GCC

Grupo Cementos de Chihuahua

GCC's Consolidated Sales up 28.4%, 79.4% in the U.S., for 2Q-2001

- Net sales for the second quarter increased 28.4%, in real terms.
- Operating income rose 16.9%.
- EBITDA (operating income + depreciation and amortization) increased 21.6%.

Grupo Cementos de Chihuahua S.A. de C.V.'s net sales for the second quarter 2001 totaled $936.7 million pesos, up 28.4% in real terms over the comparable quarter in 2000. This was the result of an increase in demand for cement in the Mexican and U.S. markets as well as Dacotah Cement's successful integration into GCC's operations.

During the second quarter of this year, 55.4% ($519.3 million pesos) of the company's sales were made in the Mexican market, with a 6.4% increase compared to the same quarter a year ago.

44.6% of quarterly sales (US$45.4 million or $417.4 million pesos) were made in the United States, a 79,4% increase in dollar terms.

Net sales for the first half of the year totaled $1,654.9 million pesos, up 18.9% in real terms over the same period in 2000.

In the first six months of 2001, 61.8% ($1,022.2 million pesos) of company sales were made in the Mexican market and the remainder (US$68.8 million or $632.7 million pesos) in the U.S. market. Domestic market sales rose 8.2% compared to 2000, distributed as follows: 44.0%, cement and mortar; 31.6%, concrete; 7.0%, concrete block; 4.4%, aggregates, and 13.0%, other products.

Sales for the first six months of the year in the U.S. market increased 47.5% and are broken down as: 88.4%, cement and mortar, and 11.6%, concrete.

Operating income for the second quarter 2001 was $257.5 million pesos, up 16.9% in real terms over the same quarter in 2000. The operating margin for the quarter was 27.5%. Operating income for the first six months was $449.1 million pesos, a 10.3% increase in real terms over 2000. The operating margin for the first six months was 27.1%. This margin was below that for the first six months of 2000, mainly due to an increase in depreciation created by the incorporation of the operations of GCC Dacotah, the subsidiary that assumed Dacotah Cement's assets.

The quarter's operating cashflow (operating income plus depreciation and amortization) was $330.7 million pesos, up 21.6% over last year, accounting for 35.3% of sales. The first six-month's operating cashflow was $580.0 million pesos, a 13.5% increase over the comparable period in 2000, accounting for 35.0% of sales.

Financial expenses for the second quarter amount to $38.2 million pesos, 270.2% higher than the same quarter of 2000, due to bank debt assumed for the acquisition of Dacotah Cement. Net financial expenses for the first six months of 2001 were $55.7 million pesos, an increase of 130.2% against the first semester of 2000.

Net comprehensive financing cost was 16.8 million pesos in the second quarter, compared to the net comprehensive financing income of $1.4 million pesos reported in the second quarter of 2000. Total comprehensive financing cost for the first semester of 2001 was $24.1 million pesos, compared the net comprehensive financing income of $20.5 million pesos during the first six months of 2000.

In other expenses and income, $52.7 million pesos (US$5.7 million) correspond to deposits and provisions made with regard to the anti-dumping tax on Mexican cement imports to the United States. The amount reported for this item during the second quarter is 35.9% larger than that of the same quarter of 2000, because of higher provisions due to the expected results from future administrative reviews of the anti-dumping order. Total deposits and provisions for the first six months of 2001 were $91.0 million pesos (US$ 9.9 million). This figure is 23.5% larger than the one reported in the same period of last year. The provisions made during the semester were $65.3 million pesos (US$ 7.1 million).

Consolidated net earnings for the second quarter 2001 were $125.5 million pesos, an increase of 15.7% over last year. Consolidated net earnings for the first six months of 2001 were $228.4 million pesos.

As of June 30, 2001, Grupo Cementos de Chihuahua had $7,190.2 million pesos in assets, a 37.9% increase in real terms over the amount reported on June 30, 2000, due to the integration of Dacotah Cement assets, acquired in March 2001.

GCC's total liabilities as of June 30, 2001, were $3,876.2 million pesos, up 72.0% from the amount reported on June 30, 2000. The increment was due to an increase in bank loans that resulted from the assumption of debt directed towards acquiring Dacotah Cement.

The company's total cost-bearing debt in millions of constant pesos of June 30, 2001 and in U.S. millions is:

	Jun 01	Mar 01	Jun 00	Jun 01 / Mar 01	Jun 01 / Jun 00
Pesos	MX $ 224.7	MX $ 237.1	MX $ 279.5	-5.2%	-18.7%
Dollars	US $ 235.1	US $ 241.4	US $ 58.3	-2.6%	303.5%

Net debt (cost-bearing debt less cash) amounts to $1,849.5 million pesos. This shows an increment of 0.52% against the amount reported on March 31, 2001 and 626% compared to net debt as of June 30, 2000, due to debt used in the acquisition of Dacotah Cement.

Short-term cost-bearing debt as of June 30, 2001 is $159.8 million pesos, of which $119.4 million pesos (US$13.0 million) is denominated in U.S. dollars. The company's long-term bank debt is $2,228.2 million pesos, of which $2,043.9 million pesos (US$222.2 million) is denominated in U.S. dollars.

Average cost of the company's bank debt denominated in U.S. dollars was 6.54% during the second quarter, while debt denominated in Mexican currency had a cost of 16.92% during the same period.

Sales volumes

GCC's cement sales volumes in the United States were benefited mainly from sales from GCC Dacotah beginning March 2001. However, cement sales in the U.S., excluding GCC Dacotah sales were up 7% during the second quarter. Meanwhile, construction of road infrastructure was the main factor in the cement sales volume performance in Mexico.

Of GCC's total cement sales in tons, 31.9% was made in the Mexican market, and 69% was sold in the United States market.

Sales Volumes

	1Q01 / 1Q00	2Q01 / 2Q00	Accumulated 2001 / 2000
Cement in Mexico	15.2%	18.0%	16.6%
Cement in U.S.	3.9%	105.4%	67.6%
Total cement sales	**9.3%**	**66.9%**	**44.1%**
Concrete in Mexico	26.9%	31.6%	29.4%
Concrete in U.S.	-25.7%	-23.8%	-24.8%
Total concrete sales	**10.9%**	**17.1%**	**14.1%**
Concrete block in Mexico	**42.0%**	**29.6%**	**34.8%**
Aggregates in Mexico	**29.0%**	**28.0%**	**28.3%**

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Income Statement for the Second Quarter of 2001
(Thousands of pesos as of June 30, 2001)

	2Q 2001	%	2Q 2000	%	2Q-01 / 2Q-00
Net sales	**936,684**	100.0%	**729,261**	100.0%	28.4%
Domestic sales	519,313	55.4%	488,269	67.0%	6.4%
Foreign sales	417,371	44.6%	240,992	33.0%	73.2%
Cost of sales	604,174	64.5%	439,850	60.3%	37.4%
Gross income	**332,510**	35.5%	**289,411**	39.7%	14.9%
Operating expenses	74,963	8.0%	69,121	9.5%	8.5%
Operating income	**257,547**	27.5%	**220,290**	30.2%	16.9%
Financing costs					
Financial expenses	48,885	5.2%	25,840	3.5%	89.2%
Financial income	(10,649)	-1.1%	(15,510)	-2.1%	-31.3%
Monetary effect	(22,545)	-2.4%	(10,225)	-1.4%	120.5%
Exchange loss	1,130	0.1%	(1,517)	-0.2%	NA
Total	**16,820**	1.8%	**(1,413)**	-0.2%	NA
Other financial costs	71,484	7.6%	50,811	7.0%	40.7%
Income before taxes and profit sharing	**169,242**	18.1%	**170,892**	23.4%	-1.0%
Taxes and profit sharing	43,793	4.7%	62,500	8.6%	-29.9%
Net consolidated income	**125,449**	13.4%	**108,392**	14.9%	-15.7%
Net income of majority interest	125,420	13.4%	108,370	14.9%	15.7%
Net income of minority interest	29	0.0%	22	0.0%	30.0%
EBITDA	**330,664**	35.3 %	**271,956**	37.3%	21.6%
Net financial expenses	38,236	4.1 %	10,330	1.4%	270.2%

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Income Statement for the First Semester of 2001
(Thousands of pesos as of June 30, 2001)

	2Q-2001	%	2Q-2000	%	2001 / 2000
Net sales	**1,654,900**	100.0%	**1,391,500**	100.0%	18.9%
Domestic sales	1,022,162	61.8%	945,000	67.9%	8.2%
Foreign sales	632,738	38.2%	446,500	32.1%	41.7%
Cost of sales	1,052,900	63.6%	844,000	60.7%	24.8%
Gross income	**602,000**	36.4%	**547,500**	39.3%	10.0%
Operating expenses	152,900	9.2%	140,400	10.1%	8.9%
Operating Income	**449,100**	27.1%	**407,100**	29.3%	10.3%
Financing cost					
Financial expenses	83,300	5.0%	53,800	3.9%	54.8%
Financial income	(27,600)	-1.7%	(29,600)	-2.1%	-6.8%
Monetary effect	(32,600)	-2.0%	(42,900)	-3.1%	-24.0%
Exchange loss	1,000	0.1%	(1,800)	-0.1%	NA
Total	**24,100**	1.5%	**(20,500)**	-1.5%	NA
Other financial costs	123,300	7.5%	95,000	6.8%	29.8%
Income before taxes and profit sharing	**301,700**	18.2%	**332,600**	23.9%	-9.3%
Taxes and profit sharing	73,300	4.4%	105,500	7.6%	-30.5%
Net consolidated income	**228,400**	13.8%	**227,100**	16.3%	0.6%
Net income of majority interest	228,340	13.8%	227,045	16.3%	0.6%
Net income of minority interest	60	0.0%	55	0.0%	9.1%
EBITDA	**579,975**	35.0 %	**510,945**	36.7%	13.5%
Net financial expenses	55,700	3.4 %	24,200	1.7%	130.2%

Last twelve months figures
(Thousands of pesos as of June 30, 2001)

	Jun 01		Jun 00		Variation 2001 / 2000
Net Sales	2,897,794	100.0%	2,644,892	100.0%	9.6%
Operating Income	792,556	27.4%	757,154	28.6%	4.7%
EBITDA	989,456	34.1%	948,925	35.9%	4.3%
Net Consolidated Income	495,314	17.1%	444,222	16.8%	11.5%

Balance sheet
(Thousands of pesos as of June 30th, 2001)

	30-jun-2001	30-jun-2000	Variation
Total Assets	**7,190,200**	**5,215,600**	37.9%
Current assets	1,844,200	1,384,900	33.2%
Cash and temporary investments	538,500	589,800	-8.7%
Long term assets	57,400	60,100	-4.5%
Fixed assets	4,483,000	3,653,900	22.7%
Other assets	805,600	116,700	590.3%
Total liabilities	**3,876,200**	**2,253,800**	72.0%
Current liabilities	458,900	396,700	15.7%
Bank debt	159,800	161,800	-1.2%
Long term liabilities	2,228,200	682,900	226.3%
Bank debt	2,228,200	682,900	226.3%
Differed taxes	878,400	975,900	-10.0%
Other liabilities	310,700	198,300	56.7%
Consolidated stockholder's equity	**3,314,000**	**2,961,800**	11.9%
Majority interest	3,313,049	2,960,900	11.9%
Minority interest	951	900	5.7%

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