



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

Fourth quarter 2016 earnings results

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GCC REPORTS FOURTH QUARTER 2016 RESULTS

Chihuahua, Chihuahua, Mexico, February 27, 2017 – Grupo Cementos de Chihuahua, S.A.B. de C.V. ("GCC" or the "Company") (BMV: GCC*), a leading producer of cement and ready mix in markets in the United States and Mexico, today announced its results for the fourth quarter of 2016.

HIGHLIGHTS

GCC completed 2016 with important progress in its growth strategy, with the acquisition of the cement plant in Odessa, Texas, and the ready mix and other construction materials operations in Texas and New Mexico. In addition, the Company achieved solid performance with strong double-digit increases in sales, operating income and EBITDA in the quarter and year.

- Total sales grew 24.8% in the fourth quarter and 16.8% in the year
- Operating income before other expenses rose 21.1% in the quarter and 41.1% in 2016
- EBITDA grew 29.7% in the quarter and 33.6% in the year
- Net income declined 10.0% in the quarter and rose 40.3% in 2016
- Net leverage (net debt/EBITDA) was 2.57 times at the close of 2016
- Fitch Ratings and Standard & Poor's affirmed GCC's credit rating

KEY FIGURES (millions of pesos)

	4Q16	4Q15	4Q16 vs. 4Q15	2016	2015	2016 vs. 2015
Net Sales	3,678.4	2,946.6	24.8%	13,996.8	11,983.8	16.8%
Operating Income before other expenses	521.1	430.4	21.1%	2,362.1	1,674.5	41.1%
EBITDA	883.8	681.4	29.7%	3,525.6	2,639.1	33.6%
Consolidated Net Income	187.1	207.8	-10.0%	1,284.2	915.5	40.3%

EBITDA: operating income before other expenses + depreciation and amortization

FINANCIAL RESULTS

Net Sales for the fourth quarter of 2016 increased 24.8% over the same period of 2015, totaling \$3,678.4 million pesos. This is a result of higher cement volumes in Mexico and the United States, higher ready mix volumes in the United States, a better pricing environment for GCC products in both countries, as well as the effect of the 12.5% depreciation of the peso against the dollar on sales denominated in dollars. Results in the United States include the acquired cement and ready mix operations in Texas and New Mexico starting on November 18.

In the United States, sales rose 27.4% in the last quarter of 2016 compared to the same period of the previous year, totaling \$2,735.0 million pesos and representing 74.4% of GCC's consolidated net sales. This strong increase was due to a combination of the following factors: an increase of 2% for ready mix prices and a slightly positive increase for cement prices; higher cement sales volumes in the states of Texas, Colorado, New Mexico, and Minnesota; higher ready mix volumes in the states of Texas, Arkansas,

Oklahoma, and Iowa; and the positive impact on sales from the effect of the peso depreciation against the US dollar.

The segments with the highest investment in construction in the regions where GCC operates were public services, manufacturing, commercial, construction of schools, hotels and office buildings, as well as the public sector with urban paving and highway projects, while the residential sector was less active. Sales in the United States expressed in dollar terms rose 7.6% in the fourth quarter compared to the same period of 2015.

In Mexico, sales for the fourth quarter of 2016 rose 17.9% over the fourth quarter of 2015, totaling \$943.4 million pesos and representing 25.6% of consolidated net sales. This was a result of a 4% increase in cement sales volumes, reflecting higher retail sales and development in the commercial and industrial sectors, which offset the decline in public sector construction. This also had an effect on the sales mix, which, combined with the effect of the depreciation of the peso against the dollar on the prices of exported cement, generated price increases of 19% for cement and 18% for ready mix.

Consolidated net sales for 2016 rose 16.8% over 2015 and totaled \$13,996.8 million pesos. Sales in the United States represented 73.6% of the total, while sales in Mexico accounted for 26.4%.

In the United States, sales for the year increased 20.6% reaching \$10,307.2 million pesos. The factors that led to this increase were: a better pricing environment with increases of 3% for cement and 3% for ready mix; a 10% rise in ready mix volumes; and the 17.7% depreciation of the peso against the dollar. US sales in dollar terms increased 2.8% for the year.

In 2016, Mexico's sales increased 7.4% over 2015, to a total of \$3,689.6 million pesos. This was due to a combination of the following factors: a 4% rise in cement volumes driven by greater development of the commercial and industrial sectors, mainly in the construction of hotels, commercial plazas and industrial buildings, which offset the decline in the public sector due to the completion of two important urban paving and highway construction projects that took place in 2015, and a 13% increase in the ready mix price. In addition, the effect of the depreciation of the peso against the US dollar on cement exports contributed to a 16% increase in cement price.

NET SALES

Millions of pesos	4Q16	4Q15	4Q16 vs. 4Q15	2016	2015	2016 vs. 2015
Consolidated	3,678.4	2,946.6	24.8%	13,996.8	11,983.8	16.8%
United States	2,735.0	2,146.6	27.4%	10,307.2	8,548.9	20.6%
Mexico	943.4	800.1	17.9%	3,689.6	3,434.9	7.4%
Millions of dollars						
Consolidated	186.0	176.4	5.5%	748.5	752.5	-0.5%
United States	138.4	128.6	7.6%	550.6	535.4	2.8%
Mexico	47.6	47.8	-0.4%	197.9	217.2	-8.9%

VARIATION IN SALES VOLUME (%)

	4Q16 vs. 4Q15	2016 vs. 2015
Cement		
United States	6.6%	-1.2%
Mexico	4.0%	4.1%
Concrete		
United States	9.1%	9.9%
Mexico	-5.5%	-11.0%

VARIATION IN SALES PRICE IN LOCAL CURRENCY (%)

	4Q16 vs. 4Q15	2016 vs. 2015
Cement		
United States	0.3%	3.1%
Mexico	19.3%	16.3%
Concrete		
United States	2.3%	2.8%
Mexico	18.0%	12.9%

The **Cost of Sales** in the fourth quarter of 2016 totaled \$2,725.0 million pesos and represented 74.1% of net sales, a rise of 0.7 percentage points from the same quarter of last year. This was due to the incorporation in the United States of the cement, ready mix and construction materials businesses acquired in the quarter, which increased fixed production costs; the effect of the depreciation of the peso against the US dollar; and higher depreciation costs. These factors were partially offset by lower freight costs in the United States, and lower costs for electricity and fuel, as well as a better pricing environment in both countries.

The cumulative cost of sales in 2016 represented 73.0% of net sales, and decreased by 2.7 percentage points compared to 2015, mainly reflecting a decrease in distribution costs arising from lower fuel costs in the United States that offset the effect of the depreciation of the peso against the dollar.

Operating Expenses for the fourth quarter of 2016 totaled \$432.3 million pesos, 22.3% higher than those in the same quarter of last year, and represented 11.8% of sales, down 0.2 percentage points from the fourth quarter of 2015. This was mainly due to the depreciation of the peso against the US dollar on dollar-denominated expenses, and a higher depreciation expense.

During 2016 operating expenses increased 14.2% as a result of the effect of the peso depreciation against the US dollar, and the increase in depreciation expenses. As a percentage of sales, operating expenses in 2016 decreased 0.2 percentage points from the previous year.

Operating Income before Other Expenses for the fourth quarter of 2016 increased 21.1% compared to the same quarter of 2015 and totaled \$521.1 million pesos. Cumulative operating income before other expenses in the year rose 41.1% over the previous year, and totaled \$2,362.1 million pesos.

On the **Other Expenses, Net** line, \$61.7 million pesos were registered in the fourth quarter of the year, compared to \$19.5 million pesos recorded in the same quarter of 2015. This increase was generated by extraordinary expenses incurred in connection with the acquisition of the cement and ready mix operations in Texas and New Mexico. For the same reason, \$118.8 million pesos in other expenses were recorded in 2016, compared to \$25.3 million pesos in the previous year.

Operating Income for the fourth quarter of 2016 totaled \$459.4 million pesos, an increase of 11.8% compared to the last quarter of 2015. Operating income for 2016 increased 36.0% compared to the prior year, and totaled \$2,243.3 million pesos.

EBITDA for the fourth quarter of 2016 was \$883.8 million pesos, 29.7% more than in the fourth quarter of 2015. The margin increased by 0.9 percentage points and represented 24.0% of sales. EBITDA for 2016 increased 33.6% over the previous year and totaled \$3,525.6 million pesos, with a margin of 25.2% of sales, 3.2 percentage points higher than in 2015.

In 2016, EBITDA generated by the operations in the United States represented 66.5% of the total, while 33.5% was generated by the operations in Mexico.

Net Financial Expenses in the fourth quarter of 2016 totaled \$255.7 million pesos, rising 71.1% over the same quarter of the previous year. This was due to the following factors: a higher debt balance arising from the US\$253.5 million dollar financing for the acquisition of assets in the US; a charge of \$24.1 million pesos for an exchange rate fluctuation which unfavorably compares to the \$6.3 million peso gain in the fourth quarter of 2015; and the effect of the depreciation of the peso against the US dollar.

The cumulative net financial expenses in 2016 totaled \$670.9 million pesos, rising 16.3% over 2015 as a result of the effect of the depreciation of the peso against the dollar on the conversion of financial expenses to pesos, and a higher debt balance, which were partially offset by a lower interest rate and a rise in financial income.

In the fourth quarter of 2016, **Income Taxes** totaled \$21.8 million pesos, a figure that is \$56.2 million pesos lower than in the same period of last year as a result of a lower taxable base. Income tax in 2016 totaled \$308.2 million pesos, compared to \$169.7 million in 2015, reflecting the rise in pre-tax profit.

Consolidated Net Income in the fourth quarter of 2016 totaled \$187.1 million pesos, a 10.0% decrease from the fourth quarter of 2015. In 2016, consolidated net income totaled \$1,284.2 million pesos, a figure 40.3% higher than the \$915.5 million pesos recorded in 2015.

Free Cash Flow in the fourth quarter of the year was \$1,002.3 million pesos, 5.4% higher than the \$950.6 million pesos of cash flow in the last quarter of 2015. This variation is mainly due to the combination of the following factors: a 29.7% increase in EBITDA, a 50% decrease in capital expenditures (excluding investments in growth capex), a lower reduction in working capital, an increase in financial expenses, and a decrease in other accounts payable.

During 2016, \$2,205.5 million pesos in resources were generated, an increase of 65.1% compared to 2015 cash flow of \$1,336.2 million pesos. This increase was mainly due to a 33.6% increase in EBITDA and a 10.2% decrease in capital expenditures (excluding investments in growth capex), partially offset by a 13.4% increase in financial expenses.

Additionally, during the quarter, GCC used US\$6.1 million dollars of its cash resources for the South Dakota cement plant expansion project, and US\$52.5 million dollars in partial payment for the acquisition of cement and ready mix operations in Texas and New Mexico. The remainder of the acquisition was financed with a bank loan of US\$253.5 million dollars.

EBITDA AND FREE CASH FLOW (millions of pesos)

	4Q16	4Q15	4Q16 vs. 4Q15	2016	2015	2016 vs. 2015
Operating income	521.1	430.4	21.1%	2,362.1	1,674.5	41.1%
Depreciation and amortization	362.7	251.0	44.5%	1,163.5	964.6	20.6%
EBITDA	883.8	681.4	29.7%	3,525.6	2,639.1	33.6%
Interest income (expense)	(92.1)	(21.2)	334.6%	(579.1)	(510.7)	13.4%
(Increase) Decrease in working capital	531.9	665.0	-20.0%	10.3	14.2	-27.6%
Taxes	(7.6)	(10.5)	-27.7%	(131.9)	(109.6)	20.4%
Capital expenditures*	(109.3)	(218.5)	-50.0%	(722.7)	(804.8)	-10.2%
Other	(204.3)	(145.6)	40.4%	103.4	108.0	-4.3%
Free cash flow	1,002.3	950.6	5.4%	2,205.5	1,336.2	65.1%
Initial cash balance	3,466.0	1,648.2	110.3%	2,522.8	1,786.7	41.2%
Growth capital expenditures and other related expenses	(6,331.4)	3.7	N/A	(6,335.9)	(70.8)	N/A
Debt amortizations	5,259.9	(8.2)	N/A	5,176.0	(386.3)	N/A
Dividends paid	0.0	(71.5)	-100.0%	(171.6)	(143.0)	20.0%
Final Cash balance	3,396.9	2,522.8	34.6%	3,396.9	2,522.8	34.6%

*exclude growth capital expenditures

EBITDA AND FREE CASH FLOW (millions of dollars)

	4Q16	4Q15	4Q16 vs. 4Q15	2016	2015	2016 vs. 2015
Operating income	26.8	25.9	3.8%	126.6	104.2	21.5%
Depreciation and amortization	18.1	15.0	21.1%	62.0	60.8	1.8%
EBITDA	45.0	40.8	10.2%	188.6	165.1	14.2%
Interest income (expense)	(4.8)	(1.2)	282.7%	(31.1)	(32.4)	-3.8%
(Increase) Decrease in working capital	26.2	39.8	-34.3%	(0.5)	(4.2)	-87.6%
Taxes	(0.4)	(0.6)	-36.4%	(7.0)	(6.3)	10.4%
Capital expenditures*	(6.9)	(13.0)	-46.9%	(40.7)	(51.5)	-21.1%
Other	(13.0)	(11.5)	13.3%	(18.0)	(9.3)	94.8%
Free cash flow	46.1	54.3	-15.1%	91.2	61.4	48.7%
Initial cash balance	177.7	96.9	83.4%	146.6	122.4	19.8%
Growth capital expenditures and other related expenses	(315.9)	0.2	N/A	(316.1)	(4.1)	N/A
Debt amortizations	255.9	(0.5)	N/A	251.5	(24.4)	N/A
Dividends paid	0.0	(4.3)	-100.0%	(9.3)	(8.6)	8.2%
Final Cash balance	163.9	146.6	11.8%	163.9	146.6	11.8%

*exclude growth capital expenditures

Interest-bearing Debt at December 31, 2016 was \$14,297.3 million pesos (US\$689.6 million dollars), 89.9% higher than the figure recorded at the end of 2015. Of the increase, 22.8% was generated by the depreciation of the peso against the US dollar, and the remaining increase was due to the bank loan obtained to partially finance the acquisition of the cement and ready mix assets in Texas and New Mexico.

In November 2016, a new unsecured loan of US\$253.5 million dollars was obtained to carry out the aforementioned acquisition. Simultaneously, GCC refinanced its syndicated bank loan with a guaranteed loan of US\$184.9 million dollars. The new bank debt structure totals US\$438.4 million dollars, of which approximately US\$300 million dollars has a final maturity of 7 years and the remainder has a maturity of 5 years. Both loans were contracted with Banco Inbursa, S.A.

Subsequently, in February 2017, Banco Inbursa ceded its rights and obligations as a creditor with respect to a US\$57.7 million dollar tranche of the secured loan, and a US\$81.8 million dollar tranche of the unsecured loan. These ceded amounts were distributed among five financial institutions: BBVA Bancomer, Banco Nacional de México, Banco Monex, Scotiabank Inverlat and Sabadell.

Including these transactions, the net leverage at the close of 2016 (measured as Net Debt/EBITDA) was 2.57 times.

As of December 31, 2016, short-term debt of \$79.8 million pesos (US\$3.9 million dollars) represented 0.6% of the total debt. 100% of the Company's debt is denominated in US dollars.

INTEREST-BEARING DEBT (millions of pesos)

	Dec-2016	Dec-2015	2016 vs. 2015
TOTAL	14,297.3	7,529.0	89.9%
U.S. dollar denominated	100%	94%	
Mexican peso denominated	0%	6%	
Short-term	79.8	115.5	-30.9%
U.S. dollar denominated	100%	86%	
Mexican peso denominated	0%	14%	
Long-term	14,217.5	7,413.5	91.8%
U.S. dollar denominated	100%	94%	
Mexican peso denominated	0%	6%	

INTEREST-BEARING DEBT (millions of dollars)

	Dec-2016	Dec-2015	2016 vs. 2015
TOTAL	689.6	437.6	57.6%
U.S. dollar denominated	100%	94%	
Mexican peso denominated	0%	6%	
Short-term	3.9	6.7	-42.6%
U.S. dollar denominated	100%	86%	
Mexican peso denominated	0%	14%	
Long-term	685.8	430.9	59.2%
U.S. dollar denominated	100%	94%	
Mexican peso denominated	0%	6%	

GCC's **Total Assets** as of December 31, 2016 rose to \$38,708.2 million pesos, showing an increase of 43.5% compared to 2015, mainly due to the increase in property, plant and equipment due to the acquisition made, the effect of the depreciation of the peso against the dollar on the assets of the US operations, and the 34.6% increase in cash and cash equivalents.

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).



GCC has a positive outlook on 2017 performance

- In the United States, we expect volumes of cement and concrete to rise by double-digit considering the addition of the new operations, and on a like to like basis we expect cement volumes to increase by a mid-single digit and concrete volumes to remain flat
- In Mexico, we expect a mid-single digit increase in cement and concrete volumes
- Prices in the US and in Mexico are expected to increase by a mid-single digit
- A double-digit increase is expected in consolidated EBITDA
- Investment in working capital will rise slightly mainly due to the recent assets acquisition
- Total capex is budgeted at about \$136.0 million dollars: around \$50.0 million in maintenance capex, \$53.0 million for the expansion of the South Dakota plant, and a 2016 carryover of around \$33.0 million dollars

OTHER EVENTS

GCC concludes the acquisition of CEMEX assets in the United States

On November 18, 2016, GCC announced that it completed the acquisition of certain assets located in the United States that were owned by CEMEX, S.A.B. de C.V. ("CEMEX") for an amount of US\$306 million.

The assets consist of a cement plant located in Odessa, Texas; two cement distribution terminals in Amarillo and El Paso, Texas; and the ready mix, aggregates, asphalt and building materials businesses in El Paso, Texas and Las Cruces, New Mexico. The acquisition comprises all facilities, equipment and inventories.

Enrique Escalante, CEO of GCC, noted: "This acquisition represents a significant advance in our strategy of sustainable cement growth in the United States, in markets contiguous to those of GCC's geographic footprint. With these assets and colleagues joining the Company, we will enhance the competitive advantage of our logistics system, expand our product portfolio and optimize our operations by sharing best practices."

This transaction was financed with internal funds and an unsecured loan of US\$253.5 million dollars. Concurrently, GCC refinanced its syndicated bank loan with a US\$184.9 million dollar secured loan. The new bank debt structure totals US\$438.4 million dollars, of which approximately US\$300 million dollars has a 7-year maturity and the remainder will mature in 5 years. Both loans were contracted with Banco Inbursa, S.A.

This new financial structure gives GCC greater flexibility with improved contractual terms and maturity profile, which, in conjunction with the acquisition, supports GCC's ongoing effort to significantly enhance its operating and financial results.

Fitch Ratings affirmed GCC's rating at BB on a global scale, and removed the Rating Watch negative rating, with a stable perspective

On November 23, 2016, GCC announced that the credit rating agency Fitch Ratings affirmed GCC's corporate credit and debt ratings at BB with a stable outlook, and removed the *Rating Watch* negative.

Fitch Ratings said in its announcement that the removal of the Rating Watch negative and the affirmation of the rating was in response to the GCC's announcement that it successfully concluded the acquisition of assets previously owned by CEMEX, S.A.B. de C.V., for US\$306 million dollars.

Fitch Ratings also highlighted that GCC's ratings reflect the Company's solid business position in the cement, ready mix and aggregates segments in the regions where it has a presence; diversified operations in Mexico and the United States in the residential and non-residential sectors; as well as positive free cash flow generation through the recent industry cycle.

According to Fitch Ratings, the key factors for the rating include its contiguous presence from Chihuahua in northern Mexico, to North Dakota in the northern United States, with a leading position in the regions where it participates grounded on an efficient distribution and logistics network, among others.

Standard & Poor's affirms GCC's rating at BB- on a global scale and removed the Credit Watch negative

On September 7, 2016, GCC announced that Standard & Poor's, the credit rating agency, affirmed GCC's corporate credit and debt ratings at BB- with a stable outlook, and removed the Company from Credit Watch negative.

In its announcement, Standard & Poor's removed GCC from Credit Watch negative, where the Company was placed after its original announcement on May 2, 2016 to acquire several assets in the United States, once the Company's announced a reduction in the value of the transaction on August 27, from \$400 to \$306 million U.S. dollars.

S&P further indicated that GCC's credit quality would not be affected by the acquisition, because the reduction of the transaction value implied that its credit metrics would remain in line with the current rating level, once the acquisition is completed and taking into account that GCC would incur additional debt to do so.

S&P stated that their analysis incorporated their positive view of the Company's strategic geographic footprint, which allows for efficient distribution across the central states of the United States and the state of Chihuahua in Mexico. They also considered the Company's ability to improve its operating efficiency thanks to an extensive and sophisticated distribution network, state-of-the-art plants operating at full capacity in the United States, and its strategy to mitigate its exposure to energy and fuel costs through the use of alternative fuels in its cement plants.

GCC and CEMEX set the price and closed the offering of the 15.6% stake in Grupo Cementos de Chihuahua

On February 10, 2017, GCC and CEMEX, S.A.B. de C.V. ("CEMEX") announced that on February 9, 2017 they priced their previously announced secondary offerings of 51,750,000 shares of common stock (the "Shares") of GCC, owned by CEMEX, at a price of 95 Mexican pesos per share, including 6,750,000 shares available to the underwriters of the offerings for overallotment and that may be purchased pursuant to a 30-day option granted to the underwriters by CEMEX.

The offerings were comprised of Shares offered (a) in a public offering to investors in Mexico, authorized by the Comisión Nacional Bancaria y de Valores (Mexican National Banking and Securities Commission, or the "CNBV"), conducted through the Bolsa Mexicana de Valores, S.A.B. de C.V. (Mexican Stock

Exchange, or the "BMV"), and (b), in a concurrent private placement, to eligible investors outside of Mexico.

On February 15, 2017, bids were closed, with CEMEX selling 15.6% of its 23% direct interest in GCC. Following the offers, CEMEX maintains a direct stake in GCC of 7.4% and also retains its minority stake in CAMCEM, an entity that has a majority stake in GCC. CEMEX sold the Shares in the context of an asset sales plan previously announced by CEMEX.

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 5.0 million tons.

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

This document contains forward-looking statements relating to Grupo Cementos de Chihuahua S.A.B. de C.V. and subsidiaries (GCC) based upon management projections. These projections reflect GCC's opinion on future events that may be subject to a number of risks and uncertainties. Various factors may cause actual results to differ from those expressed herein, including, among others, changes in macroeconomic, political, governmental or business conditions in the markets where GCC operates; changes in interest rates, inflation rates and currency exchange rates; 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)

	4Q 2016	%	4Q 2015	%	4Q16 / 4Q15
Net sales	3,678,398	100.0%	2,946,639	100.0%	24.8%
U.S. sales	2,735,008	74.4%	2,146,585	72.8%	27.4%
Mexico sales	943,390	25.6%	800,054	27.2%	17.9%
Cost of sales	2,725,017	74.1%	2,162,652	73.4%	26.0%
Gross income	953,381	25.9%	783,987	26.6%	21.6%
Operating expenses	432,270	11.8%	353,540	12.0%	22.3%
Operating income before other expenses, net	521,111	14.2%	430,447	14.6%	21.1%
Other expenses, net	61,677	1.7%	19,548	0.7%	215.5%
Operating income	459,434	12.5%	410,899	13.9%	11.8%
Financial income	11,942	0.3%	7,157	0.2%	66.9%
Financial expenses	(243,587)	-6.6%	(162,938)	-5.5%	49.5%
Exchange gain (loss), net	(24,101)	-0.7%	6,295	0.2%	-482.9%
Net financing expenses	(255,746)	-7.0%	(149,486)	-5.1%	71.1%
Earnings in associates	5,137	0.1%	2,577	0.1%	99.3%
Income before taxes	208,825	5.7%	263,990	9.0%	-20.9%
Income taxes	21,750	0.6%	56,187	1.9%	-61.3%
Consolidated net income	187,075	5.1%	207,803	7.1%	-10.0%
Controlling interest	186,121	5.1%	205,249	7.0%	-9.3%
Non-controlling interest	954	0.0%	2,554	0.1%	-62.7%
EBITDA	883,774	24.0%	681,414	23.1%	29.7%
Free cash flow	1,002,286	27.2%	950,608	32.3%	5.4%

Cumulative Income Statement to December 31

(Thousands of pesos)

	2016	%	2015	%	2016 / 2015
Net sales	13,996,791	100.0%	11,983,778	100.0%	16.8%
U.S. sales	10,307,197	73.6%	8,548,908	71.3%	20.6%
Mexico sales	3,689,594	26.4%	3,434,870	28.7%	7.4%
Cost of sales	10,223,785	73.0%	9,074,092	75.7%	12.7%
Gross income	3,773,006	27.0%	2,909,686	24.3%	29.7%
Operating expenses	1,410,917	10.1%	1,235,172	10.3%	14.2%
Operating income before other expenses, net	2,362,089	16.9%	1,674,514	14.0%	41.1%
Other expenses, net	118,801	0.8%	25,292	0.2%	369.7%
Operating income	2,243,288	16.0%	1,649,222	13.8%	36.0%
Financial income	34,243	0.2%	27,020	0.2%	26.7%
Financial expenses	(729,769)	-5.2%	(641,269)	-5.4%	13.8%
Exchange gain (loss), net	24,603	0.2%	37,395	0.3%	-34.2%
Net financing expenses	(670,923)	-4.8%	(576,854)	-4.8%	16.3%
Earnings in associates	20,019	0.1%	12,777	0.1%	56.7%
Income before taxes	1,592,384	11.4%	1,085,145	9.1%	46.7%
Income taxes	308,194	2.2%	169,654	1.4%	81.7%
Consolidated net income	1,284,190	9.2%	915,491	7.6%	40.3%
Controlling interest	1,280,737	9.2%	912,699	7.6%	40.3%
Non-controlling interest	3,453	0.0%	2,792	0.0%	23.7%
EBITDA	3,525,567	25.2%	2,639,108	22.0%	33.6%
Free cash flow	2,205,545	15.8%	1,336,249	11.2%	65.1%

2016 Income Statement

(Thousands of pesos)

	1Q 2016	%	2Q 2016	%	3Q 2016	%	4Q 2016	%	2016
Net sales	2,361,500	100.0%	3,669,206	100.0%	4,287,687	100.0%	3,678,398	100.0%	13,996,791
U.S. sales	1,581,718	67.0%	2,681,377	73.1%	3,309,094	77.2%	2,735,008	74.4%	10,307,197
Mexico sales	779,782	33.0%	987,829	26.9%	978,593	22.8%	943,390	25.6%	3,689,594
Cost of sales	1,866,416	79.0%	2,654,882	72.4%	2,977,470	69.4%	2,725,017	74.1%	10,223,785
Gross income	495,084	21.0%	1,014,324	27.6%	1,310,217	30.6%	953,381	25.9%	3,773,006
Operating expenses	318,246	13.5%	323,059	8.8%	337,342	7.9%	432,270	11.8%	1,410,917
Operating income before other expenses, net	176,838	7.5%	691,265	18.8%	972,875	22.7%	521,111	14.2%	2,362,089
Other expenses, net	30,443	1.3%	4,098	0.1%	22,583	0.5%	61,677	1.7%	118,801
Operating income	146,395	6.2%	687,167	18.7%	950,292	22.2%	459,434	12.5%	2,243,288
Financial income	8,435	0.4%	5,556	0.2%	8,310	0.2%	11,942	0.3%	34,243
Financial expenses	(157,697)	-6.7%	(162,827)	-4.4%	(165,658)	-3.9%	(243,587)	-6.6%	(729,769)
Exchange gain (loss), net	(5,800)	-0.2%	40,279	1.1%	14,225	0.3%	(24,101)	-0.7%	24,603
Net financing expenses	(155,062)	-6.6%	(116,992)	-3.2%	(143,123)	-3.3%	(255,746)	-7.0%	(670,923)
Earnings in associates	5,590	0.2%	7,069	0.2%	2,223	0.1%	5,137	0.1%	20,019
Income (loss) before taxes	(3,077)	-0.1%	577,244	15.7%	809,392	18.9%	208,825	5.7%	1,592,384
Income taxes	(61,910)	-2.6%	139,968	3.8%	208,386	4.9%	21,750	0.6%	308,194
Consolidated net income	58,833	2.5%	437,276	11.9%	601,006	14.0%	187,075	5.1%	1,284,190
Controlling interest	58,424	2.5%	436,245	11.9%	599,947	14.0%	186,121	5.1%	1,280,737
Non-controlling interest	409	0.0%	1,031	0.0%	1,059	0.0%	954	0.0%	3,453
EBITDA	439,468	18.6%	957,783	26.1%	1,244,542	29.0%	883,774	24.0%	3,525,567

2015 Income Statement

(Thousands of pesos)

	1Q 2015	%	2Q 2015	%	3Q 2015	%	4Q 2015	%	2015
Net sales	2,094,363	100.0%	3,050,964	100.0%	3,891,812	100.0%	2,946,639	100.0%	11,983,778
U.S. sales	1,244,002	59.4%	2,190,309	71.8%	2,968,012	76.3%	2,146,585	72.8%	8,548,908
Mexico sales	850,361	40.6%	860,655	28.2%	923,800	23.7%	800,054	27.2%	3,434,870
Cost of sales	1,719,699	82.1%	2,317,906	76.0%	2,873,836	73.8%	2,162,652	73.4%	9,074,092
Gross income	374,664	17.9%	733,058	24.0%	1,017,976	26.2%	783,987	26.6%	2,909,686
Operating expenses	260,993	12.5%	292,065	9.6%	328,573	8.4%	353,540	12.0%	1,235,172
Operating income before other expenses, net	113,671	5.4%	440,993	14.5%	689,403	17.7%	430,447	14.6%	1,674,514
Other expenses, net	429	0.0%	2,715	0.1%	2,600	0.1%	19,548	0.7%	25,292
Operating income	113,242	5.4%	438,278	14.4%	686,803	17.6%	410,899	13.9%	1,649,222
Financial income	7,254	0.3%	6,184	0.2%	6,425	0.2%	7,157	0.2%	27,020
Financial expenses	(152,065)	-7.3%	(152,779)	-5.0%	(173,487)	-4.5%	(162,938)	-5.5%	(641,269)
Exchange gain (loss), net	7,300	0.3%	5,200	0.2%	18,600	0.5%	6,295	0.2%	37,395
Net financing expenses	(137,511)	-6.6%	(141,395)	-4.6%	(148,462)	-3.8%	(149,486)	-5.1%	(576,854)
Earnings in associates	3,400	0.2%	3,400	0.1%	3,400	0.1%	2,577	0.1%	12,777
Income (loss) before taxes	(20,869)	-1.0%	300,283	9.8%	541,741	13.9%	263,990	9.0%	1,085,145
Income taxes	(60,926)	-2.9%	46,282	1.5%	128,111	3.3%	56,187	1.9%	169,654
Consolidated net income	40,057	1.9%	254,001	8.3%	413,630	10.6%	207,803	7.1%	915,491
Controlling interest	39,996	1.9%	253,941	8.3%	413,513	10.6%	205,249	7.0%	912,699
Non-controlling interest	61	0.0%	60	0.0%	117	0.0%	2,554	0.1%	2,792
EBITDA	339,824	16.2%	676,858	22.2%	941,012	24.2%	681,414	23.1%	2,639,108

Statement of Financial Position

(Thousands of pesos)

	DECEMBER 2016	DECEMBER 2015	Variation
Total assets	38,708,186	26,974,782	43.5%
Current assets	8,222,897	6,332,520	29.9%
Cash and cash equivalents	3,396,868	2,522,835	34.6%
Accounts receivable, net	1,518,792	1,194,643	27.1%
Other accounts receivable, net	815,798	653,650	24.8%
Due from related parties	53,159	29,989	77.3%
Inventories and urban land	2,207,282	1,735,051	27.2%
Prepaid expenses	230,998	196,352	17.6%
Non-current assets	30,485,289	20,642,262	47.7%
Investment in associates	160,800	137,818	16.7%
Property, plant and equipment, net	19,176,875	13,900,911	38.0%
Goodwill	8,398,222	5,534,419	51.7%
Other non-current assets	160,353	101,974	57.2%
Deferred taxes	1,237,928	863,837	43.3%
Total liabilities	20,650,857	12,243,257	68.7%
Current liabilities	3,207,339	2,253,633	42.3%
Current portion of long term debt	79,816	115,473	-30.9%
Trade accounts payable	1,467,019	918,428	59.7%
Due to related parties	16,996	14,045	21.0%
Short-term employee benefits	492,275	332,224	48.2%
Accrued expenses and taxes other than income taxes	1,044,446	774,233	34.9%
Provisions	106,787	99,230	7.6%
Long-term liabilities	17,443,518	9,989,624	74.6%
Long-term debt	14,217,493	7,413,526	91.8%
Employee benefits	771,004	649,829	18.6%
Other long-term liabilities	192,909	74,761	158.0%
Income taxes payable	809,638	933,724	-13.3%
Deferred income taxes	1,452,474	917,784	58.3%
Total stockholders' equity	18,057,329	14,731,525	22.6%
Controlling interest	18,051,455	14,725,028	22.6%
Capital stock	396,270	396,270	0.0%
Additional paid-in capital	1,832,940	1,832,940	0.0%
Legal reserve	279,998	279,998	0.0%
Retained earnings	10,810,068	10,061,151	7.4%
Net consolidated income	1,280,737	912,699	40.3%
Other comprehensive income	3,451,442	1,241,970	177.9%
Non-controlling interest	5,874	6,497	-9.6%
Total liabilities and stockholders' equity	38,708,186	26,974,782	43.5%

Income Statement

(Thousands of dollars)

	4Q 2016	%	4Q 2015	%	4Q16 / 4Q15
Net sales	186,049	100.0%	176,427	100.0%	5.5%
U.S. sales	138,415	74.4%	128,583	72.9%	7.6%
Mexico sales	47,634	25.6%	47,844	27.1%	-0.4%
Cost of sales	137,489	73.9%	129,465	73.4%	6.2%
Gross income	48,560	26.1%	46,962	26.6%	3.4%
Operating expenses	21,714	11.7%	21,103	12.0%	2.9%
Operating income before other expenses, net	26,846	14.4%	25,859	14.7%	3.8%
Other expenses, net	3,126	1.7%	1,160	0.7%	169.5%
Operating income	23,720	12.7%	24,699	14.0%	-4.0%
Financial income	602	0.3%	424	0.2%	42.0%
Financial expenses	(12,234)	-6.6%	(9,740)	-5.5%	25.6%
Exchange gain (loss), net	(1,249)	-0.7%	362	0.2%	-445.0%
Net financing expenses	(12,881)	-6.9%	(8,954)	-5.1%	43.9%
Earnings in associates	259	0.1%	155	0.1%	67.1%
Income before taxes	11,098	6.0%	15,900	9.0%	-30.2%
Income taxes	1,337	0.7%	3,427	1.9%	-61.0%
Consolidated net income	9,761	5.2%	12,473	7.1%	-21.7%
Controlling interest	9,713	5.2%	12,308	7.0%	-21.1%
Non-controlling interest	48	0.0%	165	0.1%	-70.8%
EBITDA	44,992	24.2%	40,843	23.2%	10.2%

Cumulative Income Statement to December 31

(Thousands of dollars)

	2016	%	2015	%	2016 / 2015
Net sales	748,486	100.0%	752,515	100.0%	-0.5%
U.S. sales	550,575	73.6%	535,362	71.1%	2.8%
Mexico sales	197,911	26.4%	217,153	28.9%	-8.9%
Cost of sales	546,564	73.0%	570,687	75.8%	-4.2%
Gross income	201,922	27.0%	181,828	24.2%	11.1%
Operating expenses	75,284	10.1%	77,591	10.3%	-3.0%
Operating income before other expenses, net	126,638	16.9%	104,237	13.9%	21.5%
Other expenses, net	6,234	0.8%	1,531	0.2%	307.2%
Operating income	120,404	16.1%	102,706	13.6%	17.2%
Financial income	1,822	0.2%	1,703	0.2%	7.0%
Financial expenses	(38,849)	-5.2%	(40,462)	-5.4%	-4.0%
Exchange gain (loss), net	1,356	0.2%	2,332	0.3%	-41.9%
Net financing expenses	(35,671)	-4.8%	(36,427)	-4.8%	-2.1%
Earnings in associates	1,085	0.1%	811	0.1%	33.8%
Income before taxes	85,818	11.5%	67,090	8.9%	27.9%
Income taxes	16,685	2.2%	10,155	1.3%	64.3%
Consolidated net income	69,133	9.2%	56,935	7.6%	21.4%
Controlling interest	68,948	9.2%	56,756	7.5%	21.5%
Non-controlling interest	185	0.0%	179	0.0%	3.3%
EBITDA	188,603	25.2%	165,081	21.9%	14.2%

Statement of Financial Position

(Thousands of dollars)

	DECEMBER 2016	DECEMBER 2015	Variation
Total assets	1,867,127	1,567,709	19.1%
Current assets	396,638	368,031	7.8%
Cash and cash equivalents	163,851	146,621	11.8%
Accounts receivable, net	73,260	69,429	5.5%
Other accounts receivable, net	39,351	37,989	3.6%
Due from related parties	2,564	1,743	47.1%
Inventories and urban land	106,470	100,837	5.6%
Prepaid expenses	11,142	11,412	-2.4%
Non-current assets	1,470,489	1,199,678	22.6%
Investment in associates	7,756	8,010	-3.2%
Property, plant and equipment, net	925,016	807,887	14.5%
Goodwill	405,097	321,647	25.9%
Intangible assets, net	65,172	6,004	985.5%
Other non-current assets	7,735	5,926	30.5%
Deferred taxes	59,713	50,204	18.9%
Total liabilities	996,115	711,548	40.0%
Current liabilities	154,709	130,976	18.1%
Bank debt			
Other cost bearing liabilities			
Current portion of long term debt	3,850	6,711	-42.6%
Trade accounts payable	70,763	53,377	32.6%
Due to related parties	820	816	0.5%
Short-term employee benefits	23,745	19,308	23.0%
Accrued expenses and taxes other than income taxes	50,380	44,997	12.0%
Provisions	5,151	5,767	-10.7%
Long-term liabilities	841,406	580,572	44.9%
Long-term debt	685,795	430,856	59.2%
Employee benefits	37,190	37,766	-1.5%
Asset retirement obligation	8,560	4,345	97.0%
Other long-term liabilities	745	-	100%
Income taxes payable	39,054	54,266	-28.0%
Deferred income taxes	70,062	53,339	31.4%
Total stockholders' equity	871,012	856,161	1.7%
Controlling interest	870,730	855,783	1.7%
Capital stock	19,114	23,030	-17.0%
Additional paid-in capital	88,414	106,526	-17.0%
Legal reserve	13,506	16,273	-17.0%
Retained earnings	514,264	581,018	-11.5%
Net consolidated income	68,948	56,756	21.5%
Other comprehensive income	166,484	72,180	130.7%
Non-controlling interest	282	378	-25.4%
Total liabilities and stockholders' equity	1,867,127	1,567,709	19.1%