Elementia reports 2015 first quarter results

Vallejo, Mexico D.F., April 30, 2015 - Elementia, S.A. de C.V. (BMV: ELEMENT 10) ("the Company" or "Elementia") today announced its results for the first quarter of 2015. The figures of this report have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Figures are in Mexican pesos and all comparisons are made against the same period of the prior year, unless otherwise specified.

FIRST QUARTER 2015 FINANCIAL AND OPERATING HIGHLIGHTS

- Within a challenging economic environment, we managed double digit growth for the consolidated figures according to plan based on double digit growth in the Cement, Metals, and Plastics divisions, and single digit growth in Buildingsystems division.
  - Consolidated revenues reached $4.1 billion, an increase of 12%.
  - Consolidated EBITDA increased 16% to $707 million.
- EBITDA margin expansion due to margin improvement in Cement, Metals and Plastics divisions.
- Strong cash flow generation: $178 million

SUMMARY

	Consolidated		
In million pesos	1Q15	1Q14	% Var
Revenues	4,070	3,639	12%
Operating income	434	393	10%
EBITDA	707	609	16%
Margin	17.4%	16.7%	

CONFERENCE CALL

Elementia will host a Conference call to discuss its 1Q15 results on Thursday April 30, 2015 at 12:30 Mexico City / 13:30 NY. To access the call please dial: Mexico: 001-855-817-7630, USA: 1-866-652-5200, International 1-412-317-6060. Callers should dial 15 minutes prior to the start time and ask for Elementia conference call. The call will also be available through an audio-only webcast at http://services.choruscall.com/links/elementia150430.html, a reply will be available at www.elementia.com

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PERFORMANCE AND OUTLOOK

	First quarter		
In million pesos	1Q15	1Q14	% Var
Revenues	4,070	3,639	12%
Operating income	434	393	10%
Net profit (loss)	59	302	(81%)
EBITDA	707	609	16%
Available Cash Flow before CAPEX	302	7	4,234%
% of EBITDA	*43%*	*1%*	
Free cash Flow	178	(272)	(165%)

2015 begins within a challenging macroeconomic environment, currencies of all Latin-American countries has shown considerable depreciation against US dollar; which in some of the countries in which we have operations, it has begun to translate into inflationary and/or recession positions.

Nevertheless, the Company managed a double digit growth in consolidated figures supported by growth in every division; the growth in revenues was:

- Cement division 26%
- Metals 10%
- Plastics 21%
- Buildingsystems 5%

We saw higher growth in the Cement division driven by the continuous capacity utilization rate which has led to higher volume sold as well as the beginning of pricing recovery, but also due to operation efficiency initiatives and the reduction of energy, thus EBITDA of the division grew 113%.

The expansion project of an additional production line for close to 1.5 million ton per year which we will reach 3.5 million Ton/year of installed capacity is about to begin. We expect operations to begin in 2017 and it'll take about 2 years to reach full capacity utilization. During 2015 we will continue optimizing costs both in cement and concrete.

Metals division showed a strong volume growth driven by higher sales of pipes for the international market, as well as growth in the construction industry with new products, the focus on higher value products which contribute to margin expansion in industries like automotive. This partially offset the reduction of the international copper price (US$2.66/pound in 1Q15 vs US$3.24/pound in 1Q14). For 2015 we will continue with operational efficiency initiatives and improvement of metal yields which will contribute to margin expansion.

In Plastics division we continue to grow in specific markets like water tanks – close to 30% year-year growth – in several countries in which we have operations.

We started the construction of a new facility for Plastics in Peru which we expect to begin operations in the first half of 2016. In the next months we will start production of water tanks in Central-America and conclude the expansions in the Andean region.

In the Buildingsystems division, we have achieved an aggressive market penetration in the US based on the operations in the country and the synergies with the rest of the operations of the division. This has been possible thanks to the customers' acceptance of our products supported by our customer service, the reliability and quality of our products and our distribution channel. This partially offset the lower performance of Central-America and Andean regions due to macroeconomic conditions.

We began the process optimization project through robotization of processes; the benefits of this project will begin to improve margins in the second half of 2015. For the division, one of the key opportunities is the recovery of the US economy and the potential it represent for the operations supported by our distribution channel in order to allocate Mexalit ® and Plycem ® products from our facilities in Mexico and El Salvador.

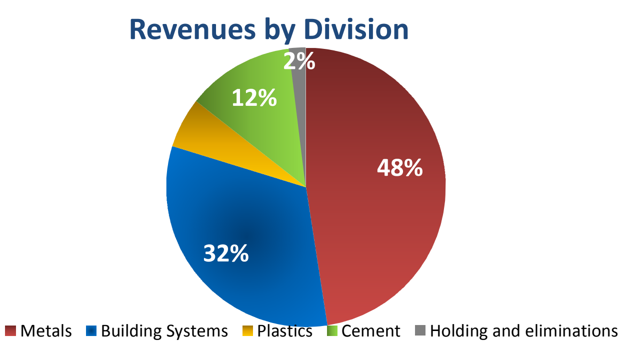
The Company shows a strong cash flow generation (43% of EBITDA), which according to plan, will be used to continue with the expansion strategy of the Cement division.

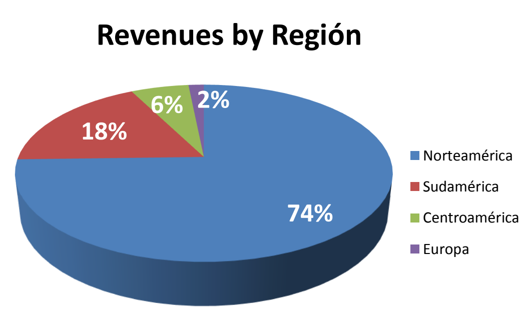
CONSOLIDATED STATEMENT OF RESULTS

P&L	First quarter		
In million pesos	2015	2014	% Var.
Revenues	**4,070**	**3,639**	**12%**
Cost of sales	3,073	2,830	9%
Gross profit	**997**	**809**	**23%**
GS&A expenses	570	506	13%
Other (income) expenses, net	(6)	(90)	-93%
Operating income	**434**	**393**	**10%**
Financial cost, net	(337)	(7)	4775%
Minority interest	-	-	0%
Income (loss) before income taxes	**97**	**387**	**-75%**
Income taxes	30	75	-60%
Discontinued operations	(8)	(9)	-11%
Net income (loss)	**59**	**302**	**-81%**
EBITDA	**707**	**609**	**16%**

REVENUES

Consolidated revenues for 1Q15 reached $4.1 billion, a 12% increase when compared to the $3.6 billion of 2014. The increase is mainly due to higher volume sold in all divisions, it’s worth highlighting a 10% growth in Metals division.





$4,070 million

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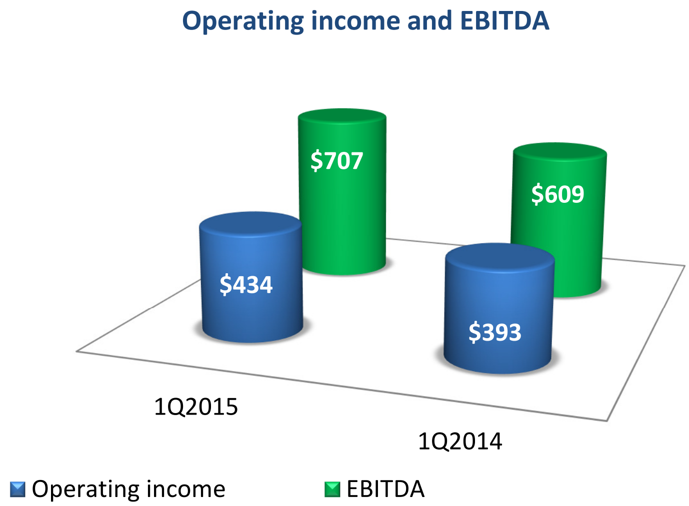
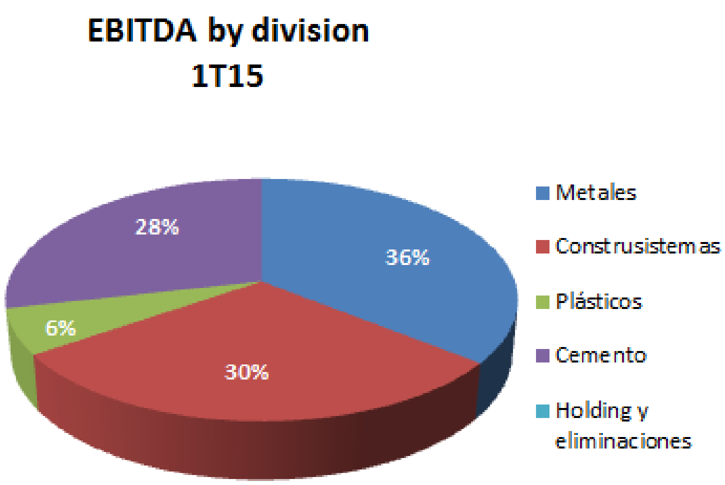
OPERATING INCOME

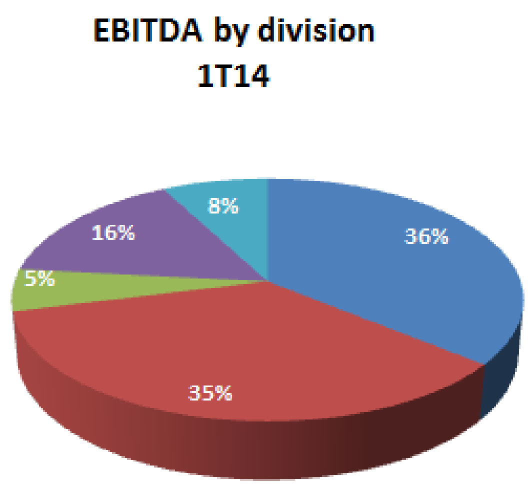
Operating income at 1Q15 was $434 million, which compared with the $393 million reported in 2014, shows a 10% increase. In addition of incremental revenues, profit growth is due to operational and energy (Mexico) efficiency process that has reduced costs in all divisions.



EBITDA

1Q15 EBITDA was 16% higher going from $609 million in 1Q14 to $707 million in 2015. EBITDA to revenues margin increases from 16.7% in 1Q14 to 17.4% in 2015.





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FINANCIAL COST

Net financial cost in 2015 first quarter was $337 million, a variation of $330 million when compared to the $7 million registered in 1Q14. Mainly due to:

- Net exchange rate loss accounting $169 million in 1Q15 vs a net profit of $103 million in 1Q14. The loss was due to the impact of the devaluation of the Mexican peso against US dollar in the debt position at the end of the first quarter that is US dollar denominated.
- The impact of FX in the interest paid for such debt position.

	End of March (in million pesos) 2015	2014	% Var.
Interest income	(33)	(18)	81%
Interest expense	184	112	64%
Bank commissions	17	16	4%
Net Exchange loss (profit)	169	(103)	-264%
Total financial cost – net	**337**	**7**	**4775%**

INCOME TAX

Income and deferred tax reached $30 million in 1Q15; $45 million lower than the $75 million recorded in 1Q14. The reduction was mainly due to higher financial cost in 2015.

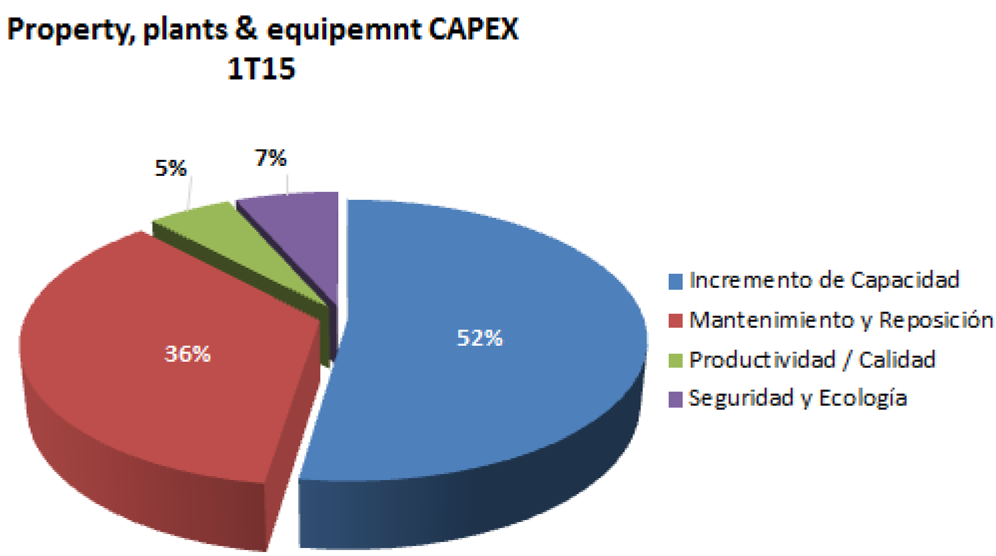
NET PROFIT

Consolidated net profit for the first quarter 2015 reached $59 million. When compared to $302 million of 1Q14 shows a reduction of $243 million. This is mainly due to the exchange rate impact on the debt position.

CASH FLOW HIGHLIGHTS

Cash Flow	First quarter		
In million pesos	2015	2014	% Var.
EBITDA	**707**	**609**	**16%**
Cash taxes	(26)	(38)	(32%)
Interest, net	(151)	(94)	61%
Bank commissions	(17)	(16)	6%
Change in Working Capital	(211)	(454)	(54%)
Receivables	(221)	8	(3,084%)
Inventories	110	(71)	(254%)
Payables	(99)	(391)	(75%)
Cash flow before CAPEX	**302**	**7**	**4,234%**
Organic CAPEX	(124)	(150)	(17%)
Growth CAPEX	-	(129)	NA
Dividends	-	-	-
Free cash flow	**178**	**(272)**	**NA**

Cash flow available before CAPEX reached $302 million or 43% of the 1Q15 EBITDA. Cash consumption from working capital is due to higher volume sold and revenues; it's important to highlight the effort in reducing inventories which is reflected in $110 million cash generation.



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BALANCE SHEET

Balance Sheet At March 31 2015 and December 31 2014 In million pesos	Mar-2015	Dic-2014
Cash and Cash equivalents	3,169	3,193
Receivables, net	2,425	2,144
Inventories, net	2,361	2,471
Other current assets	1,437	1,184
Current assets	**9,392**	**8,992**
Other receivables, net	54	54
Investments in subsidiaries	10	10
Property, plant and equipment, net	15,646	15,711
Intangible assets, net	3,088	3,108
Other assets	410	404
Fixed assets	**19,207**	**19,287**
Total assets	**28,599**	**28,279**
Short term debt	3,098	3,102
Payables	2,581	2,482
Other current liabilities	1,876	1,971
Current liabilities	**7,555**	**7,555**
Long term debt	7,454	7,282
Deferred taxes	1,891	1,834
Other long term liabilities	1	1
Long term liabilities	**9,346**	**9,117**
Total liabilities	**16,902**	**16,672**
Shareholders' Equity	**11,697**	**11,607**

Cash and Cash equivalents

Cash and Cash equivalents at the end of March 2015 reached $3,169 million, 1% or $25 million lower to year's-end 2014.

Debt position

Gross debt at the end of 1Q15 was $10,552 million, $168 million higher than the $10,384 million shown at year's-end 2014, due to exchange rate effect on the international debt position for USD$425 million dollars.

Net Debt to LTM EBITDA was 2.66 times and interest coverage was 4.8 times al 1Q15 end fulfilling bank covenants. It's worth mentioning that 71% of gross debt is long term.

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	Mar-15	Dec-14 (in million pesos)	% Var.
Short term	3,098	3,102	0%
Long term	7,454	7,282	2%
Gross debt	**10,552**	**10,384**	**2%**
Cash and cash equivalents	3,169	3,193	-1%
Net Debt	**7,383**	**7,191**	**3%**
EBITDA LTM	**2,772**	**2,675**	**4%**
Net debt / EBITDA	**2.66x**	**2.69x**	**(0.03)x**

Shareholder's Equity

Shareholders' Equity at March end 2015 was $11,697 million showing net income of the quarter and foreign operations exchange impact; at year's-end 2014 it was $11,607 million.

OPERATING RESULTS BY DIVISION

CEMENT DIVISION

in million pesos	First quarter		
	2015	2014	%Var.
Revenues	**509**	**405**	**26%**
Operating income	128	25	412%
EBITDA	**202**	**95**	**113%**
Operating margin	25%	6%	
EBITDA margin	**40%**	**23%**	

Performance of the division goes according to plan.

1Q15 Revenues reached $509 million, 26% higher than the $405 million registered in 1Q14, mainly due to higher volume sold (17%) aligned to the increase in the capacity utilization rate and also to a price increase.

EBITDA for 1Q15 was $202 million, $107 million or 113% higher than the one in 2014. Besides higher volume and Price, EBITDA was benefited by cost optimization and lower electricity cost; thus EBITDA margin increased 17 percentage points to reach 40%.

METALS DIVISION

in million pesos	First quarter		
	2015	2014	%Var.
Revenues	**1,936**	**1,759**	**10%**
Operating income	136	139	-2%
EBITDA	**253**	**219**	**16%**
Operating margin	7%	8%	
EBITDA margin	**13%**	**12%**	

Recorded revenues for the 1Q15 were $1,936 million, 10% higher to those of 2014. The increase in volume sold achieved in the division, offset exchange rate impact and the reduction in the price of metals, mainly copper which average price for January-March 2015 was US$2.66 per pound; while in the same period of 2014 the price was US$3.24 per pound, an 18% reduction.

EBITDA for 1Q15 reached $253 million, while in 1Q14 it was $219 million. Showing a 16% increase mainly due to higher volume sold which is also alongside with higher revenues coming from higher value products, cost reduction initiatives and improvement in metal yield. EBITDA margin increased 1% to 13%.

BUILDINGSYSTEMS DIVISION

in million pesos	First quarter		
	2015	2014	%Var.
Revenues	**1,310**	**1,242**	**5%**
Operating income	144	166	-13%
EBITDA	**210**	**214**	**-2%**
Operating margin	11%	13%	
EBITDA margin	**16%**	**17%**	

Revenues for the first quarter 2015 reached $1,310 million, 5% higher than the $1,242 million of 1Q14; this was mainly due to higher volume sold in the US, together with different product mix and Price increase which partially offset lower figures in Central-America and Andean regions.

1Q15 EBITDA was $210 million, 1Q14 EBITDA was $214 million. Even that US volume sold partially offset other regions, US margins are lower, and thus EBITDA margin for 1Q15 was 16% while in 1Q14 it was 17%.

PLASTICS DIVISION

in million pesos	First quarter		
	2015	2014	%Var.
Revenues	**237**	**196**	**21%**
Operating income	31	21	48%
EBITDA	**43**	**34**	**26%**
Operating margin	13%	11%	
EBITDA margin	**18%**	**17%**	

Revenues in Plastics division reached $237 million in 1Q15, 21% higher than the $196 million of 1Q14 mainly due to a better product and price mix driven by growth in water tanks mainly in Mexico and Colombia.

EBITDA for 1Q15 was $43 million, 26% higher than the $34 million of 1Q14 due to the reasons stated above.

ADDITIONAL INFORMATION

Cash Flow At quarter end March 2015 y December 2014 In million pesos	Mar-2015	Dec-2014
Net income before income taxes	**97**	**387**
Non cash figures	744	105
Working Capital, net	(550)	(629)
Operating cash flow	**291**	**(138)**
Property plant and equipment acquisitions, net	(124)	(150)
Business acquisitions	-	(129)
Other CAPEX	34	18
Total CAPEX	**(90)**	**(261)**
Financial cost, net	(45)	78
Other financing activity	(184)	(112)
Total financing cost	**(229)**	**(35)**
Increase in cash and cash equivalents	(28)	**(434)**
Exchange rate effect	4	-
Cash and cash equivalents at quarter's beginning	3,193	1,973
Cash and cash equivalents at quarter's end	**3,169**	**1,539**

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RECENT EVENTS

- Since March 30, 2015, Fernando Ruiz Jacques step up to as CEO of Elementia; until this date Eduardo Musalem Younes held the position.
- Starting on January 19th 2015, Jaime Rocha Font was appointed as Director of the Cement division replacing Antonio Taracena Sosa
- On April 9th 2015 the Company informed the update of the registration of the “Certificados Bursátiles” issued by Elementia (BMV: ELEMENT 10).
- The 23th day of April 2015, the Company will perform the change of certificate for the long term “certificados bursátiles” issued on September 24, 2010, where it is stated that prepayments can be done in any interest due date.

ABOUT ELEMENTIA

Elementia is a company that delivers integral solutions for the construction and industrial markets with leading brands since more than 70 years.

Currently Elementia has 26 production facilities across 9 countries of the Americas including United States, Mexico, Honduras, el Salvador, Costa Rica, Colombia, Peru, Ecuador and Bolivia, form where we satisfy the needs of our customers reaching our markets of interest through our more than 5 thousand distributors and the recognition of our brands, and the reliability of our products.

Among the products that Elementia produce and market are cement, fibercement, plastics, and copper and copper alloys

The main brands of Elementia are: Fortaleza ® / Nacobre ® / Mexalit ® / Eureka ® / Plycem ® / Eternit ® / Duralit ® / Fibraforte ® / Frigocel ® / Allura ® / Maxitile ®

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