elementia

ELEMENTIA'S FOURTH QUARTER 2017[1] RESULTS

Mexico City, February 26, 2018 - Elementia, S.A.B. de C.V. (BMV: ELEMENT*) ("the Company", or "Elementia") announced today its preliminary financial and operating results for the fourth quarter ("4Q17") and twelve months ("12M17")[2] ended December 31, 2017.

Main Highlights

- During 2017, Elementia reported growth in both consolidated revenues and EBITDA of 35% and 24%, respectively. On a proforma basis, which includes U.S. Cement since January 2016, the growth rates were 11% and 7%, respectively. These results were achieved despite the continued macroeconomic volatility in various countries in which we operate, the increase in energy costs and the negative impact of natural disasters mainly in the U.S. and Mexico during the year.

- Operating income increased 13% in 4Q17 to $467 million and 16% in 12M17 to $2.66 billion.

- Cash flow generation before CAPEX as of December 31, 2017 was $1.73 billion, representing 39% of EBITDA.

- In 4Q17, Elementia obtained a loan for $925 million from Citi Banamex concluding its commitment to exchange short for long-term debt during 2017 as announced by management in 2016. With this, a total of US$350 million were refinanced as part of the strategic refinancing program, freeing up around US$200 million in cash flow during 2017 and 2019.

- The credit rating agency Moody's Investors Service ("Moody's") affirmed Elementia's rating to Ba2 and changed the outlook to positive from stable in 4Q17, reflecting a stronger than anticipated credit profile compared to the agency's estimates and the Elementia's track record in deleveraging in the last twelve months.

- In line with the go-to-market strategy and the increase in demand within the U.S. Building Systems operations, the Indiana facility began commercial operations in January 2018. The plant's re-opening will significantly support the growth strategy for the Allura brand in the U.S. in 2018.

[1] Elementia's 4Q17 earnings conference call will take place on February 27, 2018. Dial-in information can be found in the annexes of this document. The report, script and audio of the results can be downloaded at www.elementia.com.

[2] Figures in this report have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). All figures are in Mexican pesos and comparisons are made against the same period of last year, unless otherwise specified.

Results Overview

Results Summary						
	Fourth Quarter (Oct. - Dec.)			Twelve months ending Dec. 31		
	2017	2016	Var.	2017	2016	Var.
	(MXN million)			(MXN million)		
Net sales	**6,097**	**5,451**	**12%**	**25,713**	**19,090**	**35%**
Operating income	467	414	13%	2,657	2,293	16%
Operating margin	8%	8%	0%	10%	12%	0%
Net income (loss)	(126)	762	(117%)	522	772	(32%)
EBITDA	**1,006**	**984**	**2%**	**4,442**	**3,595**	**24%**
EBITDA margin	**16%**	**18%**		**17%**	**19%**	
Cash flow before CAPEX	(44)	867	(105%)	1,728	3,415	(49%)
% of EBITDA	(4%)	88%		39%	95%	
Free cash flow	(670)	(4,168)	84%	(760)	(4,746)	84%

Executive Summary

During 2017, Elementia focused its efforts on five key objectives which were successfully met: (i) the integration of Giant Cement's assets acquired in 4Q16, (ii) the start-up and allocation of additional volume from the cement plant in Tula, Mexico, (iii) the reopening plan and start-up of commercial operations of the fibercement plant in Indiana, U.S., (iv) the expansion of the Cement Division in Costa Rica through the installation of a grinding facility expected to start operations towards the end of the first half of 2018, as well as (v) the execution of an aggressive refinancing program focused on exchanging short-term debt for long- term debt, strengthening the company's balance sheet while maintaining a profitable growth plan.

As a result of the proper execution of these objectives and despite a volatile environment and geopolitical problems prevailing globally (specifically in some of the regions where we have operations), higher energy costs and the negative impact related to natural disasters mainly in Mexico and the U.S., Elementia reported consolidated revenue and EBITDA growth in 2017.

The growth at the consolidated level was mainly due to the extraordinary operating performance of the Cement Division in Mexico, while the Metal Products and Building Systems Divisions faced challenges, mainly exogenous, such as the increase in energy costs, the combined effect of strong fluctuations in the peso-dollar exchange rate and the price of copper, as well as the economic recession in Colombia.

Regarding cement operations in the U.S., 2017 was, as expected, a year of transition and preparation to comply with future growth plans based on the anticipated market growth and price trends that continue to be encouraging. However, it is important to highlight that the integration process of these operations into Elementia's culture has been more challenging than expected, mainly due to the state of the assets and the organizational climate.

As such, net sales grew 12% and 35% in 4Q17 and 12M17, respectively; 5% and 11%, respectively on a pro forma basis including U.S. cement as of January 2016:

- The Cement Division increased 47% in 4Q17 and 131% in 12M17; pro forma figures grew 14% and 9%, respectively;
- The Building Systems Division registered a 10% decline in 4Q17; while sales rose 7% in 12M17; and
- The Metal Products Division increased 5% in 4Q17 and 12% in 12M17, compared to the same periods in 2016.

EBITDA reached $1.01 billion in 4Q17 and $4.44 billion in 12M17, reporting growth of 24% compared to 12M16 and of 7% on a pro forma basis including U.S. cement 12M16:

- the Cement division with 14% in 4Q17 and 21% in 12M17, on a pro forma basis;
- the Building Systems division with -57% in 4Q17 and -4% in 12M17; and
- the Metal Products division with -13% in 4Q17 and -10% in 12M17.

Cash flow before CAPEX as of December 31, 2017, represented 39% of EBITDA, due to the usage of working capital related to the increase in sales and copper's reference price. Finally, a higher financing cost was registered due to an increase of around 50% in gross debt in October 2016, as well as higher income tax and compensation of the VAT, as compared to higher recoverable VAT in 2016.

We are confident in our mission to industrialize and make a difference in the construction world. To this end, Elementia also took firm steps in developing the Elementia 2.0 project, which will allow us to evolve from offering products to offering a portfolio of products and, in time, solutions that serve all stages of construction, from ground works to finishes and facades.

Supported by the company's strong distribution channels and the Power of Oneness of our three divisions, we expect to achieve our vision of Elementia becoming a solutions provider. To this end, in 2017 we created an independent entity with its own resources and personnel to focus on executing pilot projects in 2018 aimed at testing certain hypotheses of this new business model, offering a product portfolio that could include Elementia as well as third-party products.

Lastly, the positioning of our brands, proven execution capacity, focus on our clients and on achieving results, and the implementation of a comprehensive corporate strategy – the Power of Oneness, which unites the three divisions: Cement, Building Systems and Metals – have been the catalysts to continue the profitable growth the company reported for 2017.

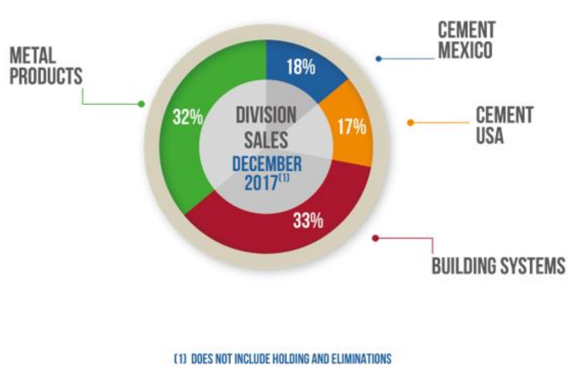
Financial Results

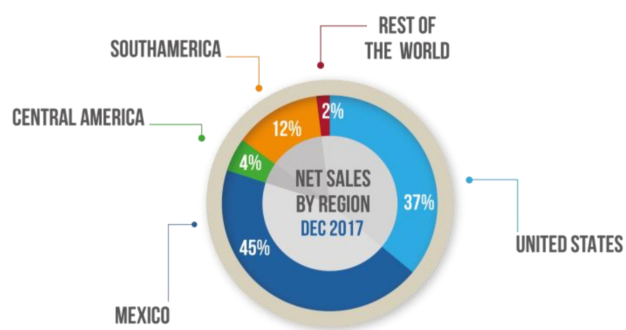
Consolidated Profit & Loss Statement						
	Fourth Quarter (Oct. - Dec.)			Twelve months ending Dec. 31		
	2017	2016	Var.	2017	2016	Var.
	(MXN million)			(MXN million)		
Net sales	**6,097**	**5,451**	**12%**	**25,713**	**19,090**	**35%**
Cost of sales	4,505	3,927	15%	18,759	13,497	39%
Gross profit	**1,592**	**1,524**	**4%**	**6,954**	**5,593**	**24%**
Operating expenses	1,124	1,110	1%	4,298	3,300	30%
Operating income	**468**	**414**	**13%**	**2,656**	**2,293**	**16%**
Financial result, net	(475)	292	(263%)	(1,256)	(1,216)	3%
Income(loss) before income taxes	**(7)**	**706**	**(101%)**	**1,400**	**1,077**	**30%**
Income tax expense	118	(55)	315%	879	305	188%
Income (loss) from discontinued operations	0	0		0	0	
Net income (loss) consolidated	**(125)**	**761**	**(116%)**	**521**	**772**	**(33%)**
EBITDA	**1,006**	**984**	**2%**	**4,442**	**3,595**	**24%**

Revenues

Consolidated revenues for 12M17 totaled $25.71 billion, an increase of 35% over the $19.09 billion reported in 12M16. This growth is mainly due to revenue increases of 131%, 12% and 7% in the Cement, Metal Products and Building Systems divisions, respectively.

For 4Q17, consolidated revenues reached $6.10 billion, up 12% compared to $5.45 billion in 4Q16, mainly due to improved sales prices in all three businesses, and higher sales volumes in Mexico Cement as a result of the start-up of commercial operations of the capacity expansion at the Tula cement plant in July 2017, which reached $1.24 billion in sales during the period.

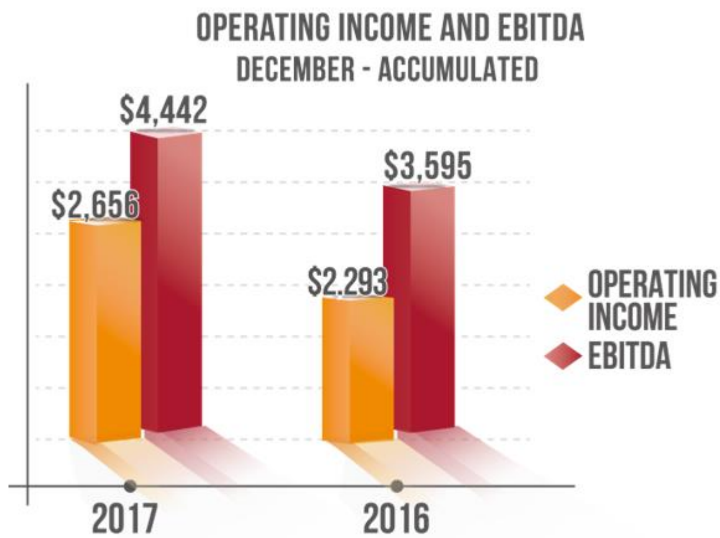




$25.71 billion

Operating Income

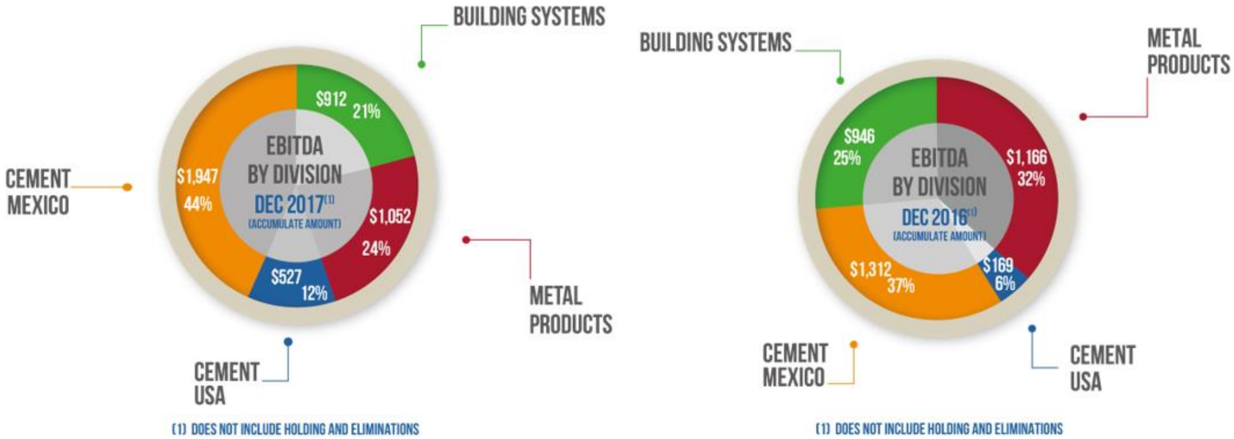
In 4Q17, operating income reached $467 million, 13% above 4Q16, as a result of higher sales, and greater energy and operating efficiencies that have yielded cost reductions mainly in the Cement and Building Systems divisions. In 12M17, operating income rose 16% to $2.66 billion.



EBITDA

EBITDA increased 24% in the full year, from $3.60 billion in 12M16 to $4.44 billion in 12M17, mainly derived from increases in the Cement Division, while the Building Systems and Metal Products Divisions reported declines of 4% and 10%, respectively. EBITDA margin was 17% in 12M17. On a pro forma basis - including U.S. Cement beginning in 2016 – EBITDA grew 7% in 12M17 while EBITDA margin remained stable.

In 4Q17, EBITDA was $1.01 billion, up 2% compared to $984 million reported in 4Q16, driven by the growth in the Cement Division, which offset the contractions reported in the Building Systems and Metal Products divisions, as well as to the performance in U.S. cement, which, in addition to experiencing a transition year, was also affected by adverse weather conditions during period.



Financing Result

	As of December 31		
	2017	2016	Var.
	(MXN million)		
Interest income	(33)	(97)	(66%)
Interest expense	1,087	663	64%
Bank commissions	130	106	23%
Net Exchange loss	72	544	(87%)
Total financing cost – net	**1,256**	**1,216**	3%

Total financing cost – net as of December 31, 2017 increased 3% as a result of higher gross debt, the intensive refinancing program and the increase in interest rates during the period.

Income Tax

Income and deferred taxes totaled $879 million for the period ended December 31, 2017, an increase of $574 million compared to the $305 million reported in the same period of 2016. It is important to highlight that the deferred tax was $795 million and income tax decreased by $221 million; this was due to the amortization of tax losses carried forward in 4Q17 as compared to 4Q16, mainly driven by exchange rate fluctuations and an increase in operating income in the Cement division in Mexico.

Net Income

Net income as of December 31, 2017 reached $521 million, a decrease of $251 million when compared to the $772 million reported in 12M16. This was mainly due to higher financing cost and taxes.

Cash Flow

Cash Flow		
	As of December 31,	
	2017	2016
	(MXN million)	
EBITDA	**4,442**	**3,595**
Change in working capital	(1,451)	103
Cash taxes	(76)	319
Interest, net	(1,057)	(496)
Bank commissions	(130)	(106)
Cash flow before CAPEX	**1,728**	**3,415**
% of EBITDA	*39%*	*95%*
Organic CAPEX	(1,678)	(1,364)
Acquisition of businesses	0	(4,183)
Cement Division expansion CAPEX	(810)	(2,614)
Inversiones de capital inorgánico	0	0
Free cash flow before financing	**(760)**	**(4,746)**
Incurred (paid) debt	499	810
Increase (decrease) in capital	(25)	4,362
Free cash flow	**(286)**	**426**

Free cash flow before CAPEX reached $1.73 billion in 12M17. This was mainly due to the use of working capital (the working capital cycle for 4Q17 was 67 days, while for 4Q16 it was 47 days), higher interests paid derived from the loan obtained for the acquisition of 55% of Giant, as well as increased deferred taxes due to the amortization of tax losses carried forward.

CAPEX as of December 31, 2017 reached $2.49 billion, including, among others, the investments made in U.S. Cement and Tula plant's expansion in the Cement Division in Mexico.

The capital decrease reflects the share repurchase fund transactions intended to support our stock's liquidity.

Balance Sheet

Consolidated Balance Sheet		
	As of Dec. 31 2017	As of Dec. 31 2016
	(MXN million)	
Cash and cash equivalents	2,714	3,912
Receivables, net	3,790	3,480
Inventories, net	5,589	4,402
Other receivables and currents assets	2,461	2,158
Current assets	**14,554**	**13,952**
Other receivables, net	25	34
Investment in shares of associated companies and others	3	3
Property, plant and equipment, net	32,300	32,091
Intangible assets, net	5,582	5,514
Deferred assets Tax	3,151	1,456
Other assets	11	186
Non-current assets	**41,072**	**39,284**
Total assets	**55,626**	**53,236**
Short-term debt	270	3,041
Payables	4,770	4,724
Other current liabilities	2,586	3,073
Current liabilities	**7,626**	**10,838**
Long-term debt	16,795	13,967
Deferred taxes	5,233	2,595
Other long term liabilities	1,478	1,539
Long-term liabilities	**23,506**	**18,101**
Total liabilities	**31,132**	**28,939**
Shareholders' Equity	**24,494**	**24,297**

Cash and cash equivalents

Cash and cash equivalents as of December 31, 2017, decreased 31% or $1.20 billion, mainly due to investments made in the Cement Division.

The figures disclosed reflect the changes in the accounting policy related to fixed assets valuation, from the revaluation method to the historical cost recognition method as of January 1, 2017.

Debt Position

	As of December 31		
	2017	2016	Var.
	(MXN million)		
Short term	270	3,041	(91%)
Long term	16,795	13,967	20%
Gross debt	**17,065**	**17,008**	0%
Cash and cash equivalents	2,714	3,912	(31%)
Net Debt	**14,351**	**13,096**	10%
EBITDA LTM including Giant proforma	**4,442**	**4,128**	8%
Net debt / EBITDA	**3.23x**	**3.17x**	(0.06)x

During 2017, in accordance with the commitment announced by management in late 2016, and in order to strengthen the company's balance sheet by maintaining conservative leverage levels, Elementia carried out a comprehensive refinancing program that consisted of the following:

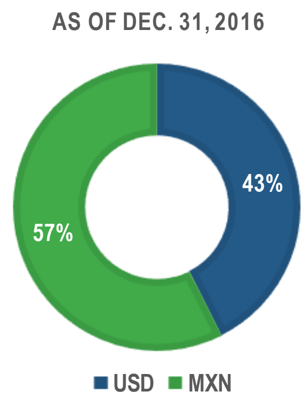
- In November 2016, Elementia utilized its committed credit lines to pay off the debt Giant assumed in order to complete the acquisition transaction.
- During 2017, the Company obtained US$350 million through bilateral loans from Scotiabank, Bancomext and Citi Banamex, which were used to prepay 100% of the committed credit lines:
    - $1.90 billion for 7 years (Scotiabank);
    - $3.59 billion for 12 years (Bancomext); and
    - $925 million for 7 years (Citi Banamex).

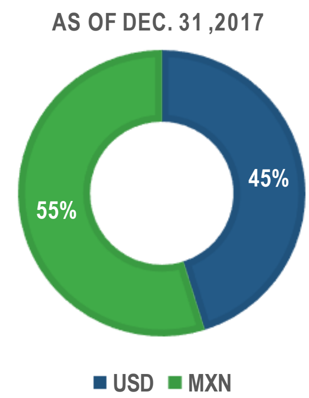
Finally, in line with the strategy related to balancing variable and fixed interest rates, Elementia entered into a hedging contract to mitigate its floating interest rate risk (TIIE 28) at a fixed rate, covering 50% of the loan obtained from Bancomex for Ps. 1.80 billion for a term of 12 years, at a fixed rate of 6.99%, in Mexican pesos.

The initiatives taken in terms of debt management have improved terms and conditions, resulted in a debt profile that is well distributed and long-term, and released approximately US$ 200 million in cash flow during 2017 and 2019.

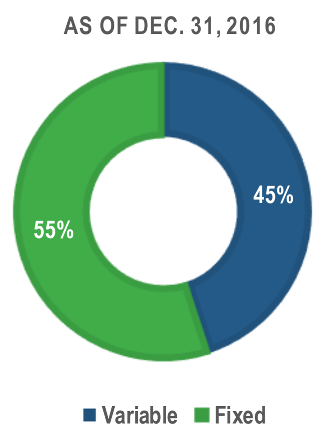
Net debt to trailing 12-month EBITDA ratio (including Giant) was 3.23x times and interest coverage was 3.9 times as of December 31, 2017, complying with the covenants set by the financial institutions (3.50x net debt/EBITDA). Taking into account the aforementioned prepayment, approximately 98% of Elementia's total bank debt is long-term with a highly comfortable payment schedule.

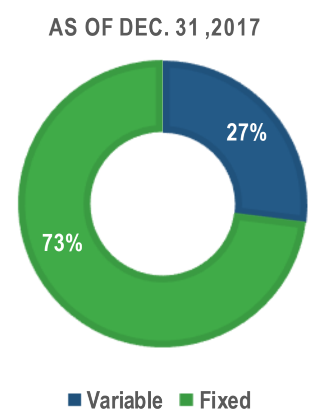
Debt Exposure by Currency





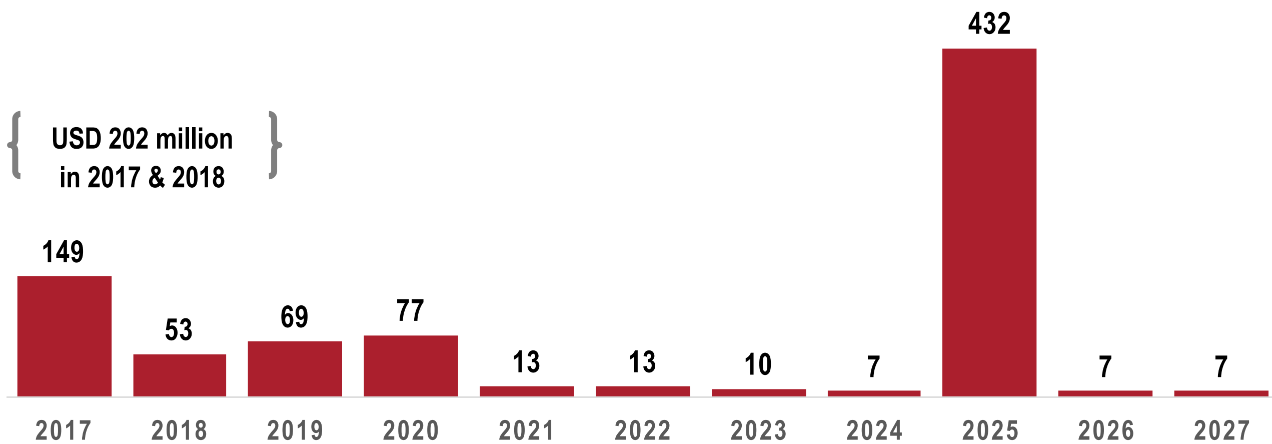
Debt Exposure by Rate



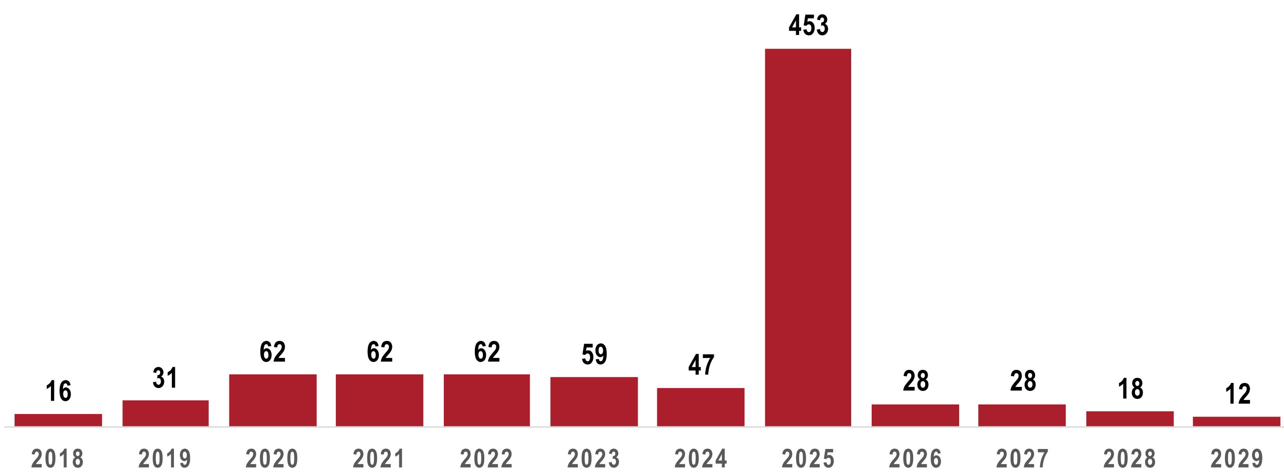


Debt Maturity Profile

AS OF DEC. 31 ,2016
(USD MILLION)



AS OF DEC. 31 ,2017
(USD MILLION)



Shareholders' Equity

Consolidated shareholders' equity as of December 31, 2017, reached $24.50 billion, an increase of $197 million, compared to the $24.30 billion as of December 31, 2016, mainly driven by the conversion of foreign operations, the valuation effect for financial instruments, share repurchase fund transactions and the results for the period.

Operating Results by Division

Cement Division - Mexico

Cement Division - Mexico						
	Fourth Quarter (Oct. - Dec.)			Twelve months ending Dec. 31		
	2017	2016	Var.	2017	2016	Var.
	(MXN million)			(MXN million)		
Net sales	**1,247**	**845**	**48%**	**4,433**	**3,083**	**44%**
Operating income	457	252	81%	1,575	1,006	57%
EBITDA	**582**	**331**	**76%**	**1,946**	**1,312**	**48%**
Operating margin	**37%**	**30%**		**36%**	**33%**	
EBITDA margin	**47%**	**39%**		**44%**	**43%**	
% Var. in sales volume	34%			28%		
% Var. in average prices (MXN)	7%			11%		

During 12M17, net sales and EBITDA increased 44% and 48%, respectively, mainly resulting from the start-up of commercial operations of the cement capacity expansion at the Tula plant in Hidalgo in July 2017, which was scheduled to begin operations by the end of the third quarter of that same year.

Moreover, net sales reached $1.25 billion in 4Q17, up 48% compared to 4Q16, due largely to the strong acceptance our product has experienced and changes in the sack/bulk mix. This result was achieved despite a slight slowdown in demand during the month of October derived from the rainy season and the effects of the earthquakes in September. In addition, EBITDA reached $582 million in 4Q17, representing an increase of $251 million or 76% compared to 4Q16 mainly due to the increase in volume from the capacity expansion at the Tula plant, as well as the continued favorable trend in sales prices.

EBITDA margin was 47% at the close of 2017, as a result of greater operating efficiencies, cutting-edge technology, and volumes, which helped offset increases in energy and fuel costs in 2017.

As previously stated, the strategy implemented to prepare the market for the ramp-up of the capacity expansion at Tula during the first half of 2017 has been essential, yielding results that have been better than expected.

Cement Division – United States

Cement Division - United States						
	Fourth Quarter (Oct. - Dec.)			Twelve months ending Dec. 31		
	2017	2016 Proforma	Var.	2017	2016 Proforma	Var.
	(MXN million)			(MXN million)		
Net sales	**1,045**	**1,189**	**(12%)**	**4,332**	**4,677**	**(7%)**
Operating income (loss)	160	189	(15%)	92	127	(28%)
EBITDA	**110**	**223**	**(51%)**	**527**	**702**	**(25%)**
Operating margin	**15%**	**16%**		**2%**	**3%**	
EBITDA margin	**11%**	**19%**		**12%**	**15%**	
% Var. in sales volume	(8%)			(3%)		
% Var. in average prices (USD)	8%			4%		

In 12M17, net sales and EBITDA decreased 7% and 25%, respectively, when compared to 12M16. As expected, 2017 was a transition year in which operations were constantly interrupted by maintenance works in order to bring assets back to industry standards, implying significant investments in both CAPEX and OPEX.

During 4Q17, net sales reached $1.05 billion, 12% below 4Q16 mainly due to maintenance works carried out during the period, and lower consumption related to a more severe winter that began earlier than usual. Moreover, the 2015 and 2016 winter seasons were much milder than usual.

In 4Q17, EBITDA reached $111 million, 50% below 4Q16, as a result of:

- the transition process the U.S. operations are going through;
- the process of regaining the trust of customers; and
- higher costs and expenses aimed at bringing the state of assets back to industry standards and at having reliable and constant operations, as well as from expenses made to prepare the groundwork for future expected growth.

It is important to highlight that the integration plan and filling of opening positions, as well as CAPEX and other expenses required to bring the assets back to industry standards, are going according the plan and without delays.

Metal Products Division

Metal Products Division						
	Fourth Quarter (Oct. - Dec.)			Twelve months ending Dec. 31		
	2017	2016	Var.	2017	2016	Var.
	(MXN million)			(MXN million)		
Net sales	**1,766**	**1,689**	**5%**	**8,153**	**7,249**	**12%**
Operating income	(56)	(1)	5500%	547	673	(19%)
EBITDA	**230**	**263**	(13%)	**1052**	**1166**	**(10%)**
Operating margin	**(3%)**	**0%**		**7%**	**9%**	
EBITDA margin	**13%**	**16%**		**13%**	**16%**	
% Var. in sales volume	(5%)			(2%)		
% Var. in average prices	23%			15%		

Net sales for the Metal Products division grew 12% in 12M17, while EBITDA recorded a decrease of 10% when compared to 2016, mainly due to:

- higher energy and gas costs;
- the unfavorable effect on inventory valuation resulting from the combined effect of copper price declines and the appreciation of the Mexican peso in 2Q17 and 3Q17; and
- lower sales volume.

Net sales reached $1.7 7 billion in 4Q17, up 5%, despite a 5% decline in sales volume that resulted from a slowdown in demand during the period driven by copper price trends, the aftermath of the earthquake in Mexico City and hurricanes in Puerto Rico and the U.S. in 3Q17. Additionally, and in line with the company's strategy to maintain its margins, the Division reported lower sales volume in South America where the competition from Asian products intensified.

Lastly, despite an increase of nearly 30% in metal prices, averaging US$3.10 per lb. in the quarter, the increase in energy and gas prices had a negative impact reflected in production cost and, consequently, the Division's performance during the quarter.

As a result of the above, EBITDA was $230 million in 4Q17, a 13% decline compared to 4Q16. This was partially offset by improved metal yields and the focus on higher value-added products.

During 4Q17, we also registered a one-off due to lack of payment from a client in the U.S. which filed for Chapter 11.

Building Systems Division

Building Systems Division						
	Fourth Quarter (Oct. - Dec.)			Twelve months ending Dec. 31		
	2017	2016	Var.	2017	2016	Var.
	(MXN million)			(MXN million)		
Net sales	**1,890**	**2,089**	**(10%)**	**8,280**	**7,709**	**7%**
Operating income	(80)	109	(173%)	445	567	(22%)
EBITDA	**94**	**221**	**(57%)**	**912**	**946**	**(4%)**
Operating margin	**(4%)**	**5%**		**5%**	**7%**	
EBITDA margin	**5%**	**11%**		**11%**	**12%**	
% Var. in sales volume	(8%)			4%		
% Var. in average prices	3%			2%		

The division's growth and recovery at the consolidated level during 2017 was strongly supported by the results of the *go-to-market* strategy, which focuses on increasing coverage in the U.S. and Mexico, and more and more on flat panels for light construction systems based on new products with new technologies. In this sense, in 2017, revenues increased 7% mainly derived from higher volumes and wider acceptance for our products in the U.S., Mexico and Central America; while EBITDA declined 4% mainly due to:

- low demand in the Andean region, mainly resulting from the macroeconomic environment in Colombia;
- the unfavorable effect of the earthquakes and hurricanes in Mexico and the U.S., respectively, on sales volume;
- higher energy costs; and
- greater investments and expenses related to the launching of new products and technologies, which, besides offering advantages to final users, bring advantages to the distributor by optimizing product handling and reducing breakage.

During the quarter, net sales reached $1.89 billion, a 10% decrease compared to 4Q16, while EBITDA was down 57% compared to 4Q16, mainly due to:

- the fact that towards year-end 2016 and in the first eight months of 2017, additional volume was captured as a result of market's low supply levels—this situation stabilized towards the end of 3Q17;
- a contraction in demand in the Andean region, particularly derived from the economic recession experienced in Colombia, which is expected to gradually recover in the second half of 2018;
- adverse climate conditions in the U.S. and Central America; and
- a one-time event in Colombia that involved the recall of product due to quality issues.

Additionally, during 4Q17 Elementia continued the initiatives of its plan to reopen its plant in Indiana, which according to the strategy implemented, began commercial operations in January 2018. In this sense, during 4Q17, the Company continued shipping products produced from our other facilities to the Indiana region, with logistical overcharges that temporarily impacted margins in the U.S. and the Division as a whole.

The reopening of the Indiana plant will support the strategy that the Building Systems Division has been implementing since the beginning of 2017, while solving supply restrictions due to limitations in installed capacity. Additionally, it will improve delivery times and reaffirm the positioning of the Allura brand as an alternative choice known in the market for its quality and customer service.

Relevant Events

- On October 2, 2017, in line with the strategy related to balancing variable and fixed interest rates, the Company entered into a hedging contract to mitigate the risk associated with its floating rate (TIIE 28) to a fixed rate on the $1.80 billion loan, for a 12-year term at a fixed rate of 6.99% in Mexican pesos.

- On December 4, 2017, Elementia obtained a loan for $925 million from Citi Banamex for a 7-year term, at a rate of TIIE plus 130 basis points, with quarterly payments beginning in the first half of 2020.

  This transaction concluded the Company's commitment, as announced in 2016, of exchanging short-term debt for long-term during 2017. The proceeds will be used to prepay the syndicated loan, which was used as bridge financing for the acquisition of the 55% controlling stake in Giant Cement in the U.S. Moreover, as part of the strategic refinancing program, during 2017, the Company refinanced US$ 350 million, releasing approximately US$ 200 million in cash flow in 2017 and 2018.

- On December 21, 2017, the credit rating agency Moody's affirmed Elementia's rating at Ba2, and changed the outlook to positive from stable. The improvement in the outlook reflects a stronger than anticipated credit profile as compared to agency's estimates, as well as the Company's track record of de-levering in the last twelve months, after making considerable investments and acquisitions in the Cement Division in Mexico and the United States.

Subsequent Events

- On January 16, 2018, Elementia initiated commercial operations at the fibercement plant in Indiana, in accordance with the *go-to-market* strategy developed along with Boston Consulting Group. This plant was shut down in 2014 following the acquisition of fibercement assets in the U.S. in order to optimize the total installed capacity of the system.

  The Indiana plant is the largest of the three fibercement plants operated by Elementia in the U.S., and its installed capacity is approximately the equivalent of the sum of the other two plants which are located in Oregon and North Carolina. The reopening of the plant will improve the supply and delivery times to customers, and will allow the Company to reaffirm and position the Allura brand as an alternative choice known in the market for its quality and customer service.

Analyst Coverage

Morgan Stanley, Credit Suisse, Santander, HSBC, Citi, BBVA, UBS and Bank of America Merrill Lynch.

Annexes

Consolidated Financial Statements as of December 31, 2017 and December 31, 2016

Consolidated Balance Sheet		
	As of Dec. 31 2017	As of Dec. 31 2016
	(MXN million)	
Cash and cash equivalents	2,714	3,912
Receivables, net	3,790	3,480
Inventories, net	5,589	4,402
Other receivables and currents assets	2,461	2,158
Current assets	**14,554**	**13,952**
Other receivables, net	25	34
Investment in shares of associated companies and others	3	3
Property, plant and equipment, net	32,300	32,091
Intangible assets, net	5,582	5,514
Deferred assets Tax	3,151	1,456
Other assets	11	186
Non-current assets	**41,072**	**39,284**
Total assets	**55,626**	**53,236**
Short-term debt	270	3,041
Payables	4,770	4,724
Other current liabilities	2,586	3,073
Current liabilities	**7,626**	**10,838**
Long-term debt	16,795	13,967
Deferred taxes	5,233	2,595
Other long term liabilities	1,478	1,539
Long-term liabilities	**23,506**	**18,101**
Total liabilities	**31,132**	**28,939**
Shareholders' Equity	**24,494**	**24,297**
Equity attributable to owners of the Entity	**22,239**	**21,436**
Capital stock	7,227	7,227
Additional paid-in capital	7,579	7,579
Retained earnings	4,878	4,215
Other comprehensive income	2,555	2,415
Non-controlling interest	**2,255**	**2,861**
Total liabilities and shareholders' equity	**55,626**	**53,236**

Consolidated Statement of Profit or Loss & Other Comprehensive Income		
	As of December 31 (MXN million)	
	2017	2016
Net sales	**25,713**	**19,090**
Cost of sales	18,759	13,497
Gross profit	**6,954**	**5,593**
Operating expenses	4,298	3,300
Operating income	**2,656**	**2,293**
Financial result, net	(1,256)	(1,216)
Income before income taxes	**1,400**	**1,077**
Income tax expense	879	305
Income (loss) from discontinued operations	0	0
Net income (loss) consolidated	**521**	**772**
Other Comprehensive Income:		
Items that will not be reclassified subsequently to p	**4**	**(57)**
Gain on revaluation of property, machinery and equipment		
Actuarial loss	4	(57)
Items that may be reclassified subsequently to profit or loss	**(303)**	**814**
Exchange difference loss (gain) on translating foreign operations	(601)	996
Net fair value loss (gain) effect on hedging instruments entered into for cash flow hedges	298	(182)
Total other comprehensive income	**(299)**	**757**
Total Comprehensive Income/ Loss for the period	**222**	**1,529**

Consolidated Statement of Cash Flows

	As of December 31 2017 (MXN million)	2016
Income (Loss) before income taxes	**522**	**772**
Other items unrealized	**0**	**0**
Depreciation and amortization	1,785	1,302
Loss (gain) on disposal of fixed assets	(1)	(2)
Interest income	(33)	(97)
Interest expense	1,087	663
Exchange loss (gain)	(498)	1,624
Other items	514	(198)
Non cash figures	**3,376**	**4,064**
Net cash flow provided by (used in) working capital	**(1,839)**	**188**
Increase in accounts receivable	(310)	(449)
Increase in inventories	(1,187)	(819)
Increase in other receivables and other current assets	(432)	(269)
Increase in trade accounts payable	46	1,371
(Decrease) increase in other liabilities	44	354
Net cash flow provided by operating activities	**1,537**	**4,252**
Other payments for joint ventures	0	(4,186)
Acquisition of property, machinery and equipment	(2,485)	(4,027)
Other assets	(8)	274
Net cash flow used in investing activities	**(2,493)**	**(7,939)**
Incurred (paid) debt	499	6,991
Increase (decrease) in capital	(25)	4,362
Bank loans and others, net	(949)	(6,181)
Net cash used in financing activities	**(475)**	**5,172**
Net decrease/increase in cash and cash equivalents	**(1,431)**	**1,485**
Effects differences on translating foreign operations	233	(676)
Cash and cash equivalents at the beginning of the period	3,912	3,103
Cash and cash equivalents at the end of the period	**2,714**	**3,912**

Earnings Conference Call Invitation

elementia

FEBRUARY 27th, 2018

ELEMENTIA (BMV: ELEMENT*)

4Q17 Earnings Conference Call
8 a.m. (Mexico City) / 9 a.m. (EST)

ELEMENT

HOSTED BY:

Fernando Ruiz 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:
1-877-888-4294 (USA)
1-785-424-1877 (International)
Conference ID: ELEMENTIA

Webcast

https://www.webcaster4.com/Webcast/Page/1398/24254
Participants are requested to connect 15 minutes prior to the call

Elementia will release its 4Q17 results on
Monday, February 26th, 2018

A replay of this call will be available until midnight EST
on March 5th, 2018, and will also be available at
www.elementia.com in the Investor Relations section

February 27th, 2018
Conference Replay:

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

Conference Replay ID:

11780732

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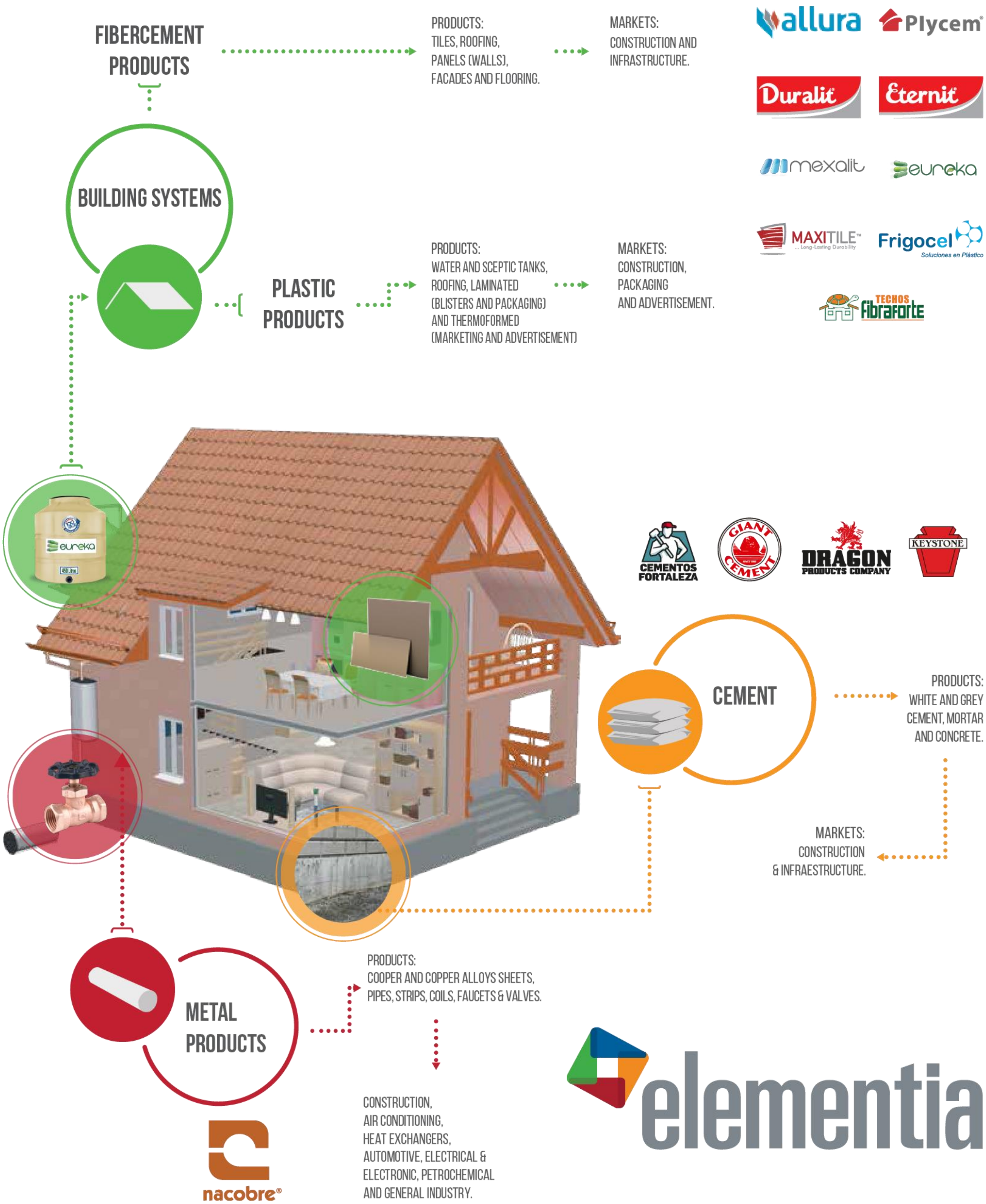
Review the latest presentations
from our Analyst Day here

www.elementia.com



If you would like to be added to Elementia's distribution list or to contact us, please dial to (52 55) 5728-5333 or send an email to abenavidese@elementia.com

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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 ("4Q16" and "12M16"), unless otherwise specified. 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 will be 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 offers innovative constructive solutions that redefine the concept of constructive evolution. Our state-of-the-art rotomolding technology, Eureka®, preserves the most important resource we have: water; which runs through our Nacobre® pipe systems. In addition, more than 65 years of experience of our Nacobre® brand, allows gas installations to be used in a safely manner. Elementia has grown organically, and through strategic mergers and acquisitions, creating an integrated platform of more than 4,000 products. Through Cementos Fortaleza®, and the strategic acquisitions of Giant®, Keystone® and Dragon® cement, we give structure to foundations, columns, floors and ceilings of houses, shopping malls, offices, hospitals, etc., both in Mexico and the U.S. Elementia has more than 6,000 employees, operating presence in nine countries and a wide distribution network. Innovative and versatile panels manufactured by Allura®, Plycem®, Eternit®, Duralit® and Fibraforte®, offer fiber cement technology advantages in decorative façades, wooden simulation decks, traditional roof tiles and state-of-the-art ceilings. Elementia is the largest fiber cement producer in Latin America and second largest player in the U.S. For more information please visit www.elementia.com