

**Figures for the last 12 months**

	June-00	June-99	Variation
Net sales	2,618,305	2,365,748	10.7%
Operating income	756,017	685,255	10.3%
Operating income + depreciation	942,251	866,673	8.7%
Consolidated net income	442,000	377,889	17.0%
Majority net income	441,888	377,831	17.0%

**Income Distribution**
**Jan. - Jun. 2000**

Cement and mortar in Mexico	37.9%
Cement and mortar in the U.S.A.	26.3%
Concrete in Mexico	13.1%
Concrete in U.S.A.	7.0%
Others	15.7%

**Sales Volumes Growth**

	I - 00 / I - 99	II - 00 / II - 99	Ac. 00 / Ac. 99
Cement in Mexico	19.0%	15.9%	17.4%
Cement in the U.S.A.	4.2%	5.4%	4.8%
Total cement	10.9%	9.8%	10.3%
Concrete in Mexico	38.1%	36.5%	37.3%
Concrete in U.S.A.	-4.2%	-13.6%	-9.0%
Total concrete	21.8%	18.5%	20.1%
Aggregates in Mexico	34.6%	46.3%	40.7%

**Results**

	II-2000	II-1999	Quarter Acum. II - 2000	Quarter Acum. II -1999	Real Variation II-00 / II-99	Real Variation Ac. II-00 / Ac. II-99
Net sales	698,467	615,248	1,330,000	1,147,600	13.5%	15.9%
Sales in Mexico	458,280	380,265	887,024	713,416	20.5%	24.3%
Sales in U.S.A	240,187	234,983	442,976	434,184	2.2%	2.0%
Cost of sales	421,892	385,170	808,500	732,400	9.5%	10.4%
Gross income	276,575	230,078	521,500	415,200	20.2%	25.6%
Operating expenses	65,744	57,080	133,200	111,700	15.2%	19.2%
Operating income	210,830	172,998	388,300	303,500	21.9%	27.9%
Operating income + depreciation	260,050	221,991	487,100	401,900	17.1%	21.2%
Comprehensive financing cost	(3,267)	20,119	(16,600)	43,900	N A	N A
Other financial operations	50,039	38,204	93,200	63,400	31.0%	47.0%
Earnings before taxes	164,059	114,674	311,700	196,200	43.1%	58.9%
Taxes and employee profit sharing	59,122	22,200	99,548	34,960	166.3%	184.7%
Consolidated net income	104,936	92,475	212,152	161,240	13.5%	31.6%
Majority net income	104,915	92,456	212,100	161,200	13.5%	31.6%

**Balance Sheet**

Total assets			4,958,400	5,049,800		-1.8%
Current assets			1,322,300	1,202,600		10.0%
Fixed assets			3,468,100	3,641,400		-4.8%
Other assets			168,000	205,800		-18.4%
Total liabilities			2,149,700	1,360,500		58.0%
Current liabilities			378,900	352,800		7.4%
Current liabilities with cost			157,024	141,600		10.9%
Long term liabilities			658,800	974,400		-32.4%
Long term liabilities with cost			658,800	974,400		-32.4%
Diferred taxes			915,700	0		N A
Other liabilities			196,300	33,300		489.5%
Consolidated stockholders' equity			2,808,700	3,689,300		-23.9%
Minority interest			861	846		1.8%
Majority stockholders' equity			2,807,839	3,688,454		-23.9%

**Financial Highlights**

Net profit per share (Ps) <sup>(1)</sup>	\$0.31	\$0.28		
Net profit per share last 12 months (Ps) <sup>(1)</sup>	\$1.32	\$1.13		
Book value per share (Ps)			\$8.41	\$11.07
Stock price (Ps)			\$6.60	\$8.51
Operating income / Net sales	30.2%	28.1%	29.2%	26.4%
Operating income + Depreciation / Net sales	37.2%	36.1%	36.6%	35.0%
Net income / Net sales	15.0%	15.0%	16.0%	14.1%
Total liabilities / Total stockholders' equity			76.5%	36.9%
Current assets / Current liabilities (times)			3.49	3.41
Total liabilities / Total assets			43.4%	26.9%

(1)Based on: 333,807,000 shares in II - 2000  
333,223,000 shares in II -1999

# Grupo Cementos de Chihuahua, S.A. de C.V. and Subsidiaries

Performance review for the 2nd quarter of 2000

## Financial Information

Grupo Cementos de Chihuahua's net sales during the second quarter of 2000 totaled 698.5 million pesos, reflecting a 13.5% rise in real terms compared to the same quarter in 1999.

During the quarter, 65.6% (458.3 million pesos) of the company's sales were in the domestic market, with a 20.5% rise over the same quarter of 1999.

The U.S. market accounted for 34.4% of the company's second quarter sales (US\$25.3 million, equivalent to 240.2 million pesos). Growth was 5.4% in dollar terms.

Net sales during the first six months of the year were 1.33 billion pesos, 15.9% growth in real terms, compared to 1999.

In the first half of the year, the Mexican market accounted for 66.7% (887 million pesos) of the company's sales, while the rest (46.6 million dollars, equivalent to 443.0 million pesos) were in the U.S. market. Sales in Mexico registered an increase of 24.3% compared to 1999, broken down as follows: 56.8% corresponded to cement and mortar, 19.6% to ready-mix concrete, 5.4% to concrete block, 3.5% to aggregates and 14.7% to other products.

Sales in the first six months of the year in the U.S. market grew 5.3% in U.S. dollars, with the following breakdown: 78.9% corresponded to cement and mortar and 21.1% to ready-mix concrete.

Operating profit in the second quarter of 2000 was 210.8 million pesos, for an increase of 21.9% in real terms, compared to that of the second quarter of 1999. The operating margin in the quarter was 30.2%, which is greater than the 28.1% obtained during the same quarter of 1999. Operating profit in the first six months was 388.3 million pesos, a 27.9% increase in real terms compared to 1999. The operating margin was 29.2% for the first six months of the year.

The operating cash flow (operating profit plus depreciation and amortization) generated during the quarter was 260.1 million pesos, rising 17.1% against that of the same quarter of 1999. This represented 37.2% of sales, against 36.0% in the second quarter of 1999. The operating cash flow generated during the first six months was 487.1 million pesos, a 21.2% increase compared to the first six months of 1999, representing 36.6% of sales.

Net financing cost (financial expenses less financial income) reported during the second quarter was 10.0 million pesos, 60.9% lower than in 1999. Net financial expense reported during the first six months of 2000 was 23.4 million pesos, 61.4% lower than in the first six months of 1999.

During the quarter, net comprehensive financial income was 3.3 million pesos, which compares favorably with a financial expense of 20.1 million pesos reported during the same period of 1999. This profit was due mainly to a lower net financing cost and higher income from monetary position. The net comprehensive financial income through the first six months of the year was 16.6 million pesos, which also compares very favorably with the financial expense of 43.9 million pesos reported for the first semester of 1999.

In other financial expenses reported during the second quarter, 40.0 million pesos (\$4.2 million dollars) corresponded to deposits and provisions for antidumping taxes on Mexican cement imports to the United States. The amount reported for this item during the quarter is 21.3% greater than that of the same quarter of 1999, as a result of the increase in cement exports during the second quarter of this year. In the first six months, deposits and provisions were 76.1 million pesos (\$8.02 million U.S. dollars) for the same concept. These deposits and provisions are 47.2% higher than those reported during the same six months of the previous year. The provisions made during the first six months were 44.1 million (US\$4.6 million).

Consolidated net income during the second quarter of 2000 was 104.9 million pesos, 13.5% greater than that of the previous year. Net consolidated income during the first six months of 2000 was 212.1 million pesos, 31.6% higher than in 1999.

Total assets of Grupo Cementos de Chihuahua on June 30, 2000 are 4.96 billion pesos, 1.8% lower in real terms than reported on June 30, 1999.

As of June 30, 2000 GCC's total liabilities are 2.15 billion pesos, 58.0% higher than reported on the same date in 1999. This rise is due mainly to recognition of deferred taxes registered during the first quarter, as a result of the implementation of the new Bulletin D4, which requires recognizing deferred taxes for all the temporary differences between accounting and fiscal balances in the general balance sheet, as well as the provisions made with regard to antidumping taxes.

The company's total debt in millions of June 30, 2000 constant pesos, and in millions of dollars, is as follows:

The company's net debt (interest-bearing debt minus cash and investments) is 252.1 million pesos. This shows a reduction of 57.7% against that reported as of June 30, 1999, and of 20.5% compared to March 31, 2000.

Short-term debt, as of June 30, 2000, is 157.0 million pesos, of which 124.4 million pesos (US\$13.1 million) is denominated in U.S. dollars. Long-term bank debt is 658.8 million pesos, of which 429.1 million pesos (\$45.2 million dollars) is denominated in dollars.

Dollar-denominated bank debt had an average cost of 7.03% during the second quarter. The financing cost of debt denominated in Mexican pesos was 15.99% during the same quarter.

## Sales Volumes

The 50.7% of cement volume sold on the U.S. market during the second quarter was supplied by exports from the Samalayuca cement plant in Mexico.

Of the total cement tonnage sold during the second quarter, 55.9% was sold in the U.S. market. During the first six months, the cement sales volume on the U.S. market represented 53.9% of the company's total cement sales.

## Highlights

On March 7, the United States Department of Commerce disclosed the final results of the eighth administrative review on antidumping taxes on Mexican cement imports into the United States. The final result of this review, which comprises the period from August 1997 to July 1998, was an average weighted margin of 45.98%.

The final result comes at a time in which the U.S. authorities are in the process of reviewing the dumping order, in accordance with the «sunset» clause, with the final result awaited during the month of October 2000.



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SECOND QUARTER OF 2000

