



**Investor Relations**

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**BMV ticker symbol: GCC\***  
**Price as of July 20, 2005: \$23.25**

# GRUPO CEMENTOS DE CHIHUAHUA

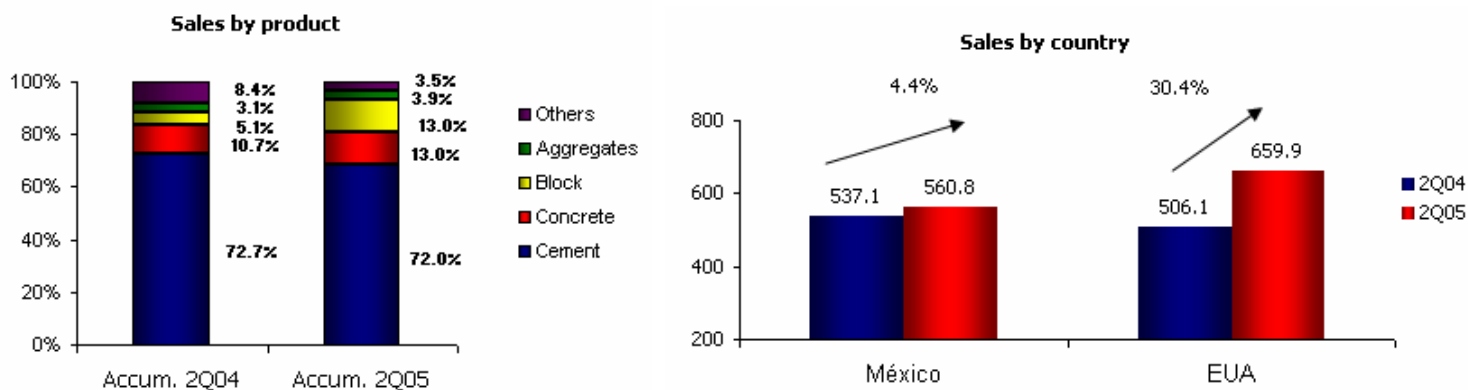
## Results for the second quarter of 2005

- GCC's net sales grew 17.0%.
- Operating profit in the second quarter rose 55.2%.
- Quarterly EBITDA increased 42.9%.
- Net profit in the quarter rose 33.5%.

	<b>2Q 2005</b>	<b>2Q 2004</b>	<b>% Var.</b>
<b>Net sales</b>	<b>1,220,700</b>	<b>1,043,200</b>	17.0%
México	560,800	537,100	4.4%
U.S.A.	659,900	506,100	30.4%
<b>Operating income</b>	<b>378,400</b>	<b>243,800</b>	55.2%
<b>EBITDA</b>	<b>476,000</b>	<b>333,000</b>	42.9%
<b>Net consolidated income</b>	<b>237,814</b>	<b>178,120</b>	33.5%

\*Thousands of pesos

## Sales



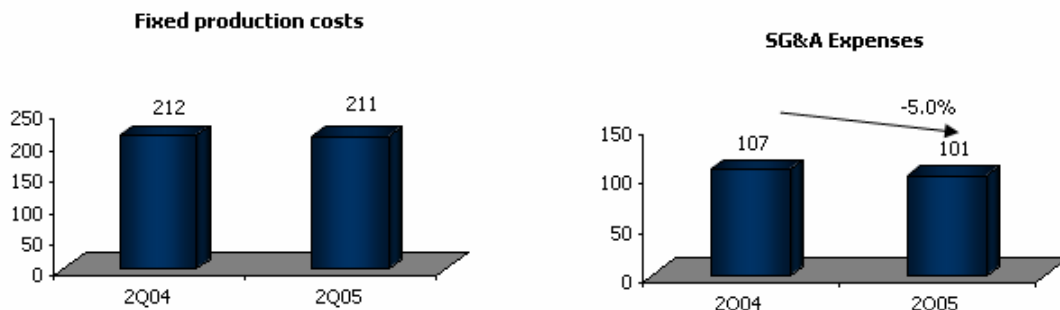
The second quarter of 2005 was characterized by strong demand for our products that led to sales volume growth in each market where we participate. In the United States, the gain was due to solid performance in the construction industry and higher cement prices. In Mexico, growth was mainly a result of the startup of various projects in the infrastructure, commercial and industrial sectors.

Net sales in the second quarter of 2005 increased 17.0% to 1,220.7 million pesos. Sales in the United States were 659.9 million pesos, and in Mexico 560.8 million pesos, increases of 30.4% and 4.4% respectively.

In the U.S. market, cement volumes grew 9.1% and average prices were higher than those in the second quarter of 2004. In the domestic market, sales volume in each product increased as follows: cement +6.2%, ready-mix concrete +17.5%, limestone aggregates +11.7%, and concrete blocks +24.0%. Sales of other products declined 9.0% in comparison to the same quarter last year.

In the first six months of 2005, GCC's net sales grew 7.4% compared to the first half of 2004. Sales in the United States increased 27.5%, and in Mexico decreased 7.1% due to the impact of delayed activity in the construction sector until the second quarter.

## Costs and Expenses



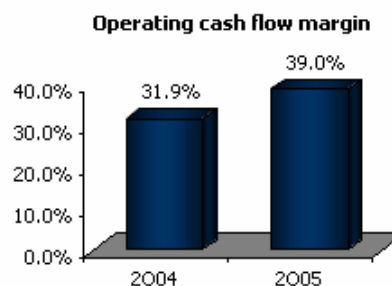
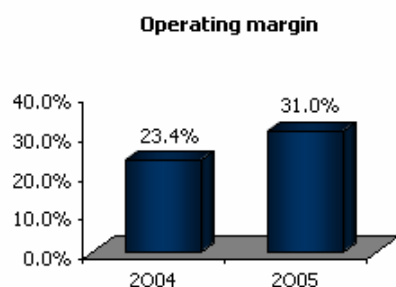
\*Millions of pesos

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Cost of sales, as a percentage of sales, decreased 5.7 percentage points in the second quarter of 2005. This is primarily due to the decrease of third-party cement purchases in the United States, which were replaced by exports from the Samalayuca plant.

In the second quarter of 2005, fixed production costs remained virtually unchanged from those in the second quarter of 2004. Sales and administrative expenses decreased 5.0% in comparison with the year ago period.

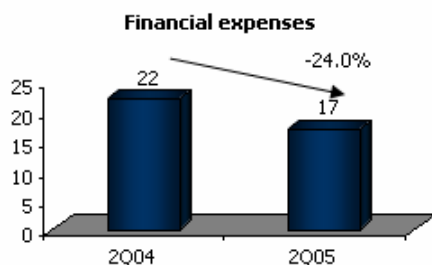
### **Operating Profit and Operating Cash Flow**



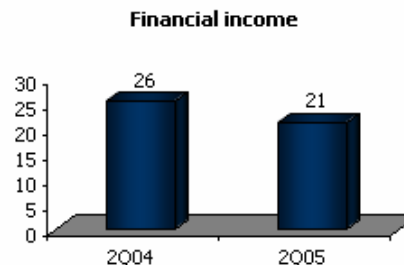
Operating profit increased 55.2% in the second quarter, reaching 378.4 million pesos. The operating margin grew 7.6 percentage points over the second quarter of 2004 as a result of the increase in sales and lower costs and expenses. Operating profit for the first six months of 2005 rose 28.6% over the same period of last year, totaling 549.8 million pesos.

Operating cash flow, or EBITDA, increased 42.9% from the second quarter of 2004. Operating cash flow margin represented 39.0% of sales, 7.1 percentage points greater than in the second quarter of 2004. In the first half of the year, operating cash flow increased 22.7% in comparison with the same period of 2004.

### **Comprehensive Financing Cost**



\*Millions of pesos

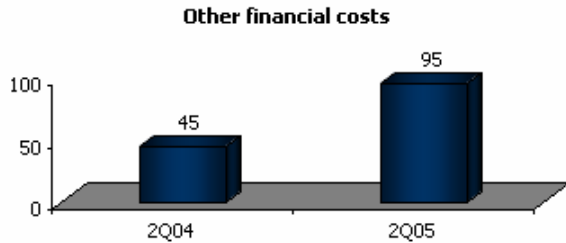


\*Millions of pesos

In the second quarter, comprehensive financing income totaled 6.5 million pesos, which compares favorably with the comprehensive financing cost of 3.3 million pesos recorded in the second quarter of 2004. Financial expenses and income decreased 24.0% and 16.9% respectively, in comparison with the year ago period, as a result of debt

prepayment made in August 2004. In the first half of 2005, comprehensive financing income was 64.0% greater than that registered in the same period of 2004.

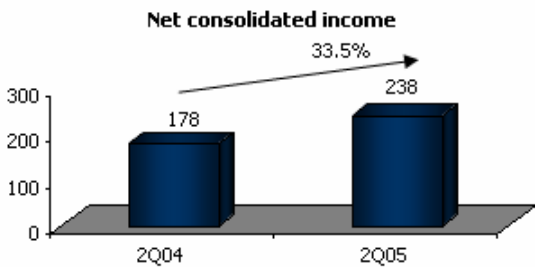
**Other Costs and Expenses**



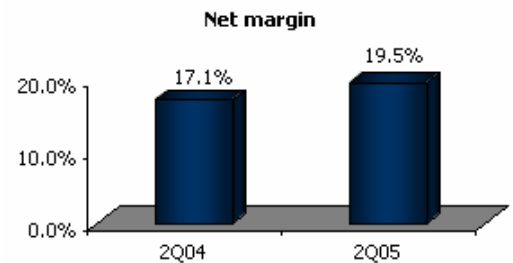
\*Millions of pesos

Other financial costs rose to 94.6 million, a figure higher than in the second quarter of 2004, due primarily to the increase in deposits and accruals for antidumping taxes associated with increased volumes of cement exported from the Samalayuca plant to the U.S. market. Total accumulated financial costs to June 2005 were 155.1 million pesos.

**Net Income**

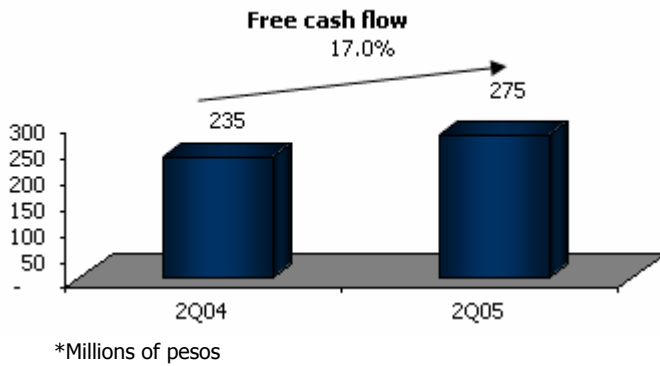


\*Millions of pesos



Consolidated net income rose 33.5% in the second quarter of 2005 as a result of the increase in operating profit and comprehensive financing income, totaling 237.8 million pesos. In the first six months of 2005, consolidated net income was 361.8 million pesos, 10.7% higher than in the corresponding period of the previous year.

## Free Cash Flow

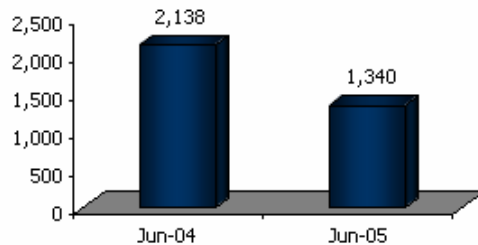


Free cash flow rose 17.0% in the second quarter of 2005, reaching 275.0 million pesos, a higher figure than in the second quarter of 2004. Free cash flow generated in the first half of the year totaled 217.5 million pesos, 17.2% less than in the corresponding period of the previous year.

\* Free cash flow = EBITDA – net financing cost – working capital needs – taxes paid in cash – other cash expenses – capital expenditures (excluding investments related to the construction of the new cement plant in Pueblo, Colorado and the new prefabricated concrete products plant).

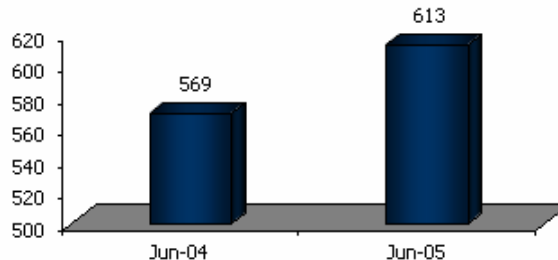
## Assets

Cash and temporary investments



\*Millions of pesos

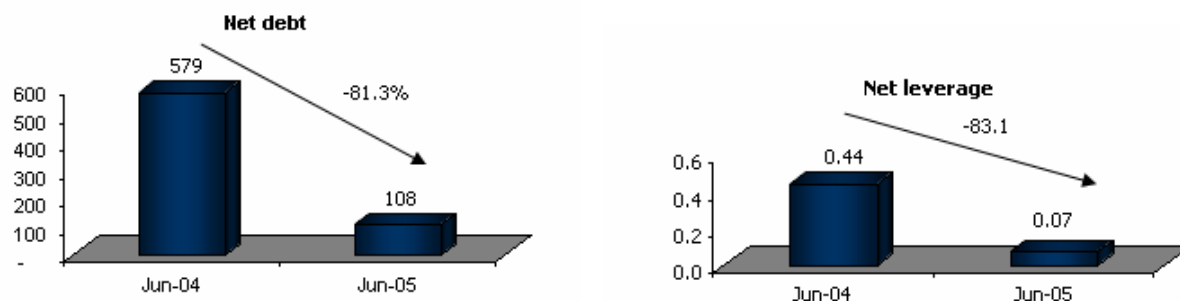
Inventories



\*Millions of pesos

The total assets of Grupo Cementos de Chihuahua as of June 30, 2005 were 9,799.4 million pesos. This figure is 7.0% lower than on the same date of the previous year, mainly due to a 37.3% decrease in available cash resulting from the prepayment of debt in August 2004.

## Liabilities



\*Millions of pesos

GCC's total liabilities as of June 30, 2005 were 3,460.4 million pesos, 28.5% lower than that reported on the same date of 2004. GCC's net debt declined 81.3% during the same period. The net leverage ratio (net debt over operating cash flow) in June 2005 was 0.07 times.

Short-term interest-bearing debt as of June 30, 2005 was 11.4 million pesos, all of which was dollar denominated. Long-term debt totaled 1,437.0 million pesos, of which 1,200.0 million pesos was in domestic bonds converted to dollars under a cross currency swap, and 237.0 million pesos was dollar denominated.

The average annual cost of debt in the month of June was 3.7%.

## Sales Volume in the Second Quarter of 2005

	<u>1Q05 / 1Q04</u>	<u>2Q05 / 2Q04</u>	<u>Accumulated 2005 vs. 2004</u>
Cement in Mexico	-11.2%	6.2%	-3.8%
Cement in U.S.	11.5%	9.1%	10.3%
<b>Total cement sales</b>	<b>1.5%</b>	<b>8.3%</b>	<b>5.5%</b>
<b>Concrete in Mexico</b>	<b>-8.6%</b>	<b>17.5%</b>	<b>4.4%</b>
<b>Concrete block in Mexico</b>	<b>-32.5%</b>	<b>24.0%</b>	<b>-11.3%</b>
<b>Aggregates in Mexico</b>	<b>-5.2%</b>	<b>11.7%</b>	<b>3.2%</b>

## Income Statement for the Second Quarter of 2005 (Thousands of pesos at June 30, 2005)

	2Q 2005		2Q 2004		2Q05 / 2Q04
<b>Net sales</b>	<b>1,220,700</b>	100.0%	<b>1,043,200</b>	100.0%	17.0%
Domestic sales	560,800	45.9%	537,100	51.5%	4.4%
Foreign sales	659,900	54.1%	506,100	48.5%	30.4%
Cost of sales	740,300	60.6%	692,000	66.3%	7.0%
<b>Gross income</b>	<b>480,400</b>	39.4%	<b>351,200</b>	33.7%	36.8%
Operating expenses	102,000	8.4%	107,400	10.3%	-5.0%
<b>Operating income</b>	<b>378,400</b>	31.0%	<b>243,800</b>	23.4%	55.2%
<b>Financing costs</b>					
Financial expenses	16,800	1.4%	22,100	2.1%	-24.0%
Financial income	(21,200)	-1.7%	(25,500)	-2.4%	-16.9%
Monetary effect	1,286	0.1%	5,980	0.6%	-78.5%
Exchange loss	(3,400)	-0.3%	700	0.1%	N/A
<b>Total</b>	<b>(6,514)</b>	-0.5%	<b>3,280</b>	0.3%	N/A
Other financial costs	94,600	7.7%	44,600	4.3%	112.1%
<b>Income before taxes and profit sharing</b>	<b>290,314</b>	23.8%	<b>195,920</b>	18.8%	48.2%
Taxes and profit sharing	52,500	4.3%	17,800	1.7%	194.9%
<b>Net consolidated income</b>	<b>237,814</b>	19.5%	<b>178,120</b>	17.1%	33.5%
Net income of majority interest	237,800	19.5%	178,100	17.1%	33.5%
Net income of minority interest	14	0.0%	20	0.0%	-30.0%
<b>EBITDA</b>	<b>476,000</b>	39.0%	<b>333,000</b>	31.9%	42.9%
Net financial expenses	(4,400)	-0.4%	(3,400)	-0.3%	29.4%
Free cash flow*	275,050	22.5%	235,081	22.5%	17.0%

\* Free cash flow = EBITDA – net financing cost – working capital needs – taxes paid in cash – other cash expenses – capital expenditures (excluding investments related to the construction of the new cement plant in Pueblo, Colorado and the new prefabricated concrete products plant).

## Income Statement for Six Months Accumulated (Thousands of pesos at June 30, 2005)

	AC. 2005	%	AC. 2004	%	2005 / 2004
<b>Net sales</b>	<b>2,044,300</b>	100.0%	<b>1,903,300</b>	100.0%	7.4%
Domestic sales	1,028,600	50.3%	1,106,800	58.2%	-7.1%
Foreign sales	1,015,700	49.7%	796,500	41.8%	27.5%
Cost of sales	1,298,900	63.5%	1,278,300	67.2%	1.6%
<b>Gross income</b>	<b>745,400</b>	36.5%	<b>625,000</b>	32.8%	19.3%
Operating expenses	195,600	9.6%	197,500	10.4%	-1.0%
<b>Operating income</b>	<b>549,800</b>	26.9%	<b>427,500</b>	22.5%	28.6%
<b>Financing costs</b>					
Financial expenses	35,000	1.7%	42,300	2.2%	-17.3%
Financial income	(44,700)	-2.2%	(46,800)	-2.5%	-4.5%
Monetary effect	(7,219)	-0.4%	(10,575)	-0.6%	-31.7%
Exchange loss	(4,200)	-0.2%	2,200	0.1%	N/A
<b>Total</b>	<b>(21,119)</b>	-1.0%	<b>(12,875)</b>	-0.7%	64.0%
Other financial costs	155,100	7.6%	67,900	3.6%	128.4%
<b>Income before taxes and profit sharing</b>	<b>415,819</b>	20.3%	<b>372,475</b>	19.6%	11.6%
Taxes and profit sharing	54,000	2.6%	45,500	2.4%	18.7%
<b>Net consolidated income</b>	<b>361,819</b>	17.7%	<b>326,975</b>	17.2%	10.7%
Net income of majority interest	361,800	17.7%	326,900	17.2%	10.7%
Net income of minority interest	19	0.0%	75	0.0%	-74.7%
<b>EBITDA</b>	<b>742,200</b>	36.3%	<b>605,000</b>	31.8%	22.7%
Net financial expenses	(9,700)	-0.5%	(4,500)	-0.2%	115.6%
Free cash flow*	217,500	10.6%	262,570	13.8%	-17.2%

\* Free cash flow = EBITDA – net financing cost – working capital needs – taxes paid in cash – other cash expenses – capital expenditures (excluding investments related to the construction of the new cement plant in Pueblo, Colorado and the new prefabricated concrete products plant).

## Quarterly Income Statement for 2005 (Thousands of pesos at June 30, 2005)

	1Q 2005	%	2Q 2005	%	2005
<b>Net sales</b>	<b>823,600</b>	100.0%	<b>1,220,700</b>	100.0%	<b>2,044,300</b>
Sales in Mexico	467,800	56.8%	560,800	45.9%	1,028,600
Sales in the U.S.	355,800	43.2%	659,900	54.1%	1,015,700
Cost of sales	558,600	67.8%	740,300	60.6%	1,298,900
<b>Gross income</b>	<b>265,000</b>	32.2%	<b>480,400</b>	39.4%	<b>745,400</b>
Operating expenses	93,600	11.4%	102,000	8.4%	195,600
<b>Operating income</b>	<b>171,400</b>	20.8%	<b>378,400</b>	31.0%	<b>549,800</b>
<b>Financing costs</b>					
Financial expenses	18,200	2.2%	16,800	1.4%	35,000
Financial income	(23,500)	-2.9%	(21,200)	-1.7%	(44,700)
Monetary effect	(8,505)	-1.0%	1,286	0.1%	(7,219)
Exchange loss	(800)	-0.1%	(3,400)	-0.3%	(4,200)
<b>Total</b>	<b>(14,605)</b>	-1.8%	<b>(6,514)</b>	-0.5%	<b>(21,119)</b>
Other financial costs	60,500	7.3%	94,600	7.7%	155,100
<b>Income before taxes and profit sharing</b>	<b>125,505</b>	15.2%	<b>290,314</b>	23.8%	<b>415,819</b>
Taxes and profit sharing	1,500	0.2%	52,500	4.3%	54,000
<b>Net consolidated income</b>	<b>124,005</b>	15.1%	<b>237,814</b>	19.5%	<b>361,819</b>
Net income of majority interest	124,000	15.1%	237,800	19.5%	361,800
Net income of minority interest	5	0.0%	14	0.0%	19
<b>EBITDA</b>	<b>266,200</b>	32.3%	<b>476,000</b>	39.0%	<b>742,200</b>
Net financial expenses	(5,300)	-0.6%	(4,400)	-0.4%	(9,700)

## Quarterly Income Statement for 2004 (Thousands of pesos at June 30, 2005)

	<b>1Q 2004</b>	%	<b>2Q 2004</b>	%	<b>2004</b>
<b>Net sales</b>	<b>860,100</b>	100.0%	<b>1,043,200</b>	100.0%	<b>1,903,300</b>
Sales in Mexico	569,700	66.2%	537,100	51.5%	1,106,800
Sales in the U.S.	290,400	33.8%	506,100	48.5%	796,500
Cost of sales	586,300	68.2%	692,000	66.3%	1,278,300
<b>Gross income</b>	<b>273,800</b>	31.8%	<b>351,200</b>	40.8%	<b>625,000</b>
Operating expenses	90,100	10.5%	107,400	12.5%	197,500
<b>Operating income</b>	<b>183,700</b>	21.4%	<b>243,800</b>	28.3%	<b>427,500</b>
<b>Financing costs</b>					
Financial expenses	20,200	2.3%	22,100	2.1%	42,300
Financial income	(21,300)	-2.5%	(25,500)	-2.4%	(46,800)
Monetary effect	(16,555)	-1.9%	5,980	0.6%	(10,575)
Exchange loss	1,500	0.2%	700	0.1%	2,200
<b>Total</b>	<b>(16,155)</b>	-1.9%	<b>3,280</b>	0.3%	<b>(12,875)</b>
Other financial costs	23,300	2.7%	44,600	4.3%	67,900
<b>Income before taxes and profit sharing</b>	<b>176,555</b>	20.5%	<b>195,920</b>	18.8%	<b>372,475</b>
Taxes and profit sharing	27,700	3.2%	17,800	1.7%	45,500
<b>Net consolidated income</b>	<b>148,855</b>	17.3%	<b>178,120</b>	17.1%	<b>326,975</b>
Net income of majority interest	148,800	17.3%	178,100	17.1%	326,900
Net income of minority interest	55	0.0%	20	0.0%	75
<b>EBITDA</b>	<b>272,000</b>	31.6%	<b>333,000</b>	31.9%	<b>605,000</b>
Net financial expenses	(1,100)	-0.1%	(3,400)	-0.3%	(4,500)

## Balance Sheet

(Thousands of pesos at June 30, 2005)

	Jun-05	Jun-04	Variation
<b>Total assets</b>	<b>9,799,400</b>	<b>10,532,100</b>	-7.0%
Current assets	2,979,800	3,675,800	-18.9%
Cash and temporary investments	<i>1,340,300</i>	<i>2,137,800</i>	-37.3%
Long term assets	71,000	64,200	10.6%
Fixed assets	6,166,800	6,213,900	-0.8%
Other assets	581,800	578,200	0.6%
<b>Total liabilities</b>	<b>3,460,400</b>	<b>4,842,500</b>	-28.5%
Current liabilities	418,200	753,300	-44.5%
Bank debt	<i>11,400</i>	<i>414,800</i>	-97.3%
Long term liabilities	1,437,000	2,301,900	-37.6%
Bank debt	<i>25,940</i>	<i>742,143</i>	-96.5%
Domestic bonds	<i>1,200,000</i>	<i>1,200,000</i>	0.0%
Other cost bearing liabilities	<i>211,060</i>	<i>359,757</i>	-41.3%
Differed taxes	1,028,500	1,148,900	-10.5%
Other liabilities	576,700	638,400	-9.7%
<b>Consolidated stockholder's equity</b>	<b>6,339,000</b>	<b>5,689,600</b>	11.4%
Majority interest	6,337,600	5,687,600	11.4%
Minority interest	1,400	2,000	-30.0%

Figures included in this document, prepared in accordance with generally accepted accounting in Mexico, are expressed in pesos with purchasing power at June 30, 2005