



ELEMENTIA ANNOUNCES SECOND QUARTER 2019¹ RESULTS

Mexico City, July 22, 2019 - Elementia, S.A.B. de C.V. (BMV: ELEMENT*) (“the Company”, or “Elementia”) announced today its financial and operating results for the second quarter (“2Q19”). Figures in this report are unaudited and have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Figures are stated in nominal Mexican pesos (\$).

Main Highlights

- During 2Q19, Elementia reported 9% and 10% declines in consolidated revenues and EBITDA, respectively.
 - These results reflect an EBITDA net increase of 93 million from 1Q19, or 11%, mainly from our Cement Business in USA.
- The spin off process continues; the Shareholders’ Meeting held on July 15th approved the points to be carried out and we expect it will be executed by the end of 3Q19 or beginning of 4Q19.
- Leverage ratio was 3.68x in 2Q19.

The Company’s strategic focus for 2019 will be based on the following points:

- | | |
|--|---|
| 1) Cement U.S. – stabilization and growth | • Progress according to plans: EBITDA173% YoY ● |
| 2) Building Systems U.S. - stabilization and growth | • Progress according to plans: EBITDA 7% YoY ● |
| 3) Building Systems LatAm - return to profitability | • Progress according to plans: EBITDA175% YoY ● |
| 4) Metal Products – stabilization, return to profitability and generation of cash flow | • In progress, target goal 4Q19: EBITDA (77%) YoY ● |

¹ Elementia’s 2Q19 earnings conference call will take place on July 23, 2019. Dial-in information can be found in the annexes of this document. The report, transcript and audio of the results can be downloaded at www.elementia.com.

Operating and financial highlights

	MXN millions	Second quarter		
		2019	2018	Δ%
Net Sales		6,669	7,294	(9%)
Cost of sales		5,118	5,471	(6%)
Gross profit (loss)		1,551	1,823	(15%)
% of net sales		23%	25%	(1.7 pp)
Operating expenses		1,162	1,222	(5%)
Operating income (loss)		389	601	(35%)
% of net sales		6%	8%	(2.4 pp)
EBITDA		934	1,061	(12%)
% of net sales		14%	15%	(0.5 pp)
Comprehensive financing result, net		(352)	(466)	(24%)
Income (loss) before income taxes		37	135	(73%)
Income tax		(28)	124	(123%)
Income (loss) from continued operations		65	11	491%
Income (loss) from discontinued operations			(16)	(100%)
Net Income (loss)		65	(5)	1400%
Working Capital		3,894	4,033	(3%)
Receivables, net		3,824	3,445	11%
Inventories, net		5,314	5,279	1%
Payables		5,244	4,691	12%
Free Cash Flow		(384)	(469)	(18%)
Operating		964	1,677	(43%)
Investments		(656)	(1,026)	(36%)
Financing		(692)	(1,120)	(38%)
Cash and cash equivalents		1,880	2,116	(11%)
Total Debt		15,891	16,091	(1%)
Employees		6,397	7,133	(10%)

Net sales

Net sales per business unit

	MXN millions	2Q19	2Q18	Δ% Year/Year
Cement Mexico		1,250	1,333	(6%)
Cement United States		1,197	1,077	11%
Cement Central America		105	-	-
Metal Products		2,046	2,416	(15%)
Building Systems United States		938	955	(2%)
Building Systems LatAm		930	1,286	(28%)
Total Elementia ¹		6,466	7,067	-9%

Net sales per destination

	MXN millions	2Q19	2Q18	Δ% Year/Year
United States		2,728	2,656	3%
Mexico		2,835	3,415	(17%)
Central America		321	289	11%
South America		659	790	(17%)
Rest of the World		126	143	(12%)
Total Elementia ¹		6,669	7,293	(9%)

For 2Q19, consolidated net sales reached \$6,669 million, down 9% compared to \$7,293 million in 2Q18, mainly due to a market contraction in Mexico affecting all our businesses, and the redefinition of core products for the Building Systems Business Unit.

Operating Income

In 2Q19, operating income reached \$389 million, a 35% decline compared to \$601 million in 2Q18, derived mainly from lower sales and higher costs in Metal Products.

EBITDA

EBITDA per business unit	MXN millions	2Q19		Δ%
		2Q19	2Q18	Year/Year
Cement Mexico		534	647	(17%)
Cement United States		134	49	173%
Cement Central America		27		100%
Metal Products		54	235	(77%)
Building Systems United States		75	70	7%
Building Systems LatAm		110	40	175%
Total Elementia ¹		934	1,041	(10%)

1) Does not include holding and eliminations

The outstanding results in Cement US and Building Systems were not enough to offset the declines in Metal Products and Cement Mexico.

EBITDA margin remained stable at 14% compared to 2Q18.

Financing Result

MXN millions	Second quarter		Δ%
	2019	2018	
Interest income	(7)	(3)	133%
Interest expense	358	397	(10%)
Bank commissions	14	19	(26%)
Net exchange loss (profit)	(13)	53	(125%)
Total comprehensive financing cost, net	352	466	(24%)

Integral cost of financing – net as of June 30, 2019 improve 24% as a result of lower interest due mainly to our working capital management, and the impact of currency fluctuations on our dollar-denominated gross debt.

Net Income

Net Income was \$65 million in 2Q19, up \$70 million when compared to the loss of \$5 million reported in 2Q18. This was mainly due to an improvement in financing costs and deferred taxes

Cash Flow

MXN millions	January - June		
	2019	2018	Δ%
EBITDA	1,790	1,984	(10%)
Change in working capital	139	634	(78%)
Cash taxes	(295)	(128)	130%
Interest, net	(692)	(772)	(10%)
Bank comisions	(28)	(34)	(18%)
Cash flow before Capex	914	1,684	(46%)
% of EBITDA	51%	85%	(33.8 pp)
Organic capex and Cement BU Expansions	(648)	(987)	(34%)
Free cash flow before financing	266	697	(62%)
Incurring (paid) debt	76	(237)	132%
Increase (decrease) in capital	(52)		(100%)
Sale (buy) stock buyback	(6)	(102)	(94%)
Free cash flow	284	358	(21%)

In 1H19, free cash flow before CAPEX represented 51% of EBITDA and decreased by \$770 million versus the same period last year due mainly to lower cash generation in working capital, and higher cash taxes.

CAPEX was down by 34% from \$987 million in 2018 to \$648 million in 2019, mainly because we completed the re-opening of the Indiana facility in 2018.

Balance Sheet

MXN millions	June 2019	Dec 2018	Δ%
Cash and cash equivalents	1,880	2,116	(11%)
Receivables, net	3,824	3,445	11%
Inventories, net	5,314	5,279	1%
Other receivables and currents assets	2,568	2,594	(1%)
Current assets	13,586	13,434	1%
Other receivables, net	15	15	0%
Investment in associated companies and others	3	3	0%
Property, plant and equipment, net	30,957	31,548	(2%)
Right of use asset	300		100%
Intangible assets, net	5,172	5,301	(2%)
Deferred assets Tax	1,459	1,212	20%
Other assets	340	653	(48%)
Non- current assets	38,246	38,732	(1%)
Total assets	51,832	52,166	(1%)
Short term debt	1,053	466	126%
Payables	5,244	4,691	12%
Other current liabilities	1,545	1,825	(15%)
Current liabilities	7,842	6,982	12%
Long term debt	14,838	15,625	(5%)
Deferred taxes	2,837	2,956	(4%)
Other long term liabilities	1,518	1,338	13%
Long term liabilities	19,193	19,919	(4%)
Total liabilities	27,035	26,901	0%
Shareholders' Equity	24,797	25,265	(2%)
Equity attributable to owners of the Entity	22,862	23,089	(1%)
Capital stock	8,725	8,725	0%
Additional paid-in capital	7,579	7,579	0%
Retained earnings	5,700	5,594	2%
Other comprehensive income	858	1,191	(28%)
Non- controlling interest	1,935	2,176	(11%)
Total liabilities and shareholders' equity	51,832	52,166	(1%)

In 1H19, short-term debt increased by \$587 million due to our debt maturity profile reflecting maturities for the next twelve months, these mainly due to grace periods from bilateral facilities that had concluded or are about to conclude

We adopted IFRS 16 beginning January 2019 which is reflected in our assets (\$300 million), our liabilities and depreciation in the income statement. These figures were not considered in 2018.

Debt Profile

MXN millions	June 2019	Dec 2018
Short-term debt	1,053	466
Long-term debt	14,838	15,625
Total debt	15,891	16,091
Cash and cash equivalents	1,880	2,116
Net debt	14,011	13,975
Net financial expense	678	1,481
EBITDA LTM	3,808	4,002
Leverage ratio	3.68x	3.49x
Interest coverage ratio	2.71x	2.70x

	Second quarter	
	2019	2018
Currency denomination		
MXN	57%	57%
USD	43%	43%
Interest rate		
Fixed	71%	73%
Variable	29%	27%

During the first six months of 2019, Elementia increased its net debt from \$13,975 million to \$14,011 million mainly due to a reduction in its cash and cash equivalents. The leverage ratio (net debt to trailing 12- months EBITDA) was 3.68x and the interest coverage ratio was 2.71x, both complying with the financial covenants.

Approximately 93% of Elementia's gross debt is long-term with a highly comfortable payment schedule.

Operating Results by Business Unit

Cement Business Unit – Mexico

MXN millions	Second quarter		
	2019	2018	Δ%
Net sales	1,250	1,333	(6%)
Operating income (loss)	395	525	(25%)
% of net sales	32%	39%	(7.8 pp)
EBITDA	534	647	(17%)
% of net sales	43%	49%	(5.8 pp)

During 2Q19, net sales reached \$1,250 million, 6% lower compared to 2Q18.

EBITDA in 2Q19 declined to \$534 million, reflecting a decrease of \$113 million, or 17%, compared to the same period in 2018, primarily as a result of the market contraction, as well as greater energy and freight cost.

Cement Business Unit – United States

MXN millions	Second quarter		
	2019	2018	Δ%
Net sales	1,197	1,077	11%
Operating income (loss)	(54)	(81)	(33%)
% of net sales	(5%)	(8%)	3.0 pp
EBITDA	134	49	173%
% of net sales	11%	5%	6.6 pp

Net sales reached \$1,197 million, an increase of 11% driven by the increase in volume from the South Carolina facility, including imported volume as per our redundancy strategy.

EBITDA in 2Q19 was \$134 million, an improvement of \$85 million when compared to 2Q18, mainly due to the recovery of the customer base lost in 2Q18 because of the finish mill failure.

EBITDA margin significantly increased in 2Q19 compared to 2Q18, shifting from 5% to 11%, an increase of 6.6 percentage points driven by the production, sales and supply strategy that led to lower costs.

Cement Business Unit – Central America

MXN millions	2019	2018	Δ%
Net sales	105		
Operating income (loss)	24		
% of net sales	23%	0%	22.9 pp
EBITDA	27		
% of net sales	26%	0%	25.7 pp

Net sales reached \$105 million with EBITDA of \$27 million in 2Q19. EBITDA margin remained flat at 26%.

Metal Products Business Unit

MXN millions	Second quarter		
	2019	2018	Δ%
Net sales	2,046	2,416	(15%)
Operating income (loss)	(35)	136	(126%)
% of net sales	(2%)	6%	(7.3 pp)
EBITDA	54	235	(77%)
% of net sales	3%	10%	(7.1 pp)
EBITDA en USD / TON	(164)		
Δ% in sales volume	(12%)		
Δ% in average price (USD)	(4%)		

In 2Q19, net sales for Metal Products decreased 15% compared to 2Q18. EBITDA in 2Q19 was 77% lower than the same period in 2018 mainly due to a market contraction in Mexico, increased competition from China in LATAM and the uncertainty regarding Mexico – US trade relations because of the potential tariff increases; furthermore, results were affected by the adverse trend in copper price and currency fluctuations along with inventory reductions and electricity price increases.

Building Systems Business Unit – U.S.

MXN millions	Second quarter		
	2019	2018	Δ%
Net sales	938	955	(2%)
Operating income (loss)	39	32	22%
% of net sales	4%	3%	0.8 pp
EBITDA	75	70	7%
% of net sales	8%	7%	0.7 pp
Δ% in sales volume	(4%)		
Δ% in average price (USD)	2%		

Net sales in 2Q19 reached \$938 million, down 2% versus the figure reported in the same period in 2018.

Additionally, EBITDA during 2Q19 reached \$75 million, an increase of 7% compared to the same period in 2018, mainly due to the Indiana facility reach its breakeven point during 4Q18, while in 2019 it has posted a positive contribution thanks to the focus on higher value products.

EBITDA margin for the quarter was 8%.

Building Systems Business Unit – LatAm

MXN millions	Second quarter		
	2019	2018	Δ%
Net sales	930	1,286	(28%)
Operating income (loss)	22	(27)	181%
% of net sales	2%	(2%)	4.5 pp
EBITDA	110	40	175%
% of net sales	12%	3%	8.7 pp
Δ% in sales volume	(15%)		
Δ% in average price	5%		

Net sales for 1Q19 reached \$930 million down 28% compared to 2Q18.

The increase in EBITDA for the second quarter was 175%, reaching \$110 million, mainly due to: (i) the conclusion of the learning curve required due to the change in product and process technology which comes with a different cost structure, and changes in raw materials including chrysotile, and (ii) savings from restructuring, capacity rationalization and re-focus of the business towards core products.

EBITDA margin improved, going from 3% in 2Q18 to 12% in 2Q19, a net improvement of 8.7 pp.

Relevant Events

- On April 25, 2019, the Ordinary and Extraordinary Shareholders' Meetings approved to continue taking the necessary steps for the spin-off project.
- On May 27 2019, Mr. Juan Francisco Sanchez Kramer, Chief Financial Officer, took over the responsibilities of the Investor Relations Department.
- On July 15, 2019, the Company held an Extraordinary Shareholders' Meeting which approved the cross guaranties between the companies and the names of the companies after the spin-off.

Analyst Coverage

- Bank of America Merrill Lynch
- BBVA
- Citi
- HSBC
- Morgan Stanley
- Santander
- UBS

Annexes

MXN millions	January - June		
	2019	2018	Δ%
Net income (loss)	(71)	(135)	(47%)
Other items unrealized			
Depreciation and amortization	1,071	896	20%
Loss (gain) on disposal of fixed assets		3	(100%)
Interest income	(19)	(8)	138%
Interest expense	697	764	(9%)
Exchange loss (gain)	(277)	177	(256%)
Other items	209	457	(54%)
Non cash figures	1,610	2,154	(25%)
Net cash flow provided by (used in) working capital	(646)	(477)	35%
Increase in accounts receivable	(379)	(656)	(42%)
Increase in inventories	(34)	159	(121%)
Increase in other receivables and other current assets	33	(331)	(110%)
Increase in trade accounts payable	552	1,131	(51%)
Increase (decrease) in other liabilities	(818)	(780)	5%
Net cash flow provided by operating activities	964	1,677	(43%)
Other payments for joint ventures			-
Acquisition of property, machinery and equipment	(648)	(987)	(34%)
Other assets	(8)	(39)	(79%)
Net cash flow used in investing activities	(656)	(1,026)	(36%)
Incurred (paid) debt	76	(237)	(132%)
Increase (decrease) in capital	(6)	(102)	(94%)
Bank loans and others, net	(762)	(781)	(2%)
Net cash used in financing activities	(692)	(1,120)	(38%)
Net increase (decrease) in cash and cash equivalents	(384)	(469)	(18%)
Effects differences on translating foreign operations	148	(179)	(183%)
Cash and cash equivalents at the beginning of the period	2,116	2,715	(22%)
Cash and cash equivalents at the end of the period	1,880	2,067	(9%)



Tuesday, July 23, 2019

ELEMENTIA (BMV: ELEMENT*)

2Q19 Earnings Conference Call
8:00 a.m. (Mexico City) / 9:00 a.m. (EST)



HOSTED BY:

Fernando Ruíz Jacques
Chief Executive Officer

Juan Francisco Sánchez Kramer
Chief Financial Officer

A Q&A session will follow the presentation.
Participants will be able to ask questions via telephone.

Dial-in Number:
1-877-830-2576 (USA)
+1-785-424-1726 (International)
Conference ID: ELEMENTIA

Webcast

<https://webcasts.eqs.com/elementia20190724>
Participants are requested to connect 15 minutes prior to the call

Elementia will release its 2Q19 results on
Monday, July 22, 2019

A replay of this call will be available on July 23, 2019
at 12:00 p.m. EST for 7 days, and will also be available at
www.elementia.com in the Investor Relations section

July 23, 2019

Conference Replay:



1 (844) 488-7474 (USA)
+1 (862) 902-0129 (International)

Conference Replay ID:



11357122

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FACADES AND FLOORING.

MARKETS:
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INFRASTRUCTURE

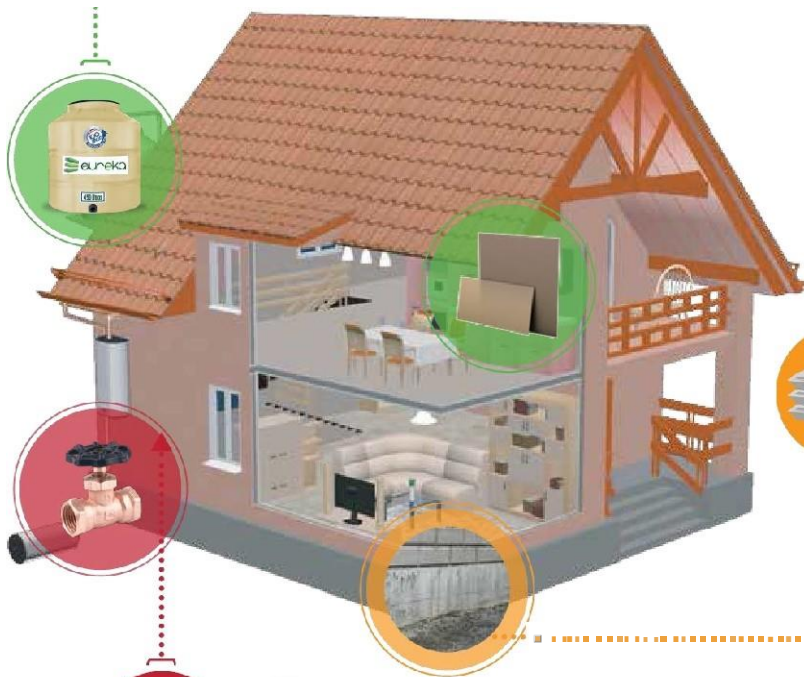


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MARKETS:
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PACKAGING
AND ADVERTISING.



CEMENT

PRODUCTS:
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AND CONCRETE.

MARKETS:
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AND INFRASTRUCTURE.



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PRODUCTS:
STEEL, COPPER AND COPPER ALLOYS SHEETS,
PIPES, STRIPS, COILS, FOLIETS & VALVES, AUTOMOTIVE, ELECTRICAL &

CONSTRUCTION, AIR
CONDITIONING, HEAT
EXCHANGERS



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Disclaimer on forward-looking statements

Figures are stated in nominal Mexican pesos (\$) and all comparisons are made against the same period of the previous year ("4Q17" and "2017"), unless otherwise specified. Figures are stated in nominal Mexican pesos (\$) in accordance to IFRS. As a result of figures roundup, totals may not exactly match the sum of the figures presented. The Audit Committee and the Board of Directors authorized the modification of the accounting policies of the company with respect to the valuation of fixed assets, shifting from the revaluation method to the historical value method. This was implemented during 3Q17 with effects retroactive to January 1, 2017

This document contains certain forward-looking statements and information related to Elementia, S.A.B. Of C.V. ("Elementia") that reflect the vision and / or expectations of Elementia and its management team in relation to its performance, business and future events. Forward-looking statements may include, but are not limited to, statements that could predict, project, indicate or imply certain future results, performance or achievements, and may include words "anticipate", "believe," "estimate," "expect", "project", "plan", "predict", "foresee", "forecast", "reach" or any other word or phrase with a similar meaning, which may be given orally or in writing.

The presented results may materially differ from those projected as a result of factors beyond Elementia's control. These factors may include, but are not limited to: economy in general; political and business conditions in Mexico and other markets where we operate; international capital and securities markets performance, as well as economic crises; our ability to refinance our financial obligations; if necessary; competition in the sector and markets; management's expectations and estimates in regards to the Company's future financial performance and financing plans / programs; limited access to financing sources with competitive terms, and compliance with clauses to which we are bound to; our ability to meet debt obligations; our investment plans; currency fluctuations, interest rates or inflation, as well as currency conversion; changes in government legislation and regulation, including environmental regulation, and obligations arising therefrom, and judicial or administrative judgments against us; procurement policies and interpretations; increase in insurance premiums; changes in market prices, customer demand and preference, and competitive conditions; cyclicity and seasonality in our operating results; our ability to implement the corporate strategy; increase in prices of goods and / or services supplied to us, and fluctuations in the prices of the raw material; the imposition of price controls on the products we sell; trade barriers; technological innovation; costs uncertainty and regulation applicable to company mergers and acquisitions or strategic alliances; our ability to make acquisitions for regulatory or other issues, and successfully integrate the operations of the acquired businesses; liability claims including claims related to health, safety and environmental protection issues, as well as claims arising from joint lawsuits in Mexico or other jurisdictions in which we operate; failures in our information obtained from our technology systems, including data and communication systems; the impact by changes in accounting principles, new legislation, actions by regulatory authorities, government announcements and monetary or fiscal policy in Mexico, or in other markets in which we operate; decrease in the sale of our products by independent distributors; our ability to retain qualified personnel and rehire key personnel; our ability to extract synergies from our business mergers and acquisitions activities; delays by suppliers or lack of ability to obtain, under conditions acceptable to us, inputs required by us to produce the products we sell; investigations by federal authorities; and other risk factors.

Forward-looking statements and statements included in this document are subject to various risks, uncertainties and assumptions. In any circumstance these statements only refer to their date of elaboration and Elementia has no obligation to update or revise any of them, whether for new information, future events, among others, unless required by law. Therefore, caution should be exercised when using future projections. The document and its contents belong to the Company and may not be reproduced or distributed as a whole or as part of without prior written consent by Elementia.

About Elementia

Elementia is a unique platform that manufactures and commercializes building materials for the construction industry and adds value to all stages of this industry. The Company has grown, both organically and through strategic mergers and acquisitions, consolidating operations in 9 countries in the Americas, showing strong growth in its Cement business unit, while maintaining its leadership in the Metals business, and through our Building Systems unit, we offer lightweight construction products, which is the main building trend in the market. This has been possible thanks to the passion and dedication of its more than 7,000 employees and the leadership of its main brands, including: Cementos Fortaleza®, Giant®, Keystone® and Dragon®; Nacobre®, Allura®, Mexalit®, Plycem®, Eternit®, Duralit® and Fibrforte®, among others.