

**Figures for the last 12 months**

	Jun-99	Jun-98	Variation
Net sales	2,208,806	1,872,452	18.0%
Operating income	646,999	450,447	43.6%
Operating income + depreciation	805,411	617,260	30.5%
Consolidated net income	357,083	252,832	41.2%
Majority net income	357,031	252,610	41.3%

**Sales Distribution Jan - Jun 1999**

Cement and Mortar in Mexico	35.9%
Cement and Mortar in the U.S.A.	29.7%
Concrete in Mexico	11.6%
Concrete in U.S.A.	9.4%
Others	13.4%

**Sales Volumes**

	Accumulated 1999 / 1998	II-99 / II-98	II-99 / I-99
Cement in Mexico	-6.8%	-5.4%	4.4%
Cement in the U.S.A.	-7.5%	-13.5%	20.6%
Total Cement	-7.2%	-10.3%	13.3%
Concrete in Mexico	-1.6%	16.9%	14.8%
Concrete in U.S.A.	39.9%	36.4%	2.3%
Total Concrete	10.6%	23.2%	10.0%
Aggregates in Mexico	-6.1%	-0.2%	10.6%

**Results**

	Quarter II-99	Quarter II-98	Accumulated June 99	Accumulated June 98	Real Variation II-99 / II-98	Acum 99 / 98
Net sales	574,029	528,427	1,070,400	978,500	8.6%	9.4%
Sales in Mexico	347,372	289,548	652,058	567,863	20.0%	14.8%
Sales in U.S.A.	226,658	238,879	418,342	410,637	-5.1%	1.9%
Cost of sales	360,028	333,670	684,800	643,200	7.9%	6.5%
Gross income	214,001	194,757	385,600	335,300	9.9%	15.0%
Operating expenses	52,709	47,799	103,100	94,100	10.3%	9.6%
Operating income	161,293	146,959	282,500	241,200	9.8%	17.1%
Operating income + depreciation	206,658	193,627	373,600	335,000	6.7%	11.5%
Comprehensive financing cost	18,744	15,173	40,800	26,700	23.5%	52.8%
Other financial operations	36,599	24,010	60,600	53,400	52.4%	13.5%
Earnings before taxes	105,949	107,776	181,100	161,100	-1.7%	12.4%
Taxes and employee profit sharing	20,772	14,952	32,664	14,418	38.9%	126.6%
Consolidated net income	85,177	92,824	148,436	146,682	-8.2%	1.2%
Majority net income	85,160	92,774	148,400	146,600	-8.2%	1.2%

**Balance Sheet**

Total assets		4,668,800	4,420,000	5.6%
Current assets		1,121,100	772,400	45.1%
Fixed assets		3,357,900	3,385,700	-0.8%
Other assets		189,800	261,900	-27.5%
Total liabilities		1,275,600	1,238,400	3.0%
Current liabilities		330,300	275,600	19.8%
Current liabilities with cost		132,896	93,900	41.5%
Long term liabilities		919,300	939,700	-2.2%
Long term liabilities with cost		914,691	934,200	-2.1%
Other liabilities		26,000	23,100	12.6%
Consolidated stockholders' equity		3,393,200	3,181,600	6.7%
Minority interest		784	1,620	-51.6%
Majority stockholders' equity		3,392,416	3,179,980	6.7%

**Financial Highlights**

Net profit per share (Ps) <sup>(1)</sup>	\$0.26	\$0.28		
Net profit per share last 12 months (Ps) <sup>(1)</sup>	\$1.07	\$0.75		
Book value per share (Ps)			\$10.17	\$9.46
Stock price (Ps)			\$7.78	\$8.97
Operating income / Net sales	28.1%	27.8%	26.4%	24.6%
Operating income + Depreciation / Net sales	36.0%	36.6%	34.9%	34.2%
Net income / Net sales	14.8%	17.6%	13.9%	15.0%
Total liabilities / Total stockholders' equity			37.6%	38.9%
Current assets / Current liabilities (times)			3.39	2.80
Total liabilities / Total assets			27.3%	28.0%

(1)Based on: 336,276,000 shares in 1998  
333,684,000 shares in 1999

### Financial Information

Grupo Cementos de Chihuahua's net sales during the second quarter of 1999 were \$574.0 million pesos, an 8.6% increase with respect to the same period of the previous year. During the second quarter, 60.5% of the sales corresponded to domestic sales (\$347.4 million pesos) and had an increment of 20.0% compared to the same period of the previous year. The growth in sales is the result of the increase in the domestic and U.S. concrete volumes and the real growth of cement prices in both markets.

39.5% of the sales during the quarter (\$24.0 million dollars or \$226.7 million pesos) went to the U.S. market. This sales show a decrease of 3.2% in dollars (5.1% in pesos) compared to the same period of the previous year, due to a lower cement demand.

Net sales for the first semester of 1999 reached \$1,070.4 million pesos, reflecting a 9.4% increase in real terms with respect to net sales for the same semester of 1998.

During this semester, 60.9% (\$652.1 million pesos) of total sales corresponded to domestic sales, and the rest (US\$44.3 million dollars or \$418.3 million pesos) to sales in the U.S. market. Of the domestic sales, which grew 14.8% against the same semester of the previous year, 58.9% corresponded to cement and mortar, 19.1% to concrete, 3.7% to aggregates, and 18.3% to other products.

Sales in the U.S. market during the first semester (\$418.3 million pesos) grew 3.9% in dollar terms and were divided as follows: 76.0% corresponded to cement and mortar, and 24.0% to concrete.

Operating income for the second quarter of 1999 was \$161.3 million pesos, showing a 9.8% increase in real terms with respect to the same quarter of 1998. This increment was the result of higher sales combined with a higher gross margin. The operating margin obtained during the quarter was 28.1%, which is larger than the one obtained during the same quarter of 1998. During the first semester operating income was \$282.5 million pesos, 17.1% larger compared to the first semester of the previous year.

Operating cash flow (operating income plus depreciation) generated during the second quarter was \$206.7 million pesos, 6.7% greater than the one obtained during the same period of the previous year and representing 36.0% of sales. Operating cash flow generated during the first semester reached \$373.6 million pesos, showing an increment of 11.5% compared to the same semester of the previous year, representing 34.9% of sales.

Net financial expenses (financial costs minus financial income) during the second quarter were \$23.7 million pesos, 11.8% less than the amount reported in the same period last year. This decrease results from a 25.6% decrement in GCC's net debt. The net financial expenses reported for the first semester were \$56.1 million pesos, 8.3% larger than the amount reported during the same semester of the previous year.

Comprehensive financing cost for the second quarter was \$18.7 million pesos, 23.5% larger than the one obtained during the same period of the previous year, due to a lower monetary income. This cost represents only 3.3% of total sales. Comprehensive financing cost for the first semester was \$40.8 million pesos, 52.8% larger than the one reported during the same semester of the previous year.

The account for other expenses and income includes antidumping duties deposits and accruals for \$32.8 million pesos (US\$3.48 million dollars) paid by our subsidiary in the United States on imports of Mexican cement to the U.S. during the second quarter. This amount is 65.7% larger than the amount reported during the same period of the previous year, because along with the deposits, GCC is accruing an additional amount based on the expected results from the ninth administrative review of the antidumping order for the period from August of 1998 to July of 1999.

However, the additional accruals may be cancelled during the second half of this year if the U.S. Department of Commerce adopts the methodology approved in the most recent decision by the relevant appellate body, the NAFTA panel reviewing the results of the fifth administrative review. During the semester, the antidumping duties deposits and accruals were \$51.5 million pesos (US\$5.46 million dollars), 13.8% larger than the amount reported during the first semester of 1998. The total amount of accruals during the semester was \$26.9 million pesos (US\$2.84 million dollars).

Consolidated net income for the second quarter reached \$85.2 million pesos, 8.2% less compared to the one obtained during the same period of the previous year. The main reasons for the decrease were the larger amount accrued for antidumping duties and the larger accrual for taxes. Consolidated net income for the first semester of 1999 reached \$148.4 million pesos, 1.2% larger than the one obtained during the same period of the previous year.

Total assets of Grupo Cementos de Chihuahua as of June 30, 1999 are \$4,668.8 million pesos, 5.6% larger in real terms than what was reported as of the same date on the previous year. This growth is the result of the increment in cash and temporary investments.

Total liabilities of the company as of June 30, 1999 are \$1,275.6 million pesos, 3.0% larger than the amount reported as of June 30, 1998.

Net debt (debt less cash and temporary investments) is \$560.9 million pesos. This amount is 25.6% and 7.5% less than the one reported as of June 30, 1998 and March 31, 1999, respectively.

The current portion of long term debt and the short-term bank debt amount to \$132.9 million pesos, of which \$114.7 million pesos (US \$12.1 million) are denominated in dollars. Long-term bank debt is \$914.7 million pesos, of which \$644.8 million pesos (US \$68.2 million dollars) are denominated in dollars.

During the second quarter of 1999, the dollar denominated debt had an annual average cost of 6.7% and the peso denominated debt had an annual average cost of 23.1%.

### Sales Volume:

The decrease in the domestic cement sales volume is the result from a decrement in public works and housing construction. It is expected that during the rest of the year, the cement demand from these construction sectors will grow. The cement demand in the U.S. was affected by a reduction in the commercial and housing construction sectors.

Of the total volume sold in the U.S. market during the second quarter, 38.0% was supplied through exports from the Samalayuca plant in Mexico.

As a remark, 58.5% of tonnage sold during the second quarter of 1999 went to the U.S. market.



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