66.7%	24.1%
Mexico sales	1,767,611	29.3%	1,711,016	33.3%	3.3%
Cost of sales	4,521,298	75.0%	3,990,283	77.6%	13.3%
<b>Gross income</b>	<b>1,509,408</b>	25.0%	<b>1,155,044</b>	22.4%	<b>30.7%</b>
Operating expenses	641,305	10.6%	600,380	11.7%	6.8%
<b>Operating income</b>	<b>868,103</b>	14.4%	<b>554,664</b>	10.8%	<b>56.5%</b>
Other expenses, net	34,541	0.6%	3,144	0.1%	998.6%
<b>Operating income after other expenses, net</b>	<b>833,562</b>	13.8%	<b>551,520</b>	10.7%	<b>51.1%</b>
Financial income	13,991	0.2%	13,438	0.3%	4.1%
Financial expenses	(320,524)	-5.3%	(304,844)	-5.9%	5.1%
Exchange gain (loss), net	34,479	0.6%	12,500	0.2%	175.8%
<b>Net financing expenses</b>	<b>(272,054)</b>	-4.5%	<b>(278,906)</b>	-5.4%	<b>-2.5%</b>
Earnings in associates	12,659	0.2%	6,800	0.1%	86.2%
<b>Income before taxes</b>	<b>574,167</b>	9.5%	<b>279,414</b>	5.4%	<b>105.5%</b>
Income taxes	78,058	1.3%	(14,644)	-0.3%	633.0%
<b>Consolidated net income</b>	<b>496,109</b>	8.2%	<b>294,058</b>	5.7%	<b>68.7%</b>
<b>Controlling interest</b>	<b>494,669</b>	8.2%	<b>293,937</b>	5.7%	<b>68.3%</b>
<b>Non-controlling interest</b>	<b>1,440</b>	0.0%	<b>121</b>	0.0%	<b>1090.1%</b>
<b>EBITDA</b>	<b>1,397,251</b>	23.2%	<b>1,016,682</b>	19.8%	<b>37.4%</b>
Free cash flow	(120,696)	-2.0%	(669,741)	-13.0%	-82.0%

## 2016 Income Statement

(Thousands of pesos)

	1Q 2016	%	2Q 2016	%	2016
<b>Net sales</b>	<b>2,361,500</b>	100.0%	<b>3,669,206</b>	100.0%	<b>6,030,706</b>
USA sales	1,581,718	67.0%	2,681,377	73.1%	4,263,095
Mexico sales	779,782	33.0%	987,829	26.9%	1,767,611
Cost of sales	1,866,416	79.0%	2,654,882	72.4%	4,521,298
<b>Gross income</b>	<b>495,084</b>	21.0%	<b>1,014,324</b>	27.6%	<b>1,509,408</b>
Operating expenses	318,246	13.5%	323,059	8.8%	641,305
<b>Operating income</b>	<b>176,838</b>	7.5%	<b>691,265</b>	18.8%	<b>868,103</b>
Other expenses, net	30,443	1.3%	4,098	0.1%	34,541
<b>Operating income after other expenses, net</b>	<b>146,395</b>	6.2%	<b>687,167</b>	18.7%	<b>833,562</b>
Financial income	8,435	0.4%	5,556	0.2%	13,991
Financial expenses	(157,697)	-6.7%	(162,827)	-4.4%	(320,524)
Exchange gain (loss), net	(5,800)	-0.2%	40,279	1.1%	34,479
<b>Net financing expenses</b>	<b>(155,062)</b>	-6.6%	<b>(116,992)</b>	-3.2%	<b>(272,054)</b>
Earnings in associates	5,590	0.2%	7,069	0.2%	12,659
<b>Income (loss) before taxes</b>	<b>(3,077)</b>	-0.1%	<b>577,244</b>	15.7%	<b>574,167</b>
Income taxes	(61,910)	-2.6%	139,968	3.8%	78,058
<b>Consolidated net income</b>	<b>58,833</b>	2.5%	<b>437,276</b>	11.9%	<b>496,109</b>
<b>Controlling interest</b>	<b>58,424</b>	2.5%	<b>436,245</b>	11.9%	<b>494,669</b>
<b>Non-controlling interest</b>	<b>409</b>	0.0%	<b>1,031</b>	0.0%	<b>1,440</b>
<b>EBITDA</b>	<b>439,468</b>	18.6%	<b>957,783</b>	26.1%	<b>1,397,251</b>

## 2015 Income Statement

(Thousands of pesos)

	1Q 2015	%	2Q 2015	%	2015
<b>Net sales</b>	<b>2,094,363</b>	100.0%	<b>3,050,964</b>	100.0%	<b>5,145,327</b>
USA sales	1,244,002	59.4%	2,190,309	71.8%	3,434,311
Mexico sales	850,361	40.6%	860,655	28.2%	1,711,016
Cost of sales	1,696,156	81.0%	2,294,127	75.2%	3,990,283
<b>Gross income</b>	<b>398,207</b>	19.0%	<b>756,837</b>	24.8%	<b>1,155,044</b>
Operating expenses	284,536	13.6%	315,844	10.4%	600,380
<b>Operating income</b>	<b>113,671</b>	5.4%	<b>440,993</b>	14.5%	<b>554,664</b>
Other expenses, net	429	0.0%	2,715	0.1%	3,144
<b>Operating income after other expenses, net</b>	<b>113,242</b>	5.4%	<b>438,278</b>	14.4%	<b>551,520</b>
Financial income	7,254	0.3%	6,184	0.2%	13,438
Financial expenses	(152,065)	-7.3%	(152,779)	-5.0%	(304,844)
Exchange gain (loss), net	7,300	0.3%	5,200	0.2%	12,500
<b>Net financing expenses</b>	<b>(137,511)</b>	-6.6%	<b>(141,395)</b>	-4.6%	<b>(278,906)</b>
Earnings in associates	3,400	0.2%	3,400	0.1%	6,800
<b>Income (loss) before taxes</b>	<b>(20,869)</b>	-1.0%	<b>300,283</b>	9.8%	<b>279,414</b>
Income taxes	(60,926)	-2.9%	46,282	1.5%	(14,644)
<b>Consolidated net income</b>	<b>40,057</b>	1.9%	<b>254,001</b>	8.3%	<b>294,058</b>
<b>Controlling interest</b>	<b>39,996</b>	1.9%	<b>253,941</b>	8.3%	<b>293,937</b>
<b>Non-controlling interest</b>	<b>61</b>	0.0%	<b>60</b>	0.0%	<b>121</b>
<b>EBITDA</b>	<b>339,824</b>	16.2%	<b>676,858</b>	22.2%	<b>1,016,682</b>

## Statement of Financial Position

(Thousands of pesos)

	JUNE 2016	JUNE 2015	Variation
<b>Total assets</b>	<b>29,112,806</b>	<b>24,694,172</b>	17.9%
<b>Current Assets</b>	<b>7,245,089</b>	<b>5,176,192</b>	40.0%
Cash and cash equivalents	2,192,520	726,558	201.8%
Accounts receivable, net	1,974,591	1,598,593	23.5%
Other accounts receivable, net	790,705	669,177	18.2%
Prepaid expenses	181,210	178,972	1.3%
Inventories and urban land	2,106,063	2,002,892	5.2%
<b>Non-current assets</b>	<b>21,867,717</b>	<b>19,517,980</b>	12.0%
Property, machinery and equipment, net	14,788,596	13,152,222	12.4%
Investment in associates	151,077	132,628	13.9%
Goodwill	6,081,841	5,006,486	21.5%
Other non-current assets	193,614	202,092	-4.2%
Deferred taxes	652,589	1,024,552	-36.3%
<b>Total liabilities</b>	<b>13,066,395</b>	<b>10,855,067</b>	20.4%
<b>Current liabilities</b>	<b>2,734,541</b>	<b>2,981,398</b>	-8.3%
Bank debt	286,305	977,614	-70.7%
Other cost bearing liabilities	6,619	-	100.0%
Current portion of long term debt	292,924	977,614	-70.0%
Trade accounts payable	1,163,461	877,245	32.6%
Other current liabilities	1,278,156	1,126,539	13.5%
<b>Long-term liabilities</b>	<b>10,331,854</b>	<b>7,873,669</b>	31.2%
Bank debt	3,178,417	1,950,231	63.0%
Senior secured notes	4,757,145	3,919,569	21.4%
Other cost bearing liabilities	41,832	-	100.0%
Long term debt	7,977,394	5,869,800	35.9%
Employee benefits	699,455	622,272	12.4%
Other long-term liabilities	84,747	62,465	35.7%
Income taxes payable	933,724	991,720	-5.8%
Deferred income taxes	636,534	327,412	94.4%
<b>Total equity</b>	<b>16,046,411</b>	<b>13,839,105</b>	15.9%
<b>Controlling interest</b>	<b>16,042,245</b>	<b>13,835,355</b>	16.0%
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	10,802,262	10,061,100	7.4%
Net consolidated (loss) income	494,669	293,937	68.3%
Other comprehensive income	2,236,106	971,110	130.3%
<b>Non-controlling interest</b>	<b>4,166</b>	<b>3,750</b>	11.1%
<b>Total liabilities and equity</b>	<b>29,112,806</b>	<b>24,694,172</b>	17.9%



## Income Statement

(Thousands of dollars)

	2Q 2016	%	2Q 2015	%	2Q16 / 2Q15
<b>Net sales</b>	<b>202,375</b>	100.0%	<b>199,016</b>	100.0%	<b>1.7%</b>
USA sales	147,688	73.0%	142,833	71.8%	3.4%
Mexico sales	54,687	27.0%	56,183	28.2%	-2.7%
Cost of sales	146,497	72.4%	149,640	75.2%	-2.1%
<b>Gross income</b>	<b>55,878</b>	27.6%	<b>49,376</b>	24.8%	<b>13.2%</b>
Operating expenses	17,874	8.8%	20,647	10.4%	-13.4%
<b>Operating income</b>	<b>38,004</b>	18.8%	<b>28,729</b>	14.4%	<b>32.3%</b>
Other expenses, net	263	0.1%	175	0.1%	50.3%
<b>Operating income after other expenses, (net)</b>	<b>37,741</b>	18.6%	<b>28,554</b>	14.3%	<b>32.2%</b>
Financial income	309	0.2%	402	0.2%	-23.1%
Financial expenses	(9,019)	-4.5%	(9,975)	-5.0%	-9.6%
Exchange gain (loss), net	2,197	1.1%	338	0.2%	550.0%
<b>Net financing expenses</b>	<b>(6,513)</b>	-3.2%	<b>(9,235)</b>	-4.6%	<b>-29.5%</b>
Earnings in associates	389	0.2%	225	0.1%	72.9%
<b>Income before taxes</b>	<b>31,617</b>	15.6%	<b>19,544</b>	9.8%	<b>61.8%</b>
Income taxes	7,629	3.8%	2,998	1.5%	154.5%
<b>Consolidated net income</b>	<b>23,988</b>	11.9%	<b>16,546</b>	8.3%	<b>45.0%</b>
<b>Controlling interest</b>	<b>23,931</b>	11.8%	<b>16,542</b>	8.3%	<b>44.7%</b>
<b>Non-controlling interest</b>	<b>57</b>	0.0%	<b>4</b>	0.0%	<b>1327.7%</b>
<b>EBITDA</b>	<b>52,751</b>	26.1%	<b>44,126</b>	22.2%	<b>19.5%</b>

## Cumulative Income Statement to June 30

(Thousands of dollars)

	2016	%	2015	%	2016 / 2015
<b>Net sales</b>	<b>333,390</b>	100.0%	<b>338,978</b>	100.0%	<b>-1.6%</b>
USA sales	235,399	70.6%	225,972	66.7%	4.2%
Mexico sales	97,991	29.4%	113,006	33.3%	-13.3%
Cost of sales	250,018	75.0%	262,965	77.6%	-4.9%
<b>Gross income</b>	<b>83,372</b>	25.0%	<b>76,013</b>	22.4%	<b>9.7%</b>
Operating expenses	35,559	10.7%	39,685	11.7%	-10.4%
<b>Operating income</b>	<b>47,813</b>	14.3%	<b>36,328</b>	10.7%	<b>31.6%</b>
Other expenses, net	1,952	0.6%	205	0.1%	852.2%
<b>Operating income after other expenses, (net)</b>	<b>45,861</b>	13.8%	<b>36,123</b>	10.7%	<b>27.0%</b>
Financial income	777	0.2%	888	0.3%	-12.5%
Financial expenses	(17,771)	-5.3%	(20,157)	-5.9%	-11.8%
Exchange gain (loss), net	1,875	0.6%	823	0.2%	127.8%
<b>Net financing expenses</b>	<b>(15,119)</b>	-4.5%	<b>(18,446)</b>	-5.4%	<b>-18.0%</b>
Earnings in associates	701	0.2%	451	0.1%	55.4%
<b>Income before taxes</b>	<b>31,443</b>	9.4%	<b>18,128</b>	5.3%	<b>73.4%</b>
Income taxes	4,194	1.3%	(1,084)	-0.3%	486.9%
<b>Consolidated net income</b>	<b>27,249</b>	8.2%	<b>19,212</b>	5.7%	<b>41.8%</b>
<b>Controlling interest</b>	<b>27,169</b>	8.1%	<b>19,204</b>	5.7%	<b>41.5%</b>
<b>Non-controlling interests</b>	<b>80</b>	0.0%	<b>8</b>	0.0%	<b>897.7%</b>
<b>EBITDA</b>	<b>77,131</b>	23.1%	<b>66,862</b>	19.7%	<b>15.4%</b>