

Grupo Cementos de Chihuahua

Results for the first quarter 2002

- Cement sales volume in United States grew 30.0%.
- Concrete block sales increased by 30.5%.
- GCC achieved a reduction in fixed costs of 12.5%, before the consolidation of GCC Dacotah.
- Net financial expenses were \$15.8 million pesos, 10.7% lower than in 2001.

During the first quarter of 2002, GCC increased its total cement volume sold by 1.8% compared to the same quarter of 2001. Grupo Cementos de Chihuahua's net sales in the first quarter of 2002 totaled \$652.0 million pesos, 11.4% lower than sales obtained during the first quarter of last year due to the following factors: fewer working days due to the Holy Week and a lower public and private economic activity in the domestic market where we participate. Fortunately, the economy of this market began to show signs of recovering, so we expect that the volume sales for our products will begin to recover during the second quarter.

During the first quarter of 2002, 62.5% of the company's sales were made in the Mexican market (\$407.5 million pesos). The sales breakdown was as follows: 47.6% in cement and masonry, 25.8% in ready-mix concrete, 9.7% in concrete block, 3.9% in aggregates and 13.0% in other products like plaster gypsum and other construction materials.

GCC made 37.5% of the company's quarterly sales in the United States (US\$27.1 million, equivalent to \$244.5 million pesos). Annual sales growth was 15.8% due for the most part to an increase in cement sales. The sales breakdown was: 88.5% in cement and masonry, and 11.5% in ready-mix concrete.

Operating income in the first quarter of 2002 was \$134.9 million pesos, 31.5% lower than the same quarter of 2001. This outcome came as a consequence of lower sales in the Mexican market, a higher depreciation by including GCC Dacotah assets, as well as by the general maintenance programs made at the cement plants.

Even so, due to the start up of operations of the fuel substitution project at the Samalayuca plant and to the constant cost reduction program, we achieved a decrease in the production costs and selling and general administrative expenses of 14.3% and 9.2%, respectively, before consolidating GCC Dacotah's costs.

Operating income and EBITDA would be increased with the expected sales improvement and the variable production cost reduction at the Chihuahua cement plant with the start up of operations of the fuel substitution project.

The operating cash flow (operating income plus depreciation and amortization or EBITDA) was \$207.9 million pesos, a reduction of 31.5% compared to the first quarter of 2001. This represented 31.9% of sales. In spite of lower sales in the Mexican market, this margin was just 3 percentage points lower than the margin obtained during the first quarter of 2001.

Net financial expenses (interest expense minus interest income) reported during the quarter were \$15.8 million pesos, a decrease of 10.7% compared to the first quarter of 2001, due to a lower company debt and a reduction in interest rates. GCC's net interest coverage (EBITDA divided by net financial expenses) was 9.8 times.

Financial expenses were lower than the income from monetary position during the first quarter of 2002. As a result, there was a net comprehensive financing income for \$13.1 million pesos. Comparatively, during the same period of last year, GCC reported a comprehensive financing cost of \$7.3 million pesos.

In other expenses and incomes, deposits of \$10.7 million pesos (US\$1.2 million) were made with regard to the antidumping tax on Mexican cement imports to the United States, a decrease of 20% compared to the same quarter of the previous year. The amount reported for provisions was \$19.5 million pesos (US\$2.2 million).

Net consolidated income obtained during the first quarter of 2002 was \$79.8 million pesos, 25.4% lower than in the same quarter of 2001.

Grupo Cementos de Chihuahua's total assets were \$7,612.5 million pesos, as of March 31, 2002. This figure is 4.4% greater than assets reported as of March 31, 2001 as a result of the investments made on fixed assets, as well as of a higher level of cash.

Total liabilities of GCC as of March 31, 2002 were \$3,889.7 million pesos, a decrease of 4.1% compared to the figure reported on March 31, 2001. This was due to a lower level of debt. In the same manner, the company's net debt was \$1,603.1 million pesos.

Short-term cost-bearing debt as of March 31, 2002 is \$157.5 million pesos, of which \$117.1 million pesos (U.S.\$13.0 million) is denominated in U.S. dollars. The company's long-term bank debt is \$2,185.4 million pesos, of which \$831.3 million pesos (US\$92.2 million) is denominated in U.S. dollars.

The company's total debt in millions of constant pesos of March 31, 2002 and in U.S. millions is:

	Mar 02	Dec 01	Mar 01
Pesos	MX\$ 1,394.4	MX\$ 1,423.9	MX\$ 245.7
Dollars	US\$ 105.2	US\$ 105.4	US\$ 241.4
	Mar 02/Dec 01	Mar 02/Mar 01	
Pesos	-2.1%	467.4%	
Dollars	-0.2%	-56.4%	

Peso denominated debt includes domestic bonds (certificados bursátiles) issued in December 2001 for \$1,200 million pesos. Along with the issue, GCC made a cross currency swap in order to obtain a lower cost.

Average cost of the company's debt denominated in U.S. dollars was 3.3% during the first quarter, while debt denominated in Mexican currency had a cost of 9.5% during the same period.

Sales Volumes

	1Q01 / 1Q00
Cement in Mexico	-26.7%
Cement in U.S.	30.0%
Total cement sales	1.8%
Concrete in Mexico	-30.8%
Concrete in U.S.	-25.6%
Total concrete sales	-29.7%
Concrete block in Mexico	30.5%
Aggregates in Mexico	-18.8%

Of GCC's total cement sales volume, 35.6% was sold in the Mexican market and 64.4% in the United States market.

Income statement for the first quarter of 2002 (Thousands of pesos as of March 31, 2002)

	1T 2002		1T 2001		1T02 / 1T01
Net sales	652,000	100.0%	735,500	100.0%	-11.4%
Domestic sales	407,500	62.5%	521,600	70.9%	-21.9%
Foreign sales	244,500	37.5%	213,900	29.1%	14.3%
Cost of sales	435,200	66.7%	458,300	62.3%	-5.0%
Gross income	216,800	33.3%	277,200	37.7%	-21.8%
Operating expenses	81,900	12.6%	80,200	10.9%	2.1%
Operating income	134,900	20.7%	197,000	26.8%	-31.5%
Financing costs					
Financial expenses	24,200	3.7%	35,200	4.8%	-31.3%
Financial income	(8,400)	-1.3%	(17,500)	-2.4%	-52.0%
Monetary effect	(28,000)	-4.3%	(10,300)	-1.4%	171.8%
Exchange loss	(900)	-0.1%	(100)	0.0%	800.0%
Total	(13,100)	-2.0%	7,300	1.0%	NA
Other financial costs	46,400	7.1%	52,000	7.1%	-10.8%
Income before taxes and profit sharing	101,600	15.6%	137,700	18.7%	-26.2%
Taxes and profit sharing	21,795	3.3%	30,771	4.2%	-29.2%
Net consolidated income	79,805	12.2%	106,929	14.5%	-25.4%
Net income of majority interest	79,800	12.2%	106,900	14.5%	-25.4%
Net income of minority interest	5	0.0%	29	0.0%	-82.8%
EBITDA	207,900	31.9%	256,300	34.8%	-18.9%
Net financial expenses	15,800	2.4%	17,700	2.4%	-10.7%
Free cash flow*	62,476	9.6%	58,519	8.0%	6.8%

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

Last twelve months figures
(Thousands of pesos as of March 31, 2002)

	Mar-02		Mar-01		Variation 2002/2001
Net sales	3,395,862	100.0%	2,952,582	100.0%	15.0%
Operating income	829,950	24.4%	811,802	27.5%	2.2%
EBITDA	1,129,656	33.3%	1,013,267	34.3%	11.5%
Net consolidated income	503,263	14.8%	514,736	17.4%	-2.2%

Balance sheet
(Thousands of pesos as of March 31, 2002)

	March 2002	March 2001	Variation
Total assets	7,612,500	7,294,800	4.4%
Current assets	2,034,400	1,906,900	6.7%
<i>Cash and temporary investments</i>	739,800	714,000	3.6%
Long term assets	63,800	58,400	9.2%
Fixed assets	5,089,400	4,434,400	14.8%
Other assets	424,900	895,100	-52.5%
Total liabilities	3,889,700	4,055,500	-4.1%
Current liabilities	433,100	424,200	2.1%
<i>Bank debt</i>	157,500	164,500	-4.3%
Long term liabilities	2,185,400	2,448,800	-10.8%
<i>Bank debt</i>	985,400	2,448,800	-59.8%
<i>Domestic bonds</i>	1,200,000	0	NA
Deferred taxes	910,400	916,200	-0.6%
Other liabilities	360,800	266,300	35.5%
Consolidated stockholder's equity	3,722,800	3,239,300	14.9%
Majority interest	3,721,800	3,238,800	14.9%
Minority interest	1,000	500	100.0%