

2018

FOURTH QUARTER EARNINGS REPORT



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GCC REPORTS FOURTH QUARTER AND FULL YEAR 2018 RESULTS

Chihuahua, Mexico, February 13, 2019 – Grupo Cementos de Chihuahua, S.A.B. de C.V. (BMV: GCC*), a leading producer of cement and concrete in the United States and Mexico, today announced its results for the fourth quarter and full year 2018.

The results from assets sold in June 2018 (including sales, costs and expenses) have been reported as discontinued operations, in accordance with IFRS-5 – Non-Current Assets Held for Sale and Discontinued Operations. Prior period results have been restated for comparative purposes. Information on sales volumes refers to continuing operations only.

4Q18 KEY HIGHLIGHTS

- Consolidated Net Sales decreased 3.9% to US\$ 205.9 million in 4Q18, mainly driven by lower cement and concrete volumes in the U.S.
- EBITDA decreased 16.9% to US\$ 57.4 million and EBITDA margin was 27.9%
- Net leverage (Net debt/EBITDA) ratio decreased to 1.59x in December 2018 from 1.86x in December 2017
- EBITDA to Free Cash Flow conversion was 79%
- Successful full integration of the Trident Plant in Montana, with onboarding proceeding well, and significant synergies have been identified
- Completion of Rapid City plant expansion tie-in process, operational ramp up in progress
- Oil well cement demand remains strong despite challenging environment

FY18 KEY HIGHLIGHTS

- Consolidated Net Sales increased 7.2% to US\$ 883.2 million in FY18, mainly driven by higher sales volumes and prices in the U.S. and Mexico
- EBITDA increased 6.7% to US\$ 256.0 million. EBITDA margin contracted 10 basis points to 29.0%
- EBITDA to Free Cash Flow conversion was 42%
- Completion of a comprehensive new term loan agreement, replacing all existing bank debt while reducing interest expense with improved terms and conditions
- S&P Global Ratings (S&P) long-term corporate rating raised to BB+ from BB, with a stable outlook. S&P also raised the rating on GCC's senior unsecured notes due 2024 to BB+
- GCC shares included within the Mexican Bolsa's S&P/BMV IPC blue-chip index and within the MSCI family of stock indexes

***Enrique Escalante, GCC's Chief Executive Officer, commented:** "We executed several transactions during 2018 which put GCC in a very solid position moving forward. We completed a purchase-sale transaction exchanging GCC's ready-mix plants in Oklahoma and Northwest Arkansas, which were not integrated into our cement distribution network, for a cement plant in Montana representing a strategic addition to our system that will also improve our profitability. This plant, along with the completion of capacity expansion at our South Dakota cement plant in Rapid City, will enable us to continue to benefit from the robust pace of growth in the U.S. economy. Additionally, we further strengthened our balance sheet with a very efficient debt refinancing executed ahead of the Presidential elections in Mexico and which significantly improves our amortization schedule.*

Despite the many challenges we experienced throughout the year, we delivered both strong operational results for 2018 and received positive customer feedback. While the one-time effect of our Rapid City tie-in delay adversely impacted fourth quarter results, this was resolved, and the operational ramp up is ongoing. Importantly, moving forward, GCC's Rapid City plant will provide considerable benefits, addressing our prior capacity deficit with reduced logistics and production costs while enabling us to identify and service new customers without our prior limitations."

"We are on the path of operational and financial transformation, as is evidenced by our recently announced Fitch upgrade from BB to BB+ with a stable outlook; further, over the past five years GCC has delivered 860 basis points of EBITDA margin expansion and we remain committed to achieving our long-term goals."

Mr. Escalante continued, "GCC's strong balance sheet and a robust free cash flow generation today make GCC one of the best positioned companies in the industry to capitalize on the growing U.S. economy, weather a challenging environment or act on potential strategic acquisitions aligned with our strict criteria that these be well-priced, complementary, integrated and value added."

KEY FIGURES (millions of dollars)

	4Q18	4Q17	4Q18 vs. 4Q17	2018	2017	2018 vs. 2017
Net Sales	205.9	214.2	-3.9%	883.2	824.1	7.2%
Operating Income before Other Expenses	28.8	49.3	-41.6%	169.5	160.8	5.4%
EBITDA*	57.4	69.0	-16.9%	256.0	239.8	6.7%
EBITDA Margin	27.9%	32.2%		29.0%	29.1%	
Free Cash Flow**	45.3	66.7	-32.1%	107.7	111.6	-3.5%
Income from Continuing Operations	21.3	27.8	-23.5%	104.5	78.7	32.7%
Discontinued Operations	0.01	1.1		(41.0)	5.0	
Net Income	21.3	28.9	-26.4%	63.5	83.7	-24.2%
Earnings per Share (US\$)***	0.0641	0.0870		0.1909	0.2517	

*EBITDA: operating income before other expenses + depreciation and amortization. **Free Cash flow before expansion CapEx
 ***Earnings per share calculated based on average number of outstanding shares during the quarter

FINANCIAL RESULTS

Consolidated Net Sales for the fourth quarter of 2018 decreased by 3.9% to US\$ 205.9 million, from US\$ 214.2 million in 4Q17, primarily due to lower cement and concrete volumes in the U.S. and Mexico as well as the effect of Mexican Peso depreciation on reported sales. This was partially offset by higher cement and concrete prices in both markets.

For comparative purposes, Consolidated Net Sales excluding the Trident cement plant acquired in 2Q18 would have decreased by 7.7%.

Twelve months: Net sales increased 7.2% to US\$ 883.2 million driven by higher cement volumes in the U.S. and Mexico, and higher prices in both markets. Net sales excluding the acquired operations would have increased 4.4%.

NET SALES (millions of dollars)

	4Q18	4Q17	4Q18 vs. 4Q17	2018	2017	2018 vs. 2017
Consolidated	205.9	214.2	-3.9%	883.2	824.1	7.2%
Unites States	147.1	155.8	-5.6%	646.7	603.6	7.1%
U.S. like-like	138.9	155.8	-10.9%	624.2	603.6	3.4%
Mexico	58.7	58.4	0.6%	236.5	220.5	7.2%
	4Q18 vs. 4Q17			2018 vs. 2017		
	Volumes	Prices*		Volumes	Prices*	
Cement						
Unites States	-6.7%	2.1%		4.7%	2.2%	
U.S. like to like	-15.3%	3.7%		-1.2%	3.1%	
Mexico	-1.2%	9.3%		2.5%	9.7%	
Concrete						
Unites States	-10.4%	6.0%		-1.0%	3.6%	
Mexico	-14.1%	9.4%		-4.3%	6.2%	
	* Prices in local currency					

U.S. sales, which represented 72% of GCC's consolidated net sales, decreased by 5.6% to US\$ 147.1 million, due to a 6.7% decline in cement volumes and a 10.4% decrease in concrete volumes, partially offset by a 2.1% and 6.0% increase in prices, respectively. Excluding the acquired operations, U.S. sales would have decreased by 10.9%.

Cement sales volumes in 4Q18 were primarily impacted by a one-time event related to the tie-in process of Rapid City, SD plant expansion which took longer than expected, affecting cement production. In addition, challenging weather conditions in Texas and the northern U.S. markets contributed to the sales volumes decline, particularly when compared to an exceptionally strong 4Q17, which benefitted from favorable weather conditions and represented a record-high fourth quarter for the Company. Excluding the acquired operations, cement sales volumes would have decreased by 15.3% and cement prices would have increased by 3.7%.

The most dynamic market segments in the U.S. were oil well drilling and other construction in the Texas Permian Basin, as well as housing and development of poultry and pork processing plants and wind farms in the northern Midwest and Plains states.

Twelve months: U.S. sales increased 7.1% to US\$ 646.7 million, primarily driven by a 4.7% increase in cement volumes, a 2.2% increase in cement prices, and a 3.6% increase in concrete prices, which were partially offset by a 1.0% decrease in concrete volumes.

Excluding the acquired operations, twelve-month cement volumes would have decreased 1.2% while prices would have increased 3.1%.

Mexico sales, which represented 28% of GCC's consolidated net sales, remained relatively flat at US\$ 58.7 million as the decline in cement and concrete sales volumes was offset by higher prices in local currency terms. Moreover, concrete sales volumes in 4Q18 declined 14.1%, reflecting difficult comps as the prior year period benefitted from increased demand related to the final construction stages of several important industrial projects, including a brewery and glass bottle manufacturing plant. Net sales were also impacted by Mexican Peso depreciation, which reduced as reported sales by 4.5%, or US\$ 2.8 million.

The primary contributors to 4Q18 Mexico sales included: real estate and commercial development, middle income housing, mining projects, and industrial warehouse construction.

Twelve months: Mexico sales rose 7.2% to US\$ 236.5 million, primarily due to increases of 9.7% and 6.2% in cement and concrete prices, respectively, and to a 2.5% increase in cement volumes. This was partially offset by Mexican Peso depreciation which reduced as reported sales by 1.6%, or US\$ 3.8 million.

Cost of Sales totaled US\$ 157.8 million in 4Q18 and represented 76.7% of sales; an 8.6 percentage point year on year increase. This increase was primarily due to:

- An increase in depreciation and amortization related to expansion projects and to the most recent U.S. acquisitions
- The Rapid City plant expansion tie-in process delay which caused temporary, one-time increases in:
 - Freight costs: the logistics network was forced to operate at less than optimal levels
 - Supply costs: a portion of cement was purchased from third-parties and at spot prices in order to address customer commitments
- Increased electricity costs in Mexico, additional expenses related to the incorporation of a new kiln to produce and export oil well cement and increased freight costs due to increased volume exported to West Texas markets as compared to the prior year period
- A one-time asset write-off related to asset demolition and retirement associated with the Rapid City plant expansion of US\$ 4.0 million

Twelve months: Cost of sales was 72.2% of net sales; a 1.2 percentage point year on year increase, mainly due to a one-time increase in logistics and supply costs resulting from the delay in the Rapid City plant expansion tie-in process as described.

Operating Expenses increased 0.8% to US\$ 19.2 million and were equivalent to 9.3% of consolidated net sales; a 0.4 percentage point increase. Expenses related to the Trident plant acquisition were partially offset by a reduction in the Company's general and administrative expenses.

Twelve months: Operating expenses decreased 2.3% to US\$ 76.1 million. As a percentage of consolidated net sales, operating expenses declined 0.8 percentage points to 8.6%, mainly due to lower administrative and sales expenses related to the integration of acquisitions in the 2017 period.

Operating Income before Other Expenses decreased 41.6% to US\$ 28.8 million.

Twelve months: Operating income before other expenses increased by 5.4% to US\$ 169.5 million.

Other expenses were US\$ 0.4 million, compared to US\$ 15.6 million in the prior year period. In 4Q17, other expenses reflected a US\$ 15.4 million asset impairment.

Twelve months: Other expenses were US\$ 8.3 million, compared to US\$ 16.2 million in the prior year period.

Operating Income decreased 15.9% to US\$ 28.3 million.

Twelve months: Operating income increased 11.5% to US\$ 161.2 million.

EBITDA decreased 16.9% to US\$ 57.3 million while the EBITDA margin contracted 4.3 percentage points to 27.9%. In the quarter, 61% of EBITDA was generated by US and 39% by Mexico.

Peso depreciation reduced EBITDA by approximately 1.9 percentage points, US\$ 1.1 million and 0.2% EBITDA margin.

EBITDA excluding acquired operations would have decreased 21.2% to US\$ 54.4 million while the EBITDA margin would have contracted 4.7 percentage points to 27.5%.

Twelve months: EBITDA increased 6.7% to US\$ 256.0 million, with a 29.0% margin; a 10-basis point year on year decrease. Peso depreciation reduced EBITDA by approximately 0.6 percentage points, US\$ 1.6 million and 0.1% EBITDA margin.

Excluding acquired operations, EBITDA would have increased 2.9% to US\$ 246.8 million with a 0.4 percentage point margin decrease, to 28.7% of sales.

U.S. operations generated 62% of EBITDA for the full year 2018, and Mexico generated 38% of full year 2018 EBITDA.

Net Financial Expenses decreased 10.5% to US\$ 8.3 million primarily due to lower interest expense on GCC's senior secured notes and bank debt which were refinanced in June 2017 and June 2018, respectively.

Twelve months: Net financial expenses decreased 20.4% to US\$ 44.4 million.

Income Taxes totaled US\$ 0.1 million; a 96.6% decrease compared to 4Q17.

Twelve months: Income taxes totaled US\$ 16.6 million, a 37.6% increase, primarily due to U.S. Tax Reform in 2017 and higher income before taxes. The effective tax rate stood at 13.7% in 2018, from 13.3% in 2017.

Income from Continuing Operations was US\$ 21.3 million; a 23.5% year on year decrease.

Twelve months: Income from continuing operations increased by 32.7% to US\$ 104.5 million.

Discontinued operations generated an income of US\$ 0.01 million in 4Q18 compared to US\$ 1.1 million in 4Q17.

Twelve months: Discontinued operations generated a loss of US\$ 41.0 million, compared to an income of US\$ 5.0 million in the prior year period, which was primarily a reflection of the difference between book value and sale price of the Arkansas and Oklahoma assets sold in 2Q18.

Consolidated Net Income was US\$ 21.3 million; a 26.4% decrease compared to US\$ 28.9 million in 4Q17.

Twelve months: Consolidated net income was US\$ 63.5 million in the full year of 2018, compared to US\$ 83.7 million in the same period of 2017. The decrease was the result of a loss on the sale of discontinued operations.

Earnings per Share was US\$ 0.0641 per share, compared to US\$ 0.0870 in 4Q17.

Twelve months: Earnings per share were US\$ 0.1909 compared to earnings per share of US\$ 0.2517 in the prior year period.

Free Cash Flow was US\$ 45.3 million in the fourth quarter; a 32.1% decrease compared to US\$ 66.7 million in 4Q17. This is a reflection of lower EBITDA generation, a temporary increase in working capital needs due to higher inventory balance in anticipation of maintenance season, and an increase in cash taxes, which were partially offset by lower interest expenses and lower maintenance CapEx.

Twelve months: Free cash flow was US\$ 107.7 million; a 3.5% decrease as compared to US\$ 111.6 million for the same period of 2017 reflecting increased working capital needs due to higher inventory balance, higher level of cash taxes and an increase in maintenance CapEx, which were partially offset by higher EBITDA generation and lower interest expenses.

EBITDA AND FREE CASH FLOW (millions of dollars)

	4Q18	4Q17	Var	2018	2017	Var
Operating Income before Other Expenses	28.8	49.3	-41.6%	169.5	160.8	5.4%
Depreciation and Amortization	28.6	19.7	45.0%	86.4	79.0	9.4%
EBITDA	57.4	69.0	-16.9%	256.0	239.8	6.7%
Interest (expense)	(9.6)	(12.0)	-20.0%	(40.7)	(61.5)	-33.8%
(Increase) Decrease in Working Capital	36.3	51.4	-29.5%	(11.0)	(4.7)	133.6%
Taxes	(6.4)	(0.9)	629.5%	(21.8)	(12.7)	71.9%
Other	(22.9)	(27.9)	-17.8%	(23.5)	(14.0)	68.0%
Flow from Continuing Operations, net	54.7	79.7	-31.3%	158.9	146.9	8.2%
Flow from Discontinued Operations	(0.1)	2.2	n.m.	1.5	9.7	-84.0%
Operating Cash Flow	54.6	81.9	-33.4%	160.4	156.6	2.5%
Maintenance CapEx*	(9.3)	(15.3)	-38.8%	(52.8)	(45.0)	17.3%
Free Cash Flow	45.3	66.7	-32.1%	107.7	111.6	-3.5%
Growth Capital Expenditures and other related Expenses	(14.4)	(7.9)	81.1%	(52.3)	(30.3)	72.3%
Share Repurchase (net)	(1.3)	0.0	100%	(1.3)	0.0	100%
Sale of Assets	0.0	0.0	0.0%	118.5	0.0	100%
Purchase of Assets	0.0	0.0	0.0%	(107.5)	0.0	100%
Debt Amortization net	0.0	(1.8)	-100%	(34.9)	(3.8)	805.5%
Dividends Paid	0.0	0.0	0.0%	(12.6)	(11.6)	8.8%
FX Effect	(1.6)	(3.3)	-52.3%	1.3	3.1	-58.1%
Initial Cash Balance	223.8	179.3	24.8%	232.9	164.0	42.0%
Final Cash Balance	251.8	232.9	8.1%	251.8	232.9	8.1%

* excludes capital expenditures for growth and expansion

Total Debt stood at US\$ 661.8 million as of December 31, 2018; a 5.0% decrease as compared to December 31, 2017.

Short-term debt was US\$ 4.4 million, representing 0.7% of the total debt.

As of December 2018, 100% of GCC's total debt was denominated in U.S. dollars.

Net leverage (Net debt/EBITDA) at the end of the fourth quarter of 2018 was 1.59 times, compared to 1.86 as of December 31, 2017.

INTEREST-BEARING DEBT* (millions of dollars)

	Dec 2018	Dec 2017	2018 vs. 2017
Total	661.8	696.7	-5.0%
Short-term	4.4	17.2	-74.3%
Long-term	657.4	679.5	-3.3%

*excludes amortizable commissions and issuance expenses

OUTLOOK FOR 2019

2019 Outlook		
United States		
Volumes	Cement	4% - 6%
	Cement, like-to-like	2% - 3%
	Concrete	6% - 8%
Prices (US\$)	Cement	4% - 5%
	Concrete	2% - 4%
	Mexico	
Volumes	Cement	=
	Concrete	=
Prices (Ps.)	Cement	3% - 5%
	Concrete	3% - 5%
Consolidated		
EBITDA Growth		20% - 23%
EBITDA Growth without IFRS-16		12%- 15%
FCF Conversion Rate*		> 50%
Working Capital		Slight decrease
Total CapEx		US\$ 70 million
	Maintenance	\$60
	2018 carry- over	\$10
Net Debt / EBITDA, end -year		< 1x

*Free Cash Flow conversion rate: free cash flow after Maintenance CapEx/EBITDA

BASIS OF PREPARATION FOR FINANCIAL STATEMENTS

Financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and use the U.S. dollar as the presentation currency.

Currency translations from pesos into U.S. dollars use the average monthly exchange rates published by Banco de México, as shown below.

EXCHANGE RATES (pesos per U.S. dollar)

	2018	2017
Fourth quarter average	19.8425	18.9511
As of December 31	19.6829	19.7867
Twelve month average	19.2368	18.9326

Unless otherwise stated, all percentage changes refer to the fourth quarter (or twelve months) of 2018 compared to the corresponding periods of 2017.

ANALYST COVERAGE

Analysts at the following brokerages currently cover GCC's stock:

1. Actinver
2. Bank of America Merrill Lynch
3. Citibanamex
4. Data Based Analysis
5. GBM - Grupo Bursatil Mexicano
6. Grupo Financiero Banorte
7. J.P. Morgan
8. Itaú BBA
9. Nau Securities Limited
10. Santander
11. Scotiabank
12. UBS Casa de Bolsa

MATERIAL EVENTS

GCC begins operating 440,000 mt cement plant expansion in South Dakota

On December 20, 2018, GCC announced that the expansion of its Rapid City, South Dakota cement plant became operational, adding 440,000 metric tons (mt) of capacity to the existing plant.

The expansion increased the plant's production capacity to 1,167,000 mt and is expected to reduce variable production costs. The tie-in process of the new facilities was completed in late November. Production, which had been suspended during the tie-in process, has resumed and the new facilities are in the stabilization process.

GCC activates Ps. 700 million share repurchase program

On November 20, 2018, GCC announced that it activated its share repurchase program and expects to make additional share purchases and sales, in accordance with market conditions.

The Annual Shareholders Meeting held on April 26, 2018 authorized up to Ps. 700 million to be used for share repurchases. Authority to execute share repurchase transactions was delegated to the Company's management.

As of November 20, GCC held approximately 4.8 million repurchased shares in Treasury.

Any share repurchases will take place in accordance with applicable regulations. Repurchased shares will not be cancelled. Any decisions to purchase additional shares or to sell back into the market shares already repurchased will depend on management's evaluation from time to time of market conditions and the Company's cash flow requirements. GCC makes no commitment to repurchase additional shares.

CONFERENCE CALL

Grupo Cementos de Chihuahua, S.A.B. de C.V. will host its earnings conference call on February 14, 2019.

Time: 11:00 am (Eastern Time) / 10:00 am (Mexico City) / 09:00 am (Mountain Time)

Conference ID: **8208114**

Dial in:

U.S.: 1-866-575-6539 Toll Free

International: 1-323-994-2082

Replay (through February 21, 2019):

U.S.: 1-844-512-2921 Toll Free

International: 1-412-317-6671

Listen-only webcast and replay: [click here.](#)

Income Statement

(Thousands of dollars)

	4Q 2018	%	4Q 2017	%	Q18 / Q17
Net sales	205,860	100.0%	214,220	100.0%	-3.9%
USA sales	147,124	71.5%	155,832	72.7%	-5.6%
Mexico sales	58,736	28.5%	58,388	27.3%	0.6%
Cost of sales	157,827	76.7%	145,801	68.1%	8.2%
Gross income	48,033	23.3%	68,419	31.9%	-29.8%
Operating expenses	19,240	9.3%	19,088	8.9%	0.8%
Operating income before other expenses, net	28,793	14.0%	49,331	23.0%	-41.6%
Other expenses, net	449	0.2%	15,622	7.3%	-97.1%
Operating income	28,344	13.8%	33,709	15.7%	-15.9%
Financial income	1,971	1.0%	1,257	0.6%	56.8%
Financial expenses	(11,209)	-5.4%	(12,211)	-5.7%	-8.2%
Exchange gain (loss), net	899	0.4%	1,637	0.8%	-45.1%
Net financing expenses	(8,339)	-4.1%	(9,317)	-4.3%	-10.5%
Earnings in associates	1,204	0.6%	765	0.4%	57.4%
Income before taxes	21,209	10.3%	25,157	11.7%	-15.7%
Income taxes	(92)	0.0%	(2,678)	-1.3%	-96.6%
Income before discontinued operations	21,301	10.3%	27,835	13.0%	-23.5%
Discontinued operations	9	0.0%	1,107	0.5%	-99.2%
Consolidated net income	21,310	10.4%	28,942	13.5%	-26.4%
Controlling interest	21,310	10.4%	28,942	13.5%	-26.4%
Non-controlling interest	-	0.0%	-	0.0%	0.0%
EBITDA	57,359	27.9%	69,027	32.2%	-16.9%
Free cash flow	45,269	22.0%	66,680	31.1%	-32.1%

Cumulative Income Statement to December (Thousands of dollars)

	2018	%	2017	%	2018 / 2017
Net sales	883,230	100.0%	824,104	100.0%	7.2%
USA sales	646,748	73.2%	603,605	73.2%	7.1%
Mexico sales	236,482	26.8%	220,499	26.8%	7.2%
Cost of sales	637,620	72.2%	585,479	71.0%	8.9%
Gross income	245,610	27.8%	238,625	29.0%	2.9%
Operating expenses	76,072	8.6%	77,829	9.4%	-2.3%
Operating income before other expenses, net	169,538	19.2%	160,796	19.5%	5.4%
Other expenses, net	8,341	0.9%	16,238	2.0%	-48.6%
Operating income	161,197	18.3%	144,558	17.5%	11.5%
Financial income	6,461	0.7%	3,530	0.4%	83.0%
Financial expenses	(50,577)	-5.7%	(57,341)	-7.0%	-11.8%
Exchange gain (loss), net	(342)	0.0%	(2,019)	-0.2%	-83.1%
Net financing expenses	(44,458)	-5.0%	(55,830)	-6.8%	-20.4%
Earnings in associates	4,390	0.5%	2,090	0.3%	110.0%
Income before taxes	121,129	13.7%	90,818	11.0%	33.4%
Income taxes	16,609	1.9%	12,072	1.5%	37.6%
Income before discontinued operations	104,520	11.8%	78,746	9.6%	32.7%
Discontinued operations	(41,034)	-4.6%	4,967	0.6%	n.m.
Consolidated net income	63,486	7.2%	83,713	10.2%	-24.2%
Controlling interest	63,484	7.2%	83,569	10.1%	-24.0%
Non-controlling interests	2	0.0%	144	0.0%	-98.6%
EBITDA	255,976	29.0%	239,835	29.1%	6.7%
Free cash flow	107,658	12.2%	111,563	13.5%	-3.5%

2018 Income Statement (Thousands of dollars)

	1Q 2018	%	2Q 2018	%	3Q 2018	%	4Q 2018	%	2018
Net sales	166,549	100.0%	232,257	100.0%	278,564	100.0%	205,860	100.0%	883,230
USA sales	110,965	66.6%	172,271	74.2%	216,388	77.7%	147,124	71.5%	646,748
Mexico sales	55,584	33.4%	59,986	25.8%	62,176	22.3%	58,736	28.5%	236,482
Cost of sales	121,360	72.9%	164,222	70.7%	194,211	69.7%	157,827	76.7%	637,620
Gross income	45,189	27.1%	68,035	29.3%	84,353	30.3%	48,033	23.3%	245,610
Operating expenses	19,172	11.5%	17,610	7.6%	20,050	7.2%	19,240	9.3%	76,072
Operating income before other expenses, net	26,017	15.6%	50,425	21.7%	64,303	23.1%	28,793	14.0%	169,538
Other expenses, net	171	0.1%	7,157	3.1%	564	0.2%	449	0.2%	8,341
Operating income	25,846	15.5%	43,268	18.6%	63,739	22.9%	28,344	13.8%	161,197
Financial income	1,580	0.9%	1,385	0.6%	1,525	0.5%	1,971	1.0%	6,461
Financial expenses	(11,102)	-6.7%	(18,865)	-8.1%	(9,401)	-3.4%	(11,209)	-5.4%	(50,577)
Exchange gain (loss), net	(1,608)	-1.0%	1,873	0.8%	(1,506)	-0.5%	899	0.4%	(342)
Net financing expenses	(11,130)	-6.7%	(15,607)	-6.7%	(9,382)	-3.4%	(8,339)	-4.1%	(44,458)
Earnings in associates	392	0.2%	936	0.4%	1,858	0.7%	1,204	0.6%	4,390
Income before taxes	15,108	9.1%	28,597	12.3%	56,215	20.2%	21,209	10.3%	121,129
Income taxes	3,340	2.0%	396	0.2%	12,965	4.7%	(92)	0.0%	16,609
Income before discontinued operations	11,768	7.1%	28,201	12.1%	43,250	15.5%	21,301	10.3%	104,520
Discontinued operations	(456)	-0.3%	(40,158)	-24.1%	(429)	-0.2%	9	0.0%	(41,034)
Consolidated net income	11,312	6.8%	(11,957)	-5.1%	42,821	15.4%	21,310	10.4%	63,486
Controlling interest	11,312	6.8%	(11,958)	-5.1%	42,820	15.4%	21,310	10.4%	63,484
Non-controlling interest	-	0.0%	1	0.0%	1	0.0%	-	0.0%	2
EBITDA	45,560	27.4%	69,407	29.9%	83,650	30.0%	57,359	27.9%	255,976

2017 Income Statement, Restated (Thousands of dollars)

	1Q 2017	%	2Q 2017	%	3Q 2017	%	4Q 2017	%	2017	%
Net sales	140,803	100.0%	217,219	100.0%	251,862	100.0%	214,220	100.0%	824,104	100.0%
USA sales	93,692	66.5%	161,178	74.2%	192,903	76.6%	155,832	72.7%	603,605	73.2%
Mexico sales	47,111	33.5%	56,041	25.8%	58,959	23.4%	58,388	27.3%	220,499	26.8%
Cost of sales	110,671	78.6%	152,906	70.4%	176,101	69.9%	145,801	68.1%	585,479	71.0%
Gross income	30,132	21.4%	64,313	29.6%	75,761	30.1%	68,419	31.9%	238,625	29.0%
Operating expenses	19,306	13.7%	20,145	9.3%	19,290	7.7%	19,088	8.9%	77,829	9.4%
Operating income before other expenses, net	10,826	7.7%	44,168	20.3%	56,471	22.4%	49,331	23.0%	160,796	19.5%
Other expenses, net	-	0.0%	435	0.2%	181	0.1%	15,622	7.3%	16,238	2.0%
Operating income	10,826	7.7%	43,733	20.1%	56,290	22.3%	33,709	15.7%	144,558	17.5%
Financial income	790	0.6%	757	0.3%	726	0.3%	1,257	0.6%	3,530	0.4%
Financial expenses	(13,280)	-9.4%	(15,472)	-7.1%	(16,378)	-6.5%	(12,211)	-5.7%	(57,341)	-7.0%
Exchange gain (loss), net	(2,296)	-1.6%	(1,556)	-0.7%	196	0.1%	1,637	0.8%	(2,019)	-0.2%
Net financing expenses	(14,786)	-10.5%	(16,271)	-7.5%	(15,456)	-6.1%	(9,317)	-4.3%	(55,830)	-6.8%
Earnings in associates	312	0.2%	519	0.2%	494	0.2%	765	0.4%	2,090	0.3%
(Loss) income before taxes	(3,648)	-2.6%	27,981	12.9%	41,328	16.4%	25,157	11.7%	90,818	11.0%
Income taxes	(4,278)	-3.0%	6,631	3.1%	12,397	4.9%	(2,678)	-1.3%	12,072	1.5%
Consolidated net income (loss)	630	0.4%	21,350	9.8%	28,931	11.5%	27,835	13.0%	78,746	9.6%
Discontinued operations	1,098	0.8%	946	0.4%	1,816	0.7%	1,107	0.5%	4,967	0.6%
Consolidated net income	1,728	1.2%	22,296	10.3%	30,747	12.2%	28,942	13.5%	83,713	10.2%
Controlling interest	1,695	1.2%	22,222	10.2%	30,710	12.2%	28,942	13.5%	83,569	10.1%
Non-controlling interest	33	0.0%	74	0.0%	37	0.0%	-	0.0%	144	0.0%
EBITDA	30,391	21.6%	63,829	29.4%	76,588	30.4%	69,027	32.2%	239,835	29.1%

Statement of Financial Position

(Thousands of dollars)

	December 2018	December 2017	Variation
Total assets	1,907,584	1,907,890	0.0%
Current Assets	539,484	495,686	8.8%
Cash and cash equivalents	251,818	232,933	8.1%
Accounts receivable, net	78,881	91,338	-13.6%
Other accounts receivable, net	64,643	42,945	50.5%
Due from related parties	1,417	2,726	-48.0%
Inventories	98,215	79,033	24.3%
Urban land	33,963	34,179	-0.6%
Prepaid expenses	10,547	12,532	-15.8%
Non-current assets	1,368,100	1,412,204	-3.1%
Investment in associates	15,181	9,955	52.5%
Property, machinery and equipment, net	1,025,069	936,387	9.5%
Goodwill	252,405	387,461	-34.9%
Intangible assets, net	70,508	60,790	16.0%
Other non-current assets	4,937	5,430	-9.1%
Deferred taxes	-	12,181	-100.0%
Total liabilities	921,184	978,927	-5.9%
Current liabilities	153,782	183,388	-16.1%
Current portion of long term debt	4,400	17,150	-74.3%
Trade accounts payable	83,881	89,232	-6.0%
Due to related parties	1,204	1,435	-16.1%
Short term - employee benefits	27,135	25,427	6.7%
Accrued expenses and taxes other than income taxes	33,985	45,137	-24.7%
Provisions	3,177	5,007	-36.5%
Long-term liabilities	767,402	795,539	-3.5%
Long term debt	645,936	665,751	-3.0%
Employee benefits	32,276	40,072	-19.5%
Provision for environmental restoration	20,695	9,043	128.9%
Other long-term liabilities	795	734	8.3%
Income taxes payable	19,458	29,308	-33.6%
Deferred income taxes	48,242	50,631	-4.7%
Total equity	986,400	928,963	6.2%
Controlling interest	986,368	928,933	6.2%
Capital stock	32,070	32,070	0.0%
Additional paid-in capital	148,365	148,365	0.0%
Reserves	22,659	22,659	0.0%
Retained earnings	988,113	917,097	7.7%
Consolidated net income	63,484	83,569	-24.0%
Other comprehensive income	(268,323)	(274,827)	2.4%
Non-controlling interest	32	30	6.7%
Total Liabilities and Equity	1,907,584	1,907,890	0.0%

ABOUT GCC

GCC is a leading supplier of cement, concrete, aggregates, and construction-related services in Mexico and the United States. The Company has annual cement production capacity of 5.8 million tons.

Founded in 1941, the Company's shares trade on the Mexican Stock Exchange under the ticker symbol GCC*.

This earnings report may contain forward-looking statements. All statements that are not clearly historical in nature are forward-looking, and the words "anticipate," "believe," "expect," "estimate," "intend," "project" and similar expressions are generally intended to identify forward-looking statements. These statements are subject to risks and uncertainties including, among others, changes in macroeconomic, political, governmental or business conditions in the markets where GCC operates; changes in interest rates, inflation rates and currency exchange rates; performance of the construction industry; and pricing, business strategy, and other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may differ materially from the beliefs, projections, and estimates described herein. GCC assumes no obligation to update the information contained in this press release.