ELEMENTIA ANNOUNCES THIRD QUARTER 2019[1] RESULTS

Mexico City, October 28, 2019 - Elementia, S.A.B. de C.V. (BMV: ELEMENT*) ("the Company", or "Elementia") announced today its financial and operating results for the third quarter ("3Q19"). 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 3Q19, Elementia reported declines in consolidated revenues and EBITDA of 4% and 1%, respectively, compared to 3Q18 and an increase in EBITDA of 75 million compared to 2Q19, mainly due to the performance of our Cement Business in USA.
- On September 27, we announced the sale of our cement assets in Pennsylvania, United States to Lehigh Hanson, Inc., a subsidiary of HeidelbergCement for a gross value of 151 million dollars. This transaction is subject to the approval of U.S. anti-trust authorities.
- The spin off process continues and we are evaluating the debt structure for both Companies.
- Leverage ratio was 3.77x in 3Q19.

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: EBITDA up 81% YoY
2) Building Systems U.S. - stabilization and growth	• Progress according to plans: EBITDA 1% lower YoY; non-recurring effect
3) Building Systems LatAm - return to profitability	• Progress according to plans: EBITDA up 112% YoY
4) Metal Products – stabilization, return to profitability and generation of cash flow	• In progress: EBITDA 24% lower YoY

[1] Elementia's 3Q19 earnings conference call will take place on October 29, 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	Third quarter 2019	2018	Δ%
Consolidated Cement BU volume	1,315,243	1,337,289	(2%)
Consolidated Metal products BU volume	13,164	14,212	(7%)
Consolidated Building systems BU volume	191,618	189,705	1%
Net Sales	6,670	6,913	(4%)
Cost of sales	5,121	5,093	1%
Gross profit (loss)	1,549	1,820	(15%)
% of net sales	23%	26%	(3.1 pp)
Operating expenses	1,081	1,234	(12%)
Operating income (loss)	468	586	(20%)
% of net sales	7%	8%	(1.5 pp)
EBITDA	1,007	1,022	(1%)
% of net sales	15%	15%	0.3 pp
Comprehensive financing result, net	(359)	(282)	27%
Income (loss) before income taxes	109	304	(64%)
Income tax	101	250	(60%)
Income (loss) from continued operations	8	54	(85%)
Income (loss) from discontinued operations		(46)	(100%)
Net Income (loss)	8	8	0%
Working Capital	4,790	4,033	19%
Recievables, net	3,801	3,445	10%
Inventories, net	5,578	5,279	6%
Payables	4,589	4,691	(2%)
Free Cash Flow	(537)	(1,407)	(62%)
Operating	1,863	1,724	8%
Investments	(878)	(1,443)	(39%)
Financing	(1,522)	(1,688)	(10%)
Cash and cash equivalents	1,539	2,116	(27%)
Total Debt	15,832	16,091	(2%)
Employees	6,372	7,133	(11%)

Net sales

Net sales per business unit

MXN millions	3Q19	% vsTot	3Q18	Δ% Year/Year
Cement Mexico	1,150	18%	1,320	(13%)
Cement United States	1,305	20%	1,250	4%
Cement Central America	103	2%	103	0%
Metal Products	1,935	30%	2,059	(6%)
Building Systems United States	999	15%	895	12%
Building Systems LatAm	998	15%	1,121	(11%)
Total Elementia [1]	6,490	100%	6,748	(4%)

1) Does not include holding and eliminations

Net sales per destination

MXN millions	3Q19	% vsTot	3Q18	Δ% Year/Year
United States	2,874	43%	2,710	6%
Mexico	2,669	40%	2,995	(11%)
Central America	360	5%	340	6%
South America	668	10%	732	(9%)
Rest of the World	99	1%	136	(27%)
Total Elementia	6,670	100%	6,913	(4%)

For 3Q19, consolidated net sales reached $6,670 million, down 4% compared to $6,913 million in 3Q18. This decline was mainly due to the market contraction in Mexico, which affected all our businesses, the drop in the price of copper and the peso/dollar exchange rate, as well as the focus on core products in Building Systems LatAm.

Operating Income

In 3Q19, operating income reached $468 million, a 20% decline compared to $586 million in 3Q18 due to a 1% increase in operating costs (especially in the Metal Business) which could not be offset by the 12% decrease in operating expenses.

EBITDA

EBITDA per business unit

MXN millions	3Q19	2Q19	3Q18	Δ% Q/Q	Δ% Year/Year
Cement Mexico	521	534	611	(2%)	(15%)
Cement United States	200	134	204	49%	(2%)
Cement Central America	27	27	7	0%	286%
Metal Products	74	54	97	37%	(24%)
Building Systems United States	43	75	54	(43%)	(20%)
Building Systems LatAm	122	110	58	11%	110%
Total Elementia [1]	987	934	1,031	6%	(4%)

1) Does not include holding and eliminations

During 3Q19 EBITDA margin remained stable at 15% compared to 3Q18.

Financing Result

Comprehensive financing cost

MXN millions	January - September 2019	2018	Δ%
Interest income	(27)	(31)	(13%)
Interest expense	1,045	1,130	(8%)
Bank commissions	42	59	(29%)
Net exchane loss (profit)	(40)	(43)	(7%)
Total comprehensive financing cost, net	1,020	1,115	(9%)

Integral cost of financing – net as of September 30, 2019 registered an improvement of approximately 9% versus the same period in 2018 as a result of lower interest expenses mainly because of lower debt levels.

Net Income

In 3Q19 we registered a net profit of $8 million, practically flat when compared to 3Q18. For the first nine months of 2019, net income increased 50% versus the same period in 2018. This was mainly due to the effect of discontinuing operations in Building Systems LatAm in 3Q18.

Cash Flow

MXN millons	January - September 2019	2018	Δ%
EBITDA	**2,797**	**3,006**	**(7%)**
Change in working capital	(757)	387	(296%)
Cash taxes	(381)	(457)	(17%)
Interest, net	(1,144)	(1,240)	(8%)
Bank comisions	(42)	(59)	(29%)
Cash flow before Capex	**473**	**1,637**	**(71%)**
% of EBITDA	17%	54%	(37.5 pp)
Organic capex and Cement BU Expansions	(849)	(1,412)	(40%)
Free cash flow before financing	**(376)**	**225**	**(267%)**
Incurred (paid) debt	(234)	(268)	(13%)
Increase (decrease) in capital	(107)		(100%)
Sale (buy) stock buyback	(9)	(148)	(94%)
Free cash flow	**(726)**	**(191)**	**280%**

During the first nine months of 2019, free cash flow before CAPEX represented 17% of EBITDA and decreased by $1,164 million versus the same period last year mainly due to cash allocations for working capital which was not offset by lower taxes and interest paid.

CAPEX was down by 40% from $1,412 million in 2018 to $849 million in 2019, mainly due to the re-opening of the Indiana facility in 2018.

Balance Sheet

MXN millions	Sep 2019	Dec 2018	Δ%
Cash and cash equivalents	1,539	2,116	(27%)
Receivables, net	3,801	3,445	10%
Inventories, net	5,578	5,279	6%
Other receivables and currents assets	2,146	2,594	(17%)
Current assets	**13,064**	**13,434**	**(3%)**
Other receivables, net	14	15	(7%)
Investment in associated companies and others	3	3	0%
Property, plant and equipment, net	30,891	31,548	(2%)
Right of use asset	777		100%
Intangible assets, net	5,254	5,301	(1%)
Deferred assets Tax	1,456	1,212	20%
Other assets	307	653	(53%)
Non- current assets	**38,702**	**38,732**	**(0%)**
Total assets	**51,766**	**52,166**	**(1%)**
Short term debt	997	466	114%
Payables	4,589	4,691	(2%)
Other current liabilities	1,589	1,825	(13%)
Current liabilities	**7,175**	**6,982**	**3%**
Long term debt	14,835	15,625	(5%)
Deferred taxes	2,887	2,956	(2%)
Other long term liabilities	1,975	1,338	48%
Long term liabilities	**19,697**	**19,919**	**(1%)**
Total liabilities	**26,872**	**26,901**	**(0%)**
Shareholders' Equity	**24,894**	**25,265**	**(1%)**
Equity attributable to owners of the Entity	**22,971**	**23,089**	**(1%)**
Capital stock	8,725	8,725	0%
Additional paid-in capital	7,579	7,579	0%
Retained earnings	5,759	5,594	3%
Other comprehensive income	908	1,191	(24%)
Non- controlling interest	**1,923**	**2,176**	**(12%)**
Total liabilities and shareholders' equity	**51,766**	**52,166**	**(1%)**

During the first nine months of 2019, short-term debt increased by $531 million, due to the end or near end of the 2-year grace periods on our bilateral loans and the reflection of these in our debt maturity profile for the next twelve months.

We registered $777 million in the assets for rights of use line which correspond to the capital leases in accordance with IFRS 16 rule which were not accounted for in the Balance Sheet in 2018.

Debt Profile

MXN millions	Sep 2019	Dec 2018
Short-term debt	997	466
Long-term debt	14,835	15,625
Total debt	15,832	16,091
Cash and cash equivalents	1,539	2,116
Net debt	14,293	13,975
Net financial expense	1,018	1,481
EBITDA LTM	3,793	4,002
Leverage ratio	3.77x	3.49x
Interest coverage ratio	2.71x	2.70x

	Third quarter	
Currency denomination	**2019**	**2018**
MXN	56%	59%
USD	44%	41%
Interest rate		
Fixed	75%	73%
Variable	25%	27%

During the first nine months of 2019, Elementia increased its net debt by $318 million versus the same period in 2018, mainly due to a reduction in its cash of $577 million which was offset by a decrease in total debt of $259 million.

Approximately 93.7% of Elementia's total debt is long-term with a highly comfortable payment schedule.

Results by Business Unit

Cement Business Unit – Mexico

MXN millions	Third quarter 2019	2018	Δ%
Net sales	1,150	1,320	(13%)
Operating income (loss)	375	491	(24%)
% of net sales	33%	37%	(4.6 pp)
EBITDA	521	611	(15%)
% of net sales	45%	46%	(1.0 pp)

During 3Q19, net sales reached $1,150 million, 13% lower than 3Q18.

EBITDA in 3Q19 declined to $521 million, reflecting a decrease of $90 million, or 15%, compared to the same period in 2018, primarily as a result of the market contraction. We consider that this trend will remain in 4Q19

Cement Business Unit – United States

MXN millions	Third quarter 2019	2018	Δ%
Net sales	1,305	1,250	4%
Operating income (loss)	5	81	(94%)
% of net sales	0%	6%	(6.1 pp)
EBITDA	200	204	(2%)
% of net sales	15%	16%	(1.0 pp)

Net sales reached $1,305 million, an increase of 4% driven by the combined increase in volumes and average sales price.

EBITDA in 3Q19 was $200 million, a decrease of $4 million compared with 3Q18. The results were impacted negatively, mainly by the effects of Hurricane Florence which forced authorities to evacuate more than 1 million people, resulting in lower volume sold from our South Carolina´s plant.

Cement Business Unit – Central America

MXN millions	Third quarter 2019	2018	Δ%
Net sales	103	103	0%
Operating income (loss)	24	(5)	580%
% of net sales	23%	0%	23.3 pp
EBITDA	27	7	286%
% of net sales	26%	0%	26.2 pp

Net sales reached $103 million with EBITDA of $27 million in 3Q19. EBITDA margin remained flat at 26% since 2Q19

Metal Products Business Unit

MXN millions	Third quarter 2019	2018	Δ%
Net sales	1,935	2,059	(6%)
Operating income (loss)	(16)	3	(633%)
% of net sales	(1%)	0%	(1.0 pp)
EBITDA	74	97	(24%)
% of net sales	4%	5%	(0.9 pp)
EBITDA en USD / TON	289		
Δ% in sales volume	(7%)		
Δ% in average price (USD)	(1%)		

In 3Q19, net sales for Metal Products decreased 6% compared to 3Q18. EBITDA in 3Q19 was 24% lower than the same period in 2018 mainly due to a market contraction in Mexico resulting in higher costs of raw materials due to less availability of certain specific grades.

Building Systems Business Unit – U.S.

MXN millions	Third quarter 2019	2018	Δ%
Net sales	999	895	12%
Operating income (loss)	(3)	24	(113%)
% of net sales	(0%)	3%	(3.0 pp)
EBITDA	43	54	(20%)
% of net sales	4%	6%	(1.7 pp)
Δ% in sales volume	6%		
Δ% in average price (USD)	5%		

Net sales in 3Q19 reached $999 million, an increase of 12% versus the same period in 2018. However, the EBITDA decreased $11 million or 20% mainly due to non-recurring effects.

Building Systems Business Unit – LatAm

MXN millions	Third quarter 2019	2018	Δ%
Net sales	998	1,121	(11%)
Operating income (loss)	69	(6)	1250%
% of net sales	7%	(1%)	7.4 pp
EBITDA	122	58	110%
% of net sales	12%	5%	7.1 pp
Δ% in sales volume	(3%)		
Δ% in average price	(2%)		

Net sales for 3Q19 reached $998 million compared to $930 million in 2Q19 and $1,121 million in 3Q18, down 11%.

During 3Q19, EBITDA reached $122 million, an increase of 110% compared to $58 million in 3Q18, mainly due to the consolidation of our strategy in change in production technology and business simplification in the region.

The EBITDA margin remained stable versus last quarter, and presented an increase from 5% in 3Q18 to 12% in 3Q19

Relevant Events

- 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 post Spin Off.
- On August 2, 2019, Alfonso Molina, Corporate Treasurer assumed additionally the Investor Relations responsibilities.
- On August 28, 2019, Laura Cañez was appointed as Chief Operating Officer.
- On September 12 and October 17, 2019, the stock identified with the ticker symbol ELEMENT* presented unusual price movements. The Company informed that: it was not aware of the causes of said movements and that these corresponded to market conditions.
- On September 27, 2019 the Company announced the sale of its cement assets in Pennsylvania, United States to Lehigh Hanson, Inc., a subsidiary of HeidelbergCement for a gross value of USD 151 million. The transaction is subject to the approval of anti-trust authorities in the US.

Analyst Coverage

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

Annexes

Cash Flow

MXN millons	January - September 2019	2018	Δ%
Net income (loss)	**(63)**	**(127)**	**(50%)**
Other items unrealized			
Depreciation and amortization	1,611	1,332	21%
Loss (gain) on disposal of fixed assets	40	3	1233%
Interest income	(27)	(31)	(13%)
Interest expense	1,046	1,129	(7%)
Exchange loss (gain)	(25)	(463)	(95%)
Other items	276	777	(64%)
Non cash figures	**2,858**	**2,620**	**9%**
Net cash flow provided by (used in) working capital	**(995)**	**(896)**	**11%**
Increase in accounts receivable	(355)	(441)	(20%)
Increase in inventories	(299)	222	(235%)
Increase in other receivables and other current assets	456	(192)	(338%)
Increase in trade accounts payable	(102)	607	(117%)
Increase (decrease) in other liabilities	(695)	(1,092)	(36%)
Net cash flow provided by operating activities	**1,863**	**1,724**	**8%**
Other payments for joint ventures			-
Acquisition of property, machinery and equipment	(849)	(1,412)	(40%)
Other assets	(29)	(31)	(6%)
Net cash flow used in investing activities	**(878)**	**(1,443)**	**(39%)**
Incurred (paid) debt	(234)	(268)	(13%)
Increase (decrease) in capital	(9)	(148)	(94%)
Bank loans and others, net	(1,279)	(1,272)	1%
Net cash used in financing activities	**(1,522)**	**(1,688)**	**(10%)**
Net increase (decrease) in cash and cash equivalents	**(537)**	**(1,407)**	**(62%)**
Effects differences on translating foreign operations	(40)	85	(147%)
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	1,539	1,393	10%

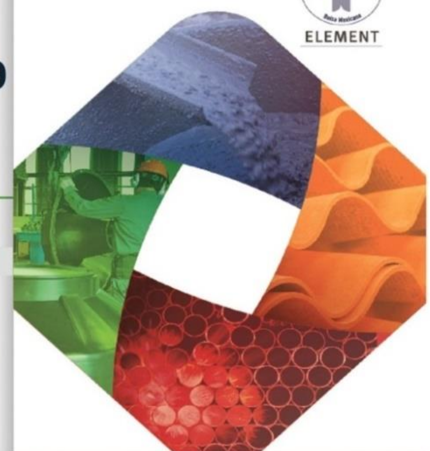
elementia

Tuesday, October 29, 2019

ELEMENTIA (BMV: ELEMENT*)

3Q19 Earnings Conference Call

9:00 a.m. (Mexico City) / 11:00 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/elementia20191024/en
Participants are requested to connect 15 minutes prior to the call

Elementia will release its 3Q19 results on
Monday, October 28, 2019

A replay of this call will be available on October 29, 2019 at 2:00 p.m. EST for 7 days, and will also be available at www.elementia.com in the Investor Relations section

October 29, 2019
Conference Replay:

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

Conference Replay ID:

63459188

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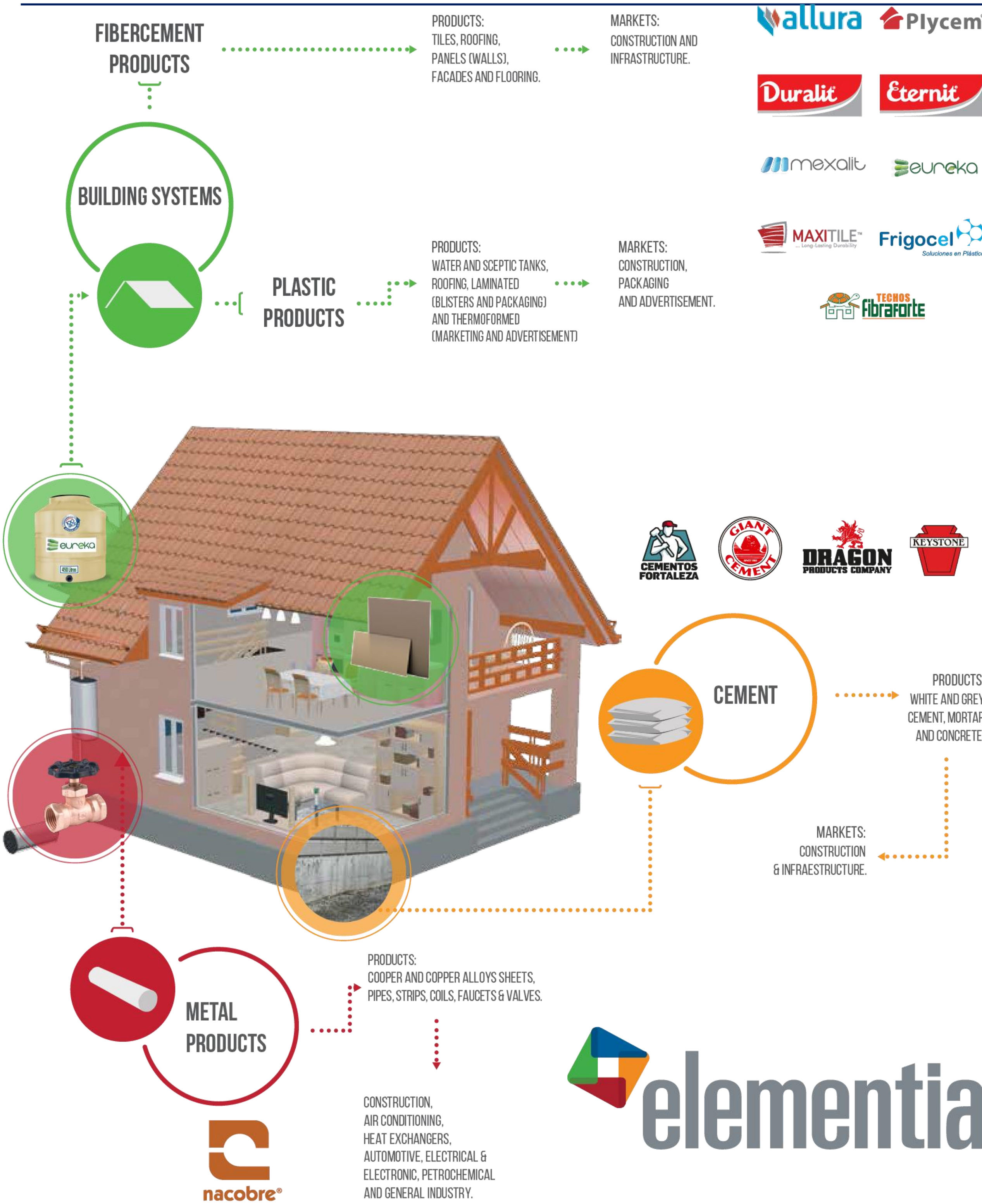
FIBERCEMENT PRODUCTS
PRODUCTS:
TILES, ROOFING,
PANELS (WALLS),
FACADES AND FLOORING.
MARKETS:
CONSTRUCTION AND
INFRASTRUCTURE.
allura
Plycem
Duralit
Eternit
mexalit
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MAXITILE
Frigocel
Soluciones en Plástico
TECHOS Fibraforte
BUILDING SYSTEMS
PLASTIC PRODUCTS
PRODUCTS:
WATER AND SCEPTIC TANKS,
ROOFING, LAMINATED
(BLISTERS AND PACKAGING)
AND THERMOFORMED
(MARKETING AND ADVERTISEMENT)
MARKETS:
CONSTRUCTION,
PACKAGING
AND ADVERTISEMENT.
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CEMENTOS FORTALEZA
GIANT CEMENT
DRAGON PRODUCTS COMPANY
KEYSTONE
CEMENT
PRODUCTS:
WHITE AND GREY
CEMENT, MORTAR
AND CONCRETE.
MARKETS:
CONSTRUCTION
& INFRAESTRUCTURE.
METAL PRODUCTS
PRODUCTS:
COOPER AND COPPER ALLOYS SHEETS,
PIPES, STRIPS, COILS, FAUCETS & VALVES.
CONSTRUCTION,
AIR CONDITIONING,
HEAT EXCHANGERS,
AUTOMOTIVE, ELECTRICAL &
ELECTRONIC, PETROCHEMICAL
AND GENERAL INDUSTRY.
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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® y Fibraforte®, am