



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

Third quarter 2016 earnings results

For more information: [investors@gcc.com](mailto:investors@gcc.com)

## GCC REPORTS THIRD QUARTER 2016 RESULTS

**Chihuahua, Chihuahua, Mexico, October 11, 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 the United States and Mexico, today announced its results for the third quarter of 2016.

### HIGHLIGHTS

GCC achieved a strong increase in profitability in the third quarter of 2016 compared to the same period of the prior year, as a result of double-digit growth in sales, operating income, EBITDA and net income, driven by efficient performance that generated a solid increase in cash and a significant reduction in leverage.

- Sales in the third quarter of 2016 rose 11.5% in the United States and 5.9% in Mexico compared to the same period of 2015.
- Operating income increased 41.1% and the margin expanded 5.0 percentage points.
- EBITDA grew 32.3% with a 4.8 percentage point increase in the margin.
- Net income rose 45.3% with a 3.4 percentage point increase in the margin.
- The net leverage ratio (net debt/EBITDA) declined from 2.16 to 1.42 times.

### KEY FIGURES (millions of pesos)

	3Q16	3Q15	3Q16 vs. 3Q15	2016	2015	2016 vs. 2015
Net Sales	4,287.7	3,891.8	10.2%	10,318.4	9,037.1	14.2%
Operating Income	972.9	689.4	41.1%	1,841.0	1,244.1	48.0%
EBITDA	1,244.5	941.0	32.3%	2,641.8	1,957.7	34.9%
Consolidated Net Income	601.0	413.6	45.3%	1,097.1	707.7	55.0%

*EBITDA: operating income + depreciation and amortization*

### FINANCIAL RESULTS

**Net Sales** in the third quarter of 2016 rose 10.2% over the same period of 2015, totaling \$4,287.7 million pesos. This increase is the result of higher volumes of cement in Mexico and ready mix in the United States, a better pricing environment for GCC's products in both countries, and the effect of the 14.7% depreciation of the peso against the dollar on dollar-denominated sales.

In the United States, sales increased 11.5% in the quarter compared to the same period of last year, totaling \$3,309.1 million pesos. This is due to the following factors: better pricing environment for cement and ready mix; a 3% rise in ready mix volumes, notably in Iowa and Arkansas; the increase in cement volumes in Iowa and South Dakota, partially mitigating lower volumes in other states; and the positive impact on sales of the depreciation of the peso against the dollar.

The sectors with the most construction investment in GCC's operating regions were utilities, manufacturing, commercial, health, hotels and offices, while the residential sector was less active. Sales in the United States in dollar terms decreased 2.2%.

In Mexico, sales in the third quarter of 2016 increased 5.9% over the same period of 2015 and totaled \$978.6 million pesos. This reflects a better pricing environment for all products and the 10% increase in cement volumes arising from more dynamic retail sales and commercial and industrial sector activity, with the construction of commercial plazas, hotel infrastructure, and industrial buildings.

Consolidated net sales from January to September of 2016 rose 14.2% over the same period of last year and totaled \$10,318.4 million pesos.

In the United States, sales in the first nine months of the year rose 18.3% to \$7,572.2 million pesos. The factors driving this increase were: better pricing; a 10% increase in ready mix volumes; and the depreciation of the peso against the dollar. US sales in dollars increased 1.3% in the period.

In Mexico, sales increased 4.2% in the same period, totaling \$2,746.2 million pesos, primarily due to a better pricing environment and increased cement volumes, mainly for projects in the commercial and industrial sectors that mitigated the decline in the public sector following the culmination of two major urban paving and highway construction projects in 2015.

**NET SALES** (millions of pesos)

	3Q16	3Q15	3Q16 vs. 3Q15	2016	2015	2016 vs. 2015
<b>Consolidated</b>	<b>4,287.7</b>	<b>3,891.8</b>	<b>10.2%</b>	<b>10,318.4</b>	<b>9,037.1</b>	<b>14.2%</b>
United States	3,309.1	2,968.0	11.5%	7,572.2	6,402.3	18.3%
Mexico	978.6	923.8	5.9%	2,746.2	2,634.8	4.2%

**NET SALES** (millions of dollars)

	3Q16	3Q15	3Q16 vs. 3Q15	2016	2015	2016 vs. 2015
<b>Consolidated</b>	<b>229.0</b>	<b>237.1</b>	<b>-3.4%</b>	<b>562.4</b>	<b>576.1</b>	<b>-2.4%</b>
United States	176.8	180.8	-2.2%	412.2	406.8	1.3%
Mexico	52.3	56.3	-7.1%	150.3	169.3	-11.2%



VARIATION IN SALES VOLUME (%)

	3Q16 vs. 3Q15	2016 vs. 2015
<b>Cement</b>	<b>-2%</b>	<b>-1%</b>
United States	-6%	-3%
Mexico	10%	4%
<b>Concrete</b>	<b>1%</b>	<b>0%</b>
United States	3%	10%
Mexico	-2%	-13%
<b>Block</b>	<b>4%</b>	<b>-2%</b>
<b>Aggregates</b>	<b>-12%</b>	<b>-17%</b>

The **Cost of Sales** in the third quarter of 2016 totaled \$2,977.5 million pesos and represented 69.4% of sales, a 4.4 percentage point reduction from the same period of last year. The US operations contributed to this reduction with lower freight and distribution costs, mitigating the effect of the depreciation of the peso against the dollar. As for Mexico, those operations recorded lower electricity and fuel costs.

The cumulative cost of sales through September 2016 represented 72.7% of sales and declined 3.8 percentage points from the same period of 2015, reflecting the decrease in distribution costs due to lower fuel costs, primarily in the United States.

**Operating Expenses** in the third quarter of 2016 totaled \$337.3 million pesos, 2.7% higher than in the same quarter of last year, and represented 7.9% of sales, 0.5 percentage points less than in the same quarter of 2015. This was mainly due to lower wage and benefit expenses that mitigated the increase caused by the depreciation of the peso against the dollar on dollar-denominated expenses.

From January to September 2016 operating expenses increased 11.0% as a result of the effect of the depreciation of the peso against the dollar, which was partially offset by lower wages and benefits. As a proportion of sales, operating expenses in the first nine months of the year decreased 0.3 percentage points.

**Operating Income** in the third quarter of 2016 rose 41.1% over the same quarter of 2015 as a result of operating leverage, and totaled \$972.9 million pesos. Cumulative operating income in the first nine months of the year increased 48.0% over the same period of last year and totaled \$1,841.0 million pesos.

**EBITDA** for the third quarter of 2016 totaled \$1,244.5 million pesos, an increase of 32.3% over the third quarter of last year. The margin expanded by 4.8 percentage points and represented 29.0% of sales. Cumulative EBITDA in 2016 increased 34.9% over the same period of 2015 and totaled \$2,641.8 million pesos, with a 25.6% margin, 3.9 percentage points higher than in the first nine months of 2015.

**Net Financial Expenses** in the third quarter of 2016 totaled \$143.1 million, decreasing 3.6% from the same quarter of last year. This was due to the combination of a lower debt balance and higher financial income, offset by the effect of the depreciation of the peso against the dollar. Net financial expenses from January to September 2016 totaled \$415.2 million pesos, declining 2.9% from the same period of last

year as a result of a higher exchange gain arising from the dollar-denominated monetary position, higher financial income, and lower interest rate and debt balance, which mitigated the effect of the depreciation of the peso against the dollar on the conversion of financial expenses into pesos.

In the third quarter of 2016, **Income Taxes** totaled \$208.4 million pesos, \$128.1 million pesos higher than in the same period of last year. The rise was due to the 49.4% increase in pre-tax income. Income taxes in the first nine months of 2016 totaled \$286.4 million pesos.

**Consolidated Net Income** in the third quarter of 2016 totaled \$601.0 million, reflecting a strong 45.3% increase over the third quarter of 2015. From January to September 2016, consolidated net income totaled \$1,097.1 million pesos, a 55.0% increase over the \$707.7 million pesos registered in the same period of last year.

**Free Cash Flow** in the third quarter generated \$1,319.5 million pesos in resources, 34.7% greater than the \$979.3 million pesos generated in the third quarter of 2015. This variation is comprised of a combination of the following factors: a 32.3% increase in EBITDA; higher cash flow from the reduction of working capital, mainly in accounts receivable; the 11.5% decrease in interest payments; and the 30.2% increase in capital expenditures. In the first nine months of 2016 free cash flow totaled \$1,198.8 million pesos, an increase of 287.7% compared to the \$309.2 million pesos generated in 2015. This increase was mainly due to the 34.9% increase in EBITDA and lower working capital requirements, partially offset by an increase in taxes paid.

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

	3Q16	3Q15	Var	2016	2015	Var
<b>Operating income</b>	<b>972.9</b>	<b>689.4</b>	<b>41.1%</b>	<b>1,841.0</b>	<b>1,244.1</b>	<b>48.0%</b>
Depreciation and amortization	271.7	251.6	8.0%	800.8	713.6	12.2%
<b>EBITDA</b>	<b>1,244.5</b>	<b>941.0</b>	<b>32.3%</b>	<b>2,641.8</b>	<b>1,957.7</b>	<b>34.9%</b>
Interest income (expense)	(230.7)	(260.5)	-11.5%	(487.0)	(489.5)	-0.5%
(Increase) Decrease in working capital	267.6	208.5	28.4%	(546.3)	(650.8)	-16.1%
Taxes	(17.9)	(16.0)	11.9%	(124.3)	(99.1)	25.5%
Capital expenditures	(179.9)	(138.2)	30.2%	(658.2)	(660.8)	-0.4%
Other	235.7	244.5	-3.6%	372.8	251.6	48.1%
<b>Free cash flow</b>	<b>1,319.5</b>	<b>979.3</b>	<b>34.7%</b>	<b>1,198.8</b>	<b>309.2</b>	<b>287.7%</b>
Initial cash balance	2,192.5	726.2	201.9%	2,522.8	1,786.7	41.2%
Debt amortizations	(45.9)	14.2	422.6%	(84.0)	(376.1)	-77.7%
Dividends paid	0.0	(71.5)	-100.0%	(171.6)	(71.5)	140.0%
<b>Final Cash balance</b>	<b>3,466.0</b>	<b>1,648.2</b>	<b>110.3%</b>	<b>3,466.0</b>	<b>1,648.2</b>	<b>110.3%</b>

**Interest-bearing Debt** at September 30, 2016 was \$8,482.2 million pesos, 14.1% higher than the figure at the end of September 2015. This increase is due to the depreciation of the peso against the dollar. Interest-bearing debt in dollars declined 1.8%, with US\$4.9 million dollars amortized over the past 12

months. Debt amortization and the increase in EBITDA helped reduce net leverage (measured as Net debt / EBITDA) from 2.16 to 1.42 times, GCC's lowest level of leverage since 2007. Similarly, the leverage ratio declined from 2.75 to 2.36 times.

At September 30, 2016, short-term debt represented 5.3% of total debt and totaled \$447.9 million pesos. 95% of the Company's total debt is denominated in dollars and 5% in pesos.

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

	Sep-2016	Sep-2015	2016 vs. 2015
<b>TOTAL</b>	<b>8,482.2</b>	<b>7,435.9</b>	<b>14.1%</b>
U.S. dollar denominated	95%	94%	
Mexican peso denominated	5%	6%	
<b>Short-term</b>	<b>447.9</b>	<b>81.7</b>	<b>448.4%</b>
U.S. dollar denominated	87%	85%	
Mexican peso denominated	13%	15%	
<b>Long-term</b>	<b>8,034.3</b>	<b>7,354.2</b>	<b>9.2%</b>
U.S. dollar denominated	95%	94%	
Mexican peso denominated	5%	6%	

GCC's **Total Assets** at September 30, 2016 totaled \$30,567.5 million pesos, rising 14.2% over the close of the third quarter of 2015, due primarily to the effect of the depreciation of the peso against the dollar on assets in the US operations, and the 110.3% increase in 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

### **GCC announces agreement with CEMEX to acquire cement assets in the United States**

On August 29, 2016, GCC announced that it reached an agreement with CEMEX, S.A.B. de C.V. ("CEMEX", NYSE: CX) to acquire certain assets located in the United States, in a transaction that was initially announced on May 2, 2016.

The assets included in the original announcement were modified and the agreement now includes a cement plant located in Odessa, Texas; two cement terminals in Amarillo and El Paso, Texas; and the concrete, aggregates, asphalt and building materials businesses located in El Paso, Texas and Las Cruces, New Mexico. The cement plant in Lyons, Colorado and a cement terminal located in Florence, Colorado were excluded from the proposed transaction. The value of the transaction is US\$306 million dollars and the assets to be acquired include all facilities, equipment and inventories.

The closing of this transaction is subject to several precedent conditions met, mainly approvals from the competition authorities of the United States and GCC's shareholders, as well as GCC obtaining financing for this transaction.

This transaction is expected to close before the end of 2016.

"We are pleased to have reached an agreement with CEMEX for the acquisition of these assets that will strengthen our long-term growth strategy in the United States. We are now focused on successfully closing this transaction," said Enrique Escalante, CEO of GCC.

The Ordinary Shareholders' Meeting held on September 12, 2016 approved this transaction and its financing, which will consist of US\$56 million dollars of cash and the remaining US\$250 million to be financed with bank debt of one or more loans, up to a total of US\$440 million dollars, which will also be used to refinance other existing debt. The facility will be structured in two tranches (or two different loans); the first for up to a total of US\$300 million dollars with a seven-year maturity, grace period of up to three years, and quarterly amortizations; the second for up to a total of US\$140 million dollars with a five-year maturity and rising quarterly amortizations.

### **GCC announces corporate restructuring**

On August 29, 2016 GCC announced that its Board of Directors moved to convene an extraordinary shareholders' meeting held on September 12, 2016, at which a corporate restructuring was approved aimed at simplifying GCC's controlling shareholder structure and making it clearer to investors.

The corporate restructuring involved the merger into GCC of two entities that control it, leaving GCC as the surviving entity. After the corporate restructuring, the principal direct shareholder of GCC is CAMCEM, S.A. de C.V. ("CAMCEM"), which holds a majority and controlling interest in GCC's share capital.

In addition, as a result of the proposed corporate restructuring, CEMEX, S.A.B. de C.V. ("CEMEX", NYSE: CX) became the owner of a direct 23% stake in GCC's share capital and a minority stake in CAMCEM (the



new controlling shareholder). CEMEX has said it expects to maintain its stake in CAMCEM as a long-term investment, and thus will remain an indirect minority shareholder of GCC.

## **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 the United States and Mexico. 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)

	3Q 2016	%	3Q 2015	%	3Q16 / 3Q15
<b>Net sales</b>	<b>4,287,687</b>	100.0%	<b>3,891,812</b>	100.0%	<b>10.2%</b>
USA sales	3,309,094	77.2%	2,968,012	76.3%	11.5%
Mexico sales	978,593	22.8%	923,800	23.7%	5.9%
Cost of sales	2,977,470	69.4%	2,873,836	73.8%	3.6%
<b>Gross income</b>	<b>1,310,217</b>	30.6%	<b>1,017,976</b>	26.2%	<b>28.7%</b>
Operating expenses	337,342	7.9%	328,573	8.4%	2.7%
<b>Operating income</b>	<b>972,875</b>	22.7%	<b>689,403</b>	17.7%	<b>41.1%</b>
Other expenses, net	22,583	0.5%	2,600	0.1%	768.6%
<b>Operating income after other expenses, net</b>	<b>950,292</b>	22.2%	<b>686,803</b>	17.6%	<b>38.4%</b>
Financial income	8,310	0.2%	6,425	0.2%	29.3%
Financial expenses	(165,658)	-3.9%	(173,487)	-4.5%	-4.5%
Exchange gain (loss), net	14,225	0.3%	18,600	0.5%	-23.5%
<b>Net financing expenses</b>	<b>(143,123)</b>	-3.3%	<b>(148,462)</b>	-3.8%	<b>-3.6%</b>
Earnings in associates	2,223	0.1%	3,400	0.1%	-34.6%
<b>Income before taxes</b>	<b>809,392</b>	18.9%	<b>541,741</b>	13.9%	<b>49.4%</b>
Income taxes	208,386	4.9%	128,111	3.3%	62.7%
<b>Consolidated net income</b>	<b>601,006</b>	14.0%	<b>413,630</b>	10.6%	<b>45.3%</b>
<b>Controlling interest</b>	<b>599,947</b>	14.0%	<b>413,513</b>	10.6%	<b>45.1%</b>
<b>Non-controlling interest</b>	<b>1,059</b>	0.0%	<b>117</b>	0.0%	<b>805.1%</b>
<b>EBITDA</b>	<b>1,244,542</b>	29.0%	<b>941,012</b>	24.2%	<b>32.3%</b>
Free cash flow	1,319,470	30.8%	979,268	25.2%	34.7%

## Cumulative Income Statement to September 30

(Thousands of pesos)

	2016	%	2015	%	2016 / 2015
<b>Net sales</b>	<b>10,318,393</b>	100.0%	<b>9,037,139</b>	100.0%	<b>14.2%</b>
USA sales	7,572,189	73.4%	6,402,323	70.8%	18.3%
Mexico sales	2,746,204	26.6%	2,634,816	29.2%	4.2%
Cost of sales	7,498,768	72.7%	6,911,440	76.5%	8.5%
<b>Gross income</b>	<b>2,819,625</b>	27.3%	<b>2,125,699</b>	23.5%	<b>32.6%</b>
Operating expenses	978,647	9.5%	881,632	9.8%	11.0%
<b>Operating income</b>	<b>1,840,978</b>	17.8%	<b>1,244,067</b>	13.8%	<b>48.0%</b>
Other expenses, net	57,124	0.6%	5,744	0.1%	894.5%
<b>Operating income after other expenses, net</b>	<b>1,783,854</b>	17.3%	<b>1,238,323</b>	13.7%	<b>44.1%</b>
Financial income	22,301	0.2%	19,863	0.2%	12.3%
Financial expenses	(486,182)	-4.7%	(478,331)	-5.3%	1.6%
Exchange gain (loss), net	48,704	0.5%	31,100	0.3%	56.6%
<b>Net financing expenses</b>	<b>(415,177)</b>	-4.0%	<b>(427,368)</b>	-4.7%	<b>-2.9%</b>
Earnings in associates	14,882	0.1%	10,200	0.1%	45.9%
<b>Income before taxes</b>	<b>1,383,559</b>	13.4%	<b>821,155</b>	9.1%	<b>68.5%</b>
Income taxes	286,444	2.8%	113,467	1.3%	152.4%
<b>Consolidated net income</b>	<b>1,097,115</b>	10.6%	<b>707,688</b>	7.8%	<b>55.0%</b>
<b>Controlling interest</b>	<b>1,094,616</b>	10.6%	<b>707,450</b>	7.8%	<b>54.7%</b>
<b>Non-controlling interest</b>	<b>2,499</b>	0.0%	<b>238</b>	0.0%	<b>950.0%</b>
<b>EBITDA</b>	<b>2,641,793</b>	25.6%	<b>1,957,694</b>	21.7%	<b>34.9%</b>
Free cash flow	1,198,774	11.6%	309,197	3.4%	287.7%

## 2016 Income Statement

(Thousands of pesos)

	1Q 2016	%	2Q 2016	%	3Q 2016	%	2016
<b>Net sales</b>	<b>2,361,500</b>	100.0%	<b>3,669,206</b>	100.0%	<b>4,287,687</b>	100.0%	<b>10,318,393</b>
USA sales	1,581,718	67.0%	2,681,377	73.1%	3,309,094	77.2%	7,572,189
Mexico sales	779,782	33.0%	987,829	26.9%	978,593	22.8%	2,746,204
Cost of sales	1,866,416	79.0%	2,654,882	72.4%	2,977,470	69.4%	7,498,768
<b>Gross income</b>	<b>495,084</b>	21.0%	<b>1,014,324</b>	27.6%	<b>1,310,217</b>	30.6%	<b>2,819,625</b>
Operating expenses	318,246	13.5%	323,059	8.8%	337,342	7.9%	978,647
<b>Operating income</b>	<b>176,838</b>	7.5%	<b>691,265</b>	18.8%	<b>972,875</b>	22.7%	<b>1,840,978</b>
Other expenses, net	30,443	1.3%	4,098	0.1%	22,583	0.5%	57,124
<b>Operating income after other expenses, net</b>	<b>146,395</b>	6.2%	<b>687,167</b>	18.7%	<b>950,292</b>	22.2%	<b>1,783,854</b>
Financial income	8,435	0.4%	5,556	0.2%	8,310	0.2%	22,301
Financial expenses	(157,697)	-6.7%	(162,827)	-4.4%	(165,658)	-3.9%	(486,182)
Exchange gain (loss), net	(5,800)	-0.2%	40,279	1.1%	14,225	0.3%	48,704
<b>Net financing expenses</b>	<b>(155,062)</b>	-6.6%	<b>(116,992)</b>	-3.2%	<b>(143,123)</b>	-3.3%	<b>(415,177)</b>
Earnings in associates	5,590	0.2%	7,069	0.2%	2,223	0.1%	14,882
<b>Income (Loss) before taxes</b>	<b>(3,077)</b>	-0.1%	<b>577,244</b>	15.7%	<b>809,392</b>	18.9%	<b>1,383,559</b>
Income taxes	(61,910)	-2.6%	139,968	3.8%	208,386	4.9%	286,444
<b>Consolidated net income</b>	<b>58,833</b>	2.5%	<b>437,276</b>	11.9%	<b>601,006</b>	14.0%	<b>1,097,115</b>
<b>Controlling interest</b>	<b>58,424</b>	2.5%	<b>436,245</b>	11.9%	<b>599,947</b>	14.0%	<b>1,094,616</b>
<b>Non-controlling interest</b>	<b>409</b>	0.0%	<b>1,031</b>	0.0%	<b>1,059</b>	0.0%	<b>2,499</b>
<b>EBITDA</b>	<b>439,468</b>	18.6%	<b>957,783</b>	26.1%	<b>1,244,542</b>	29.0%	<b>2,641,793</b>



## 2015 Income Statement

(Thousands of pesos)

	1Q 2015	%	2Q 2015	%	3Q 2015	%	2015
<b>Net sales</b>	<b>2,094,363</b>	100.0%	<b>3,050,964</b>	100.0%	<b>3,891,812</b>	100.0%	<b>9,037,139</b>
USA sales	1,244,002	59.4%	2,190,309	71.8%	2,968,012	76.3%	6,402,323
Mexico sales	850,361	40.6%	860,655	28.2%	923,800	23.7%	2,634,816
Cost of sales	1,719,699	82.1%	2,317,906	76.0%	2,873,836	73.8%	6,911,440
<b>Gross income</b>	<b>374,664</b>	17.9%	<b>733,058</b>	24.0%	<b>1,017,976</b>	26.2%	<b>2,125,699</b>
Operating expenses	260,993	12.5%	292,065	9.6%	328,573	8.4%	881,632
<b>Operating income</b>	<b>113,671</b>	5.4%	<b>440,993</b>	14.5%	<b>689,403</b>	17.7%	<b>1,244,067</b>
Other expenses, net	429	0.0%	2,715	0.1%	2,600	0.1%	5,744
<b>Operating income after other expenses, net</b>	<b>113,242</b>	5.4%	<b>438,278</b>	14.4%	<b>686,803</b>	17.6%	<b>1,238,323</b>
Financial income	7,254	0.3%	6,184	0.2%	6,425	0.2%	19,863
Financial expenses	(152,065)	-7.3%	(152,779)	-5.0%	(173,487)	-4.5%	(478,331)
Exchange gain (loss), net	7,300	0.3%	5,200	0.2%	18,600	0.5%	31,100
<b>Net financing expenses</b>	<b>(137,511)</b>	-6.6%	<b>(141,395)</b>	-4.6%	<b>(148,462)</b>	-3.8%	<b>(427,368)</b>
Earnings in associates	3,400	0.2%	3,400	0.1%	3,400	0.1%	10,200
<b>Income (Loss) before taxes</b>	<b>(20,869)</b>	-1.0%	<b>300,283</b>	9.8%	<b>541,741</b>	13.9%	<b>821,155</b>
Income taxes	(60,926)	-2.9%	46,282	1.5%	128,111	3.3%	113,467
<b>Consolidated net income</b>	<b>40,057</b>	1.9%	<b>254,001</b>	8.3%	<b>413,630</b>	10.6%	<b>707,688</b>
<b>Controlling interest</b>	<b>39,996</b>	1.9%	<b>253,941</b>	8.3%	<b>413,513</b>	10.6%	<b>707,450</b>
<b>Non-controlling interest</b>	<b>61</b>	0.0%	<b>60</b>	0.0%	<b>117</b>	0.0%	<b>238</b>
<b>EBITDA</b>	<b>339,824</b>	16.2%	<b>676,858</b>	22.2%	<b>941,012</b>	24.2%	<b>1,957,694</b>

## Statement of Financial Position

(Thousands of pesos)

	SEPTEMBER 2016	SEPTEMBER 2015	Variation
<b>Total assets</b>	<b>30,567,490</b>	<b>26,762,922</b>	14.2%
<b>Current Assets</b>	<b>8,478,603</b>	<b>6,110,434</b>	38.8%
Cash and cash equivalents	3,466,048	1,648,445	110.3%
Accounts receivable, net	2,031,112	1,975,791	2.8%
Other accounts receivable, net	783,623	563,784	39.0%
Due from related parties	37,146	44,903	-17.3%
Inventories and urban land	1,977,624	1,714,095	15.4%
Prepaid expenses	183,050	163,416	12.0%
<b>Non-current assets</b>	<b>22,088,887</b>	<b>20,652,488</b>	7.0%
Investment in associates	154,359	133,260	15.8%
Property, machinery and equipment, net	14,989,956	13,899,794	7.8%
Goodwill	6,271,783	5,461,553	14.8%
Intangible assets, net	98,189	103,983	-5.6%
Other non-current assets	102,118	118,150	-13.6%
Deferred taxes	472,482	935,748	-49.5%
<b>Total liabilities</b>	<b>13,563,940</b>	<b>11,853,900</b>	14.4%
<b>Current liabilities</b>	<b>3,078,824</b>	<b>2,215,144</b>	39.0%
Bank debt	441,047	81,664	440.1%
Other cost bearing liabilities	6,825	-	100.0%
Current portion of long term debt	447,873	81,664	448.4%
Trade accounts payable	1,313,512	1,060,963	23.8%
Due to related parties	10,631	9,216	15.4%
Other current liabilities	1,306,808	1,063,301	22.9%
<b>Long-term liabilities</b>	<b>10,485,116</b>	<b>9,638,756</b>	8.8%
Bank debt	3,076,858	3,100,275	-0.8%
Senior secured notes	4,915,018	4,253,949	15.5%
Other cost bearing liabilities	42,413	-	100.0%
Long term debt	8,034,289	7,354,224	9.2%
Employee benefits	738,596	662,166	11.5%
Other long-term liabilities	102,554	69,337	47.9%
Income taxes payable	809,638	991,720	-18.4%
Deferred income taxes	800,039	561,309	42.5%
<b>Total equity</b>	<b>17,003,550</b>	<b>14,909,022</b>	14.0%
<b>Controlling interest</b>	<b>16,997,155</b>	<b>14,905,126</b>	14.0%
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	10,810,068	10,061,151	7.4%
Net consolidated income	1,094,616	707,450	54.7%
Other comprehensive income	2,583,263	1,627,317	58.7%
<b>Non-controlling interest</b>	<b>6,395</b>	<b>3,896</b>	64.1%
<b>Total Liabilities and Equity</b>	<b>30,567,490</b>	<b>26,762,922</b>	14.2%

## Income Statement

(Thousands of dollars)

	3Q 2016	%	3Q 2015	%	3Q16 / 3Q15
<b>Net sales</b>	<b>229,047</b>	100.0%	<b>237,110</b>	100.0%	<b>-3.4%</b>
USA sales	176,761	77.2%	180,807	76.3%	-2.2%
Mexico sales	52,286	22.8%	56,303	23.7%	-7.1%
Cost of sales	159,057	69.4%	175,129	73.9%	-9.2%
<b>Gross income</b>	<b>69,990</b>	30.6%	<b>61,981</b>	26.1%	<b>12.9%</b>
Operating expenses	18,011	7.9%	19,931	8.4%	-9.6%
<b>Operating income</b>	<b>51,979</b>	22.7%	<b>42,050</b>	17.7%	<b>23.6%</b>
Other expenses, net	1,156	0.5%	166	0.1%	596.4%
<b>Operating income after other expenses, net</b>	<b>50,823</b>	22.2%	<b>41,884</b>	17.7%	<b>21.3%</b>
Financial income	443	0.2%	391	0.2%	13.3%
Financial expenses	(8,844)	-3.9%	(10,565)	-4.5%	-16.3%
Exchange gain (loss), net	730	0.3%	1,147	0.5%	-36.4%
<b>Net financing expenses</b>	<b>(7,671)</b>	-3.3%	<b>(9,027)</b>	-3.8%	<b>-15.0%</b>
Earnings in associates	125	0.1%	205	0.1%	-39.0%
<b>Income before taxes</b>	<b>43,277</b>	18.9%	<b>33,062</b>	13.9%	<b>30.9%</b>
Income taxes	11,154	4.9%	7,812	3.3%	42.8%
<b>Consolidated net income</b>	<b>32,123</b>	14.0%	<b>25,250</b>	10.6%	<b>27.2%</b>
<b>Controlling interest</b>	<b>32,066</b>	14.0%	<b>25,244</b>	10.6%	<b>27.0%</b>
<b>Non-controlling interest</b>	<b>57</b>	0.0%	<b>6</b>	0.0%	<b>849.1%</b>
<b>EBITDA</b>	<b>66,480</b>	29.0%	<b>57,376</b>	24.2%	<b>15.9%</b>



## Cumulative Income Statement to September 30

(Thousands of dollars)

	2016	%	2015	%	2016 / 2015
<b>Net sales</b>	<b>562,437</b>	100.0%	<b>576,088</b>	100.0%	<b>-2.4%</b>
USA sales	412,160	73.3%	406,779	70.6%	1.3%
Mexico sales	150,277	26.7%	169,309	29.4%	-11.2%
Cost of sales	409,075	72.7%	441,222	76.6%	-7.3%
<b>Gross income</b>	<b>153,362</b>	27.3%	<b>134,866</b>	23.4%	<b>13.7%</b>
Operating expenses	53,570	9.5%	56,488	9.8%	-5.2%
<b>Operating income</b>	<b>99,792</b>	17.7%	<b>78,378</b>	13.6%	<b>27.3%</b>
Other expenses, net	3,108	0.6%	371	0.1%	737.7%
<b>Operating income after other expenses, net</b>	<b>96,684</b>	17.2%	<b>78,007</b>	13.5%	<b>23.9%</b>
Financial income	1,220	0.2%	1,279	0.2%	-4.6%
Financial expenses	(26,615)	-4.7%	(30,722)	-5.3%	-13.4%
Exchange gain (loss), net	2,605	0.5%	1,970	0.3%	32.2%
<b>Net financing expenses</b>	<b>(22,790)</b>	-4.1%	<b>(27,473)</b>	-4.8%	<b>-17.0%</b>
Earnings in associates	826	0.1%	656	0.1%	25.9%
<b>Income before taxes</b>	<b>74,720</b>	13.3%	<b>51,190</b>	8.9%	<b>46.0%</b>
Income taxes	15,348	2.7%	6,728	1.2%	128.1%
<b>Consolidated net income</b>	<b>59,372</b>	10.6%	<b>44,462</b>	7.7%	<b>33.5%</b>
<b>Controlling interest</b>	<b>59,235</b>	10.5%	<b>44,448</b>	7.7%	<b>33.3%</b>
<b>Non-controlling interests</b>	<b>137</b>	0.0%	<b>14</b>	0.0%	<b>856.6%</b>
<b>EBITDA</b>	<b>143,611</b>	25.5%	<b>124,238</b>	21.6%	<b>15.6%</b>