



GRUPO CEMENTOS DE CHIHUAHUA, S.A.B. DE C.V.

(BMV: GCC *)

Third quarter 2017 earnings report

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GCC REPORTS THIRD QUARTER 2017 RESULTS

Chihuahua, Chihuahua, Mexico, October 24, 2017 – Grupo Cementos de Chihuahua, S.A.B. de C.V. (BMV: GCC *), a leading producer of cement and ready-mix concrete in the United States and Mexico, today announces its results for the third quarter of 2017.

HIGHLIGHTS

GCC generated double-digit increases in sales and EBITDA during the quarter. Results reflect the successful integration of the operations acquired in Texas and New Mexico late last year, favorable pricing environments in both the U.S. and Mexico, and solid progress in the execution of the Company's growth strategy.

KEY FIGURES (millions of pesos)

	3Q17	3Q16	3Q17 vs. 3Q16	2017	2016	2017 vs. 2016
Net Sales	4,968	4,288	15.9%	12,829	10,318	24.3%
Operating Income before other expenses	1,049	973	7.8%	2,135	1,841	16%
EBITDA	1,421	1,245	14.2%	3,305	2,642	25.1%
EBITDA margin	28.6%	29.0%		25.8%	25.6%	
Consolidated Net Income	548	601	-8.8%	993	1,097	-9.4%

EBITDA: operating income + depreciation and amortization

- Total sales increased 15.9% in the third quarter of 2017.
- U.S. cement and concrete volumes grew, with the strongest sales in Texas, Colorado, New Mexico, and Nebraska.
- Cement and concrete prices increased in both U.S. and Mexico.
- EBITDA grew 14.2% in the quarter and 25.1% in the first nine months of 2017.
- The EBITDA margin for the first nine months of 2017 reached 25.8%.
- Net leverage (Net debt/EBITDA) fell to 2.27 at the end of September 2017.

FINANCIAL RESULTS

Consolidated Net Sales for the third quarter of 2017 increased to Ps. 4,968 million, 15.9% higher than the same period of 2016. The increase resulted from higher cement and concrete volumes in the United States, and higher cement prices in both countries, which offset the effect of the appreciation of the peso in 3Q17.

For comparative purposes, sales in 3Q17, excluding the operations acquired last year, increased 1.2% in peso terms and 6.3% in dollars.

Nine months: Net sales for the first nine months of 2017 increased 24.3% to Ps. 12,829 million. Sales, excluding the operations acquired last year, increased 6.8%.

NET SALES

Millions of pesos	3Q17	3Q16	3Q17 vs. 3Q16	2017	2016	2017 vs. 2016
Consolidated	4,968	4,288	15.9%	12,829	10,318	24.3%
United States	3,917	3,309	18.4%	9,783	7,572	29.2%
Mexico	1,051	979	7.4%	3,046	2,746	10.9%
Millions of dollars						
Consolidated	278.7	229.0	21.7%	687.2	562.4	22.2%
United States	219.8	176.8	24.3%	525.1	412.2	27.4%
Mexico	59.0	52.3	12.8%	162.1	150.3	7.9%

SALES VOLUMES AND PRICES (% change)

	3Q17 vs. 3Q16	2017 vs. 2016	3Q17 vs. 3Q16	2017 vs. 2016
	Volumes		Prices (in local currency)	
Cement				
United States	20.5%	28.2%	6.1%	6.0%
Mexico	-8.1%	-4.2%	15.8%	17.0%
Concrete				
United States	7.5%	8.1%	0.1%	-0.1%
Mexico	-5.0%	-5.4%	16.3%	17.4%

U.S. sales rose 18.4% to Ps. 3,917 million and represented 79% of GCC's consolidated net sales. The strong growth reflects higher cement sales volumes in the states of Texas, Colorado, New Mexico, and Nebraska, and higher ready-mix volumes in Texas. Overall, U.S. cement volumes increased 20.5%, and concrete volumes increased 7.5%.

Excluding the operations acquired last year, cement volumes decreased 2.8%, while ready-mix volumes decreased 5.0%.

Cement prices increased 6.1% in the quarter and concrete prices increased 0.1%. Excluding the operations acquired last year, cement prices increased 4.6% and concrete prices rose 2.4%.

The most dynamic segments in the regions where GCC operates were oil well drilling, non-residential real estate and public-sector construction. U.S. sales expressed in dollars increased 24.3% in 3Q17.

Excluding the operations acquired last year, U.S. sales increased 5.9% in 3Q17.

Nine months: U.S. sales rose 29.2% to Ps. 9,783 million. Factors that contributed to growth were: a 6.0% increase in cement prices, a 28.1% increase in cement volumes, an 8.1% increase in concrete volumes, and the exchange rate effect.

Excluding the operations acquired last year, cement volumes increased 1.3%, and ready-mix volumes decreased 7.5%; cement prices increased 3.6% and concrete prices increased 2.6%.

U.S. sales in dollar terms increased 27.4% in the first nine months.

Mexico sales rose 7.4% to Ps. 1,051 million and represented 21% of total sales. The increase was a result of a 15.8% increase in cement prices and a 16.3% increase in concrete prices, reflecting a better sales mix. The price effects were partially offset by decreases of 8.1% in cement volumes and 5.0% in ready-mix volumes, as a result of lower levels of activity in the industrial and commercial sectors that were partially offset by growth in the mining and residential markets.

Nine months: Mexico sales rose 10.9%. This increase was a result of a 17.0% increase in cement prices and a 17.4% increase in concrete prices. These were partially offset by decreases of 4.2% in cement volumes and 5.4% in ready-mix volumes, as a result of lower levels of public sector, commercial and industrial activity.

Cost of Sales totaled Ps. 3,535 million in 3Q17 and represented 71.2% of sales, an increase of 1.8 percentage points. This was mainly due to an increase in total freight costs as a consequence of higher volumes of cement exported to the U.S., an increase in fixed production costs, and also higher depreciation charges from the assets acquired in the U.S. last year.

Cost of sales, excluding operations acquired last year, represented 70.4% of sales, a 1.0 percentage point increase.

Nine months: Cost of sales was the equivalent of 73.7% of sales, a 1.0 percentage point increase. The same factors that affected 3Q17 cost of sales were relevant for the nine months.

Excluding the operations acquired last year, cost of sales represented 73.2% of sales, an increase of 0.5 percentage points.

Operating Expenses totaled Ps. 383 million, a 13.7% increase, and were equivalent to 7.7% of sales, a decrease of 0.2 percentage points.

Operating expenses, excluding the operations acquired last year, totaled Ps. 323 million, a decrease of 4.1%, and were equivalent to 7.5% of sales, a 0.4 percentage point reduction. The improvement resulted from lower depreciation and professional services expenses and the effect of the appreciation of the peso.

Nine months: Operating expenses increased 26.8%, and represented 9.7% of sales, an increase of 0.2 percentage points, mainly due to increased depreciation charges from the assets acquired last year and the effect of the depreciation of the peso against the U.S. dollar, comparing the average exchange rate for the first nine months of 2017 to the average rate for the 2016 period.

Operating expenses, excluding the operations acquired last year, totaled Ps. 1,019 million, an increase of 4.1%, and represented 9.2% of sales, a 0.3 percentage point reduction.

Operating Income before Other Expenses increased 7.8% to Ps. 1,049 million.

Nine months: Operating income before Other Expenses increased 16.0% to Ps. 2,135 million.

Other Expenses, Net were Ps. 3 million, compared to Ps. 23 million in 3Q16.

Nine months: Other expenses were Ps. 11 million, a decrease of 80.8% compared to Ps. 57 million in the prior year period, which included a non-recurring charge from the sale of fixed assets in the U.S.

Operating Income increased 10.1% to Ps. 1,046 million.

Nine months: Operating income totaled Ps. 2,124 million, an increase of 19.1%.

EBITDA increased 14.2% to Ps. 1,421 million. The EBITDA margin represented 28.6% of sales, and was 0.4 percentage points lower than 3Q16.

EBITDA, expressed in dollars and excluding the operations acquired last year, increased 5.0% to US\$ 69.8 million. The margin decreased 0.3 percentage points and represented 28.7% of sales.

U.S. operations generated 70% of EBITDA, while Mexico operations generated 30%.

Nine months: EBITDA increased 25.1% to Ps. 3,305 million, with a margin of 25.8%, or 0.2 percentage points higher than the 2016 period. Nine month EBITDA, excluding the operations acquired last year, increased 7.1% to Ps. 2,828 million; the margin increased 0.1 percentage points to 25.7% of sales.

U.S. operations generated 65% of EBITDA, while Mexico operations generated 35% in the first nine months.

Net Financial Expenses totaled Ps. 276 million, an increase of 92.5%. The increase was principally the result of increased debt for the acquisition of assets in the United States.

Nine months: Net financial expenses increased 111.1% to Ps. 877 million.

Income Taxes totaled Ps. 231 million, an increase of 10.9%.

Nine months: Taxes decreased 2.7% to Ps. 279 million.

Consolidated Net Income was Ps. 548 million, an 8.8% decrease. This was the result of increases in Financial Expenses and Taxes that were partially offset by higher Operating Income before Other Expenses and a reduction in Other Expenses.

Nine months: Net income was Ps. 993 million.

Earnings per Share were Ps. 1.65 per share in the third quarter and Ps. 2.99 per share in the first nine months of 2017.

Free Cash Flow generated in the third quarter was Ps. 1,200 million, 4.8% less than the Ps. 1,260 million generated in 3Q16. The reduction was principally the result of a smaller reduction in working capital as a result of a higher level of accounts receivable from the acquisition, provisions and other items, and increased maintenance capex, which were partially offset by the increase in EBITDA and reduction in financial expenses paid.

Nine months: Free cash flow was Ps. 810 million, 24.9% below the 2016 level of Ps. 1,079 million.

The decrease principally reflected increases in financial expenses, taxes, and working capital, which were partially offset by the increases in EBITDA and provisions and other items.

EBITDA AND FREE CASH FLOW (millions of pesos)

	3Q17	3Q16	Var	2017	2016	Var
Operating income before other expenses	1,049	973	7.8%	2,135	1,841	16.0%
Depreciation and amortization	372	272	36.9%	1,170	801	46.1%
EBITDA	1,421	1,245	14.2%	3,305	2,642	25.1%
Interest income (expense)	(99)	(231)	-57.1%	(935)	(487)	92.1%
(Increase) Decrease in working capital	19	292	-93.4%	(1,009)	(522)	93.6%
Taxes	(4)	(18)	-77.6%	(204)	(124)	64.1%
Capital Expenditures*	(190)	(161)	17.8%	(541)	(514)	5.2%
Other	53	133	-60.5%	195	85	130.2%
Free cash flow	1,200	1,260	-4.8%	810	1,079	-24.9%
Initial cash balance	2,338	2,193	6.6%	3,397	2,523	34.6%
FX effect	35	78	-54.9%	(269)	230	-216.8%
Growth capital expenditures and other related expenses	(104)	(18)	464.0%	(444)	(111)	299.7%
Debt amortizations, net	(13)	(46)	-72.4%	(38)	(84)	-54.2%
Dividends paid	(206)	0	-100.0%	(206)	(172)	20.0%
Final cash balance	3,250	3,466	-6.2%	3,250	3,466	-6.2%

*excludes capital expenditures for growth and expansion

EBITDA AND FREE CASH FLOW (millions of dollars)

	3Q17	3Q16	Var	2017	2016	Var
Operating income before other expenses	58.9	52.0	13.2%	116.5	99.8	16.8%
Depreciation and amortization	20.9	14.5	43.9%	61.7	43.8	40.8%
EBITDA	79.7	66.5	19.9%	178.3	143.6	24.1%
Interest income (expense)	(5.6)	(12.4)	-55.4%	(49.8)	(26.4)	88.7%
(Increase) Decrease in working capital	1.1	15.6	-93.2%	(52.7)	(26.7)	97.6%
Taxes	(1.2)	(0.9)	29.9%	(11.8)	(6.6)	79.4%
Capital Expenditures*	(10.9)	(8.6)	26.1%	(27.7)	(28.0)	-1.1%
Other	3.7	6.2	-40.7%	10.9	(0.8)	1442.4%
Free cash flow	66.9	66.2	0.9%	47.1	55.1	-14.5%
Initial cash balance	130.6	115.9	12.7%	163.9	146.6	11.8%
FX effect	(0.5)	(1.1)	-59.8%	6.4	(4.5)	242.2%
Growth capital expenditures and other related expenses	(5.5)	(0.9)	480.9%	(24.5)	(5.7)	329.9%
Debt amortizations, net	(0.7)	(2.4)	70.3%	(2.1)	(4.5)	-52.9%
Dividends paid	(11.6)	0.0	100%	(11.6)	(9.3)	23.7%
Final cash balance	179.3	177.7	0.9%	179.3	177.7	0.9%

*excludes capital expenditures for growth and expansion

Interest-Bearing Debt as of September 30, 2017 totaled Ps. 12,366 million (US\$ 682 million), 45.8% higher than the balance as of September 30, 2016. The 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.

Short-term debt was Ps. 209 million (US\$ 11.6 million), or 1.7% of the total. The Company's debt is 100% denominated in U.S. dollars.

Net leverage (Net debt/EBITDA) at the end of the third quarter of 2017 was 2.27 times. As of December 31, 2016, the ratio was 2.57.

INTEREST-BEARING DEBT (millions of pesos)

	Jun-2017	Jun-2016	2017 vs. 2016
TOTAL	12,366	8,482	45.8%
U.S. dollar	100%	94%	
Mexican peso	0%	6%	
Short-term	209	448	-53.2%
U.S. dollar	100%	87%	
Mexican peso	0%	13%	
Long-term	12,156	8,034	51.3%
U.S. dollar	100%	95%	
Mexican peso	0%	5%	

INTEREST-BEARING DEBT (millions of dollars)

	Jun-2017	Jun-2016	2017 vs. 2016
TOTAL	682.1	435.0	56.8%
U.S. dollar	100%	94%	
Mexican peso	0%	6%	
Short-term	11.6	23.0	-49.7%
U.S. dollar	100%	87%	
Mexican peso	0%	13%	
Long-term	670.5	412.0	62.7%
U.S. dollar	100%	95%	
Mexican peso	0%	5%	

REVISED OUTLOOK FOR 2017

United States		2017 Estimate
Volumes		
Cement		> 10%
Concrete		7% – 9%
Volumes without acquisitions		
Cement		1% - 3%
Concrete		(7%) – (9%)
Prices		3% – 5%

Consolidated	2017 Estimate
EBITDA	~ 20%
Working capital	Slight increase
Capital Investments	~ US\$85 million
Net Debt/EBITDA, by end-2018	≤ 2.0x

Mexico		2017 Estimate
Volumes		
Cement		(3%) – (5%)
Concrete		(3%) – (5%)
Prices		> 15%

BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

Financial statements were prepared in accordance with International Financial Reporting Standards, and are reported in Mexican pesos.

Currency translations from pesos into U.S. dollars use the average monthly exchange rates published by Banco de México, as shown below.

EXCHANGE RATES (PESOS PER U.S. DOLLAR)

	2017	2016
Third quarter average	17.8242	18.7331
As of September 30	18.1300	19.5002
Nine-month average	18.9264	18.2746

Unless otherwise stated, all percentage changes refer to third quarter of 2017 or first nine months of 2017 amounts compared to those of the corresponding period of 2016.

ANALYST COVERAGE

In accordance with 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 announces payment of annual dividend

On July 27, 2017, GCC announced that a dividend of Ps. 0.6192 per share was to be paid on August 7, 2017, for each of the 332,535,508 shares outstanding. The dividend, approved by the Annual Shareholders' Meeting on April 27, 2017, comes from the balance of net earnings on a tax basis corresponding to the fiscal year 2013 and before.

GCC statement on market activity and share transactions

On September 27, 2017 GCC announced that CEMEX sold all its remaining direct equity position in GCC—31,483,332 shares, representing approximately 9.47% of GCC's shares—to two financial institutions. CEMEX also informed GCC that it entered into 18-month equity forward agreements with respect to the GCC shares.

GCC is not a party to these forward equity agreements, which enable CEMEX to retain exposure to GCC's stock price. The transactions have an 18-month tenor with the option to unwind them early.

These transactions do not affect CEMEX's minority, indirect ownership interest in CAMCEM, the holder of 51.62% of GCC's capital stock.

ABOUT GCC

GCC is a leading supplier of cement, concrete, aggregates, and construction-related services in Mexico and the United States. The Company has annual cement production capacity of 5.1 million tons.

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

This press release may contain forward-looking statements. All statements that are not clearly historical in nature are forward-looking, and the words "anticipate," "believe," "expect," "estimate," "intend," "project" and similar expressions are generally intended to identify forward-looking statements. These statements are subject to risks and uncertainties 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; and 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 differ materially from the beliefs, projections, and estimates described herein. GCC assumes no obligation to update the information contained in this press release.

Income Statement

(Thousands of pesos)

	3Q 2017	%	3Q 2016	%	3Q17 / 3Q16
Net sales	4,967,770	100.0%	4,287,687	100.0%	15.9%
USA sales	3,917,005	78.8%	3,309,094	77.2%	18.4%
Mexico sales	1,050,765	21.2%	978,593	22.8%	7.4%
Cost of sales	3,535,286	71.2%	2,977,470	69.4%	18.7%
Gross income	1,432,484	28.8%	1,310,217	30.6%	9.3%
Operating expenses	383,413	7.7%	337,342	7.9%	13.7%
Operating income before other expenses, net	1,049,071	21.1%	972,875	22.7%	7.8%
Other expenses, net	3,236	0.1%	22,583	0.5%	-85.7%
Operating income	1,045,835	21.1%	950,292	22.2%	10.1%
Financial income	12,935	0.3%	8,310	0.2%	55.7%
Financial expenses	(291,924)	-5.9%	(165,658)	-3.9%	76.2%
Exchange gain (loss), net	3,474	0.1%	14,225	0.3%	-75.6%
Net financing expenses	(275,515)	-5.5%	(143,123)	-3.3%	92.5%
Earnings in associates	8,802	0.2%	2,223	0.1%	296.0%
Income before taxes	779,122	15.7%	809,392	18.9%	-3.7%
Income taxes	231,136	4.7%	208,386	4.9%	10.9%
Consolidated net income	547,986	11.0%	601,006	14.0%	-8.8%
Controlling interest	547,370	11.0%	599,947	14.0%	-8.8%
Non-controlling interest	616	0.0%	1,059	0.0%	-41.8%
EBITDA	1,420,974	28.6%	1,244,542	29.0%	14.2%
Free cash flow	1,199,944	24.2%	1,260,308	29.4%	-4.8%

Cumulative Income Statement to September

(Thousands of pesos)

	2017	%	2016	%	2017 / 2016
Net sales	12,829,467	100.0%	10,318,393	100.0%	24.3%
USA sales	9,783,284	76.3%	7,572,189	73.4%	29.2%
Mexico sales	3,046,183	23.7%	2,746,204	26.6%	10.9%
Cost of sales	9,453,373	73.7%	7,498,768	72.7%	26.1%
Gross income	3,376,094	26.3%	2,819,625	27.3%	19.7%
Operating expenses	1,241,075	9.7%	978,647	9.5%	26.8%
Operating income before other expenses, net	2,135,019	16.6%	1,840,978	17.8%	16.0%
Other expenses, net	10,978	0.1%	57,124	0.6%	-80.8%
Operating income	2,124,041	16.6%	1,783,854	17.3%	19.1%
Financial income	43,141	0.3%	22,301	0.2%	93.4%
Financial expenses	(849,428)	-6.6%	(486,182)	-4.7%	74.7%
Exchange gain (loss), net	(70,297)	-0.5%	48,704	0.5%	-244.3%
Net financing expenses	(876,584)	-6.8%	(415,177)	-4.0%	111.1%
Earnings in associates	24,748	0.2%	14,882	0.1%	66.3%
Income before taxes	1,272,205	9.9%	1,383,559	13.4%	-8.0%
Income taxes	278,735	2.2%	286,444	2.8%	-2.7%
Consolidated net income	993,470	7.7%	1,097,115	10.6%	-9.4%
Controlling interest	990,773	7.7%	1,094,616	10.6%	-9.5%
Non-controlling interest	2,697	0.0%	2,499	0.0%	7.9%
EBITDA	3,304,974	25.8%	2,641,793	25.6%	25.1%
Free cash flow	810,173	6.3%	1,079,331	10.5%	-24.9%

2017 Income Statement

(Thousands of pesos)

	1Q 2017	%	2Q 2017	%	3Q 2017	%	2017
Net sales	3,364,520	100.0%	4,497,177	100.0%	4,967,770	100.0%	12,829,467
USA sales	2,411,081	71.7%	3,455,198	76.8%	3,917,005	78.8%	9,783,284
Mexico sales	953,439	28.3%	1,041,979	23.2%	1,050,765	21.2%	3,046,183
Cost of sales	2,679,632	79.6%	3,238,455	72.0%	3,535,286	71.2%	9,453,373
Gross income	684,888	20.4%	1,258,722	28.0%	1,432,484	28.8%	3,376,094
Operating expenses	441,084	13.1%	416,578	9.3%	383,413	7.7%	1,241,075
Operating income before other expenses, net	243,804	7.2%	842,144	18.7%	1,049,071	21.1%	2,135,019
Other expenses, net	-	0.0%	7,742	0.2%	3,236	0.1%	10,978
Operating income	243,804	7.2%	834,402	18.6%	1,045,835	21.1%	2,124,041
Financial income	16,111	0.5%	14,095	0.3%	12,935	0.3%	43,141
Financial expenses	(270,452)	-8.0%	(287,052)	-6.4%	(291,924)	-5.9%	(849,428)
Exchange gain (loss), net	(45,190)	-1.3%	(28,581)	-0.6%	3,474	0.1%	(70,297)
Net financing expenses	(299,531)	-8.9%	(301,538)	-6.7%	(275,515)	-5.5%	(876,584)
Earnings in associates	6,411	0.2%	9,535	0.2%	8,802	0.2%	24,748
(Loss) income before taxes	(49,316)	-1.5%	542,399	12.1%	779,122	15.7%	1,272,205
Income taxes	(80,951)	-2.4%	128,550	2.9%	231,136	4.7%	278,735
Consolidated net income	31,635	0.9%	413,849	9.2%	547,986	11.0%	993,470
Controlling interest	30,960	0.9%	412,443	9.2%	547,370	11.0%	990,773
Non-controlling interest	675	0.0%	1,406	0.0%	616	0.0%	2,697
EBITDA	661,295	19.7%	1,222,705	27.2%	1,420,974	28.6%	3,304,974

2016 Income Statement

(Thousands of pesos)

	1Q 2016	%	2Q 2016	%	3Q 2016	%	2016
Net sales	2,361,500	100.0%	3,669,206	100.0%	4,287,687	100.0%	13,996,791
USA sales	1,581,718	67.0%	2,681,377	73.1%	3,309,094	77.2%	10,307,197
Mexico sales	779,782	33.0%	987,829	26.9%	978,593	22.8%	3,689,594
Cost of sales	1,866,416	79.0%	2,654,882	72.4%	2,977,470	69.4%	10,223,785
Gross income	495,084	21.0%	1,014,324	27.6%	1,310,217	30.6%	3,773,006
Operating expenses	318,246	13.5%	323,059	8.8%	337,342	7.9%	1,410,917
Operating income before other expenses, net	176,838	7.5%	691,265	18.8%	972,875	22.7%	2,362,089
Other expenses, net	30,443	1.3%	4,098	0.1%	22,583	0.5%	118,801
Operating income	146,395	6.2%	687,167	18.7%	950,292	22.2%	2,243,288
Financial income	8,435	0.4%	5,556	0.2%	8,310	0.2%	34,243
Financial expenses	(157,697)	-6.7%	(162,827)	-4.4%	(165,658)	-3.9%	(729,769)
Exchange gain (loss), net	(5,800)	-0.2%	40,279	1.1%	14,225	0.3%	24,603
Net financing expenses	(155,062)	-6.6%	(116,992)	-3.2%	(143,123)	-3.3%	(670,923)
Earnings in associates	5,590	0.2%	7,069	0.2%	2,223	0.1%	20,019
(Loss) income before taxes	(3,077)	-0.1%	577,244	15.7%	809,392	18.9%	1,592,384
Income taxes	(61,910)	-2.6%	139,968	3.8%	208,386	4.9%	308,194
Consolidated net income	58,833	2.5%	437,276	11.9%	601,006	14.0%	1,284,190
Controlling interest	58,424	2.5%	436,245	11.9%	599,947	14.0%	1,280,737
Non-controlling interest	409	0.0%	1,031	0.0%	1,059	0.0%	3,453
EBITDA	439,468	18.6%	957,783	26.1%	1,244,542	29.0%	3,525,567

Statement of Financial Position

(Thousands of pesos)

	September 2017	September 2016	Variation
Total assets	35,223,895	30,567,490	15.2%
Current Assets	8,669,098	8,478,603	2.2%
Cash and cash equivalents	3,250,067	3,466,048	-6.2%
Accounts receivable, net	2,341,103	2,031,112	15.3%
Other accounts receivable, net	774,306	783,623	-1.2%
Due from related parties	47,858	37,146	28.8%
Inventories and urban land	2,082,366	1,977,624	5.3%
Prepaid expenses	173,398	183,050	-5.3%
Non-current assets	26,554,797	22,088,887	20.2%
Investment in associates	184,880	154,359	19.8%
Property, machinery and equipment, net	17,014,413	14,989,956	13.5%
Goodwill	7,346,993	6,271,783	17.1%
Intangible assets, net	1,142,876	142,984	699.3%
Other non-current assets	101,933	57,323	77.8%
Deferred taxes	763,702	472,482	61.6%
Total liabilities	18,436,448	13,563,940	35.9%
Current liabilities	3,119,998	3,078,824	1.3%
Current portion of long term debt	209,402	447,873	-53.2%
Trade accounts payable	1,394,453	1,308,478	6.6%
Due to related parties	16,199	15,665	3.4%
Short term - employee benefits	445,548	426,138	4.6%
Accrued expenses and taxes other than income taxes	942,414	768,100	22.7%
Provisions	111,982	112,570	-0.5%
Long-term liabilities	15,316,450	10,485,116	46.1%
Long term debt	12,156,524	8,034,289	51.3%
Employee benefits	715,762	738,596	-3.1%
Asset retirement obligation	156,121	88,715	76.0%
Other long-term liabilities	13,200	13,839	-4.6%
Income taxes payable	579,911	809,638	-28.4%
Deferred income taxes	1,694,932	800,039	111.9%
Total equity	16,787,447	17,003,550	-1.3%
Controlling interest	16,779,508	16,997,155	-1.3%
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	10,810,068	9.9%
Net consolidated income	990,773	1,094,616	-9.5%
Other comprehensive income	1,394,627	2,583,263	-46.0%
Non-controlling interest	7,939	6,395	24.1%
Total Liabilities and Equity	35,223,895	30,567,490	15.2%

Income Statement

(Thousands of dollars)

	3Q 2017	%	3Q 2016	%	3Q17 / 3Q16
Net sales	278,728	100.0%	229,047	100.0%	21.7%
USA sales	219,769	78.8%	176,761	77.2%	24.3%
Mexico sales	58,959	21.2%	52,286	22.8%	12.8%
Cost of sales	198,375	71.2%	159,057	69.4%	24.7%
Gross income	80,353	28.8%	69,990	30.6%	14.8%
Operating expenses	21,493	7.7%	18,011	7.9%	19.3%
Operating income before other expenses, net	58,860	21.1%	51,979	22.7%	13.2%
Other expenses, net	181	0.1%	1,156	0.5%	-84.3%
Operating income	58,679	21.1%	50,823	22.2%	15.5%
Financial income	726	0.3%	443	0.2%	63.9%
Financial expenses	(16,378)	-5.9%	(8,844)	-3.9%	85.2%
Exchange gain (loss), net	196	0.1%	730	0.3%	-73.2%
Net financing expenses	(15,456)	-5.5%	(7,671)	-3.3%	101.5%
Earnings in associates	494	0.2%	125	0.1%	295.2%
Income before taxes	43,717	15.7%	43,277	18.9%	1.0%
Income taxes	12,970	4.7%	11,154	4.9%	16.3%
Consolidated net income	30,747	11.0%	32,123	14.0%	-4.3%
Controlling interest	30,710	11.0%	32,066	14.0%	-4.2%
Non-controlling interest	37	0.0%	57	0.0%	-35.1%
EBITDA	79,725	28.6%	66,480	29.0%	19.9%
Free cash flow	66,853	24.0%	66,234	28.9%	0.9%

Cumulative Income Statement to September

(Thousands of dollars)

	2017	%	2016	%	2017 / 2016
Net sales	687,201	100.0%	562,437	100.0%	22.2%
USA sales	525,090	76.4%	412,160	73.3%	27.4%
Mexico sales	162,111	23.6%	150,277	26.7%	7.9%
Cost of sales	505,126	73.5%	409,075	72.7%	23.5%
Gross income	182,075	26.5%	153,362	27.3%	18.7%
Operating expenses	65,531	9.5%	53,570	9.5%	22.3%
Operating income before other expenses, net	116,544	17.0%	99,792	17.7%	16.8%
Other expenses, net	616	0.1%	3,108	0.6%	-80.2%
Operating income	115,928	16.9%	96,684	17.2%	19.9%
Financial income	2,273	0.3%	1,220	0.2%	86.3%
Financial expenses	(45,130)	-6.6%	(26,615)	-4.7%	69.6%
Exchange gain (loss), net	(3,656)	-0.5%	2,605	0.5%	-240.3%
Net financing expenses	(46,513)	-6.8%	(22,790)	-4.1%	104.1%
Earnings in associates	1,325	0.2%	826	0.1%	60.4%
Income before taxes	70,740	10.3%	74,720	13.3%	-5.3%
Income taxes	15,969	2.3%	15,348	2.7%	4.0%
Consolidated net income	54,771	8.0%	59,372	10.6%	-7.7%
Controlling interest	54,627	7.9%	59,235	10.5%	-7.8%
Non-controlling interests	144	0.0%	137	0.0%	5.1%
EBITDA	178,254	25.9%	143,611	25.5%	24.1%
Free cash flow	47,124	6.9%	55,132	9.8%	-14.5%

2017 Income Statement

(Thousands of dollars)

	1Q 2017	%	2Q 2017	%	3Q 2017	%	2017
Net sales	166,115	100.0%	242,358	100.0%	278,728	100.0%	687,201
USA sales	119,004	71.6%	186,317	76.9%	219,769	78.8%	525,090
Mexico sales	47,111	28.4%	56,041	23.1%	58,959	21.2%	162,111
Cost of sales	132,237	79.6%	174,514	72.0%	198,375	71.2%	505,126
Gross income	33,878	20.4%	67,844	28.0%	80,353	28.8%	182,075
Operating expenses	21,607	13.0%	22,431	9.3%	21,493	7.7%	65,531
Operating income before other expenses, net	12,271	7.4%	45,413	18.7%	58,860	21.1%	116,544
Other expenses, net	-	0.0%	435	0.2%	181	0.1%	616
Operating income	12,271	7.4%	44,978	18.6%	58,679	21.1%	115,928
Financial income	790	0.5%	757	0.3%	726	0.3%	2,273
Financial expenses	(13,280)	-8.0%	(15,472)	-6.4%	(16,378)	-5.9%	(45,130)
Exchange gain (loss), net	(2,296)	-1.4%	(1,556)	-0.6%	196	0.1%	(3,656)
Net financing expenses	(14,786)	-8.9%	(16,271)	-6.7%	(15,456)	-5.5%	(46,513)
Earnings in associates	312	0.2%	519	0.2%	494	0.2%	1,325
(Loss) income before taxes	(2,203)	-1.3%	29,226	12.1%	43,717	15.7%	70,740
Income taxes	(3,931)	-2.4%	6,930	2.9%	12,970	4.7%	15,969
Consolidated net income	1,728	1.0%	22,296	9.2%	30,747	11.0%	54,771
Controlling interest	1,695	1.0%	22,222	9.2%	30,710	11.0%	54,627
Non-controlling interest	33	0.0%	74	0.0%	37	0.0%	144
EBITDA	32,641	19.6%	65,888	27.2%	79,725	28.6%	178,254

2016 Income Statement

(Thousands of dollars)

	1Q 2016	%	2Q 2016	%	3Q 2016	%	2016
Net sales	131,015	100.0%	202,375	100.0%	229,047	100.0%	748,486
USA sales	87,711	66.9%	147,688	73.0%	176,761	77.2%	550,575
Mexico sales	43,304	33.1%	54,687	27.0%	52,286	22.8%	197,911
Cost of sales	103,521	79.0%	146,497	72.4%	159,057	69.4%	546,564
Gross income	27,494	21.0%	55,878	27.6%	69,990	30.6%	201,922
Operating expenses	17,685	13.5%	17,874	8.8%	18,011	7.9%	75,284
Operating income before other expenses, net	9,809	7.5%	38,004	18.8%	51,979	22.7%	126,638
Other expenses, net	1,689	1.3%	263	0.1%	1,156	0.5%	6,234
Operating income	8,120	6.2%	37,741	18.6%	50,823	22.2%	120,404
Financial income	468	0.4%	309	0.2%	443	0.2%	1,822
Financial expenses	(8,752)	-6.7%	(9,019)	-4.5%	(8,844)	-3.9%	(38,849)
Exchange gain (loss), net	(322)	-0.2%	2,197	1.1%	730	0.3%	1,356
Net financing expenses	(8,606)	-6.6%	(6,513)	-3.2%	(7,671)	-3.3%	(35,671)
Earnings in associates	312	0.2%	389	0.2%	125	0.1%	1,085
(Loss) income before taxes	(174)	-0.1%	31,617	15.6%	43,277	18.9%	85,818
Income taxes	(3,435)	-2.6%	7,629	3.8%	11,154	4.9%	16,685
Consolidated net income	3,261	2.5%	23,988	11.9%	32,123	14.0%	69,133
Controlling interest	3,238	2.5%	23,931	11.8%	32,066	14.0%	68,948
Non-controlling interest	23	0.0%	57	0.0%	57	0.0%	185
EBITDA	24,380	18.6%	52,751	26.1%	66,480	29.0%	188,603

Statement of Financial Position

(Thousands of dollars)

	September 2017	September 2016	Variation
Total assets	1,942,852	1,567,549	23.9%
Current Assets	478,164	434,796	10.0%
Cash and cash equivalents	179,265	177,744	0.9%
Accounts receivable, net	129,129	104,159	24.0%
Other accounts receivable, net	42,709	40,185	6.3%
Due from related parties	2,640	1,905	38.6%
Inventories and urban land	114,857	101,416	13.3%
Prepaid expenses	9,564	9,387	1.9%
Non-current assets	1,464,688	1,132,753	29.3%
Investment in associates	10,197	7,916	28.8%
Property, machinery and equipment, net	938,467	768,708	22.1%
Goodwill	405,240	321,627	26.0%
Intangible assets, net	63,038	7,332	759.8%
Other non-current assets	5,622	2,940	91.2%
Deferred taxes	42,124	24,230	73.9%
Total liabilities	1,016,902	695,579	46.2%
Current liabilities	172,090	157,887	9.0%
Current portion of long term debt	11,550	22,968	-49.7%
Trade accounts payable	76,914	67,101	14.6%
Due to related parties	893	803	11.2%
Short term - employee benefits	24,575	21,853	12.5%
Accrued expenses and taxes other than income taxes	51,981	39,389	32.0%
Provisions	6,177	5,773	7.0%
Long-term liabilities	844,812	537,692	57.1%
Long term debt	670,520	412,011	62.7%
Employee benefits	39,479	37,876	4.2%
Asset retirement obligation	8,611	4,549	89.3%
Other long-term liabilities	728	710	2.5%
Income taxes payable	31,986	41,519	-23.0%
Deferred income taxes	93,488	41,027	127.9%
Total equity	925,950	871,970	6.2%
Controlling interest	925,516	871,628	6.2%
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	818,857	7.1%
Net consolidated income	54,627	59,235	-7.8%
Other comprehensive income	(209,238)	(209,564)	0.2%
Non-controlling interest	434	342	26.9%
Total Liabilities and Equity	1,942,852	1,567,549	23.9%