MANAGEMENT DISCUSSION AND ANALYSIS FOR THE 4Q14 AND FULL YEAR FINANCIAL RESULTS AND OPERATIONAL PERFORMANCE

Elementia, S.A. de C.V. (the Company, or Elementia. MSE: ELEMENT 10), the leading provider of integrated solutions for the construction and industrial sectors through the production and manufacturing of copper, building systems, fiber cement and plastic materials, informs about its consolidated financial results and operating performance for the last twelve months ending on December 31, 2014 and for the October-December 2014 period (4Q14). The following unaudited financial information was prepared under International Financial Reporting Standards ("IFRS") accounting standards and is expressed in Mexican pesos.

HIGHLIGHTS
2014 vs. 2013

- Consolidated net sales for the 2014 period were $15,331 million, which represents an increase of 19% compared to $12,929 million reported in the 2013 period.
- Operating income (or EBIT) increased 34% in 2014, reaching $1,604 million compared to $1,198 million reported in 2013.
- EBITDA increased significantly from $1,913 million in 2013 to $2,675 million in 2014, this represents a total increase of 40%.
- Operating income margin and EBITDA margin were 10% and 17%, respectively for the year ended in 2014 compared to 9% and 15%, respectively for the period ended in 2013.
- Consolidated net income for the 2014 period was $533 million, this represents an increase of 8% compared to $492 million for the 2013 period.

RECENT DEVELOPMENTS

- On November 20, 2014, Elementia successfully priced its debut international debt offering, raising US$425mm maturing in 2025. This Note bears an interest rate of 5.5% and has semiannual coupon payments starting in July 2015.

- On December 16, 2014, Elementia completed the acquisition of the remaining 47% stake in its subsidiary ELC Tenedora Cementos, S.A.P.I. de C.V. ("ELC"), formerly owned by Financière Lafarge, S.A.S., the Company now owns 100% of ELC, directly or indirectly. This acquisition has already been approved by the Comisión Federal de Competencia Económica ("COFECE") and closed at a price of US$225 million. The liquidation of such was agreed to be completed in 2 payments, 80% was paid on this date and the remaining 20% will be paid in a period no longer than 1 year after the closing date. ELC is the subsidiary that consolidates the Cement Division, and with this transaction, Elementia strengthens its position in the cement industry with its brand, Cementos Fortaleza. Elementia now owns 100% of the joint venture, which was previously signed in January 2013 with Lafarge. Cementos Fortaleza has a total installed capacity of 2 million tons as of today and operates 3 production plants in Hidalgo, Mexico.

- On December 19, 2014, Elementia announced the full prepayment of the $2,030 million "Club Deal" loan it had with Banamex, HSBC, Bancomer, Santander and Inbursa, as part of the use of proceeds of the international debt offering. In addition, in December 22, 2014, ELC completed the prepayment of the $120 million loan it held with HSBC.

- Since January 1, 2014, Elementia stopped recognizing the conversion of its Metals Division subsidiary, Nacional de Cobre, S.A. de C.V., derived from the performed analysis of the IAS 21 regulation. Considering the effects in foreign exchanges variations, originated by fluctuations in the macroeconomic conditions, the resolution was that the functional currency changes from U.S. Dollars to Mexican Pesos.

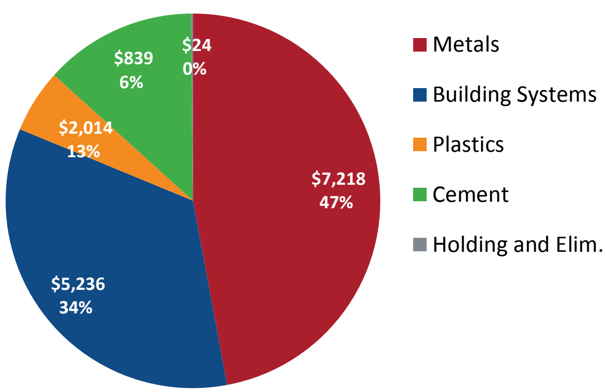
- On January 31, 2014, Elementia acquired the fiber cement company CertainTeed Corporation, one of the most important producers of building materials in the US. With this acquisition, and with the integration of its 3 production plants, the Company will strengthen its position and geographic presence in the US. The transaction value was US$25.1 million.

Results

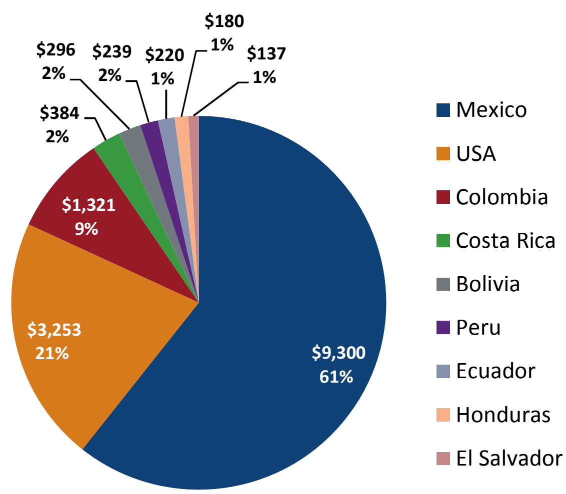
SUMMARY

Consolidated 4Q14 results (millions of Mexican pesos)				Full year results (millions of Mexican pesos)		
4Q14	**4Q13**	**%Var.**		**Dec-14**	**Dec-13**	**%Var.**
3,831	3,311	16%	Net sales	15,331	12,929	19%
266	464	-43%	Operating income	1,604	1,198	34%
613	681	-10%	EBITDA	2,675	1,913	40%
7%	14%		Operating margin	10%	9%	
16%	21%		EBITDA margin	17%	15%	

2014 Revenue breakdown by Division



2014 Revenue breakdown by region



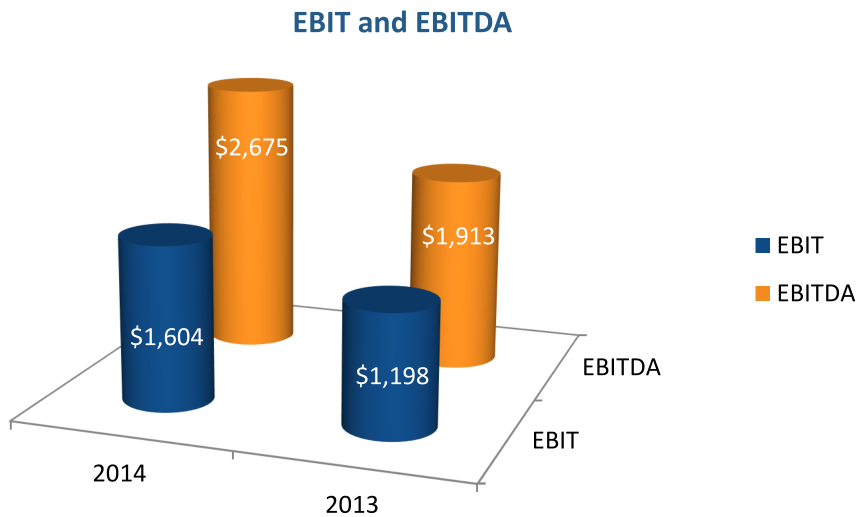
US$15,331 million

Net sales

Consolidated sales accumulated for 2014 were $15,331 million, a 19% increase compared to 2013, which were $12,929 million. Increase in sales was mainly driven by the sales growth in the Cement Division and volume growth in the Building Systems Division and Metals Division, which compensated a decrease in the international copper prices of 6.6% during 2014.
Sales during 4Q14 were $3,831 million, which represents an increase of 16% compared to $3,311 million reported in 4Q13. Increase was driven by volume growth in the Cement, Building Systems and Metals Division.

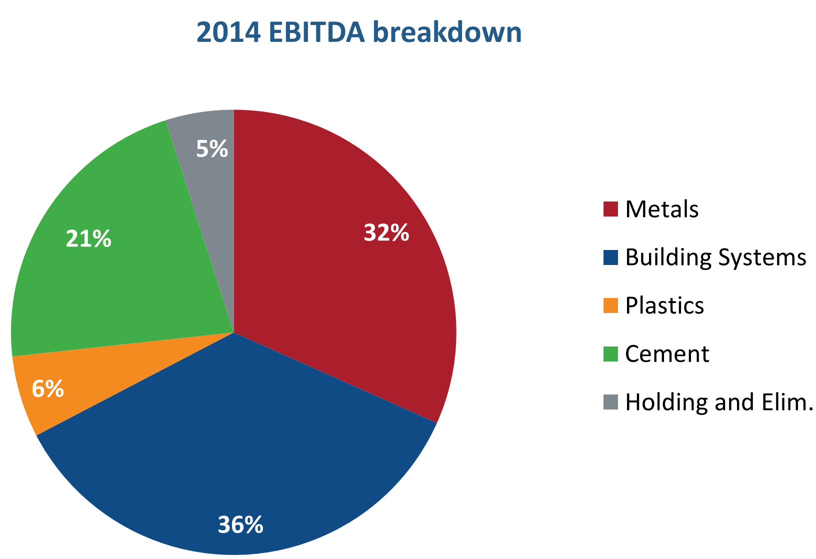
Operating income

Operating income in 2014 was $1,604 million compared to $1,198 million reported in 2013, this represents an increase of $406 million or 34% and is mainly driven by the volume, margin and sales increase in the Cement Division. All the other Divisions also performed better in 2014 than in 2013. Operating margin increased to 10% in 2014 compared to 9% in 2013.



EBITDA

Consolidated EBITDA grew considerably for the twelve months ended in December 31, 2014; 40% increase when compared to 2013, growing from $1,913 million in 2013 to $2,675 million in 2014. EBITDA Margin increased from 15% in 2013 to 17% in 2014. These increases were the result of higher volume and sales in all divisions, cost reduction efforts, and enhancements in our processes.



Interest expense and financing results

Net interest expense accumulated in 2014 was $735 million, an increase of $262 million respect to $473 million in 2013. This was mainly due to the following reasons:

i) Increase in interest expense of $85 million, mainly due to the international bond issuance, and last year's interest capitalization coming from "El Palmar" cement plant construction, which was included as part of the assets; this capitalization concluded on June 30, 2013.

ii) Net exchange loss of $191 million, originated mainly because of Mexican Peso devaluation to the U.S. Dollar as of December 2014, corresponding to Elementia's net monetary liability position in U.S. Dollars; net exchange loss registered for 2013 was $49 million.

iii) Fee recognition for $118 million, mainly due to prepayment of debt which was fully amortized in December 2014. Total fees paid in 2013 were $49 million.

The following table shows net financial result for 2013 and 2014:

	For the years ended		
	2014	2013	% Var.
	(millions of pesos)		
Interest income	(80)	(46)	74%
Interest expense	506	421	20%
Banking fees	118	49	141%
Net exchange loss (gain)	191	49	290%
Net financial result	**735**	**473**	**55%**

Income tax

Income tax was $243 million for the year ended on December 31, 2014, an increase of $66 million related to $177 million of income tax and deferred registered in the same period of 2013. Such increase is the result of increase in pre-tax income during 2014, attributable to the positive performance in each one of the operating divisions.

Consolidated net income

Consolidated net income was $533 million for the year ended on December 31, 2014, which represents an increase of $41 million compared to $492 million achieved in 2013, as a result of a positive performance in Elementia's three main business divisions: Cement, Building Systems and Metals. All three divisions had an incremental impact in net income on a stand-alone basis, which helped to increase the consolidated result for the company.

Balance sheet

Cash and equivalents

Cash and equivalents as of December 31, 2014 were $3,193 million, represent an increase of $1,220 million, compared to December 31, 2013, as a result of sales increase and proceeds from the international bond issuance.

Property, Plant and Equipment

As of December 31, 2014, PP&E reached $15,717 million, an increase of $1,109 million compared to December 31, 2013, mainly due to realized investments and inclusion of fiber cement business acquired from CertainTeed Corporation.

Debt, Credit lines and New Issuances

Total debt as of December 31, 2014 was $10,384 million, $4,006 million higher than last year's balance of $6,378 million. Main reason for the increase was the international bond issuance for US$425 million (equivalent to $6,225 million), in part used for Club Deal repayment of $2,030 million and HSBC loan for $120 million.

Net Debt / EBITDA ratio as of December 31, 2014 was 2.7x; coverage ratio (EBITDA / interest expense) was 5.3x. Both metrics comply with current covenant levels agreed with financial institutions. 30% of total bank debt is short term.

	Dec-14	Dec-13	% Var.
	(million pesos)		
Short term	3,137	193	1525%
Long term	7,247	6,185	17%
Total debt	10,384	6,378	63%
Cash and equivalents	3,193	1,973	62%
Net debt	**7,191**	**4,405**	**63%**
EBITDA	**2,675**	**1,913**	**40%**
Net debt / EBITDA	2.7x	2.3x	17%

Stockholders' Equity Consolidated Stockholders' Equity as of December 31, 2014 reached $11,779 million, compared to $14,436 million in 2013, mainly due as a result of our acquisition of Financière Lafarge, S.A.S.'s minority interest stake acquisition for a total of $3,200 million, which represented 47% of Cement Division in Elementia.

RESULTS BY DIVISION

CEMENT DIVISION

Fourth Quarter (million pesos)				Accumulated (million pesos)		
4Q14	**4Q13**	**%Var.**		**Dec- 14**	**Dec- 13**	**%Var.**
752	**532**	**41%**	**Net sales**	**2,014**	**1,046**	**93%**
94	26	262%	Operating income	291	101	188%
166	**91**	**82%**	**EBITDA**	**572**	**238**	**140%**
13%	5%		Operating margin	14%	10%	
22%	**17%**		**EBITDA margin**	**28%**	**23%**	

Net sales accumulated for 2014 were $2,014 million, compared to $1,046 million in 2013, which represents an increase of 93%. Volume increased by 89% during this same period. As of October 2014, the company began selling ready-mix concrete.

Operating profit for 2014 was $291 million, an increase of 188% compared to $101 million registered in 2013. These results are explained by the increase in volume that resulted from the ramping up of cement operations.

EBITDA for the year of 2014 was $572 million, an increase of $334 million respect to 2013, with an implied growth of 140%, as a result of the increase in sales volume mentioned above.

During 2014, operating margin was 14% (up four percentage points respect to 2013); EBITDA margin for the same period was 28% (up five percentage points respect to 2013).

METALS DIVISION

Fourth Quarter (million pesos)				Accumulated (million pesos)		
4Q14	4Q13	%Var.		Dec- 14	Dec- 13	%Var.
1,747	**1,537**	**14%**	**Net sales**	**7,218**	**6,919**	**4%**
57	149	-62%	Operating income	391	332	18%
194	**231**	**-16%**	**EBITDA**	**855**	**658**	**30%**
3%	10%		Operating margin	5%	5%	
11%	**15%**		**EBITDA margin**	**12%**	**10%**	

Metals Division reported net sales of $7,218 million for the year ended December 31, 2014, which represented an increase of 4% compared to $6,919 million in 2013. This improvement is the result of an increase in volume, foreign exchange and a lower price in metals, principally copper. International copper price for 2014 was US$3.12 per pound, compared to an average price of US$3.34 per pound in 2013, representing a decrease of 6.6% in average price. This decreased our average selling price by 2%.

Operating income increased by 18%, reaching $391 million in 2014 compared to $332 million in 2013. These results were driven by a reduction in cost-of-sales, derived from increased efficiency in the use of our metals,an improved production process due to the implementation of a continuous casting process (24/365), and realized synergies after closing the Toluca plant, which was located in the State of Mexico, and which operations were transferred to the Celaya plant, located in Guanajuato, México. This merger translated into important operating expense reductions.

EBITDA for 2014 was $855 million, increasing 30% respect to 2013 ($658 million). Such increment is mainly attributable to an increase in volume, production cost efficiency and costs synergies as previously mentioned.

During 2014, operating margin was flat at 5%, while EBITDA margin improved two percentage points to 12% for the reasons previously mentioned.

BUILDING SYSTEMS DIVISION

Fourth Quarter (million pesos)				Accumulated (million pesos)		
4Q14	4Q13	%Var.		Dec-14	Dec-13	%Var.
1,290	**1,033**	**25%**	**Net sales**	**5,236**	**3,981**	**32%**
148	228	-35%	Operating income	759	616	23%
207	**290**	**-29%**	**EBITDA**	**959**	**806**	**19%**
11%	22%		Operating margin	14%	15%	
16%	**28%**		**EBITDA margin**	**18%**	**20%**	

Accumulated net sales for the last twelve months ending December 31, 2014 reached $5,236 million, a 32% or a $1,255 million increase in comparison to $3,981 million registered during the same period in 2013, mainly due to the larger volume of sales. The volume of accumulated sales at December 2014 was 30% superior to that of 2013, mainly related to the northern region (United States) driven by the inclusion of the *Allura brand,* an increase in the distribution network and the sales contract with the Mexican Government.

The Building Systems Division registered an operating income of $759 million by the end of 2014, an increase of 23% or $143 million in comparison to 2013 mainly as a result of the volume growth reflected in net sales and improved margins. The operating margin was 14% for 2014, in comparison to a 15% margin in 2013. The main reason for the decrease in margin was due to a lower margin in the United States.

EBITDA for the year ended 2014 reached to $959 million, a 19% ($153 million pesos) increase compared to EBITDA in 2013. The main reason for the growth in EBITDA was the volume increase in sales due to the incorporation of operations of the *Allura* brand in the United States. The EBITDA margin for 2014 was 18%, compared to a 20% margin in 2013.

PLASTICS DIVISION

Fourth Quarter (million pesos)				Accumulated (million pesos)		
4Q14	4Q13	%Var.		Dec-14	Dec-13	%Var.
236	**172**	**37%**	**Net sales**	**839**	**743**	**13%**
35	21	67%	Operating income	121	98	23%
45	**31**	**45%**	**EBITDA**	**160**	**137**	**17%**
15%	12%		Operating margin	14%	13%	
19%	**18%**		**EBITDA margin**	**19%**	**18%**	

Net Sales reached $839 million during 2014, a 13% increase compared to 2013. The main reason for the increase was a combination of volume and price, especially for roofs and water tanks, realized in the northern (Mexico) and the Andean regions (Colombia).

The volume sold during 2014 had an 8% increase compared to 2013 while average sales prices increased 5% in the same period.

Operating income for 2014 was $121 million, compared to $98 million in 2013. The main reason was the increase in volume.

EBITDA grew to $160 million in 2014, compared to $137 million in 2013, an increase of 17% or $23 million.

During 2014, operating margin and EBITDA margin were 14% and 19%, respectively. Meanwhile, operating and EBITDA margins in 2013 were 13% and 18%, respectively.

ADDITIONAL INFORMATION

Consolidated Statements of Profit or Loss	Quarters			Fiscal year ending December 31		
Million Pesos	4Q14	4Q13	% Var.	2014	2013	% Var.
ELEMENTIA						
Net sales	**3,831**	**3,311**	**16%**	**15,331**	**12,929**	**19%**
Cost of sales	3,096	2,528	22%	11,683	9,908	18%
Gross profit	**735**	**783**	**-6%**	**3,648**	**3,021**	**21%**
General expenses	454	441	3%	2,227	2,124	5%
Other income (expenses)	15	(122)	-112%	(183)	(301)	-39%
Operating income	**266**	**464**	**-43%**	**1,604**	**1,198**	**34%**
Finance income (costs) net	(406)	(210)	93%	(735)	(473)	55%
Share of profit (loss) of associates and other	-	(9)	-100%	-	4	-100%
Profit (loss) before income tax	**(140)**	**245**	**-157%**	**869**	**729**	**19%**
Income tax expense	(65)	(98)	-34%	243	177	37%
Profit (loss) from discontinued operations	(11)	(37)	-70%	(93)	(60)	55%
Net profit (loss)	**(86)**	**306**	**-128%**	**533**	**492**	**8%**
Consolidated EBITDA	**613**	**681**	**-10%**	**2,675**	**1,913**	**40%**
CEMENT DIVISION						
Net sales	752	532	41%	2,014	1,046	93%
Operating income	94	26	262%	291	101	188%
EBITDA	166	91	82%	572	238	140%
METALS DIVISION						
Net sales	1,747	1,537	14%	7,218	6,919	4%
Operating income	57	149	-62%	391	332	18%
EBITDA	194	231	-16%	855	658	30%
BUILDING SYSTEMS DIVISION						
Net sales	1,290	1,033	25%	5,236	3,981	32%
Operating income	148	228	-35%	759	616	23%
EBITDA	207	290	-29%	959	806	19%
PLASTICS DIVISION						
Net sales	236	172	37%	839	743	13%
Operating income	35	21	67%	121	98	23%
EBITDA	45	31	45%	160	137	17%

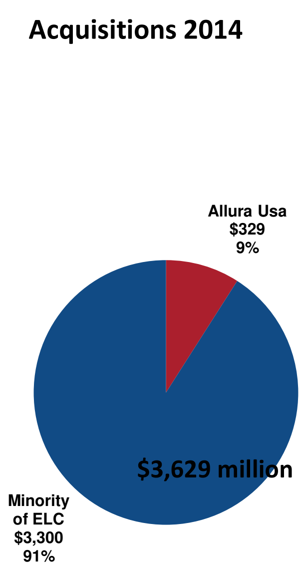
Million Pesos	As of December 31, 2014	2013
ELEMENTIA		
Cash and cash equivalents	3,192	1,973
Derivative financial instruments	-	10
Trade receivables, net	2,144	2,382
Inventories, net	2,470	2,250
Other current assets	1,186	1,472
Total current assets	8,992	8,087
Accounts receivable, net	54	54
Investment in associates and other	10	11
Property, plant and equipment, net	15,717	14,608
Intangible assets, net	3,185	3,174
Other	320	289
Total non current assets	19,286	18,136
Total Assets	**28,278**	**26,223**
Short term debt	3,138	193
Trade payables	2,482	2,663
Taxes payable	1	171
Other current liabilities	1,944	951
Total current liabilities	7,565	3,978
Long term debt	7,246	6,185
Deferred tax liabilities	1,687	1,593
Other non-current liabilities	1	32
Total non-current liabilities	8,934	7,810
Total liabilities	**16,499**	**11,788**
Total Stockholder´s equity	**11,779**	**14,435**

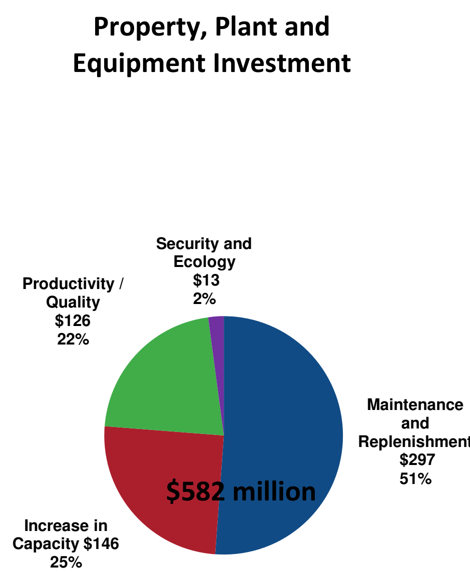
Cash Flow Statement	Fiscal year ending December 31	
Million Pesos	2014	2013
Net income before income tax	**869**	**729**
Non-cash items	1,679	1,191
Working capital, net	360	1,004
Net cash flow used in operating activities	**2,908**	**2,924**
Invesment in property, plant and equipment	(582)	(2,059)
Business acquisitions	(3,629)	(1,092)
Investment in other assets	107	1,283
Net cash flow used in investing activities	**(4,104)**	**(1,868)**
Bank financing, net	(2,249)	(5)
Publicly traded debt securities	6,255	-
Other financing activities	(945)	(414)
Net cash flow from (used in) financing activities	**3,061**	**(419)**
Net increase (decrease) in cash and cash equivalents	**1,865**	**637**
Effect of exchange rate changes on cash and cash equivalents	(645)	-
Cash and cash equivalents at beginning of period	1,973	1,336
Cash and cash equivalents at end of period	**3,193**	**1,973**

Working Capital

Net Working Capital reached $360 million at December 31, 2014. Working Capital is composed of the following items: client recovery of $237 million, inventories and suppliers of ($221) million and ($181) million respectively, paid taxes ($315) million, creditors financing (Lafarge) $662 million, and others $178 million.

Investing Activities





ABOUT ELEMENTIA

Elementia is a leading provider of comprehensive building systems in Latin America:

Products:	Copper, Fiber cement, cement, concrete, polyethylene, polypropylene, styrene
Sectors:	Construction, industrial and infrastructure
Presence:	26 plants in 9 countries in the Americas with commercial representation in Europe and the United States

Contact details:
Juan Francisco Sánchez Kramer
Investor Relations
jsanchezk@kaluz.com

Víctor Hugo Ibarra Alcázar
Chief Financial Officer
vibarra@elementia.com

Elementia
www.elementia.com
Poniente 134 Num. 719 Piso 3, Col. Industrial Vallejo, C.P.02300, Delegación Azcapotzalco, México D.F.
Tel. 52(55)5728-5300

Fortaleza / Nacobre / Mexalit / Plycem / Maxitile Inc. / Eternit / Duralit / Fibraforte / Frigocel / Allura