Grupo Cementos de Chihuahua
Results for the third quarter of 2003

- Net income posted 19.4% growth during the first nine months of 2003, compared with the same period of 2002.
- Net income as percentage of sales increased 3.7 percentage points reaching 19.6%. This margin is the highest obtained by GCC since 1994.
- GCC's net interest coverage registered during the third quarter of 2003 (operating cash flow divided by net financial expenses) was 67.3 times. Net leverage (net debt divided by operating cash flow) was reduced from 1.1 times, in September 2002, to 0.5 times in September 2003.
- Cement sales volumes in Mexico grew 16.7% during the first nine months of 2003.
- Ready–mix concrete sales volumes in Mexico grew 24.2% during the same period.

Net sales of Grupo Cementos de Chihuahua obtained during the first three quarters of 2003 reached $2,680.0 million pesos. This figure is 3.2% lower than the one obtained for the same period of 2002, as a result of non-recurrent land sales registered during 2002 and the divestment of ready-mix concrete related assets in the United States.

During the first nine months of 2003, sales in Mexico grew 3.4% compared to the same period of 2002, reaching a total of $1,498.9 million pesos. These sales represented 55.9% of total sales of GCC.

Sales in the United States during the first nine months of 2003 were $1,181.1 million pesos, representing 44.1% of consolidated sales. These sales were 1.7% lower than sales for the same period of 2002, due to unfavorable weather conditions and a decrease in both public and private construction works in the region where we participate, occurred during the first semester of the year.

The sales volumes of our products in Mexico increased, during the third quarter of 2003, as follows: cement sales rose 16.8%; ready-mix concrete sales grew 31.5%; and the sale of limestone aggregates grew 29.0%, whereas in the U.S. market, we noticed a recovery in the construction industry within the region where GCC participates, increasing the cement sales volume 5.0%.

During the third quarter of 2003, sales reached $1,002.3 million pesos, a reduction of 6.2% compared with the third quarter of the previous year.

Fixed production costs diminished 7.0% and administrative and sales costs decreased 3.5% during the first nine months of 2003, compared with those in the same period of 2002.

During the first nine months of the year, operating profit was $701.8 million pesos, 2.1% lower than the same period of 2002. The operating profit margin was slightly higher than that of the same period of 2002, reaching 26.2%.

The operating profit margin represented 28.2% of sales during the third quarter of 2003. Operating profit was $282.5 million pesos, 6.7% lower than that obtained during the same period of 2002.

Operating cash flow (operating profit plus depreciation and amortization, or EBITDA) obtained during the first nine months of the year was slightly higher to that obtained during the same period of 2002, reaching a total of $967.2 million pesos. The operating cash flow margin improved from 34.8% to 36.1%.

Operating cash flow for the third quarter of the year was $370.3 million pesos, a reduction of 3.8% compared to the third quarter of 2002. Despite this, the operating cash flow margin on sales increased from 36.0% to 36.9%.

Net financial expense (financial expenses minus financial products) reported during the first nine months of 2003 was $22.1 million pesos, 56.6% lower than that for the same period of 2002, as a result of a lower net debt and lower interest rates in the United States. The net financial expenses during the third quarter of 2003 were 63.8% lower than those for the third quarter of 2002.

GCC's net interest coverage during the third quarter of 2003 (operating cash flow by net financial expense) was 67.3 times, a figure far larger than that of the third quarter of 2002 of 25.3 times.

During the first nine months of 2003, GCC obtained a comprehensive financial income of $19.5 million pesos. This compares favorably with an income of $0.3 million pesos obtained during the first three quarters of 2002. The comprehensive financial income for the third quarter of 2003 was $10.6 million pesos.

As a result of the strategy of cement imports substitution, with purchases from U.S. producers to lower the cost of anti-dumping taxes, other expenses, as of September 2003, was reduced 51.7% in comparison with 2002.

Net consolidated income obtained in the first nine months of 2003 increased 19.4% compared to that of the same period of 2002, reaching a total of $524.1 million pesos.

Net profit margin over sales increased 3.7 percentage points, reaching 19.6%. This net profit margin is the highest obtained by GCC since 1994.

Net margin over sales during the third quarter increased from 17.5% to 21.6%.

Net income of the third quarter of 2003 was $216.8 million pesos, a figure 15.9% higher than the one obtained in the third quarter of the previous year.

Total assets of Grupo Cementos de Chihuahua as of September 30, 2003 were $9,775.6 million pesos. This figure is 6.3% greater than that of September 30, 2002, due mainly to an increase of 36.4% in the treasury.

Total liabilities of GCC as of September 30, 2003 were $4,678.4 million pesos, a figure similar to that reported for the same date of 2002. The company's net debt as of September 30, 2003 was $693.3 million pesos, an amount 49.0% lower than on September 30, 2002.

Net leverage (net debt divided by operating cash flow) was reduced from 1.1 times, in September 2002, to 0.5 times in September 2003.

Cost-bearing short-term debt as of September 30, 2003 is $193.6 million pesos, of which $154.9 million pesos (US $14.2 million) are denominated in dollars. Long-term debt is $2,469.4 million pesos, of which the domestic bonds issued in 2001 for $1,200.0 million pesos are converted to dollars through a cross currency swap and $1,174.0 million pesos (US$107.3 million) are denominated in U.S. dollars.

The annual average cost of dollar-denominated debt during the month of September 2003 was 2.15%, while debt denominated in pesos had an annual average cost of 6.73%.

Sales volume growth for 2003

	1Q03 / 1Q02	2Q03 / 2Q02	3Q03 / 3Q02	2003 vs. 2002
Cement in Mexico	+25.1%	+9.4%	+16.8%	+16.7%
Cement in U.S.	-8.1%	-6.9%	+5.0%	-2.4%
Total cement sales	**+3.7%**	**-2.3%**	**+8.1%**	**+3.2%**
Concrete in Mexico	+25.5%	+16.1%	+31.5%	+24.2%
Concrete block	+43.0%	+40.2%	+4.5%	+28.4%
Aggregates	+10.8%	+14.1%	+26.4%	+17.0%

Income statement for the third quarter of 2003
(Thousands of pesos of September 30, 2003)

	3Q 2003		3Q2002		3Q03 / 3Q02
Net sales	**1,002,300**	100.0%	**1,068,800**	100.0%	-6.2%
Domestic sales	505,200	50.4%	549,200	51.4%	-8.0%
Foreign sales	497,100	49.6%	519,600	48.6%	-4.3%
Cost of sales	623,800	62.2%	674,400	63.1%	-7.5%
Gross income	**378,500**	37.8%	**394,400**	36.9%	-4.0%
Operating expenses	96,000	9.6%	91,700	8.6%	4.7%
Operating income	**282,500**	28.2%	**302,700**	28.3%	-6.7%
Financing costs					
Financial expenses	17,000	1.7%	26,900	2.5%	-36.8%
Financial income	(11,500)	-1.1%	(11,700)	-1.1%	-1.7%
Monetary effect	(12,100)	-1.2%	(38,500)	-3.6%	-68.6%
Exchange loss	(4,000)	-0.4%	6,000	0.6%	NA
Total	**(10,600)**	-1.1%	**(17,300)**	-1.6%	-38.7%
Other financial costs	25,500	2.5%	57,100	5.3%	-55.3%
Income before taxes and profit sharing	**267,600**	26.7%	**262,900**	24.6%	1.8%
Taxes and profit sharing	50,800	5.1%	75,900	7.1%	-33.1%
Net consolidated income	**216,800**	21.6%	**187,000**	17.5%	15.9%
Net income of majority interest	216,778	21.6%	186,972	17.5%	15.9%
Net income of minority interest	22	0.0%	28	0.0%	-21.4%
EBITDA	**370,300**	36.9%	**384,900**	36.0%	-3.8%
Net financial expenses	5,500	0.5%	15,200	1.4%	-63.8%
Free cash flow*	371,793	37.1%	495,412	46.4%	-25.0%

* Generated cash flow = Operating income + depreciation – net financing cost – working capital needs – taxes paid in cash – other cash expenses +/- others.

Income statement for the first nine months of 2003
(Thousands of pesos of September 30, 2003)

	Ac. 3Q03	%	Ac. 3Q02	%	2003 / 2002
Net sales	**2,680,000**	100.0%	**2,768,400**	100.0%	-3.2%
Domestic sales	1,498,860	55.9%	1,450,100	52.4%	3.4%
Foreign sales	1,181,140	44.1%	1,318,300	47.6%	-10.4%
Cost of sales	1,715,500	64.0%	1,779,600	64.3%	-3.6%
Gross income	**964,500**	36.0%	**988,800**	35.7%	-2.5%
Operating expenses	262,700	9.8%	272,200	9.8%	-3.5%
Operating income	**701,800**	26.2%	**716,600**	25.9%	-2.1%
Financing costs					
Financial expenses	62,300	2.3%	79,300	2.9%	-21.4%
Financial income	(40,200)	-1.5%	(28,400)	-1.0%	41.5%
Monetary effect	(35,600)	-1.3%	(74,700)	-2.7%	-52.3%
Exchange loss	(6,000)	-0.2%	23,500	0.8%	NA
Total	**(19,500)**	-0.7%	**(300)**	0.0%	6400.0%
Other financial costs	83,500	3.1%	172,800	6.2%	-51.7%
Income before taxes and profit sharing	**637,800**	23.8%	**544,100**	19.7%	17.2%
Taxes and profit sharing	113,700	4.2%	105,300	3.8%	8.0%
Net consolidated income	**524,100**	19.6%	**438,800**	15.9%	19.4%
Net income of majority interest	524,000	19.6%	438,700	15.8%	19.4%
Net income of minority interest	100	0.0%	100	0.0%	0.0%
EBITDA	**967,200**	36.1%	**964,200**	34.8%	0.3%
Net financial expenses	22,100	0.8%	50,900	1.8%	-56.6%
Free cash flow*	782,435	29.2%	799,177	28.9%	-2.1%

***** Generated cash flow = Operating income + depreciation – net financing cost – working capital needs – taxes paid in cash – other cash expenses +/- others.

Figures for the last 12 months
(Thousands of pesos of September 30, 2003)

	Sep-03		Sep-02		Variation 2003/2002
Net sales	3,509,400	100.0%	3,704,820	100.0%	-5.3%
Operating income	909,900	25.9%	936,155	25.3%	-2.8%
EBITDA	1,266,715	36.1%	1,254,895	33.9%	0.9%
Net consolidated income	725,280	20.7%	633,950	17.1%	14.4%

Balance Sheet
(Thousands of pesos of September 30, 2003)

	Sep. 2003	Sep. 2002	Variation
Total assets	**9,775,600**	**9,197,200**	6.3%
Current assets	3,464,700	2,722,200	27.3%
Cash and temporary investments	*1,969,700*	*1,444,100*	36.4%
Long term assets	60,900	69,100	-11.9%
Fixed assets	5,719,500	5,883,300	-2.8%
Other assets	530,500	522,600	1.5%
Total liabilities	**4,678,400**	**4,624,900**	1.2%
Current liabilities	577,700	560,700	3.0%
Bank debt	*193,600*	*200,200*	-3.3%
Long term liabilities	2,469,400	2,602,100	-5.1%
Bank debt	*1,045,690*	*1,207,998*	-13.4%
Domestic bonds	*1,200,000*	*1,200,000*	0.0%
Other cost bearing liabilities	*223,710*	*194,102*	15.3%
Differed taxes	1,110,300	990,700	12.1%
Other liabilities	521,000	471,400	10.5%
Consolidated stockholder's equity	**5,097,200**	**4,572,300**	11.5%
Majority interest	5,095,600	4,571,500	11.5%
Minority interest	1,600	800	100.0%