



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

Second quarter 2017 earnings report

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GCC REPORTS SECOND QUARTER 2017 RESULTS

Chihuahua, Chihuahua, Mexico, July 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 announces its results for the second quarter of 2017.

HIGHLIGHTS

GCC continued to generate strong double-digit increases in sales, operating income, and EBITDA during the quarter. Results reflect the successful integration of the operations acquired in Texas and New Mexico late last year and progress in the execution of the Company's growth strategy.

KEY FIGURES (millions of pesos)

	2Q17	2Q16	2Q17 vs. 2Q16	2017	2016	2017 vs. 2016
Net Sales	4,497.2	3,669.2	22.6%	7,861.7	6,030.7	30.4%
Operating Income before other expenses	842.1	691.3	21.8%	1,085.9	868.1	25.1%
EBITDA	1,222.7	957.8	27.7%	1,884.0	1,397.3	34.8%
Margin EBITDA/Sales	27.2%	26.1%		24.0%	23.2%	
Consolidated Net Income	413.8	437.3	-5.4%	445.5	496.1	-10.2%

EBITDA: operating income + depreciation and amortization

- Total sales grew 22.6 % in the second quarter of 2017
- EBITDA grew 27.7% and the EBITDA margin increased 1.1 percentage points
- Net leverage (Net debt/EBITDA) was 2.56 times at the end of June 2017
- GCC successfully refinanced its US\$260 million senior notes due 2020, extending the term four years and reducing the coupon almost 300 bps, with annual interest expense savings of US\$7.5 million
- Standard and Poor's raised GCC's credit rating to BB

FINANCIAL RESULTS

Net Sales for the second quarter of 2017 increased by 22.6% compared to the same period of 2016, to \$4,497 million pesos. The increase resulted from higher cement volumes in the United States, and higher prices for cement and concrete in both countries. For comparative purposes, sales in 2Q17, excluding the operations acquired last year, increased 6.0%.

In the United States, sales rose 28.9% in the second quarter of 2017 compared to the same period of the previous year, totaling \$3,455 million pesos and representing 76.8% of GCC's consolidated net sales. The strong growth reflects higher cement sales volumes in the states of Texas, Colorado, South Dakota, Nebraska, and New Mexico, and higher ready-mix volumes in Texas, resulting in an increase of 29.8% in cement sales volumes and a 1.0% increase in concrete volumes. Excluding the recently acquired operations, cement volumes increased 3.6%, while ready-mix volumes decreased 13.4%, due to a greater

volume of wind farm and transmission line projects in 2016, and the delay in the execution of certain projects this year, which are now expected to be carried out in the second half of 2017.

Cement prices increased 6.7% in the period; excluding acquired operations, they increased 3.8%. Concrete prices increased 0.7%; excluding recently acquired operations, they increased 3.4%.

U.S. sales, excluding the newly acquired operations, increased 4.7% compared to the second quarter of 2016. The segments with the highest construction spending in the regions where GCC operates were residential real estate, particularly multi-family housing, public utilities infrastructure, and nonresidential construction, particularly for offices, manufacturing facilities, and hotels. U.S. sales expressed in dollars increased 26.2% in the second quarter of 2017.

In Mexico, sales for the second quarter of 2017 rose 5.5% compared to the same period last year to \$1,042 million pesos and represented 23.2% of total sales. The increase was a result of a 16.9% increase in cement prices and an 18.2% increase in concrete prices, reflecting a better sales mix; these results offset a decrease of 9.2% in cement volumes and a decrease of 9.9% in ready-mix volumes, as a result of a reduction in public infrastructure spending; a slowdown in construction activity due to the Holy Week vacation period, that affected the industrial and self-construction segments, and delays in some commercial sector projects.

Net sales for the first six months of 2017 increased 30.4% compared to the same period of 2016 and totaled \$7,862 million pesos. Sales in the first half of 2017, excluding the operations acquired last year, increased 10.8% compared to the previous year.

U.S. sales rose 37.6% in the first six months of 2017, totaling \$5,866 million pesos. The factors that contributed to growth were: a 6.3% increase in the price of cement, unchanged concrete prices, a 34.2% increase in cement volumes, an 8.5% increase in concrete volumes, and the effect of the depreciation of the peso against the dollar.

Excluding the recently acquired operations, cement volumes increased 4.6% in the first six months of 2017, and ready-mix volumes decreased 9.3%, while cement prices increased 3.1% and concrete prices increased 2.7%. U.S. sales in dollar terms increased 29.7% in the period.

Mexico sales for the first six months of 2017 rose 12.9%. This increase was a result of a 17.7% increase in cement prices and an 18.1% increase in concrete prices. This was partially offset by decreases of 2.1% in cement volumes and 5.6% in ready-mix volumes, as a result of a reduction in public sector activity and delays in some projects in the commercial sector.

NET SALES

Millions of pesos	2Q17	2Q16	2Q17 vs. 2Q16	2017	2016	2017 vs. 2016
Consolidated	4,497.2	3,669.2	22.6%	7,861.7	6,030.7	30.4%
United States	3,455.2	2,681.4	28.9%	5,866.3	4,263.1	37.6%
Mexico	1,042.0	987.8	5.5%	1,995.4	1,767.6	12.9%
Millions of dollars						
Consolidated	242.4	202.4	19.8%	408.5	333.4	22.5%
United States	186.3	147.7	26.2%	305.3	235.4	29.7%
Mexico	56.0	54.7	2.5%	103.2	98.0	5.3%

SALES VOLUMES AND PRICES (% change)

	2Q17 vs. 2Q16	2017 vs. 2016	2Q17 vs. 2Q16	2017 vs. 2016
	Volumes		Prices (in local currency)	
Cement				
United States	29.8%	34.2%	6.7%	6.3%
Mexico	-9.2%	-2.1%	16.9%	17.7%
Concrete				
United States	1.0%	8.5%	0.7%	-0.2%
Mexico	-9.9%	-5.6%	18.2%	18.1%

The **Cost of Sales** totaled \$3,239 million pesos in 2Q17 and represented 72.0% of sales, a decrease of 0.4 percentage points compared to the same quarter of last year. The reduction was mainly due to higher prices for cement and concrete in the U.S. and Mexico and lower fuel and freight costs in the U.S., which were partially offset by an increase in fixed production costs and higher depreciation charges for assets in the U.S., as a result of the acquisitions last year.

The cost of sales excluding recently acquired operations represented 71.7% of sales, a decrease of 0.7 percentage points.

The cost of sales in the first six months of 2017 was the equivalent of 75.3% of sales, an increase of 0.3 percentage points compared to the same period of 2016, reflecting higher fixed production costs in the U.S., partially offset by higher cement and concrete prices in Mexico, higher cement prices in the U.S., and a reduction in variable costs, principally for fuel and freight, in the U.S. division.

Excluding recently acquired operations, the cost of sales in the first half of 2017 represented 74.8% of sales, a decrease of 0.2 percentage points compared to the same period of 2016.

Operating Expenses in the second quarter of 2017 totaled \$417 million pesos, 28.9% higher than the same quarter of last year, and were equivalent to 9.3% of sales, an increase of 0.5 percentage points compared to 2Q16. This reflected the increase in expenses from the acquisitions in Texas and New Mexico and, to a lesser extent, the effect of the depreciation of the peso against the dollar for dollar-denominated expenses.

Operating expenses, excluding the newly acquired operations, totaled \$344 million pesos, an increase of 6.5% compared to 2Q16, and were equivalent to 8.8% of sales, unchanged from the 2016 period.

Operating expenses for the first half of 2017 increased 33.7%, and represented 10.9% of sales, an increase of 0.3 percentage points, mainly due to an increase in depreciation charges from the acquired assets, and the effect of the peso depreciation against the U.S. dollar.

Operating expenses, excluding the newly acquired operations, totaled \$704 million pesos, increasing 9.8% with respect to the same period of 2016, and represented 10.5% of sales, a 0.1 percentage point reduction.

Operating Income before Other Expenses for the second quarter of 2017 increased 21.8% compared to the same quarter of 2016 and totaled \$842 million pesos. For the first six months of 2017, operating income before other expenses increased 25.1% to \$1,086 million pesos.

Other Expenses, Net in the quarter were \$7.7 million pesos, compared to \$4.1 million pesos in 2Q16.

Other expenses, net in the first six months of 2017, were \$7.7 million pesos, decreasing 77.6% compared to \$34.5 million pesos of other expenses recorded in the first half of 2016, which included a non-recurring charge arising from a sale of fixed assets in the U.S.

Operating Income for the second quarter of 2017 reached \$834 million pesos, a 21.4% increase compared to 2Q16. Operating income for the first six months of 2017 totaled \$1,078 million pesos, an increase of 29.3% compared to an operating income of \$834 million pesos in the prior year period.

EBITDA for the second quarter of 2017 totaled \$1,223 million pesos, 27.7% higher than the same quarter of 2016. The margin increased by 1.1 percentage points and represented 27.2% of sales. EBITDA in the quarter, excluding the newly acquired operations, increased 9.0% to \$1,044 million pesos. The margin increased 0.7 percentage points and represented 26.8% of sales.

In the quarter, U.S. operations generated 66.6% of total EBITDA, while Mexico operations generated 33.4%.

For the first six months of 2017, EBITDA increased 34.8% to \$1,884 million pesos, with a margin of 24.0%, or 0.8 percentage points higher than the 2016 period. Six month EBITDA, excluding the recently acquired operations, increased 13.5% to \$1,585 million pesos. The margin increased 0.5 percentage points to 23.7% of sales.

In the first six months of 2017, U.S. operations generated 60.5% of total EBITDA, while Mexico operations generated 39.5%.

Net Financial Expenses in the second quarter of 2017 totaled \$302 million pesos, an increase of 157.7% compared to the same quarter of the previous year. This increase was due to a higher debt balance arising from the US\$253.5 million financing for the acquisition of assets in the United States; expenses resulting from the refinancing of the senior secured notes due 2020 that were paid through the issuance of new, senior unsecured notes, with better rate and tenor; an exchange loss of \$28.6 million pesos; and the effect of the depreciation of the peso against the dollar.

During the first half of 2017, net financial expenses were \$601 million pesos, an increase of 120.9% over the same period of the previous year, due to the same factors affecting the quarterly increase in financial expenses.

Income Taxes totaled \$129 million pesos in the second quarter of 2017, a decrease of 8.2% compared to 2Q16. This reduction was due to lower income before taxes. For the first six months of 2017, income taxes totaled \$48 million pesos.

Consolidated Net Income in the second quarter of 2017 was \$414 million pesos, a 5.4% decrease. In the first half of 2017, consolidated net income was \$445 million pesos. **Earnings per Share** were \$1.24 pesos per share in the second quarter and \$1.34 pesos per share in the first six months of 2017.

Free Cash Flow in the second quarter of the year generated resources for \$55.0 million pesos, 74.9% less than the \$220 million pesos generated in 2Q16. This variation reflected increased use of resources for working capital and tax payments; an increase in financial expenses due to a higher level of bank debt; and the payment in June of accrued interest and expenses arising from the refinancing of the 2020 notes, which were partially offset by the increase in EBITDA and a reduction in maintenance and asset replacement capex.

In the first six months of 2017, free cash flow was a negative \$390 million pesos, 115.4% above the 2016 requirement of \$181 million pesos. The increase principally reflected the increase in financial expenses, tax payments, and working capital requirements, which were partially offset by the increase in EBITDA and other income.

EBITDA AND FREE CASH FLOW (millions of pesos)

	2Q17	2Q16	Var	2017	2016	Var
Operating income before other expenses	842.1	691.3	21.8%	1,085.9	868.1	25.1%
Depreciation and amortization	380.6	266.5	42.8%	798.1	529.1	50.8%
EBITDA	1,222.7	957.8	27.7%	1,884.0	1,397.3	34.8%
Interest income (expense)	(482.3)	(26.9)	1,690.6%	(836.3)	(256.2)	226.4%
(Increase) Decrease in working capital	(590.8)	(518.8)	13.9%	(1,028.9)	(764.1)	34.7%
Taxes	(168.9)	(76.9)	119.6%	(200.0)	(106.5)	87.9%
Capital Expenditures*	(175.0)	(207.2)	-15.5%	(350.5)	(352.8)	-0.6%
Other	249.3	91.6	172.1%	142.0	(98.6)	244.0%
Free cash flow	55.0	219.5	-74.9%	(389.8)	(181.0)	115.4%
Initial cash balance	2,577.0	2,043.3	26.1%	3,396.9	2,522.8	34.6%
FX effect	(108.5)	138.0	-178.7%	(304.1)	152.8	-299.0%
Growth capital expenditures and other related expenses	(166.5)	(15.3)	988.0%	(339.5)	(92.5)	266.9%
Debt amortizations, net	(19.2)	(21.4)	-10.1%	(25.8)	(38.0)	-32.2%
Dividends paid	0.0	(171.6)	-100.0%	0.0	(171.6)	-100.0%
Final cash balance	2,337.7	2,192.5	6.6%	2,337.7	2,192.5	6.6%

*excludes capital expenditures for growth and expansion

EBITDA AND FREE CASH FLOW (millions of dollars)

	2Q17	2Q16	Var	2017	2016	Var
Operating income before other expenses	45.4	38.0	19.5%	57.7	47.8	20.6%
Depreciation and amortization	20.5	14.7	38.8%	40.8	29.3	39.3%
EBITDA	65.9	52.8	24.9%	98.5	77.1	27.7%
Interest income (expense)	(26.5)	(1.4)	1,731.3%	(44.2)	(13.9)	217.5%
(Increase) Decrease in working capital	(32.1)	(28.6)	12.2%	(53.8)	(42.2)	27.4%
Taxes	(9.1)	(4.4)	107.5%	(10.7)	(5.7)	87.1%
Capital Expenditures*	(9.3)	(11.4)	-18.4%	(16.8)	(19.2)	-12.7%
Other	13.6	4.9	176.9%	7.2	(7.0)	202.6%
Free cash flow	2.5	11.8	-79.2%	(19.7)	(11.0)	80.1%
Initial cash balance	137.0	117.4	16.7%	163.9	146.6	11.8%
FX effect	1.5	(2.0)	175.0%	6.9	(3.4)	302.8%
Growth capital expenditures and other related expenses	(9.3)	(0.8)	1,049.6%	(19.0)	(4.9)	287.7%
Debt amortizations, net	(1.1)	(1.1)	-8.4%	(1.4)	(2.1)	-33.4%
Dividends paid	0.0	(9.3)	-100.0%	0.0	(9.3)	-100.0%
Final cash balance	130.6	115.9	12.7%	130.6	115.9	12.7%

*excludes capital expenditures for growth and expansion

As of June 30, 2017, **Interest-Bearing Debt** totaled \$12,114 million pesos (US\$677 million), 46.5% higher than the amount at the end of the second quarter of 2016. This increase was primarily due to the bank loan contracted for the partial financing of the acquisition of cement and ready-mix assets in Texas and New Mexico.

Net leverage (Net debt/EBITDA) at the end of the second quarter of 2017 was 2.56 times.

As of June 30, 2017, short-term debt was \$150 million (US\$8.4 million dollars), or 1.2% of total debt. As a result of the refinancing, the maturity of the senior unsecured notes increased 4.4 years and the interest coupon decreased 2.875 percentage points. The Company's debt is 100% denominated in U.S. dollars.

INTEREST-BEARING DEBT (millions of pesos)

	Jun-2017	Jun-2016	2017 vs. 2016
TOTAL	12,114.2	8,269.6	46.5%
U.S. dollar	100%	94%	
Mexican peso	0%	6%	
Short-term	150.3	292.9	-48.7%
U.S. dollar	100%	87%	
Mexican peso	0%	13%	
Long-term	11,963.9	7,976.7	50.0%
U.S. dollar	100%	95%	
Mexican peso	0%	5%	

INTEREST-BEARING DEBT (millions of dollars)

	Jun-2017	Jun-2016	2017 vs. 2016
TOTAL	676.9	437.3	54.8%
U.S. dollar	100%	94%	
Mexican peso	0%	6%	
Short-term	8.4	15.5	-45.8%
U.S. dollar	100%	87%	
Mexican peso	0%	13%	
Long-term	668.5	421.8	58.5%
U.S. dollar	100%	95%	
Mexican peso	0%	5%	

In accordance with 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, Bank of America Merrill Lynch, and UBS Casa de Bolsa.

OTHER MATERIAL EVENTS

GCC successfully completes the issuance of debt for refinancing

On June 23, 2017, GCC announced that it completed the issuance of US\$260 million Senior Unsecured Notes, with an interest coupon of 5.25%, and a maturity date of February 23, 2024 (the "Notes"), which were placed in the United States and other countries outside Mexico. The resources obtained from the Note issuance were used to pay the outstanding GCC 8.125% notes due February 8, 2020 (the "2020 notes") through a tender offer; GCC also paid on June 27th the remaining 2020 notes that were not acquired through the tender offer.

The Notes have been rated BB by Standard & Poor's and BB by Fitch Ratings. More than 100 international investors participated, and total bids were approximately US\$ 1 billion, or 3.5 times the amount sold. U.S. and Canadian investors accounted for about 74% of the demand, European investors 13%, and Latin American investors 13%.

S&P upgrades GCC's long-term corporate rating

On June 5, 2017, GCC announced that S&P Global Ratings (S&P) raised its long-term corporate rating for GCC to BB from BB-, with a stable outlook.

In their ratings decision, S&P cited the rapid integration by GCC of the assets acquired in the U.S. in 2016, which improved GCC's strategic geographical footprint and enabled the company to consolidate efficiently its distribution network in the central part of the United States and the state of Chihuahua in Mexico.

GCC appoints new Chief Financial Officer

On May 24, 2017, GCC announced that Luis Carlos Arias Laso had been named the company's new Chief Financial Officer.

Luis Carlos Arias has worked in GCC since 1996, in the Planning, Finance, and Corporate Treasury areas. He has an undergraduate degree in financial administration and an MBA, both from Tecnológico de Monterrey (ITESM). He is also a graduate of the senior management program of the Instituto Panamericano de Alta Dirección de Empresas (IPADE).

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 second quarter or first six months of 2017 amounts compared to those of the same period 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 on 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)

	2Q 2017	%	2Q 2016	%	2Q17 / 2Q16
Net sales	4,497,177	100.0%	3,669,206	100.0%	22.6%
USA sales	3,455,198	76.8%	2,681,377	73.1%	28.9%
Mexico sales	1,041,979	23.2%	987,829	26.9%	5.5%
Cost of sales	3,238,455	72.0%	2,654,882	72.4%	22.0%
Gross income	1,258,722	28.0%	1,014,324	27.6%	24.1%
Operating expenses	416,578	9.3%	323,059	8.8%	28.9%
Operating income before other expenses, net	842,144	18.7%	691,265	18.8%	21.8%
Other expenses, net	7,742	0.2%	4,098	0.1%	88.9%
Operating income	834,402	18.6%	687,167	18.7%	21.4%
Financial income	14,095	0.3%	5,556	0.2%	153.7%
Financial expenses	(287,052)	-6.4%	(162,827)	-4.4%	76.3%
Exchange gain (loss), net	(28,581)	-0.6%	40,279	1.1%	-171.0%
Net financing expenses	(301,538)	-6.7%	(116,992)	-3.2%	157.7%
Earnings in associates	9,535	0.2%	7,069	0.2%	34.9%
Income before taxes	542,399	12.1%	577,244	15.7%	-6.0%
Income taxes	128,550	2.9%	139,968	3.8%	-8.2%
Consolidated net income	413,849	9.2%	437,276	11.9%	-5.4%
Controlling interest	412,443	9.2%	436,245	11.9%	-5.5%
Non-controlling interest	1,406	0.0%	1,031	0.0%	36.4%
EBITDA	1,222,705	27.2%	957,783	26.1%	27.7%
Free cash flow	54,996	1.5%	219,518	6.0%	-299.2%

Cumulative Income Statement to June

(Thousands of pesos)

	2017	%	2016	%	2017 / 2016
Net sales	7,861,697	100.0%	6,030,706	100.0%	30.4%
USA sales	5,866,279	74.6%	4,263,095	70.7%	37.6%
Mexico sales	1,995,418	25.4%	1,767,611	29.3%	12.9%
Cost of sales	5,918,087	75.3%	4,521,298	75.0%	30.9%
Gross income	1,943,610	24.7%	1,509,408	25.0%	28.8%
Operating expenses	857,662	10.9%	641,305	10.6%	33.7%
Operating income before other expenses, net	1,085,948	13.8%	868,103	14.4%	25.1%
Other expenses, net	7,742	0.1%	34,541	0.6%	-77.6%
Operating income	1,078,206	13.7%	833,562	13.8%	29.3%
Financial income	30,206	0.4%	13,991	0.2%	115.9%
Financial expenses	(557,504)	-7.1%	(320,524)	-5.3%	73.9%
Exchange gain (loss), net	(73,771)	-0.9%	34,479	0.6%	-314.0%
Net financing expenses	(601,069)	-7.6%	(272,054)	-4.5%	120.9%
Earnings in associates	15,946	0.2%	12,659	0.2%	26.0%
Income before taxes	493,083	6.3%	574,167	9.5%	-14.1%
Income taxes	47,599	0.6%	78,058	1.3%	-39.0%
Consolidated net income	445,484	5.7%	496,109	8.2%	-10.2%
Controlling interest	443,403	5.6%	494,669	8.2%	-10.4%
Non-controlling interest	2,081	0.0%	1,440	0.0%	44.5%
EBITDA	1,884,000	24.0%	1,397,251	23.2%	34.8%
Free cash flow	(389,771)	-5.0%	(180,981)	-3.0%	115.4%

2017 Income Statement

(Thousands of pesos)

	1Q 2017	%	2Q 2017	%	2017
Net sales	3,364,520	100.0%	4,497,177	100.0%	7,861,697
USA sales	2,411,081	71.7%	3,455,198	76.8%	5,866,279
Mexico sales	953,439	28.3%	1,041,979	23.2%	1,995,418
Cost of sales	2,679,632	79.6%	3,238,455	72.0%	5,918,087
Gross income	684,888	20.4%	1,258,722	28.0%	1,943,610
Operating expenses	441,084	13.1%	416,578	9.3%	857,662
Operating income before other expenses, net	243,804	7.2%	842,144	18.7%	1,085,948
Other expenses, net	-	0.0%	7,742	0.2%	7,742
Operating income	243,804	7.2%	834,402	18.6%	1,078,206
Financial income	16,111	0.5%	14,095	0.3%	30,206
Financial expenses	(270,452)	-8.0%	(287,052)	-6.4%	(557,504)
Exchange gain (loss), net	(45,190)	-1.3%	(28,581)	-0.6%	(73,771)
Net financing expenses	(299,531)	-8.9%	(301,538)	-6.7%	(601,069)
Earnings in associates	6,411	0.2%	9,535	0.2%	15,946
Income (Loss) before taxes	(49,316)	-1.5%	542,399	12.1%	493,083
Income taxes	(80,951)	-2.4%	128,550	2.9%	47,599
Consolidated net income	31,635	0.9%	413,849	9.2%	445,484
Controlling interest	30,960	0.9%	412,443	9.2%	443,403
Non-controlling interest	675	0.0%	1,406	0.0%	2,081
EBITDA	661,295	19.7%	1,222,705	27.2%	1,884,000

2016 Income Statement

(Thousands of pesos)

	1Q 2016	%	2Q 2016	%	2016
Net sales	2,361,500	100.0%	3,669,206	100.0%	6,030,706
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
Gross income	495,084	21.0%	1,014,324	27.6%	1,509,408
Operating expenses	318,246	13.5%	323,059	8.8%	641,305
Operating income before other expenses, net	176,838	7.5%	691,265	18.8%	868,103
Other expenses, net	30,443	1.3%	4,098	0.1%	34,541
Operating income	146,395	6.2%	687,167	18.7%	833,562
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
Net financing expenses	(155,062)	-6.6%	(116,992)	-3.2%	(272,054)
Earnings in associates	5,590	0.2%	7,069	0.2%	12,659
Income (Loss) income before taxes	(3,077)	-0.1%	577,244	15.7%	574,167
Income taxes	(61,910)	-2.6%	139,968	3.8%	78,058
Consolidated net income	58,833	2.5%	437,276	11.9%	496,109
Controlling interest	58,424	2.5%	436,245	11.9%	494,669
Non-controlling interest	409	0.0%	1,031	0.0%	1,440
EBITDA	439,468	18.6%	957,783	26.1%	1,397,251

Statement of Financial Position

(Thousands of pesos)

	June 2017	June 2016	Variation
Total assets	34,750,626	29,112,806	19.4%
Current Assets	7,655,912	7,245,089	5.7%
Cash and cash equivalents	2,337,726	2,192,520	6.6%
Accounts receivable, net	2,149,479	1,974,591	8.9%
Other accounts receivable, net	798,101	734,808	8.6%
Due from related parties	36,423	55,897	-34.8%
Inventories and urban land	2,150,528	2,106,063	2.1%
Prepaid expenses	183,655	181,210	1.3%
Non-current assets	27,094,714	21,867,717	23.9%
Investment in associates	178,224	151,077	18.0%
Property, machinery and equipment, net	16,871,829	14,788,596	14.1%
Goodwill	7,246,756	6,081,841	19.2%
Intangible assets, net	1,164,417	131,958	782.4%
Other non-current assets	100,540	61,656	63.1%
Deferred taxes	1,532,948	652,589	134.9%
Total liabilities	18,656,726	13,066,395	42.8%
Current liabilities	2,986,527	2,734,541	9.2%
Bank debt	144,073	286,305	-49.7%
Other cost bearing liabilities	6,264	6,619	-5.4%
Current portion of long term debt	150,337	292,924	-48.7%
Trade accounts payable	1,262,467	1,163,461	8.5%
Due to related parties	20,789	13,157	58.0%
Short term - employee benefits	394,221	337,763	16.7%
Accrued expenses and taxes other than income taxes	1,043,349	815,357	28.0%
Provisions	115,364	111,879	3.1%
Long-term liabilities	15,670,199	10,331,854	51.7%
Bank debt	7,621,468	3,178,417	139.8%
Senior secured notes	4,309,754	4,757,145	-9.4%
Other cost bearing liabilities	32,663	41,132	-20.6%
Long term debt	11,963,885	7,976,694	50.0%
Employee benefits	709,811	699,455	1.5%
Asset retirement obligation	153,810	84,747	81.5%
Other long-term liabilities	12,399	700	1671.3%
Income taxes payable	579,911	933,724	-37.9%
Deferred income taxes	2,250,383	636,534	253.5%
Total equity	16,093,900	16,046,411	0.3%
Controlling interest	16,087,290	16,042,245	0.3%
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	11,884,900	10,802,262	10.0%
Net consolidated income	443,403	494,669	-10.4%
Other comprehensive income	1,249,779	2,236,106	-44.1%
Non-controlling interest	6,610	4,166	58.7%
Total Liabilities and Equity	34,750,626	29,112,806	19.4%

Income Statement

(Thousands of dollars)

	2Q 2017	%	2Q 2016	%	2Q17 / 2Q16
Net sales	242,358	100.0%	202,375	100.0%	19.8%
USA sales	186,317	76.9%	147,688	73.0%	26.2%
Mexico sales	56,041	23.1%	54,687	27.0%	2.5%
Cost of sales	174,514	72.0%	146,497	72.4%	19.1%
Gross income	67,844	28.0%	55,878	27.6%	21.4%
Operating expenses	22,431	9.3%	17,874	8.8%	25.5%
Operating income before other expenses, net	45,413	18.7%	38,004	18.8%	19.5%
Other expenses, net	435	0.2%	263	0.1%	65.4%
Operating income	44,978	18.6%	37,741	18.6%	19.2%
Financial income	757	0.3%	309	0.2%	145.0%
Financial expenses	(15,472)	-6.4%	(9,019)	-4.5%	71.5%
Exchange gain (loss), net	(1,556)	-0.6%	2,197	1.1%	-170.8%
Net financing expenses	(16,271)	-6.7%	(6,513)	-3.2%	149.8%
Earnings in associates	519	0.2%	389	0.2%	33.4%
Income before taxes	29,226	12.1%	31,617	15.6%	-7.6%
Income taxes	6,930	2.9%	7,629	3.8%	-9.2%
Consolidated net income	22,296	9.2%	23,988	11.9%	-7.1%
Controlling interest	22,222	9.2%	23,931	11.8%	-7.1%
Non-controlling interest	74	0.0%	57	0.0%	29.1%
EBITDA	65,888	27.2%	52,751	26.1%	24.9%
Free cash flow	2,462.5	1.0%	11,822.2	4.9%	-79.2%

Cumulative Income Statement to June

(Thousands of dollars)

	2017	%	2016	%	2017 / 2016
Net sales	408,473	100.0%	333,390	100.0%	22.5%
USA sales	305,321	74.7%	235,399	70.6%	29.7%
Mexico sales	103,152	25.3%	97,991	29.4%	5.3%
Cost of sales	306,751	75.1%	250,018	75.0%	22.7%
Gross income	101,722	24.9%	83,372	25.0%	22.0%
Operating expenses	44,038	10.8%	35,559	10.7%	23.8%
Operating income before other expenses, net	57,684	14.1%	47,813	14.3%	20.6%
Other expenses, net	435	0.1%	1,952	0.6%	-77.7%
Operating income	57,249	14.0%	45,861	13.8%	24.8%
Financial income	1,547	0.4%	777	0.2%	99.1%
Financial expenses	(28,752)	-7.0%	(17,771)	-5.3%	61.8%
Exchange gain (loss), net	(3,852)	-0.9%	1,875	0.6%	-305.4%
Net financing expenses	(31,057)	-7.6%	(15,119)	-4.5%	105.4%
Earnings in associates	831	0.2%	701	0.2%	18.5%
Income before taxes	27,023	6.6%	31,443	9.4%	-14.1%
Income taxes	2,999	0.7%	4,194	1.3%	-28.5%
Consolidated net income	24,024	5.9%	27,249	8.2%	-11.8%
Controlling interest	23,917	5.9%	27,169	8.1%	-12.0%
Non-controlling interests	107	0.0%	80	0.0%	33.9%
EBITDA	98,529	24.1%	77,131	23.1%	27.7%
Free cash flow	(19,729)	-4.8%	(10,952)	-3.3%	80.1%

Statement of Financial Position

(Thousands of dollars)

	June 2017	June 2016	Variation
Total assets	1,941,668	1,539,439	26.1%
Current Assets	427,769	383,108	11.7%
Cash and cash equivalents	130,619	115,937	12.7%
Accounts receivable, net	120,101	104,413	15.0%
Other accounts receivable, net	44,593	38,855	14.8%
Due from related parties	2,035	2,956	-31.2%
Inventories and urban land	120,159	111,365	7.9%
Prepaid expenses	10,262	9,582	7.1%
Non-current assets	1,513,899	1,156,331	30.9%
Investment in associates	9,958	7,989	24.6%
Property, machinery and equipment, net	942,702	781,998	20.6%
Goodwill	404,908	321,598	25.9%
Intangible assets, net	65,061	6,978	832.4%
Other non-current assets	5,618	3,260	72.3%
Deferred taxes	85,652	34,508	148.2%
Total liabilities	1,042,433	690,930	50.9%
Current liabilities	166,871	144,598	15.4%
Bank debt	8,050	15,139	-46.8%
Other cost bearing liabilities	350	350	0.0%
Current portion of long term debt	8,400	15,489	-45.8%
Trade accounts payable	70,540	61,522	14.7%
Due to related parties	1,162	696	67.0%
Short term - employee benefits	22,027	17,860	23.3%
Accrued expenses and taxes other than income taxes	58,296	43,115	35.2%
Provisions	6,446	5,916	9.0%
Long-term liabilities	875,562	546,332	60.3%
Bank debt	425,845	168,070	153.4%
Senior secured notes	240,805	251,550	-4.3%
Other cost bearing liabilities	1,825	2,175	-16.1%
Long term debt	668,474	421,795	58.5%
Employee benefits	39,660	36,986	7.2%
Asset retirement obligation	8,594	4,481	91.8%
Other long-term liabilities	693	37	1773.0%
Income taxes payable	32,402	49,374	-34.4%
Deferred income taxes	125,739	33,659	273.6%
Total equity	899,235	848,509	6.0%
Controlling interest	898,872	848,279	6.0%
Capital stock	32,100	32,100	0.0%
Additional paid-in capital	148,300	148,300	0.0%
Reserves	22,700	22,700	0.0%
Retained earnings	877,027	818,300	7.2%
Net consolidated income	23,917	27,169	-12.0%
Other comprehensive income	(205,172)	(200,290)	2.4%
Non-controlling interest	363	230	57.8%
Total Liabilities and Equity	1,941,668	1,539,439	26.1%