

Grupo Cementos de Chihuahua

Results for the fourth quarter of 2001

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- Net sales for 2001 grew by 20.2% over last year.
- Operating cash flow for the fourth quarter of 2001 (operating profit + depreciation) increased 23.3% compared to the one obtained during the same quarter of 2000.
- Cash flow generated during the fourth quarter grew against the one for the same quarter in 2000, which was negative.

Grupo Cementos de Chihuahua's (BMV: GCC) net sales totaled \$837.8 million pesos in the fourth quarter of 2001, up 20.6% in real terms over the same period a year earlier.

During this quarter, the 59.6% of the sales took place in the domestic market (\$499.3 million pesos), up 1.0% over the same period a year earlier due to an awesome rise in the GCC real estate sales.

40.4% of the first quarter sales (\$37.1 million dollars) came from the sales made by the U.S. Division. The successful acquisition and operation of Dacotah Cement (now GCC Dacotah), combined with the organic sales growth experienced in the North American cement market, drove U.S. Division sales up 72% in dollar terms during the fourth quarter of 2001 over the year-ago quarter.

Net sales were \$3,461.5 million pesos in 2001, with a 20.2% increase in real terms over 2000 as a result of the incorporation of Dacotah Cement, the organic growth in the U.S. cement sales and the rise in the concrete block sales.

During 2001, GCC obtained 58.5% of its sales in the national market totaling \$2,026.3 million pesos and the rest (US\$157.4 million dollars equivalent to \$1,435.2 million pesos) in the U.S. market. Domestic sales were 1.9% up over the previous year with this composition: 45.1% corresponded to cement and masonry, 29.3% to concrete, 7.7% to concrete block, 4.0% to aggregates and 13.9% to other products.

U.S. sales had a growth of 65.9% in dollars terms with the next composition: 90.2% belonged to cement and masonry and 9.8% to concrete.

During the fourth quarter of 2001, GCC had an operating income of \$185.0 million pesos, up 13.7% from the same period a year ago. Operating margin obtained during the fourth quarter was 22.1%. Operating income obtained in 2001 was \$898.3 million pesos, up 12.1% in real terms over the year 2000. Operating margin in 2001 was 26.0%.

The quarter's operating cashflow (operating income plus depreciation and amortization) was \$246.5 million pesos, an increase of 23.3% over the previous year's quarter.

This margin represented 29.4% of fourth quarter sales. Operating cashflow generated in 2001 was \$1,169.6 million pesos, up 17.4% over the previous year and representing 33.8% of sales.

Free cashflow obtained during the fourth quarter was larger than the one obtained in the same quarter of 2000, due mainly to a higher operating income, as well as a decrease in working capital.

During 2001, free cashflow obtained was lower than the one for 2002 due to higher net financial expenses derived from the financing of Dacotah Cement acquisition, as well as investments in projects for the increase in concrete block and aggregates production capacity, as well as for the fuel substitution project in the plants of Samalayuca and Chihuahua that will

enable us to reduce the volatility in the production cost at the Mexican plants and to have the flexibility in utilizing the most cost effective fuel.

Net interest expense (financial expenses less financial income) in the fourth quarter was \$19.3 million pesos, higher than the one obtained in the same quarter of 2000. Accumulated net interest expense for 2001 was \$116.5 million pesos.

Despite the increase in the interest expense derived from the debt used to acquire Dacotah Cement, GCC's interest coverage (EBITDA/interest expense) was 6.9 times in 2001.

Comprehensive financing cost during the fourth quarter was \$14.2 million pesos, compared to a comprehensive financing income of \$15.6 million pesos obtained during the same quarter of last year. This cost is a result of a higher net financial expenses caused by the increase in net debt. Comprehensive financial cost accumulated during 2001 was \$55.2 million pesos.

Other expenses reported in the fourth quarter include \$6.2\$ million pesos (US\$0.7 million dollars) made for the deposits and provisions made for the antidumping duties to Mexican cement imports in the U.S. The amount reported for this concept during the quarter is 82.6% lower than the same quarter of the previous year due to a reduction in provisions. During 2001, deposits and provisions for antidumping duties totaled \$144.2 million pesos (\$15.8 million dollars). This amount is 9.6% lower than the one reported for 2000. Accumulated provisions during 2001 amount to \$91.7 million pesos (\$10.0 million dollars).

Consolidated net income was \$166.1 million pesos in the fourth quarter, up 33.2% over the same quarter a year ago, due to a larger operating income, lower antidumping duties reserves and lower income tax provisions. Consolidated net income for 2001 was \$532.5 million pesos, up 1.3% over the previous year.

As of December 31, 2001, Grupo Cementos de Chihuahua's total assets were \$7,617.9 million pesos, up 38.1% over the December 31, 2000 figure, primarily as a result of the acquisition of Dacotah Cement.

Total liabilities as of December 31, 2001, were \$3,924.0 million pesos, up 78.9% over the figure reported in 2000. The increase was mainly due to increase in debt utilized in the acquisition of Dacotah Cement.

On December 14, 2001, the placement of a 5-year, 11.5% rate corporate bonds maturing on December 14, 2006, was successfully carried out through the Bolsa Mexicana de Valores.

This placement, that is part of a total corporate bond program of \$2,500 million pesos, substantially improved GCC's debt maturity profile.

The proceeds from the placement were used to replace debt used in the acquisition of Dacotah Cement. The program received a mxAA rating , under CaVal scale by Standard & Poor's, while Fitch assigned a "AA(mex)" rating.

Furthermore, in order to reduce debt cost, the company entered into a cross currency swap, securing an average cost of Libor + 128 basis points.

GCC's total net debt in million pesos and million dollars as of December 31, 2001 is:

	Dec 01	Sep 01	Dec 00
Pesos	MX\$ 1,404.6	MX\$ 216.7	MX\$ 255.7
Dollars	US\$ 105.4	US\$ 240.0	US\$ 51.7
	Dec 01/Sep 01	Dec 01/Dec 00	
Pesos	548.1%	449.3%	
Dollars	-56.1%	104.0%	

The company's net debt as of December 31, 2001 (interest-bearing debt minus cash and investments) is \$1,515.0 million pesos. This indicates a reduction of

14.6% against the amount reported on September 30, 2001.

GCC's financial leverage as of December 31, 2001 (interest-bearing debt / EBITDA) is 2.02 times.

Short-term debt and current portion of the long-term bank debt through December 31, 2001, is \$165.3 million pesos, of which \$125.0 million pesos (US\$13.7 million) is denominated in U.S. dollars. The long-term bank debt is \$2,203.9 million pesos, of which \$839.7 million pesos (US\$91.8 million) is denominated in U.S. dollars.

Dollar denominated bank debt had an average annual cost of 4.17% during the fourth quarter. The financing cost of debt denominated in Mexican pesos had a cost of 10.75% during the same period.

Sales volumes

During 2001, sales volumes in Mexico for cement and concrete grew at an annual rate of 2.1% and 3.2%, respectively. These levels of growth were originated, mainly, in the first semester of the year due to the dynamic growth of private and public works in the state of Chihuahua, growth that was initiated in the second semester of 2000.

During the fourth quarter of 2001, the economic activity in the state of Chihuahua decreased as a consequence of municipal administration changes and the economic recession in Mexico and the U.S.

During 2001, cement sales volumes in the U.S. market represented 67.5% of total cement sales volumes of GCC.

Of the cement volume sold in the U.S., 26.8% was supplied through exports from the Samalayuca plant.

Important events

On August 31, 2000 the United States Department of Commerce disclosed the preliminary results of the tenth administrative review on antidumping taxes on Mexican cement imports into the United States. The preliminary result of this review, which comprises the period from August 1999 to July 2000, was an average weighted margin of 48.53%. This margin is similar to the one determined for the ninth review.

Income statement for the fourth quarter of 2001 (Thousands of pesos as of December 31, 2001)

	4Q 2001		4Q 2000		4Q01 / 4Q00
Net sales	837,811	100.0%	694,891	100.0%	20.6%
Domestic sales	499,325	59.6%	494,429	71.2%	1.0%
Foreign sales	338,485	40.4%	200,462	28.8%	68.9%
Cost of sales	532,480	63.6%	433,166	62.3%	22.9%
Gross income	305,331	36.4%	261,724	37.7%	16.7%
Operating expenses	120,359	14.4%	99,099	14.3%	21.5%
Operating income	184,972	22.1%	162,625	23.4%	13.7%
Financing costs					
Financial expenses	35,303	4.2%	28,024	4.0%	26.0%
Financial income	(16,049)	-1.9%	(20,792)	-3.0%	-22.8%
Monetary effect	(4,131)	-0.5%	(23,201)	-3.3%	-82.2%
Exchange loss	(891)	-0.1%	400	0.1%	NA
Total	14,232	1.7%	(15,568)	-2.2%	NA
Other financial costs	35,226	4.2%	72,864	10.5%	-51.7%
Income before taxes and profit sharing	135,515	16.2%	105,330	15.2%	28.7%
Taxes and profit sharing	(30,619)	-3.7%	(19,383)	-2.8%	58.0%
Net consolidated income	166,134	19.8%	124,712	17.9%	33.2%
Net income of majority interest	166,130	19.8%	124,655	17.9%	33.3%
Net income of minority interest	4	0.0%	58	0.0%	-93.8%
EBITDA	246,547	29.4%	199,945	28.8%	23.3%
Net financial expenses	19,254	2.3%	7,232	1.0%	166.2%
Free cash flow*	82,782	9.9%	(2,701)	-0.4%	NA

* Free cash flow = Operating profit + depreciation – financial expenses – capital expenditures – working capital needs – taxes paid in cash – paid dividends – other cash expenses +/- other.

Income statement for 2001
(Thousands of pesos as of December 31, 2001)

	2001	%	2000	%	2001 / 2000
Net sales	3,461,464	100.0%	2,878,623	100.0%	20.2%
Domestic sales	2,026,312	58.5%	1,988,213	69.1%	1.9%
Foreign sales	1,435,152	41.5%	890,409	30.9%	61.2%
Cost of sales	2,195,108	63.4%	1,757,470	61.1%	24.9%
Gross income	1,266,356	36.6%	1,121,153	38.9%	13.0%
Operating expenses	368,078	10.6%	319,687	11.1%	15.1%
Operating income	898,278	26.0%	801,466	27.8%	12.1%
Financing costs					
Financial expenses	169,185	4.9%	109,987	3.8%	53.8%
Financial income	(52,673)	-1.5%	(68,161)	-2.4%	-22.7%
Monetary effect	(61,558)	-1.8%	(91,093)	-3.2%	-32.4%
Exchange loss	211	0.0%	(786)	0.0%	NA
Total	55,165	1.6%	(50,053)	-1.7%	NA
Other financial costs	217,229	6.3%	248,029	8.6%	-12.4%
Income before taxes and profit sharing	625,885	18.1%	603,491	21.0%	3.7%
Taxes and profit sharing	93,433	2.7%	77,771	2.7%	20.1%
Net consolidated income	532,452	15.4%	525,720	18.3%	1.3%
Net income of majority interest	532,351	15.4%	525,569	18.3%	1.3%
Net income of minority interest	101	0.0%	151	0.0%	-33.1%
EBITDA	1,169,586	33.8%	995,948	34.6%	17.4%
Net financial expenses	116,512	3.4%	41,826	1.5%	178.6%
Free cash flow*	313,417	37.4%	475,716	68.5%	-34.1%

Balance sheet
(Thousands of pesos as of December 31, 2001)

	2001	2000	Variation
Total assets	7,617,932	5,514,390	38.1%
Current assets	2,022,031	1,595,596	26.7%
<i>Cash and temporary investments</i>	854,278	666,161	28.2%
Long term assets	62,009	57,568	7.7%
Fixed assets	5,072,390	3,740,999	35.6%
Other assets	461,502	120,227	283.9%
	0	0	
Total liabilities	3,923,965	2,193,689	78.9%
Current liabilities	473,787	450,623	5.1%
<i>Bank debt</i>	165,344	166,250	-0.5%
Long term liabilities	2,203,910	581,179	279.2%
<i>Bank debt</i>	1,003,910	581,179	72.7%
<i>Corporate bonds</i>	1,200,000	0	NA
Differed taxes	901,596	916,761	-1.7%
Other liabilities	344,672	245,126	40.6%
Consolidated stockholder's equity	3,693,967	3,320,701	11.2%
Majority interest	3,692,676	3,319,764	11.2%
Minority interest	1,291	937	37.8%

Sales volume
(% change)

	1Q01 / 1Q00	2Q01 / 2Q00	3Q01 / 3Q00	4Q01 / 4Q00	Accumulated 2001 / 2000
Cement in Mexico	15.2%	18.0%	-4.9%	-18.3%	2.1%
Cement in U.S.	3.9%	105.4%	120.0%	92.6%	86.1%
Total cement sales	9.3%	66.9%	63.8%	38.4%	47.1%
Concrete in Mexico	26.9%	31.6%	-6.3%	-28.0%	3.2%
Concrete in U.S.	-25.7%	-23.8%	-18.7%	-27.3%	-23.8%
Total concrete sales	10.9%	17.1%	-9.0%	-27.9%	-3.4%
Concrete block in Mexico	42.0%	29.6%	39.3%	15.1%	30.9%
Aggregates in Mexico	29.0%	28.0%	-6.6%	-18.0%	6.0%