



3Q18 Results



Building together®



Disclaimer

This presentation has been prepared by Grupo Cementos de Chihuahua, S.A.B. de C.V. (together with its subsidiaries, “GCC”). Nothing in this presentation is intended to be taken by any person as investment advice, a recommendation to buy, hold or sell any security, or an offer to sell or a solicitation of offers to purchase any security.

Information related with the market and the competitive position of GCC was obtained from public sources that GCC believes to be reliable; however, GCC does not make any representation as to its accuracy, validity, timeliness or completeness. GCC is not responsible for errors and/or omissions with respect to the information contained herein.

Forward Looking Statements

This presentation includes forward looking statements or information. These forward-looking statements may relate to GCC’s financial condition, results of operations, plans, objectives, future performance and business. 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. The information in this presentation, including but not limited to forward-looking statements, applies only as of the date of this presentation. GCC expressly disclaims any obligation or undertaking to update or revise the information, including any financial data and forward-looking statements.

Any projections have been prepared based on GCC’s views as of the date of this presentation and include estimates and assumptions about future events which may prove to be incorrect or may change over time. The projections have been prepared for illustrative purposes only, and do not constitute a forecast. While the projections are based on assumptions that GCC believes are reasonable, they are subject to uncertainties, changes in economic, operational, political, legal, and other circumstances and other risks, including, but not limited to, broad trends in business and finance, legislation affecting our securities, exchange rates, interest rates, inflation, foreign trade restrictions, and market conditions, which may cause the actual financial and other results to be materially different from the results expressed or implied by such projections.

EBITDA

We define EBITDA as consolidated net income after adding back or subtracting, as the case may be: (1) depreciation and amortization; (2) net financing expense; (3) other non-operating expenses; (4) taxes; and (5) share of earnings in associates. In managing our business, we rely on EBITDA as a means of assessing our operating performance. We believe that EBITDA enhances the understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness as well as to fund capital expenditures and working capital requirements. We also believe EBITDA is a useful basis of comparing our results with those of other companies because it presents results of operations on a basis unaffected by capital structure and taxes. EBITDA, however, is not a measure of financial performance under IFRS or U.S. GAAP and should not be considered as an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Our calculation of EBITDA may not be comparable to other companies’ calculation of similarly titled measures.

Currency translations / physical volumes

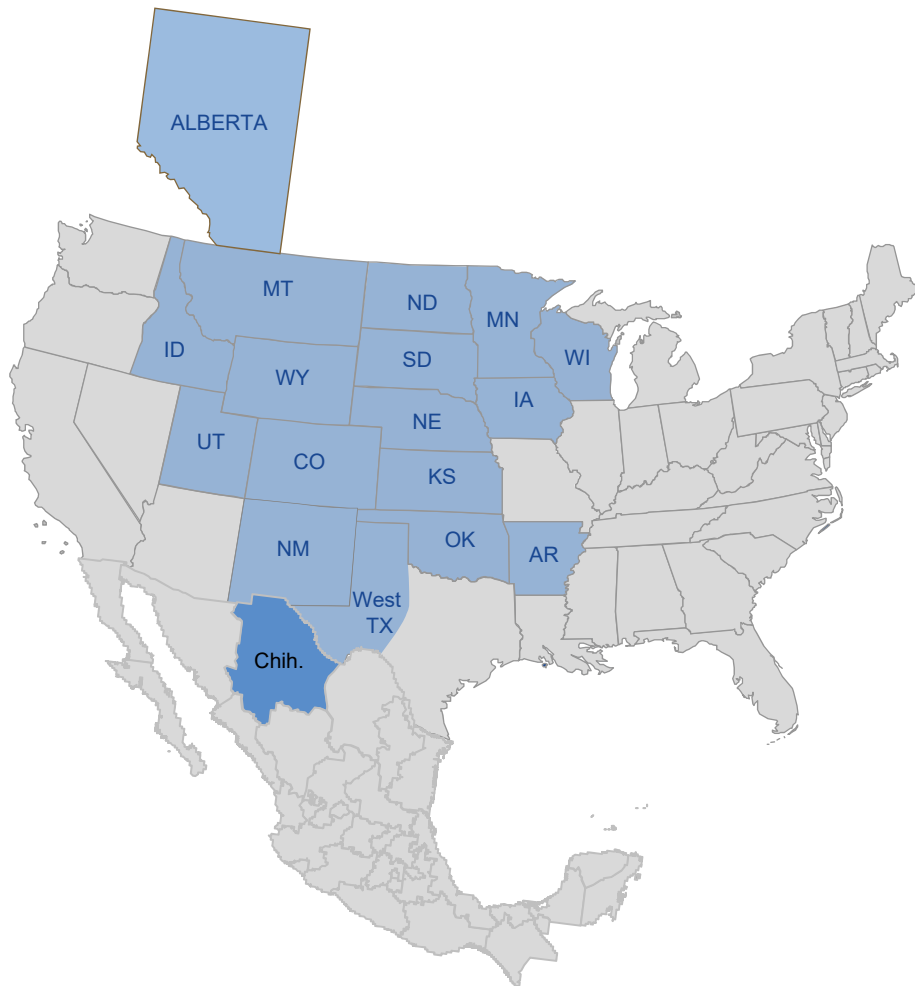
All monetary amounts in this presentation are expressed in U.S. Dollars (\$ or US\$). Currency translations from pesos into U.S. dollars use the average monthly exchange rates published by Banco de México. These translations do not purport to reflect the actual exchange rates at which cross-currency transactions occurred or could have occurred.

The average exchange rates (Pesos per U.S. dollar) used for recent periods are: 3Q18: 18.97 - 3Q17: 17.82 - 9M18: 19.03 - 9M17: 18.93

Physical volumes are stated in metric tons (mt), millions of metric tons (mmt), cubic meters (m³), or millions of cubic meters (mm³).

GCC at a glance: a unique market presence

Geographic footprint in "Center Cut" of North America
from northern Mexico to U.S. and Canada border



- 5.8 mmt¹ cement production capacity
 - 3.5 mmt in U.S. + 2.3 mmt in Mexico
- #1 or #2 in core markets
 - Landlocked states, insulated from seaborne competition
- 8 cement plants, 19 terminals, 2 distribution centers and 92 ready-mix plants
- 77 years of operation – 26 in the U.S.
- Listed on Mexican Stock Exchange: GCC
- Included in MSCI Indexes
- Included in S&P/BMV IPC Index

LTM 3Q18 results (US\$)

\$892 million Sales – 74% U.S. / 26% Mexico

\$268 mm EBITDA – 71% U.S. / 29% Mexico

30.0% EBITDA margin

Four-plus years of operational and financial transformation

Disciplined expansion

**Prudent balance
sheet management**

Customer focus

**Increased
shareholder value**

**Operational
excellence**

As of September 2018 vs 2014

Cement
Capacity

**+1.3mmt
+28%**

LTM EBITDA
USD

+74%

LTM EBITDA
Margin

+960 bp

Leverage

**2.28 →
1.61 x**

Free float

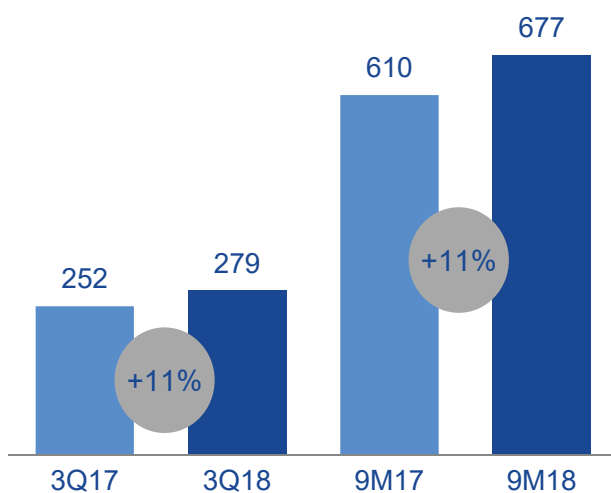
**25% →
48%**

Share Price
(11/05/18)

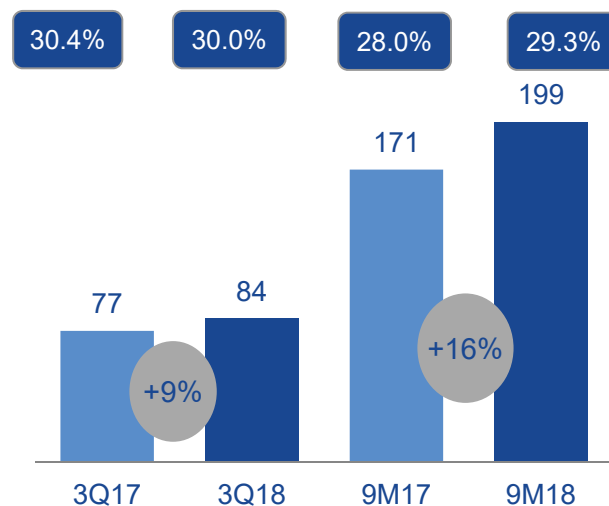
+211%

Solid 3Q18 and 9M18 results

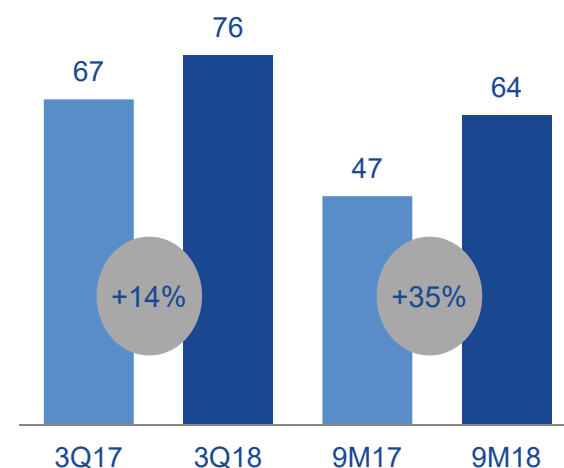
Sales (US\$ million)



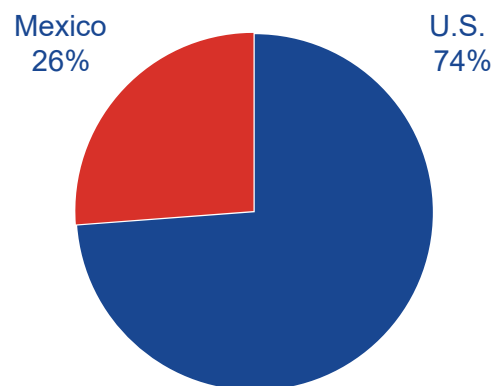
EBITDA & EBITDA margin (US\$ million)



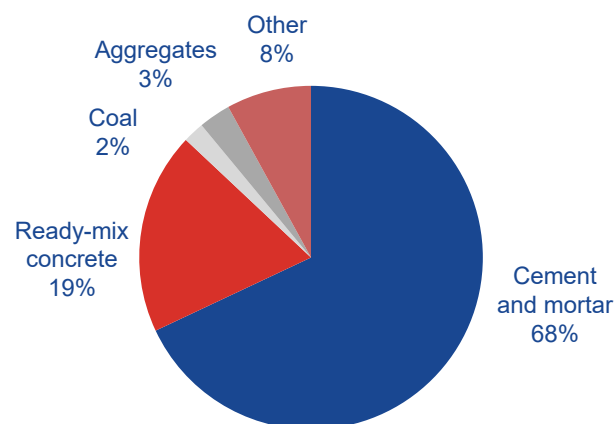
Free Cash Flow (US\$ million)¹



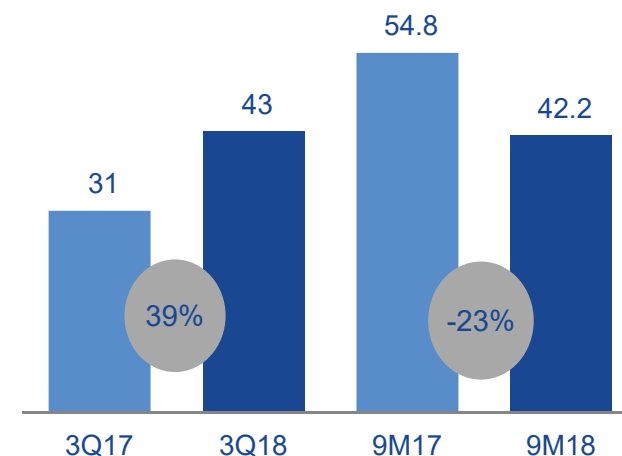
Net Sales by country (9M18)



Sales Mix (9M18)



Net Income (US\$ million)



Investment highlights

1

Leading position in attractive U.S. regional markets and Chihuahua, Mexico

2

Mexico operations also provide a strong base, and add operational flexibility and export capacity

3

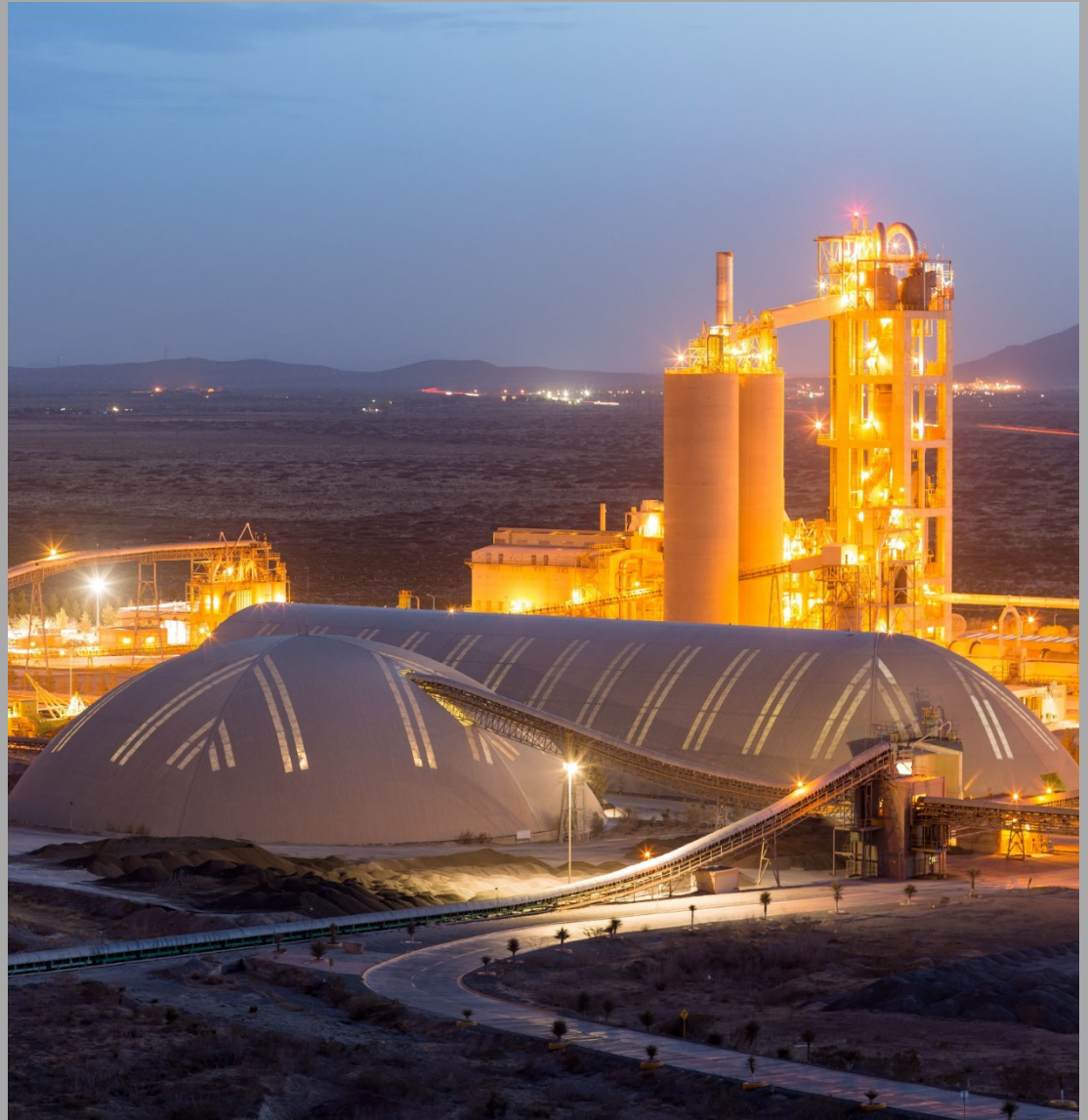
Vertically integrated, with state of the art production facilities and logistics

4

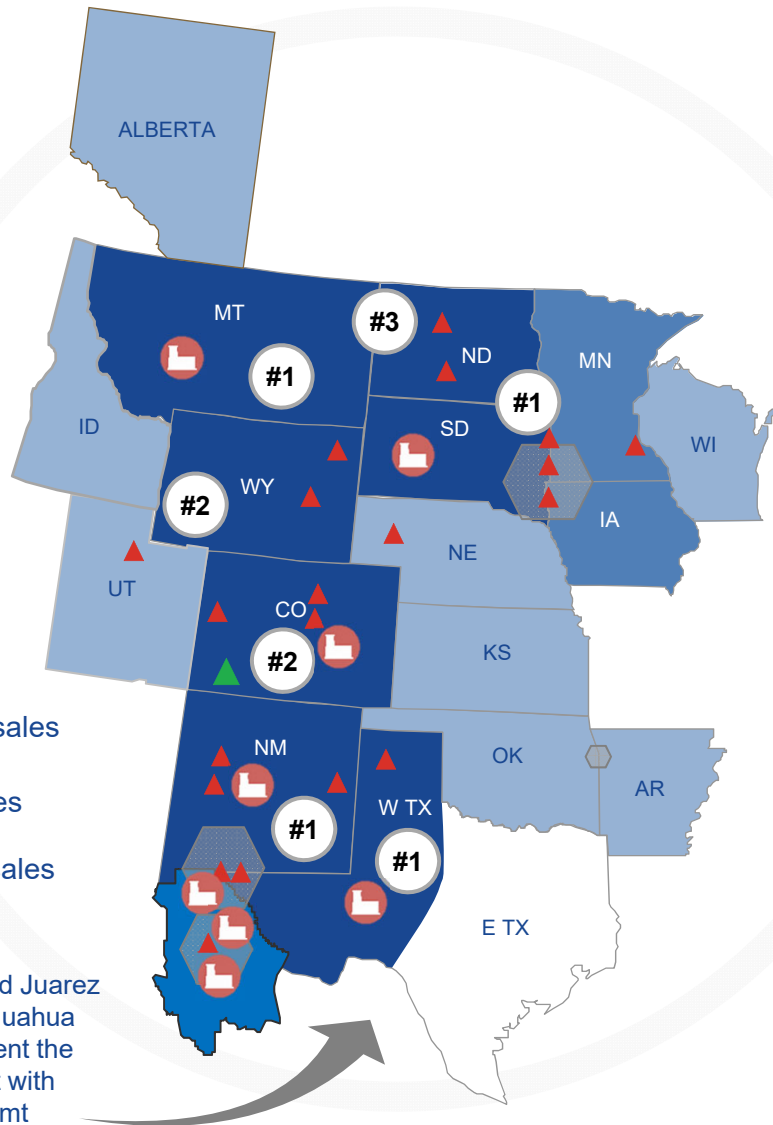
Experienced management team with track record of successful integration of new operations and solid business plan

5

Increased free float and stronger balance sheet improve positive outlook for value realization



1 Regional leader in U.S. mid-continent markets ...



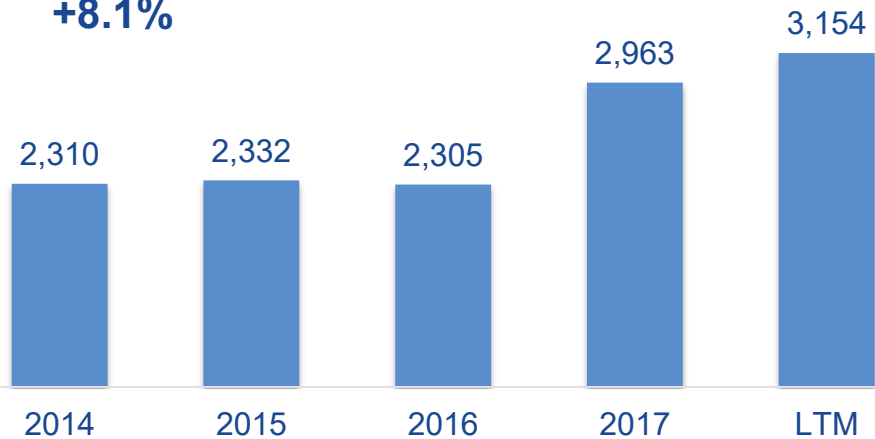
Well-positioned to capture U.S. growth and construction industry recovery

- Leadership position in 15 contiguous states
 - CO, SD, NM, W.TX, MT and ND are our core markets, with 80% of U.S. sales
- Diversified regional economies with low unemployment, offering clear upside to U.S. construction recovery
- No other producer competes with GCC across all our markets
- Pricing upswing since 2013
 - Limited prospects for greenfield capacity expansion
 - Well-protected from seaborne imports
- Rapid City, SD plant expansion (+ 0.4 mmt) will increase U.S. cement capacity to 3.5 mmt per year
- Three Forks, MT cement plant acquisition

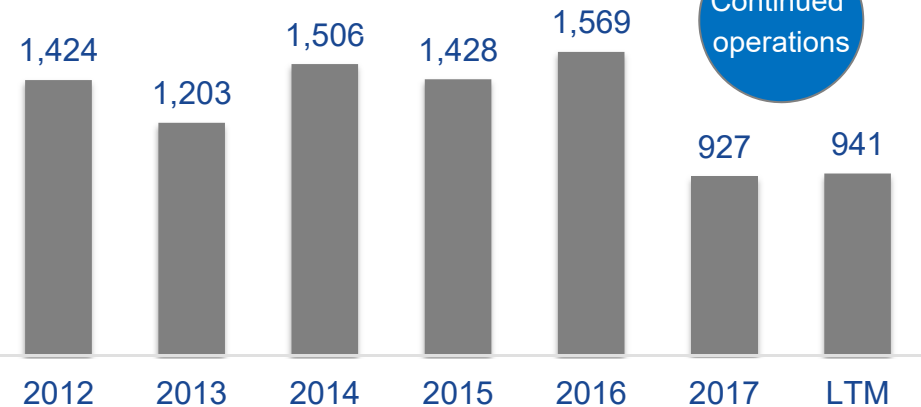
U.S. cement capacity: 3.1 mmt + 0.4 mmt expansion

GCC U.S. Cement Sales ('000 mt)

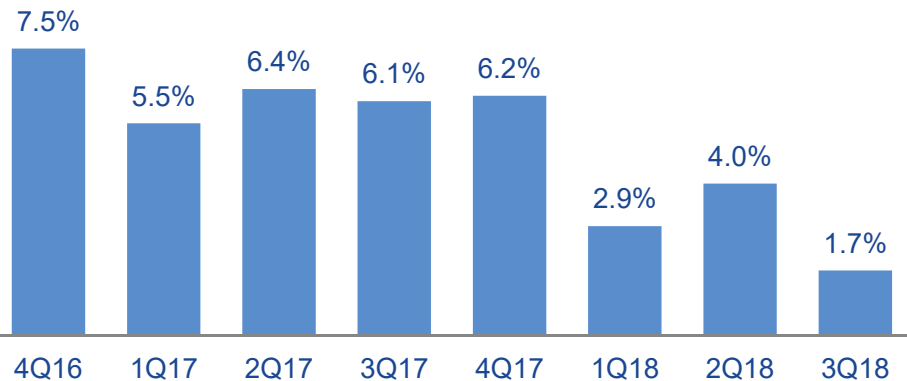
4yr CAGR
+8.1%

**GCC U.S. Concrete Sales** ('000 m³ / year)

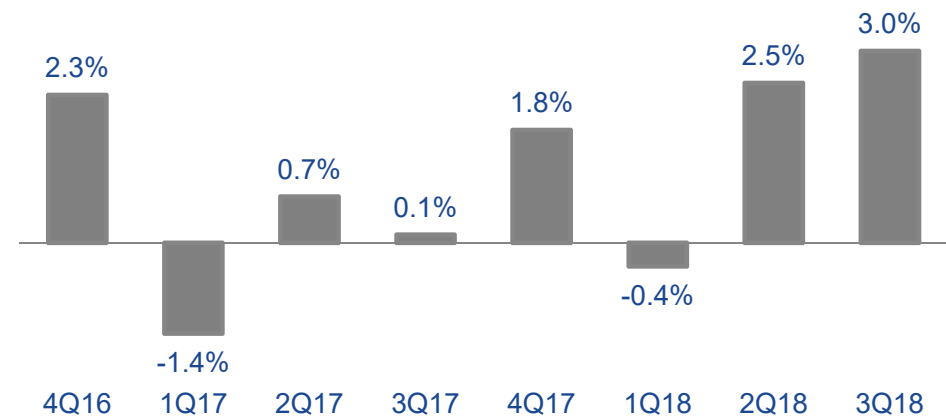
Continued
operations

**GCC U.S. Cement Prices** (Change, year-over-year)

3yr CAGR
+4.8%

**GCC U.S. Concrete Prices** (Change, year-over-year)

3yr CAGR
+3.4%



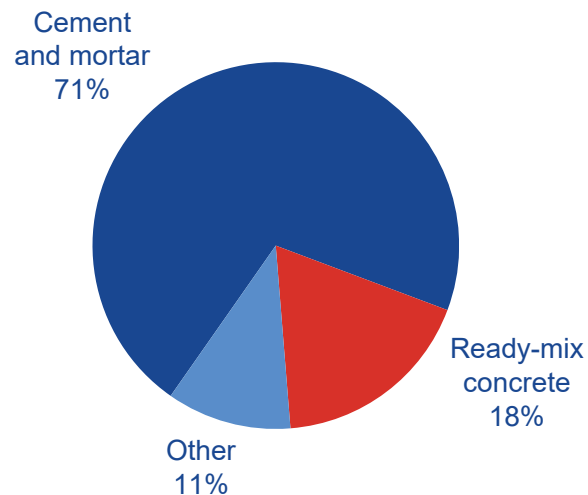
GCC market position and competitors in core markets

	Colorado	N Mexico	N Dakota	S Dakota	W Texas	Wyoming	Montana
GCC market position	#2	#1	#3	#1	#1	#2	#1
GCC cement plant in state	✓	✓	—	✓	✓	—	✓
Competitor in-state plant	LHN, CX	none	none	none	BZU*	EXP	CRH
Other principal competitors	EXP	LHN	HEI, LHN CRH	LHN, CRH	**	—	—

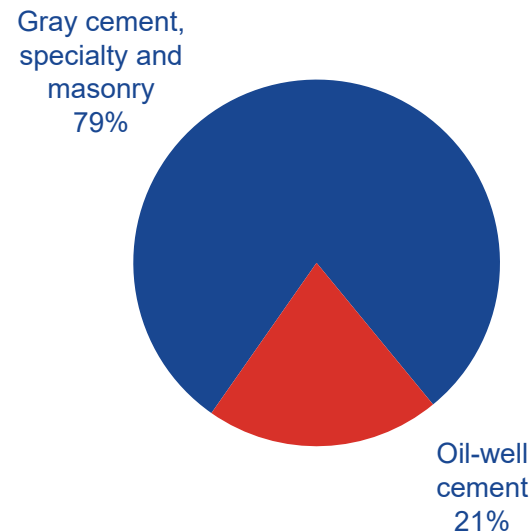
* Refers to West Texas only

** Aprox. 12 mmt of capacity in E and Central Texas

U.S. 9M18 sales mix

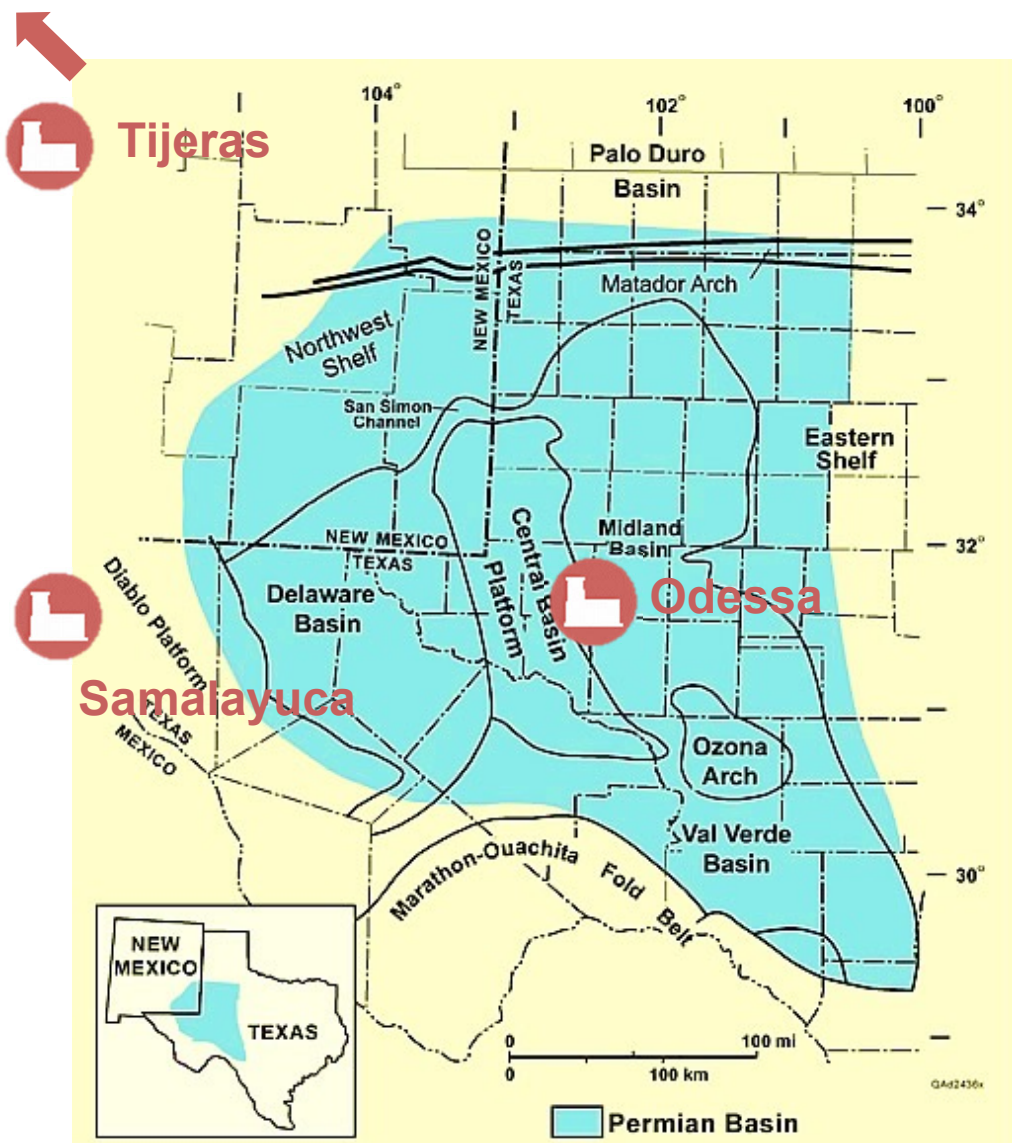


U.S. 9M18 volume by cement type



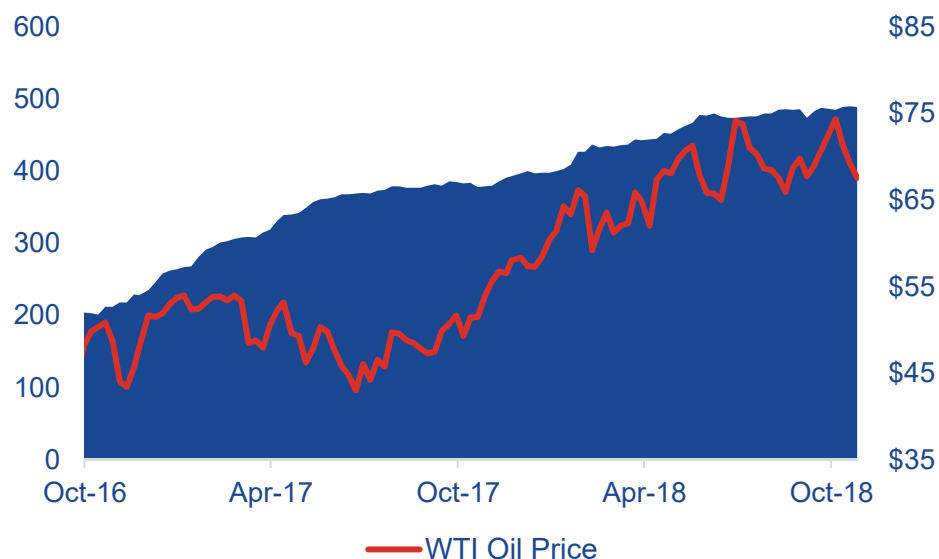
1

...With a central position for supplying the booming Permian Basin oil patch of W. Texas and New Mexico ...



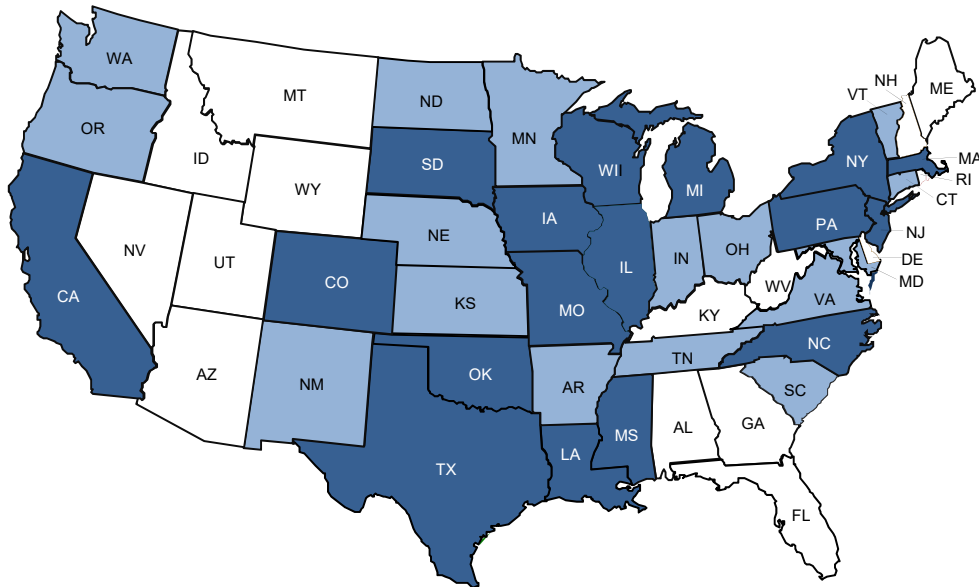
- The Permian basin has the lowest development cost of any field in the U.S. because of geology and existing pipeline infrastructure
- Since April 2016 the rig count in the basin increased almost 265%, from 134 to 489 rigs (Oct 2018)
- Odessa (fully dedicated) and Tijeras (supplementing) plants produce oil well cement; Samalayuca meets needs for Portland grey cement in W. Texas
- Permian Basin is growing into the largest oil patch in the world¹

Rotary drilling rig count in the Permian Basin



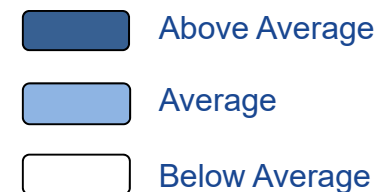
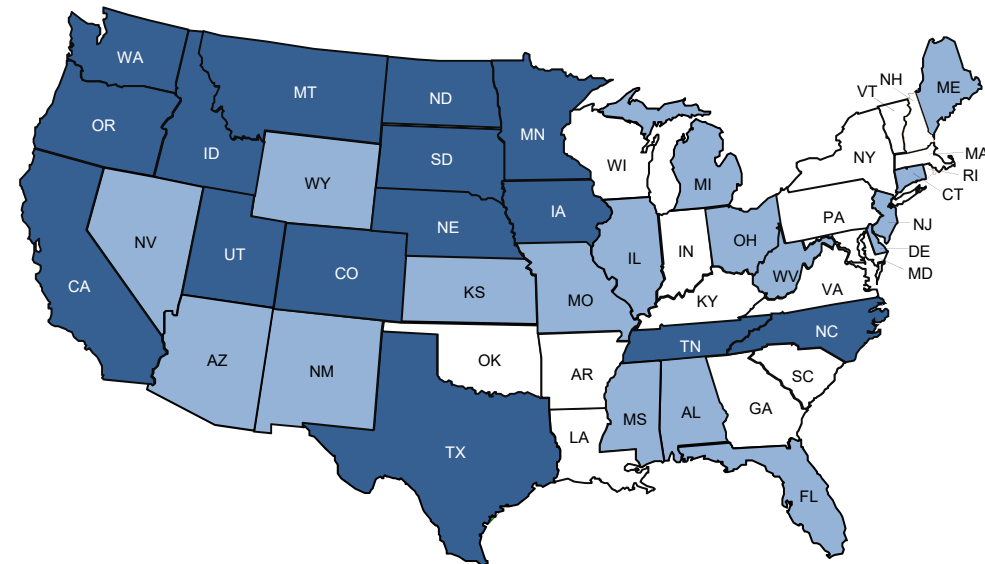
Deficient roads¹

Lane miles rated 'poor' as a share of total lane miles



Cement fundamentals²

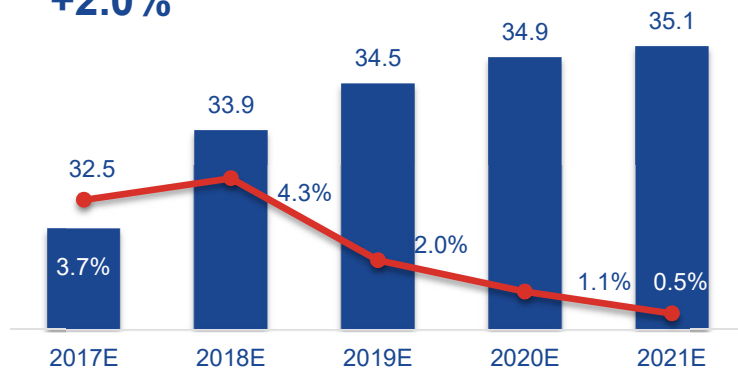
Based on PCA Sector Composite Rankings*



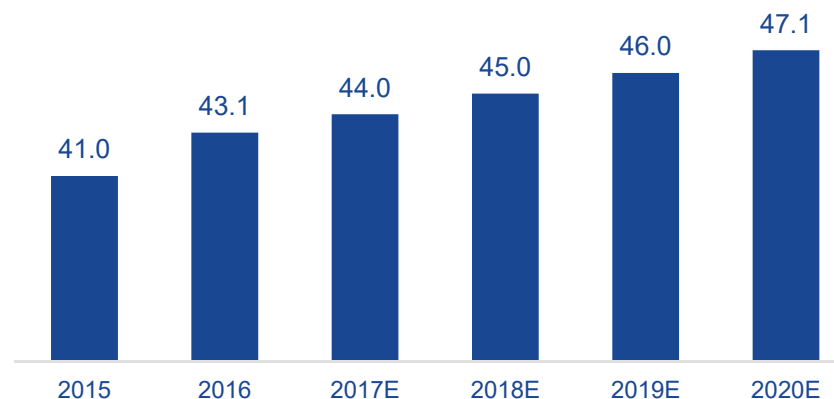
...Leading to a positive outlook driven by an expected increase in infrastructure spending ...

Forecast cement consumption in all GCC U.S. markets (mmt) ²

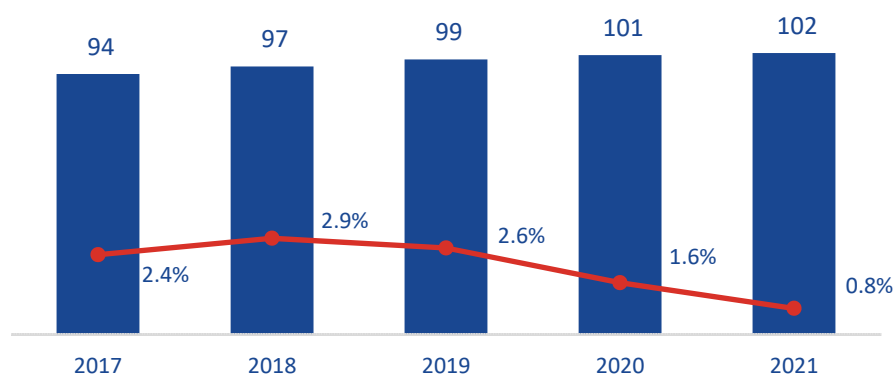
4yr CAGR
+2.0%



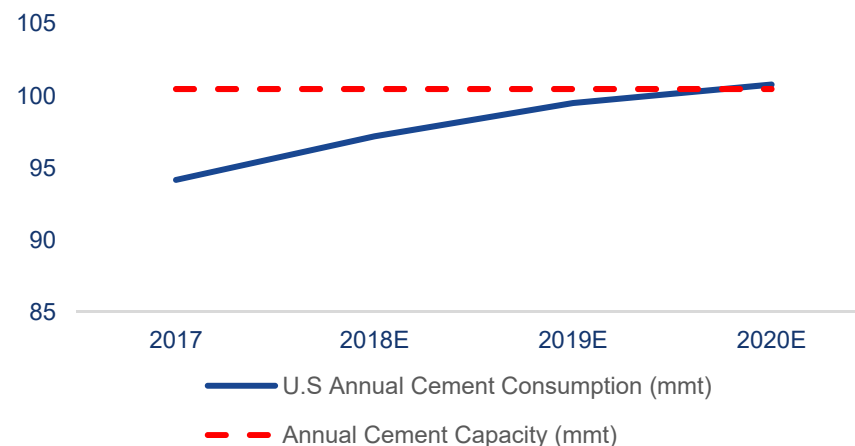
Highway budget authorizations included in the FAST¹ Act (\$ bb)



Forecast total U.S. cement consumption (mmt) ³



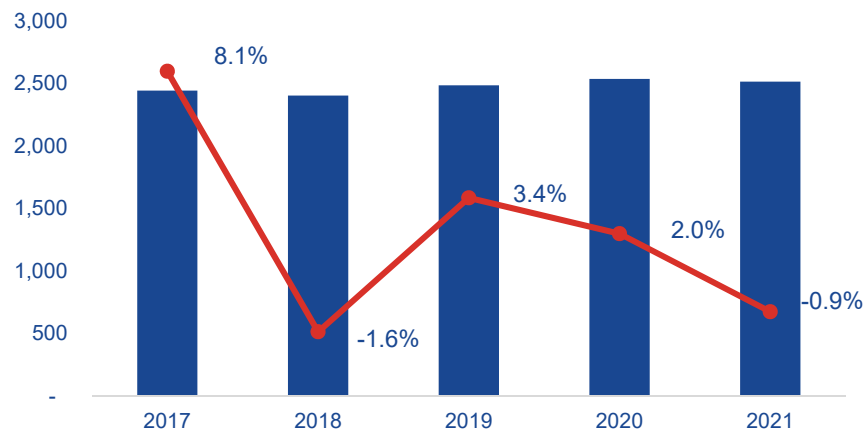
U.S cement demand will outpace supply by 2019 Imports will be a critical source of supply



... With a solid outlook in key states

Portland Cement Association (PCA) Summer 2018 Forecast and main consumers

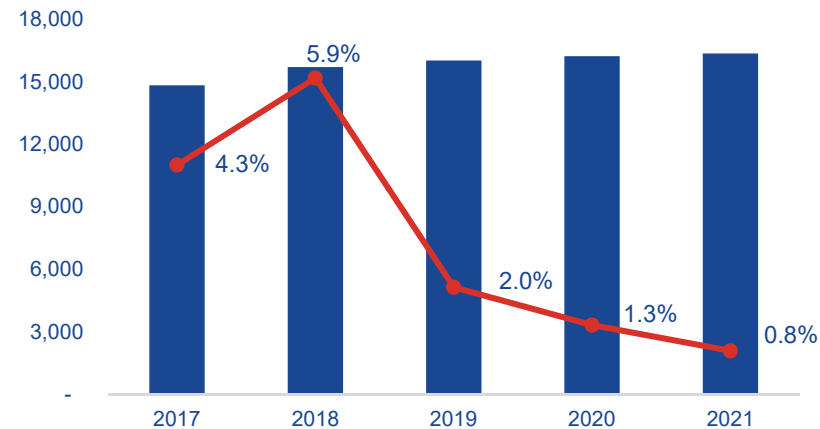
Colorado



1- Residential
2- Government
3- Non residential

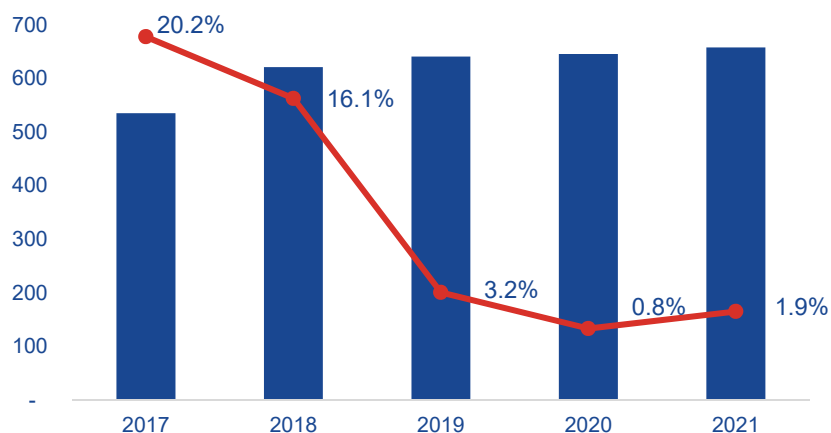
■ Total Consumption ('000 mt)
● $\Delta\%$ vs previous year

Texas



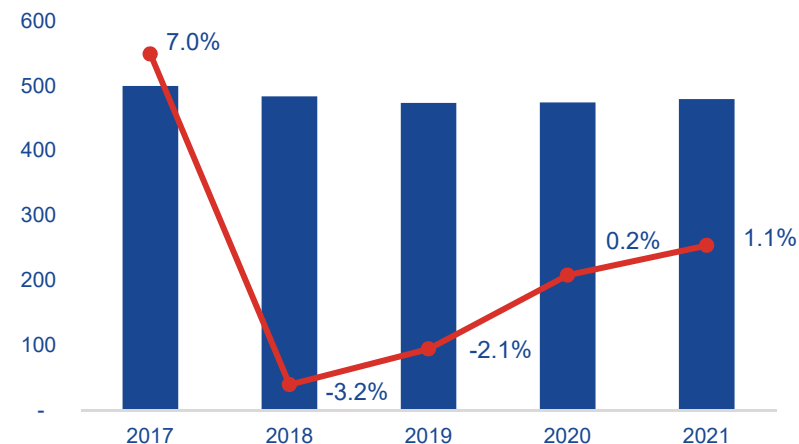
1- Government
2- Commercial/Residential
3- Oil Rig/Well*

New Mexico



1- Commercial
2- Residential
3- Government

South Dakota

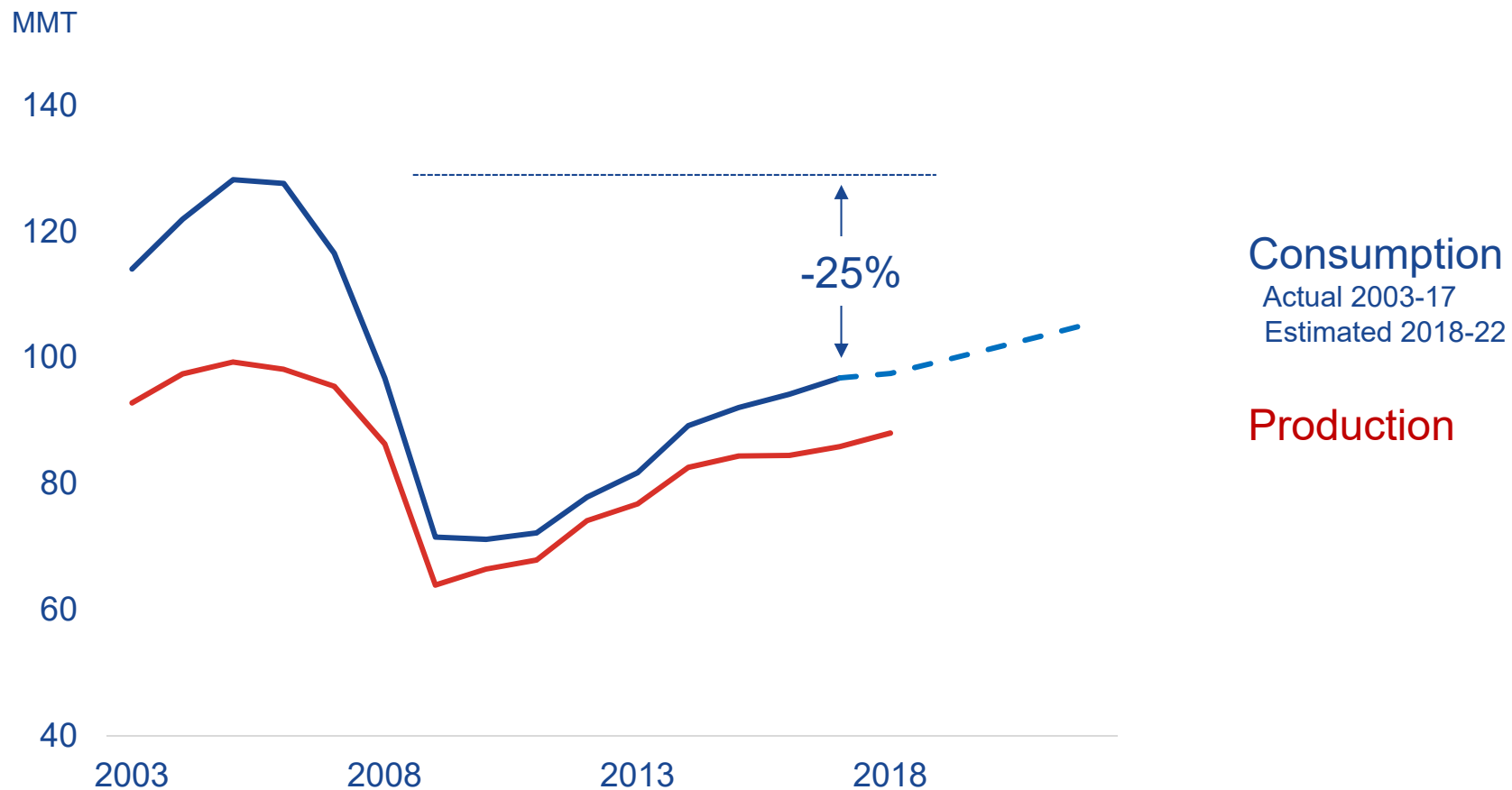


1- Government
2- Residential
3- Commercial

1 ... And in a favorable part of the U.S. cement cycle

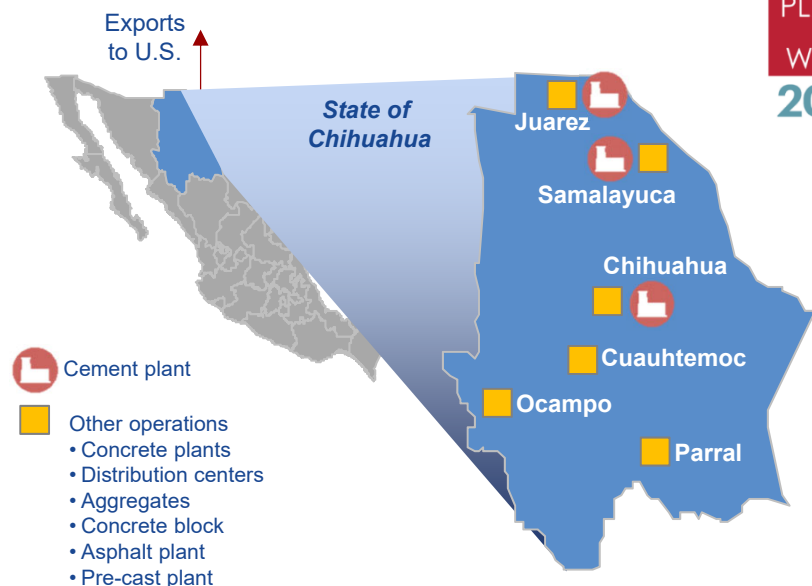
- 2017 U.S. apparent consumption is still 25% below 2005 peak
- Current expansion is 8 years and counting, compared to the median 13 year expansion in previous 4 cycles
- Import share is about 12% of consumption, compared to 25% share in 2006

U.S. Cement Production and Consumption



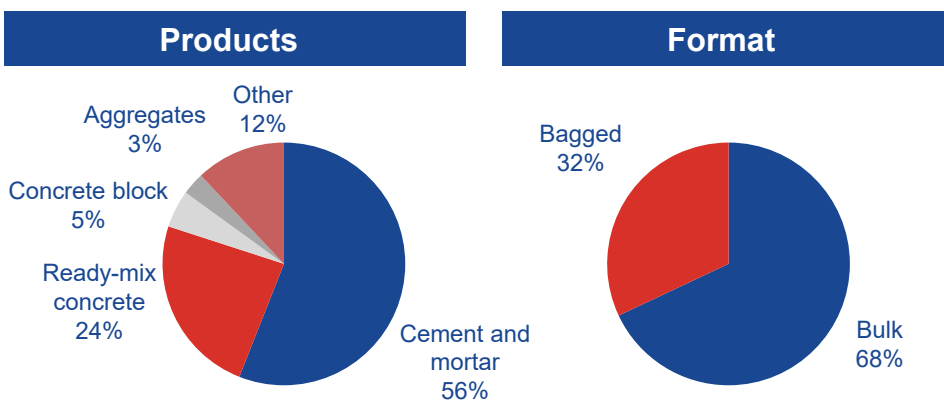
Leading producer in the state of Chihuahua, with significant export capacity

GREAT
PLACE
TO
WORK®
2017



Mexico cement capacity: 2.3 mmt

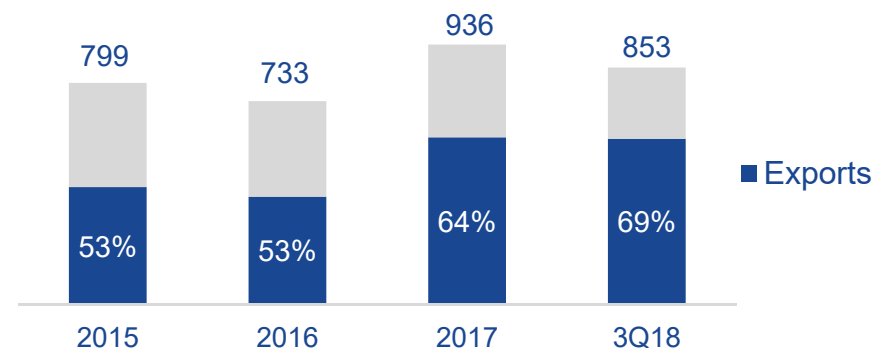
3Q18 sales mix



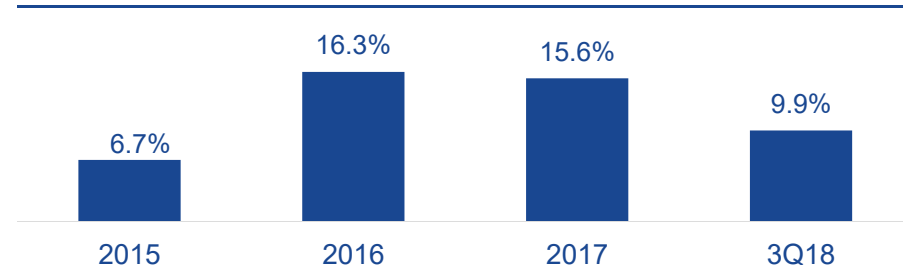
Strong market fundamentals

- GCC is sole producer of cement and the leading producer of ready-mix concrete in Chihuahua
- Close economic ties between Chihuahua and the U.S.
 - Cyclical recovery benefit
 - Foreign direct investment target
- Demand growth driven by private sector
- Flexibility to supply Texas and New Mexico demand from Samalayuca and Juarez

Export share of Samalayuca and Juarez production ('000 mt)



Cement pricing trends (% change year-on-year)¹



GCC is present at all the stages of the cement and ready-mix supply chain



Thermal energy



Coal mine in Colorado provides a significant source of fuel for our cement plants, lowering costs and reducing price volatility



Raw materials



We own most of the limestone quarries needed to supply cement, ready-mix and aggregates operations over the long-term



Cement



8 plants in the U.S. and Mexico, close to raw materials sources



Ready-mix



92 plants. Our cement plants supply almost a 100% of the cement used in our ready-mix operations



Cement terminals



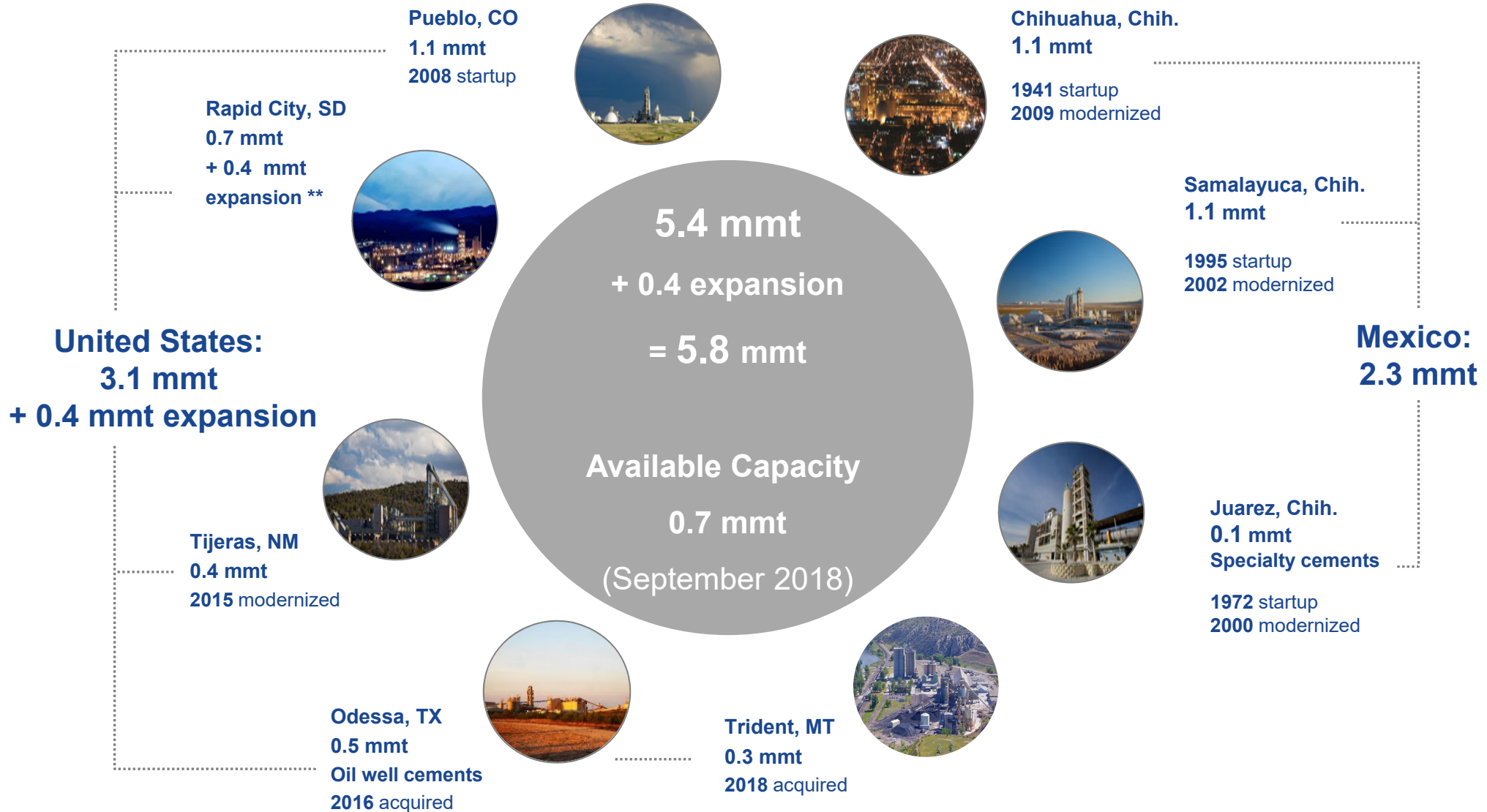
19 cement terminals, 2 distribution centers, and transfer stations from Chihuahua to the U.S. – Canadian border

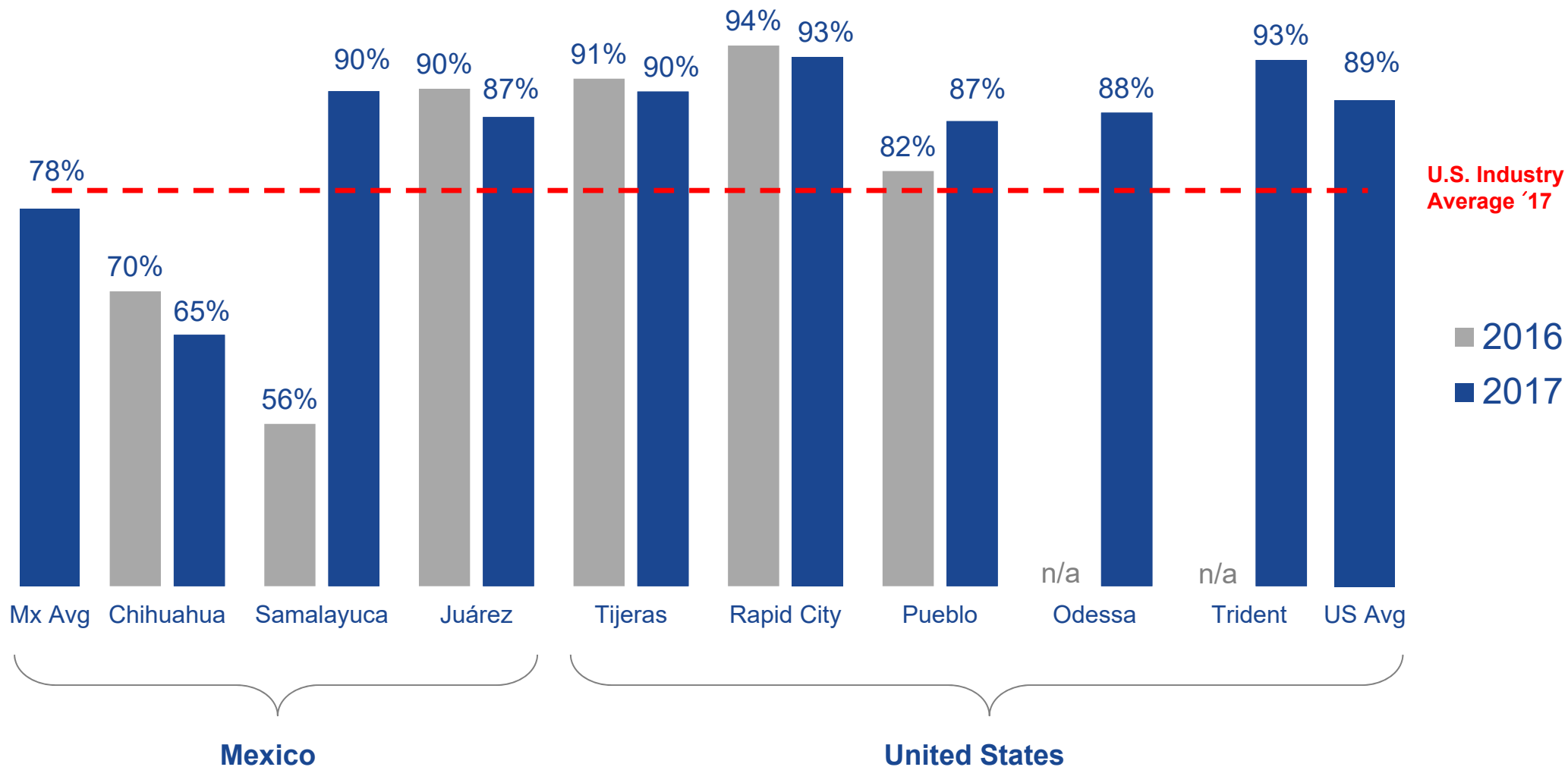


Transport



More than 1,900 railcars and 900+ mixer and haul trucks to transport cement, concrete and aggregates

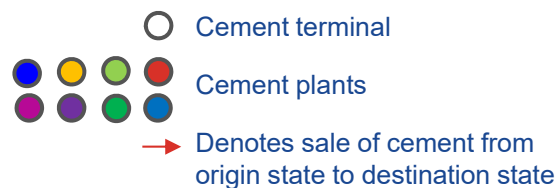




Robust logistics platform stretches from Northern Mexico to the U.S. border with Canada

- Operational flexibility
- Cost efficiency
- Faster delivery time
- Advanced logistics
- Reduced supply disruption risk
- Hard to replicate
- Brand loyalty and client trust

- **19 cement terminals, 2 distribution centers, and transfer stations**
- **1,900 rail cars**
- **900+ mixer and haul trucks**





Enrique Escalante, CEO
GCC since 1999; 19 years in industry



Luis Carlos Arias, CFO
GCC since 1996; 22 years in industry

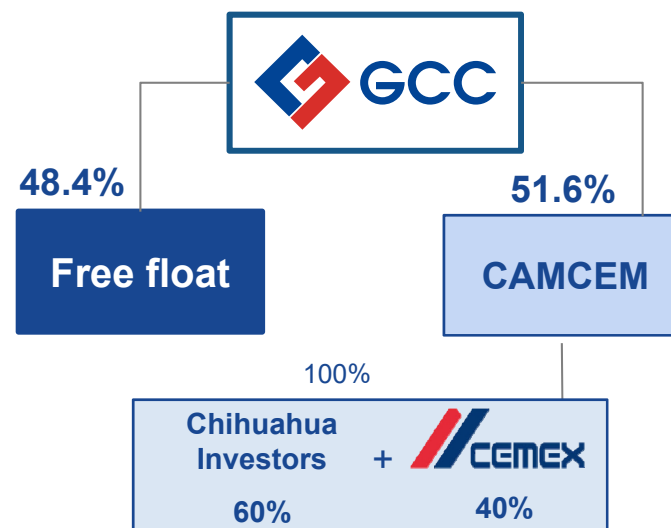


Ron Henley, U.S. Division President
GCC since 2012; 33 years in industry



Rogelio González, Mexico Division President
GCC since 1973; 45 years in the industry

The entire senior management team averages ~29 years experience in the cement industry



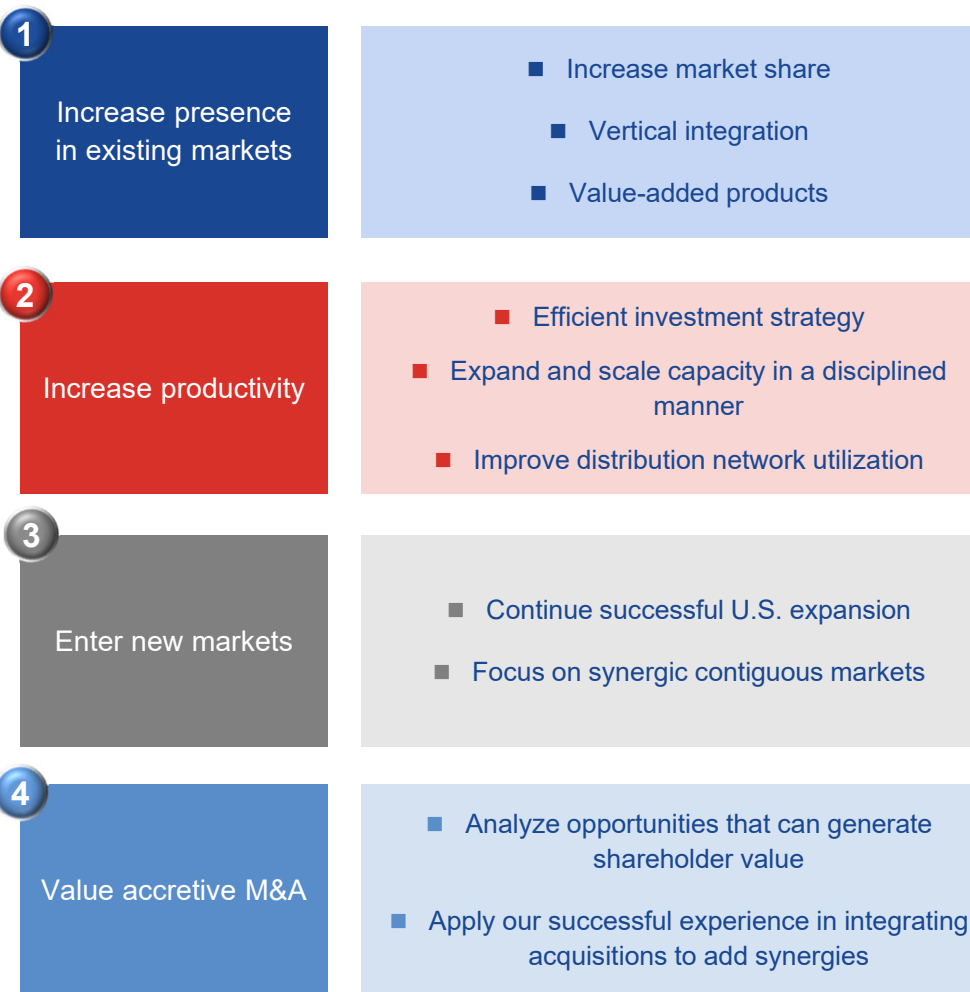
Board of Directors

Proprietary, Chihuahua investors	6
Proprietary, Cemex	4
Independent	4

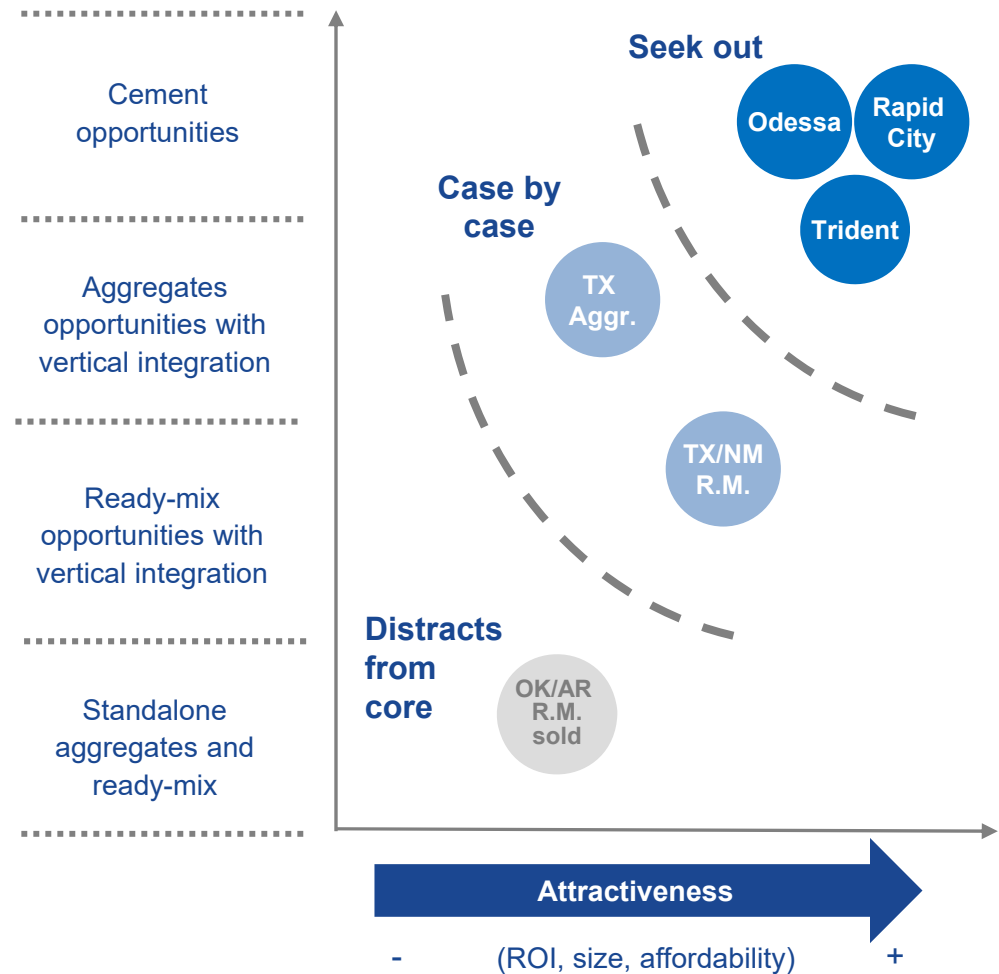
Audit and Corporate Practices Committee

- All 3 committee members are independent
- Assists the Board in carrying out its oversight duties and conducting corporate practices in accordance with the Mexican Securities Market Law
- Monitors compliance with internal policies and applicable laws and regulations regarding related party transactions and significant transactions

Framework

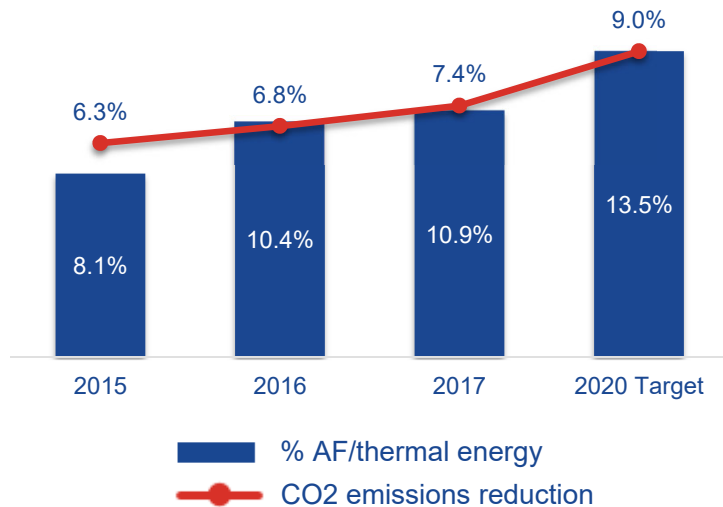


Strategic prioritization and evaluation of alternatives



... Supported by sustainability initiatives that create direct economic and environmental benefits

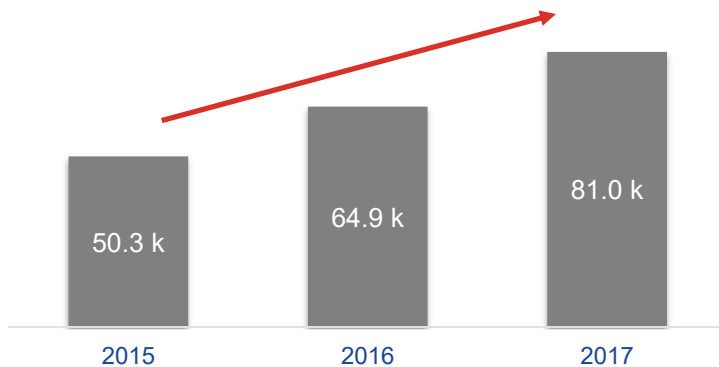
Alternative Fuels (AF) usage and CO2 emissions reduction



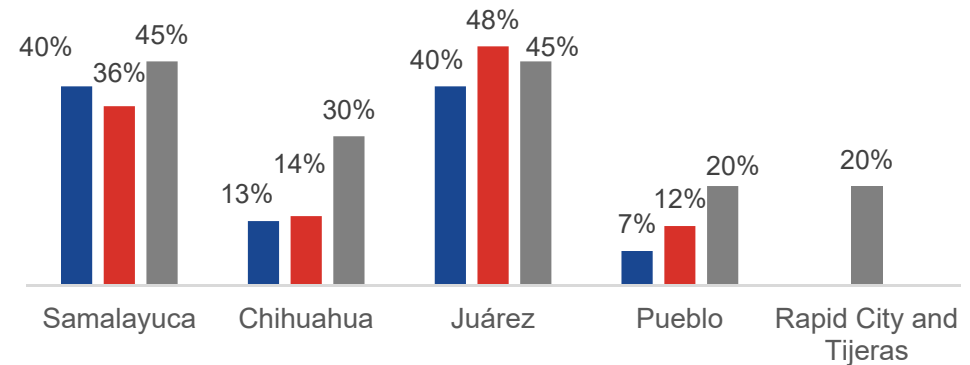
AF provide significant cost advantages

- In 2017, AF provided 10.9% of total thermal energy and reduced CO2 emissions by 7.4%
- GCC saved more than US\$5.0 million using AF in 2017
- AF is 50% cheaper than coal, on average
- Rapid City & Tijeras environmental permits applied for

Usage of AF (mt)



AF usage by plant



■ 2016 ■ 2017 ■ 2020 Target

Bond and bank debt refinancings improve financial position

Reduction of annual interest expenses by US\$18M

- Bond interest coupon decreased to 5.250% from 8.125%
 - Savings on financial expenses = US\$ \$7.5 million per year
 - Extended maturity 4 years
- Bank debt refinancing yields an estimated US\$ 10 million in annualized interest expense savings

Agency	Rating	Outlook	Date
S&P	BB+	Stable	05/18
Fitch	BB	Stable	12/17

Debt Composition (September, 2018, US\$ million)

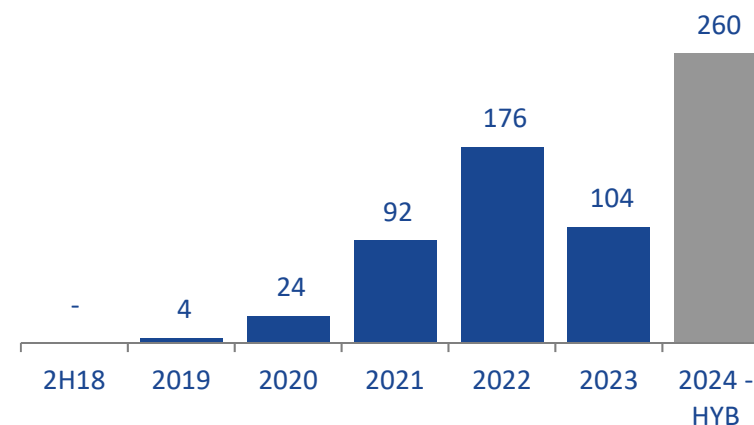
Securities Debt	Bank Debt
Notes due 2024, \$260	2018 Refinancing, \$400

Interest rates

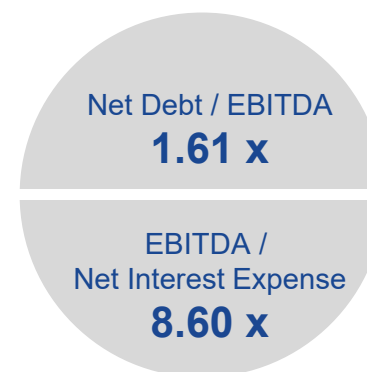
5.25%

5y: Libor + 1.75% (variable)
Blended: 4.57%

Maturity profile (US\$ million)

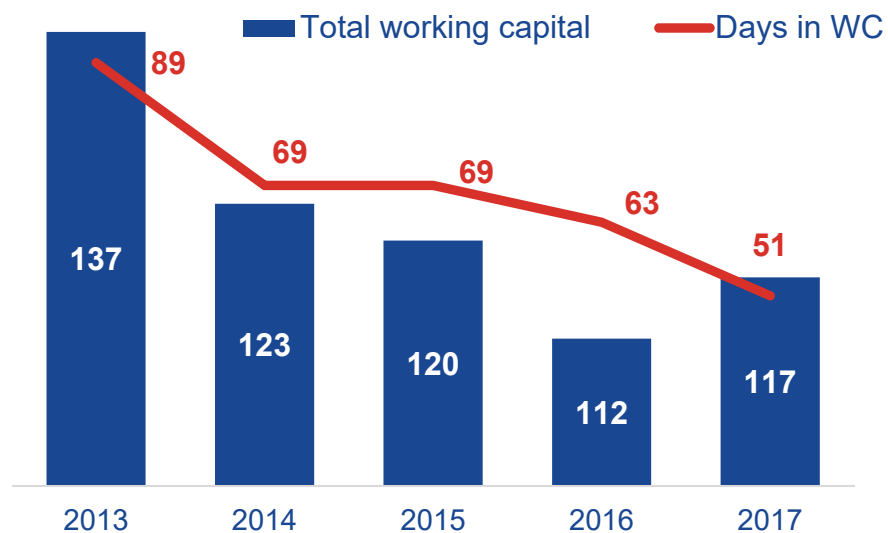


Debt ratios (Sept 30, 2018)



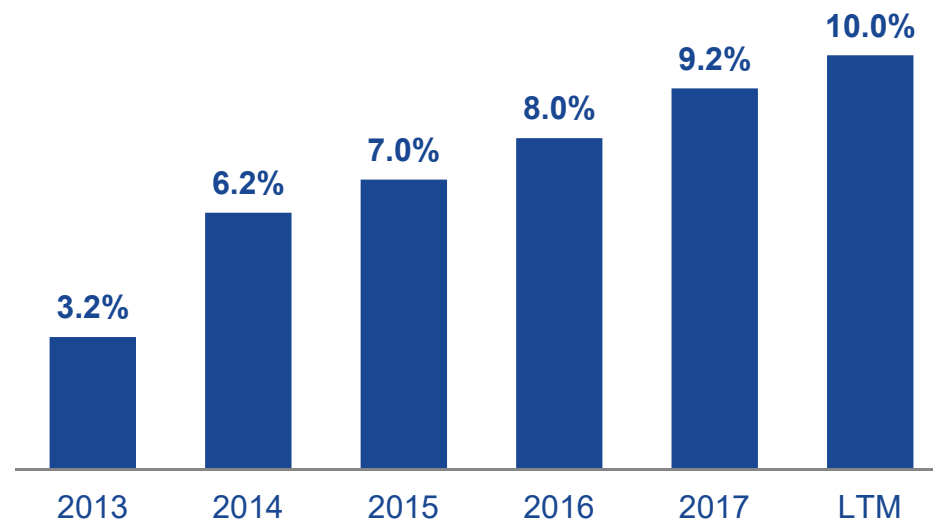
Debt and capital efficiency indicators steadily improving

Working capital (US\$ million)

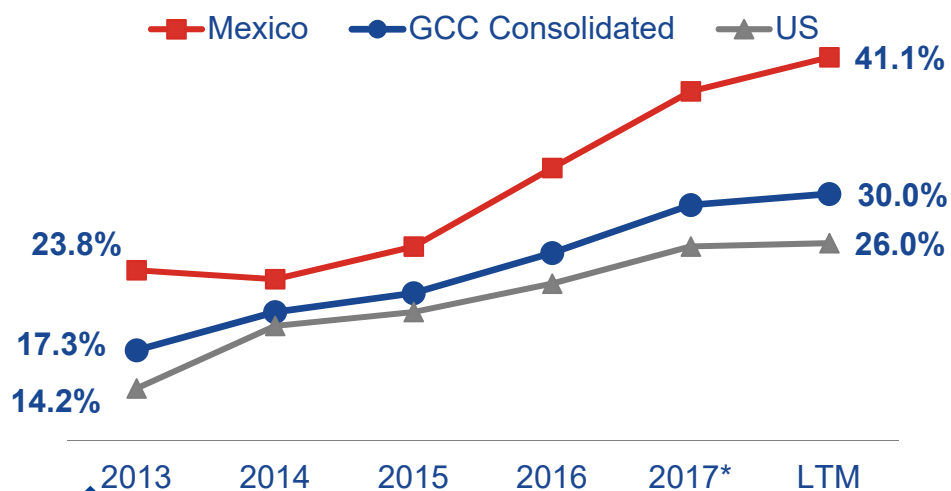


ROIC

(NOPAT/Avg. Invested Capital)

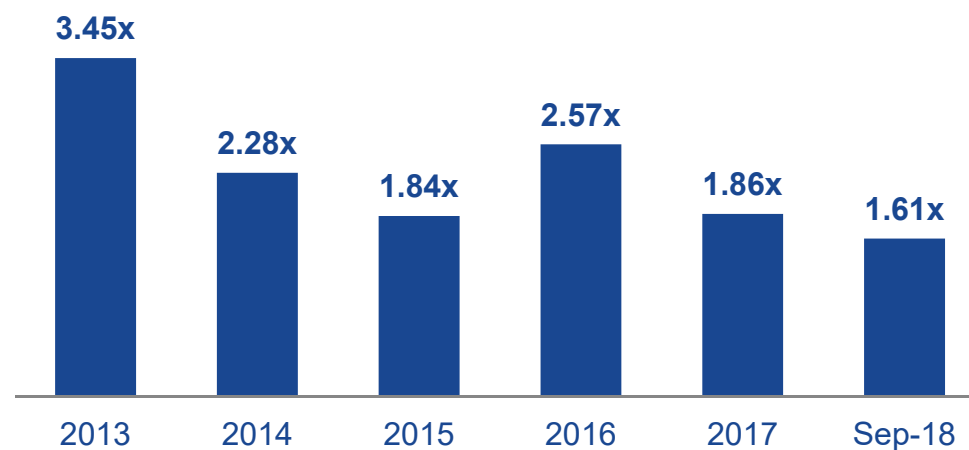


EBITDA margin (US\$ million)



Net leverage ratio

(Net Debt / EBITDA)



Capital markets transactions increased share float and liquidity; valuation remains attractive

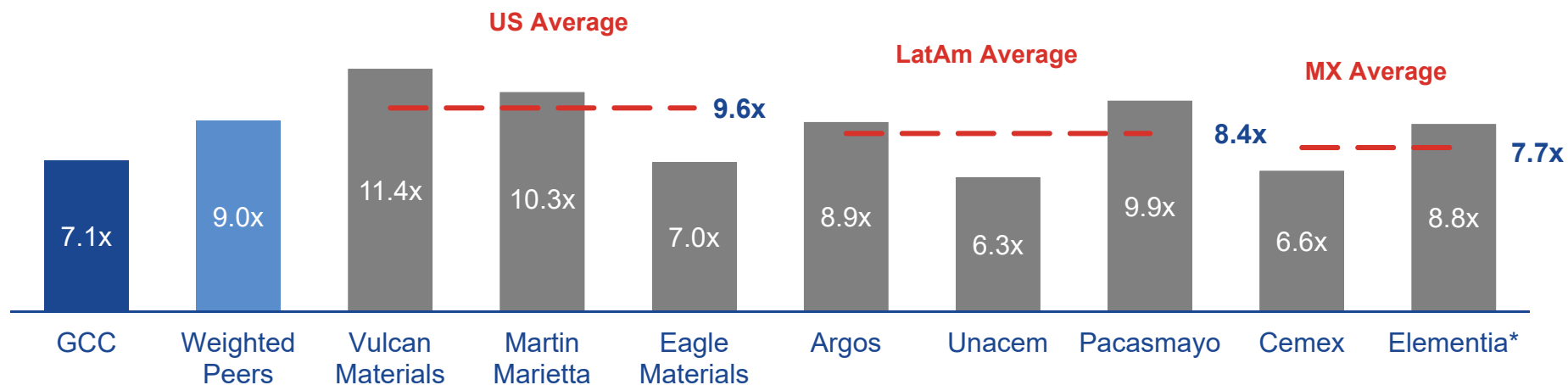
Transactions benefit public market shareholders

- Transparent control group shareholdings
- Float increased to 48% of shares
- Increased liquidity on BMV

Shares still trade below peer group multiples

- Even after 64% price increase since 2017
- Trading at a 27% discount to weighted peers ²
- 35% discount to U.S. average
- 18% discount to LATAM average

2019 estimated EV/EBITDA multiples¹

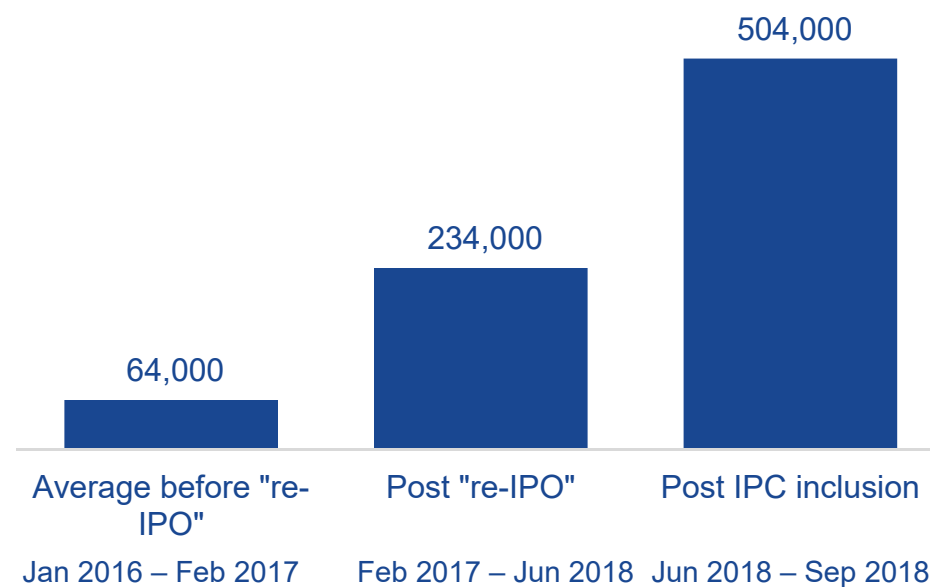


Liquidity has increased significantly as a result of corporate developments and stock market positioning

- “Re-IPO,” February 2017
- MSCI Index inclusion, June 2018
- IPC Index inclusion, September 2018
- Shareholder’s partial early termination of equity forward, September 2018

	Coverage	'19 Target Price	Rating
1	Actinver	\$155	Buy
2	Bank of America	\$162	Buy
3	Banorte	\$155	Buy
4	Citi	\$149	Buy
5	Data Based Analysis	Not Authorized	Not Authorized
6	GBM	\$150	Outperformer
7	JPMorgan	\$145	Overweight
8	Nau Securities	\$146	Buy
9	Santander	\$150	Buy
10	Scotiabank	\$175	Outperformer
11	UBS	\$148	Buy
	Average	\$154	Buy

Average Daily Trading Volume, Shares¹



United States

	Previous	Revised
■ Volumes		
■ Cement, like-to-like	low single digit increase	2% - 4%
■ Cement		9% - 11%
■ Concrete		1% - 3%
■ Prices:	3% - 5%	3% - 5%

Mexico

	Previous	Revised
■ Volumes		
■ Cement	flat	1% - 3%
■ Concrete	flat	flat
■ Prices:		
■ Cement	3% - 5%	5% - 7%
■ Concrete	3% - 5%	3% - 5%



Consolidated

	Previous	Revised
■ EBITDA	mid single digit increase	11% - 13%
■ Working capital investment:		slight decrease
■ Total CAPEX:		US\$ 120 million
■ Maintenance		60
■ Rapid City Expansion		60
■ Net Debt / EBITDA, by end-2018		~ 1.5

**Cement Capacity
Growing**

+514k mt

Odessa
at end-2016

+440k mt

Rapid City
In 2018

+315k mt

Trident
In 2018

**EBITDA
Growing**

+44.0%

EBITDA growth
since 2016

30.0%

LTM margin

**Debt
Falling**

1.61x

Leverage

BB+

S&P rating

\$18 mm

Annual interest
savings

**GCC stock
More Liquid**

+23%

Free Float

48%

of total shares
on BMV

MSCI & IPC

Index inclusion

Appendix: 3Q18 Results

3Q18 Results Highlights

Millions of dollars	3Q18	3Q17	Var. %	9M18	9M17	Var. %
Net Sales	278.6	251.9	10.6%	677.4	609.9	11.1%
Operating Income before other expenses	64.3	56.5	13.9%	140.7	111.5	26.3%
EBITDA	83.6	76.6	9.2%	198.6	170.8	16.3%
<i>EBITDA margin</i>	<i>30.0%</i>	<i>30.4%</i>		<i>29.3%</i>	<i>28.0%</i>	
Consolidated Net Income	42.8	30.7	39.3%	42.2	54.8	-23.0%

- Sales increased 10.6% in 3Q18 and 11.1% in first nine months
- Cement prices increased in both U.S. and Mexico
- EBITDA reached a new record and increased 9.2% in quarter and 16.3% in first nine months
- EBITDA margin reached 30.0% in quarter and 29.3% in first nine months, up 130 basis points
 - U.S. division third quarter EBITDA margin of 27.3% - second highest since 2008
 - Mexico division third quarter EBITDA margin of 39.7%
- Net leverage (Net debt/EBITDA) ratio fell to 1.61 in September 2018

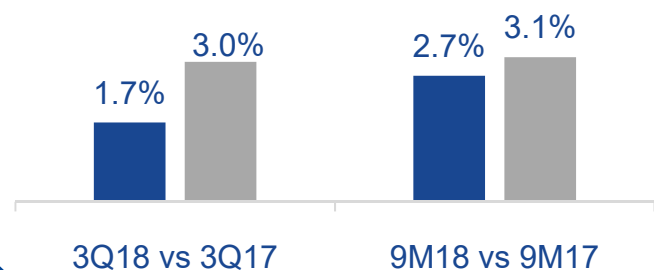
Sales volumes and prices

	3Q18	3Q17	Var. %	9M18	9M17	Var. %
Cement sales ('000 mt)	1,341	1,215	10.4%	3,341	3,114	7.3%
U.S.	1,020	913	11.7%	2,395	2,203	8.7%
Mexico	321	302	6.5%	946	911	3.8%
Concrete sales ('000 m³)	588	589	-0.2%	1,394	1,384	0.8%
U.S.	352	347	1.5%	715	701	2.0%
Mexico	236	243	-2.6%	679	683	-0.5%

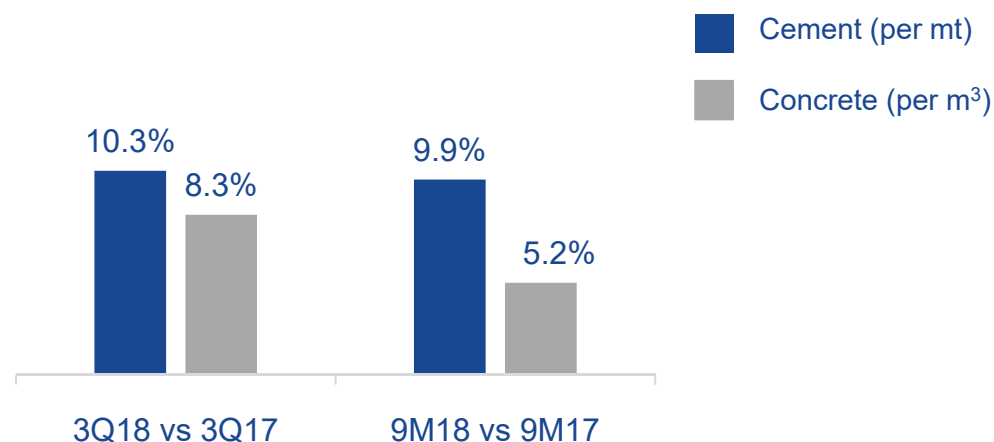
- U.S. cement increased principally as a result of the addition of the Trident cement plant in Three Forks, Montana, which increased GCC's market share in Montana, as well as in new markets in Idaho and Alberta, Canada.
- Mexico volumes were driven by the housing, commercial and industrial, and mining sectors.

GCC Average Selling Prices, % change

United States (U.S. dollars)



Mexico (Pesos)



Sales

	3Q18	3Q17	Var. %	9M18	9M17	Var. %
Dollars million						
Consolidated	<u>278.6</u>	<u>251.9</u>	<u>10.6%</u>	<u>677.4</u>	<u>609.9</u>	<u>11.1%</u>
U.S.	216.4	192.9	12.2%	499.6	447.8	11.6%
Mexico	62.2	58.9	5.5%	177.8	162.1	9.6%

U.S. Sales

- The most dynamic market segments were oil well drilling and other construction in the Permian Basin in Texas, housing and infrastructure construction in Colorado, and development of poultry and pork processing plants and wind farms in the northern Midwest and Plains states

Mexico Sales

- Projects supporting demand included real estate and commercial developments, middle income housing, mining projects, and industrial warehouse construction

Income Statement - Dollars

Dollars million	3Q18	3Q17	Var. %	9M18	9M17	Var. %
Net Sales	278.6	251.9	10.6%	677.4	609.9	11.1%
U.S.	216.4	192.9	12.2%	499.6	447.8	11.6%
Mexico	62.2	59.0	5.5%	177.7	162.1	9.6%
Cost of sales	194.2	176.1	10.3%	479.8	439.8	9.1%
Operating expenses	20.1	19.3	3.9%	56.8	58.7	-3.2%
Other expenses, net	0.6	0.2	211.6%	7.9	0.6	1181.2%
Operating Income	63.7	56.3	13.2%	132.9	110.8	26.3%
<i>Operating margin</i>	22.9%	22.3%		19.6%	18.2%	
Net financing (expense)	(9.4)	(15.5)	-39.3%	(36.1)	(46.5)	-22.3%
Earnings in associates	1.9	0.5	276.1%	3.2	1.3	140.5%
Income taxes	12.9	12.4	4.6%	16.7	14.8	13.2%
Income from continuing operations	43.3	28.9	49.5%	83.2	50.9	63.5%
Discontinued operations	(0.4)	1.8		(41.0)	3.9	
Consolidated net income	42.8	30.7	39.3%	42.2	54.8	-23.0%
EBITDA	83.6	76.6	9.2%	198.6	170.8	16.3%
<i>EBITDA margin</i>	30.0%	30.4%		29.3%	28.0%	

Free cash flow - dollars

Dollars million	3Q18	3Q17	Var. %	9M18	9M17	Var. %
Operating income before other expenses	64.3	56.5	13.9%	140.7	111.5	26.3%
Depreciation and amortization	19.3	20.1	-3.8%	57.9	59.3	-2.5%
EBITDA	83.7	76.6	9.2%	198.6	170.8	16.3%
Interest income (expense)	(3.1)	(5.3)	-40.5%	(31.1)	(49.5)	-37.2%
(Increase) in working capital	6.7	1.1	527.6%	(47.3)	(52.7)	-10.3%
Taxes	(0.9)	(1.2)	-25.1%	(15.5)	(11.8)	30.9%
Other	1.2	3.5	-66.1%	(0.6)	10.5	n.m.
Flow from continuing operations, net	87.5	74.7	17.1%	104.1	67.2	55.0%
Flow from discontinued operations	0.0	3.1	-100%	1.7	7.4	-77.2%
Operating cash flow	87.5	77.8	12.5%	105.8	74.6	41.8%
Maintenance Capex*	(11.2)	(10.6)	5.7%	(41.9)	(27.4)	52.9%
Free cash flow	76.3	67.2	13.6%	64.0	47.2	35.4%
Growth capex and related	(16.5)	(5.8)	183.7%	(39.5)	(24.8)	59.4%
Sale of assets	0.0	0.0	0.0%	118.5	0.0	100%
Purchase of assets	0.0	0.0	0.0%	(107.5)	0.0	100%
Debt amortizations, net	0.0	(0.7)	-100%	(34.9)	(2.1)	1560.1%
Dividends paid	(12.6)	(11.6)	8.8%	(12.6)	(11.6)	8.8%
FX effect	2.6	(0.5)	n.m.	2.9	6.4	-55.1%
Initial cash balance	173.9	130.6	33.2%	232.9	164.0	42.0%
Final cash balance	223.8	179.3	24.8%	223.8	179.3	24.8%

* Excludes capex for growth and expansion

■ Increase in Free Cash Flow in 3Q18 reflects:

- Higher EBITDA
- Lower financial expenses
- Lower cash taxes
- Higher working capital requirements

Balance Sheet

Dollars million	Sept 2018	Sept 2017	Var. %
Total Assets	1,901.3	1,942.9	-2.1%
Current Assets	537.1	478.2	12.3%
Cash	223.8	179.3	24.8%
Other current assets	313.3	298.9	4.8%
Non-current assets	1,364.2	1,464.7	-6.9%
Plant, property, & equipment	989.9	938.5	5.5%
Goodwill and intangibles	354.4	468.3	-24.3%
Other non-current assets	19.9	15.8	25.9%
Deferred taxes	0.0	42.1	-100%
Total Liabilities	934.6	1,016.9	-8.1%
Current Liabilities	158.3	172.1	-8.0%
Short-term debt	2.4	11.6	-79.2%
Other current liabilities	155.9	160.5	-2.9%
Long-term liabilities	776.3	844.8	-8.1%
Long-term debt	646.9	670.5	-3.5%
Other long-term liabilities	77.3	80.8	-4.3%
Deferred taxes	52.0	93.5	-44.4%
Total equity	966.7	925.9	4.4%

- Trident plant in Montana integrated and contributing to U.S. sales
- Two kilns reactivated in Chihuahua to meet increased demand
- Rapid City plant expansion completed and tie-in commenced



Grupo Cementos de Chihuahua

www.gcc.com

+52 (614) 442 3176

Contact:

Luis Carlos Arias, Chief Financial Officer

larias@gcc.com

Ricardo Martinez, Investor Relations

rmartinezg@gcc.com