



ELEMENTIA REPORTS RESULTS FOR FIRST QUARTER 2021¹

Mexico City, April 27, 2021 - Elementia, S.A.B. de C.V. (BMV: ELEMENT*) (“the Company”, or “Elementia”) announced today its financial and operating results for the first quarter of 2021 (“1Q21”). 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 Mexican pesos (\$).





Main Highlights

- In 1Q21, Elementia registered consolidated EBITDA growth of 63% and revenues up 17%, when compared to the same period of the previous year. These increases were mainly due to higher sales volumes and the price increase strategy.
- At the close of 1Q21, the operating margin rose by 405 basis points, from 10% in 1Q20 to 14% in 1Q21.
- During 1Q21, we generated net income of \$559 million, an increase of 285% when compared to the net loss of \$302 million reported in 1Q20.
- On January 15, 2021, we prepaid our Senior Note in the amount equivalent to US\$425 million plus a premium of 1.833% set forth in the contract with regard to prepayments.
- Total debt decreased by \$2,439 million, or 14% when compared to the debt reported at the close of 2020.
- The leverage ratio at the close of 1Q21 was 3.17x and the interest coverage ratio was 3.30x.
- The sale of assets from the cement plan in Pennsylvania still remains under review by the U.S. antitrust authorities.

¹ Elementia’s 1Q21 earnings conference call will take place on April 28, 2021. 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.

The 2021 strategy will be centralized on the customer, focusing on profitability and operating efficiency in order to raise levels of cash flow and operating margin.

Our main objectives are:

- | | | |
|---|--|---|
| 1) Building Systems U.S. – Focus on profitability and margin recovery | • In 1Q21 we generated an increase of 483% in EBITDA and a 700-basis point increase in operating margin. |  |
| 2) Building Systems LATAM – Sustained growth and profitability | • In 1Q21 we registered an increase in net sales of 33% and EBITDA up 270%, versus 1Q20, as a result of our focus on the commercialization of profitable products. Furthermore, we decided to halt unprofitable products due to the increase in raw materials. |  |
| 3) Metals Products – Increase in profitability and cashflow generation | • Net sales and EBITDA grew 21% and 283%, respectively, versus 1Q20, resulting from our focus on higher value-added products, our pricing strategy and cost optimization. |  |
| 4) Cement U.S. – Sustained growth | • In 1Q21 we registered increases in net sales and EBITDA of 6%, due mainly to our customer base, product mix and market recovery. |  |

Operating and Financial Highlights

Operating and financial highlights

MXN millions	First quarter			January - March		
	2021	2020	Δ%	2021	2020	Δ%
Consolidated Cement BU volume	1,305,777	1,205,626	8%	1,305,777	1,205,626	8%
Consolidated Metal products BU volume	11,711	12,076	(3%)	11,711	12,076	(3%)
Consolidated Building systems BU volume	205,085	187,641	9%	205,085	187,641	9%
Net Sales	7,476	6,382	17%	7,476	6,382	17%
Cost of sales	5,788	5,072	14%	5,788	5,072	14%
Gross profit	1,688	1,310	29%	1,688	1,310	29%
% of net sales	23%	21%	2.1 pp	23%	21%	2.1 pp
Operating expenses	1,115	1,179	(5%)	1,115	1,179	(5%)
Operating income (loss)	573	131	337%	573	131	337%
% of net sales	8%	2%	5.6 pp	8%	2%	5.6 pp
EBITDA	1,077	661	63%	1,077	661	63%
% of net sales	14%	10%	4.05 pp	14%	10%	4.0 pp
Comprehensive financing result, net	94	(205)	146%	94	(205)	146%
Income before income taxes	667	(74)	1001%	667	(74)	1001%
Income tax	108	228	(53%)	108	228	(53%)
Income (loss) from continued operations	559	(302)	285%	559	(302)	285%
Loss from discontinued operations			0%			0%
Net Income (loss)	559	(302)	285%	559	(302)	285%
Working Capital	4,894	4,776	2%			
Receivables, net	3,537	3,310	7%			
Inventories, net	4,703	4,541	4%			
Payables	3,346	3,075	9%			
Free Cash Flow	(2,610)	1,203	(317%)			
Operating	1,075	2,196	(51%)			
Investments	(114)	(282)	(60%)			
Financing	(3,571)	(711)	(402%)			
Cash and cash equivalents	2,341	5,139	(54%)			
Total Debt	14,950	17,389	(14%)			
Employees	6,101	5,884	4%			

Net Sales

Net sales per business unit

MXN millions	1Q21	4Q20	1Q20	Δ% Q/Q	Δ% Year/Year
Cement Mexico	1,513	1,539	1,213	(2%)	25%
Cement United States	1,190	1,418	1,127	(16%)	6%
Cement Central America	124	91	105	36%	18%
Metal Products	2,222	2,068	1,843	7%	21%
Building Systems United States	1,094	978	1,053	12%	4%
Building Systems LatAm	1,191	1,193	898	(0%)	33%
Total Elementia ¹	7,334	7,287	6,239	1%	18%

1) Does not include holding and eliminations

Net sales per destination

MXN millions	1Q21	4Q20	1Q20	Δ% Q/Q	Δ% Year/Year
United States	2,888	3,195	2,765	(10%)	4%
Mexico	3,340	3,154	2,647	6%	26%
Central America	355	209	315	70%	13%
South America	792	833	592	(5%)	34%
Rest of the World	101	77	63	31%	60%
Total Elementia ¹	7,476	7,468	6,382	0%	17%

1) Include holding and eliminations

Net sales for 1Q21 reached \$7,476 million, representing an increase of 17% versus the \$6,382 million registered in 1Q20. Net sales for 1Q21 increased marginally, by 1% versus 4Q20, mainly from higher sales in Mexico and Central America thanks to the gradual recovery in demand and improved pricing.

Operating Income

In 1Q21 we registered operating income of \$573 million, representing an increase of 337% versus 1Q20. In the first quarter, we achieved excellent results mainly due to higher volumes and a 5% reduction in general expenses.

EBITDA by Business Unit

EBITDA per business unit

MXN millions	1Q21	4Q20	1Q20	Δ% Q/Q	Δ% Year/Year
Cement Mexico	559	538	501	4%	12%
Cement United States	38	256	36	(85%)	6%
Cement Central America	35	27	28	30%	25%
Metal Products	150	114	54	32%	178%
Building Systems United States	83	(268)	15	131%	453%
Building Systems LatAm	170	168	46	1%	270%
Total Elementia ¹	1,035	835	680	24%	52%

1) Does not include holding and eliminations

Consolidated EBITDA for 1Q21 increased by 63% compared to the same period in 2020. The operations that contributed the most to this result were Building Systems U.S., Building Systems LATAM and Metal Products.

Financing Result

Comprehensive financing cost

MXN millions	First quarter			January - March		
	2021	2020	Δ%	2021	2020	Δ%
Interest income	35	9	289%	35	9	289%
Interest expense	(270)	(307)	(12%)	(270)	(307)	(12%)
Bank commissions	(29)	(21)	38%	(29)	(21)	38%
Net exchange loss (profit)	358	114	214%	358	114	(214%)
Total comprehensive financing cost, net	94	(205)	(146%)	94	(205)	(146%)

The comprehensive cost of financing declined by 146% versus 1Q20, mainly driven by a foreign exchange gain and lower interest expenses stemming from the refinancing strategy carried out in January.

Net Income/Loss

At the close of 1Q21 we registered net income of \$559 million, up 285% versus 1Q20. This result reflects the success of our business strategy, our fiscal strategy and the financial discipline implemented in all our businesses.

Free Cash Flow

MXN millions	January - March		Δ%
	2021	2020	
EBITDA	1,077	661	63%
Change in working capital	(116)	(62)	87%
Cash taxes	(213)	(283)	(25%)
Interest, net	(512)	(403)	27%
Bank commissions	(29)	(21)	38%
Cash flow before Capex	207	(108)	292%
% of EBITDA	19%	-16%	35.6 pp
CAPEX	(161)	(292)	(45%)
Free cash flow before financing	46	(400)	112%
Incurred (paid) debt	(2,854)	(201)	1320%
Others	(51)	(63)	19%
Sale (buy) stock buyback	(3)	(36)	(92%)
Free cash flow	(2,862)	(700)	(309%)

Free cash flow before CAPEX at the close of 1Q21 represented 19% of EBITDA compared to negative free cash flow registered in 1Q20, mainly due to improved results and a fiscal strategy that resulted in a 25% reduction in tax payments.

During 2021 we will maintain our strategy of maximizing free cash flow, therefore CAPEX will be allocated according to the financial results achieved by each business unit. CAPEX in 1Q21 was 45% below the level registered in 1Q20.

Balance Sheet

Balance Sheet	MXN millions	March 2021	Dec 2020	Δ%
Cash and cash equivalents		2,341	5,139	(54%)
Receivables, net		3,537	3,310	7%
Inventories, net		4,703	4,541	4%
Other receivables and currents assets		4,957	4,705	5%
Current assets		15,538	17,695	(12%)
Other receivables, net				0%
Investment in associated companies and others		3	3	0%
Property, plant and equipment, net		26,050	26,135	(0%)
Right of use asset		837	738	13%
Intangible assets, net		3,990	4,232	(6%)
Deferred assets Tax		1,212	1,245	(3%)
Other assets		60	61	(2%)
Non- current assets		32,152	32,414	(1%)
Total assets		47,690	50,109	(5%)
Short term debt		5,297	11,528	(54%)
Payables		3,346	3,075	9%
Other current liabilities		2,917	3,814	(24%)
Current liabilities		11,560	18,417	(37%)
Long term debt		9,653	5,861	65%
Deferred taxes		2,816	2,789	1%
Other long term liabilities		2,236	2,071	8%
Long term liabilities		14,705	10,721	37%
Total liabilities		26,265	29,138	(10%)
Shareholders' Equity		21,425	20,971	2%
Equity attributable to owners of the Entity		20,281	19,809	2%
Capital stock		8,725	8,725	0%
Additional paid-in capital		7,579	7,579	0%
Retained earnings		4,246	3,640	17%
Other comprehensive income		(269)	(135)	99%
Non- controlling interest		1,144	1,162	(2%)
Total liabilities and shareholders' equity		47,690	50,109	(5%)

Current assets for 1Q21 decreased 12% mainly from the utilization of excess cash to prepay debt.

Within the liabilities, we reclassified short- and long-term debt that was refinanced, thereby improving our debt maturity profile.

The reduction of debt totaled \$2,439 million, resulting in a 10% decrease in total liabilities.

Debt Profile

Information on debt			
	MXN millions	March 2021	Dec 2020
Short-term debt		5,297	11,528
Long-term debt		9,653	5,861
Total debt		14,950	17,389
Cash and cash equivalents		2,341	5,139
Net debt		12,609	12,250
Net financial expense		235	
EBITDA LTM		3,977	3,561
Leverage ratio		3.17x	3.44x
Interest coverage ratio		3.30x	2.81x

On January 15, 2021 we contracted new credits totaling \$6,444 million and utilized excess cash generated in 2020 to prepay our Senior Note, thereby achieving a 14% reduction in debt versus the close of 2020.

In addition, we utilized excess cash generated in 1Q21 to prepay \$412 million (equivalent to US\$20 million) in debt.

These actions gave us a solid financial position, and at the close of 1Q21, Elementia reported a leverage ratio of 3.17x compared to 3.44x at the close of 2020, an improvement of 0.27x.

The interest coverage ratio was 3.30x.

Results by Business Unit

Cement Business Unit – Mexico

Cement Business Unit - Mexico

MXN millions	First quarter			January - March		
	2021	2020	Δ%	2021	2020	Δ%
Net sales	1,513	1,213	25%	1,513	1,213	25%
Operating income	400	348	15%	400	348	15%
% of net sales	26%	29%	(2.3 pp)	26%	29%	(2.3 pp)
EBITDA	559	501	12%	559	501	12%
% of net sales	37%	41%	(4.4 pp)	37%	41%	(4.4 pp)

In 1Q21 Cement – Mexico reported an increase of 25% in net sales and 12% in EBITDA when compared to the same period in 2020, mainly due to higher sales volumes and improved pricing. During 1Q21, Cement – Mexico responsibly faced the challenge of the energy shortage in the country and reported an outstanding 15% increase in operating income versus 1Q20.

Cement Business Unit – United States

Cement Business Unit - United States

MXN millions	First quarter			January - March		
	2021	2020	Δ%	2021	2020	Δ%
Net sales	1,190	1,127	6%	1,190	1,127	6%
Operating income (loss)	(100)	(117)	15%	(100)	(117)	15%
% of net sales	(8%)	(10%)	2.0 pp	(8%)	(10%)	2.0 pp
EBITDA	38	36	6%	38	36	6%
% of net sales	3%	3%	(0.0 pp)	3%	3%	(0.0 pp)

Despite the seasonality effects from climate conditions in the region, Cement – U.S. registered increases in net sales and EBITDA of 6% with a notable growth in operating income of 15% versus 1Q20.

Cement Business Unit – Central America

Cement Business Unit - Central America

MXN millions	First quarter			January - March		
	2021	2020	Δ%	2021	2020	Δ%
Net sales	124	105	18%	124	105	18%
Operating income	32	24	33%	32	24	33%
% of net sales	26%	23%	2.9 pp	26%	23%	2.9 pp
EBITDA	35	28	25%	35	28	25%
% of net sales	28%	27%	1.6 pp	28%	27%	1.6 pp

During 1Q21, Cement – Central America reported 18% growth in net sales and 25% higher EBITDA compared to 1Q20. In addition, operating income rose 33%, which demonstrates the outstanding performance that derived from stronger demand during the quarter as well as operating efficiency.

Metal Products Business Unit

Metal Products Business Unit

MXN millions	First quarter			January - March		
	2021	2020	Δ%	2021	2020	Δ%
Net sales	2,222	1,843	21%	2,222	1,843	21%
Operating income (loss)	75	(41)	283%	75	(41)	283%
% of net sales	3%	(2%)	5.6 pp	3%	(2%)	5.6 pp
EBITDA	150	54	178%	150	54	178%
% of net sales	7%	3%	3.8 pp	7%	3%	3.8 pp
EBITDA en USD / TON	631			631		
Δ% in sales volume	(3%)			(3%)		
Δ% in average price	21%			21%		

During 1Q21, Metals registered a net sales increase of 21% with EBITDA up 178%, thus continuing the positive trends in results stemming from improved market prices and more solid demand levels. This quarter, Metals generated positive operating income with 283% growth versus 1Q20 by continuing the sustainable growth and profitability strategy initiated in 2020.

Building Systems Business Unit – U.S.

Building Systems Business Unit - United States

MXN millions	First quarter			January - March		
	2021	2020	Δ%	2021	2020	Δ%
Net sales	1,094	1,053	4%	1,094	1,053	4%
Operating income (loss)	30	(36)	183%	30	(36)	183%
% of net sales	3%	(3%)	6.2 pp	3%	(3%)	6.2 pp
EBITDA	83	15	453%	83	15	453%
% of net sales	8%	1%	6.2 pp	8%	1%	6.2 pp
Δ% in sales volume	(5%)			(5%)		
Δ% in average price	6%			6%		

Net sales for Building Systems – U.S. continued the positive growth trend by increasing 4% during 1Q21. These positive results demonstrate the significant recovery versus 1Q20, with growth in operating income of 183% and EBITDA up 453%. The operating margin increased by 700 basis points due to strict control of costs and expenses.

Building Systems Business Unit – LatAm

Building Systems Business Unit - LatAm

MXN millions	First quarter			January - March		
	2021	2020	Δ%	2021	2020	Δ%
Net sales	1,191	898	33%	1,191	898	33%
Operating income (loss)	97	(24)	504%	97	(24)	504%
% of net sales	8%	(3%)	10.8 pp	8%	(3%)	10.8 pp
EBITDA	170	46	270%	170	46	270%
% of net sales	14%	5%	9.2 pp	14%	5%	9.2 pp
Δ% in sales volume	24%			24%		
Δ% in average price	5%			5%		

In 1Q21 net sales and EBITDA increased by 33% and 270%, respectively when compared to 1Q20. This performance stemmed from the recovery in demand, the improvement in sales volumes and higher prices achieved during the quarter, which helped to offset higher raw material costs.

Operating income grew by 504% while the operating margin expanded by 900 basis points thanks to the focus on profitability and the cost and expense reduction initiatives.

Recent Events

- On March 9, 2021, Elementia announced that it will continue with the proceedings and arrangements to carry out its strategic corporate reorganization consisting of a spin-off process, which was approved by the Board of Directors and Shareholders' Meeting during the first quarter of 2019. This spin-off will result in the contribution of the Building Systems and Metals businesses to a spun-off entity, while the Cement business will remain with the company spinning off the other businesses.
- On January 15, 2021, the company fully prepaid the 5.5% coupon Senior Note maturing in 2025.

Analyst Coverage

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

Annexes

Cash Flow

MXN millions	January - March		
	2021	2020	Δ%
Net loss	559	(302)	285%
Depreciation, amortization and impairment	504	530	(5%)
Gain on disposal of fixed assets	(11)		100%
Interest income	(35)	(9)	289%
Interest expense	270	307	(12%)
Exchange loss (gain)	340	2,470	86%
Other items	68	(241)	(128%)
Non cash figures	1,695	2,755	(38%)
Net cash flow provided used in working capital	(620)	(559)	11%
Increase in accounts receivable	(227)	(844)	(73%)
Decrease (increase) in inventories	(161)	(534)	70%
Increase in other receivables and other current assets	(126)	(797)	(84%)
Decrease in trade accounts payable	272	1,316	79%
Increase (decrease) in other liabilities	(378)	300	226%
Net cash flow provided by operating activities	1,075	2,196	(51%)
Acquisition of property, machinery and equipment	(161)	(292)	(45%)
Other assets	47	10	(370%)
Net cash flow used in investing activities	(114)	(282)	(60%)
Incurred (paid) debt	(2,854)	(201)	(1320%)
Increase stock buyback	(3)	(36)	(92%)
Bank loans and others, net	(714)	(474)	51%
Net cash by (used in) financing activities	(3,571)	(711)	(402%)
Net increase (decrease) in cash and cash equivalents	(2,610)	1,203	317%
Effects differences on translating foreign operations	(188)	(1,804)	(90%)
Cash and cash equivalents at the beginning of the period	5,139	1,966	161%
Cash and cash equivalents at the end of the period	2,341	1,365	72%

Earnings Conference Call Details



Wednesday, April 28, 2021
ELEMENTIA (BMV: ELEMENT*)
 1Q21 Earnings Conference Call
 9:00 a.m. (Mexico City) / 10:00 a.m. (EST)

HOSTED BY:

Jaime Rocha Font
Chief Executive Officer

Maria de Lourdes Barajas Flores
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

There will be a live webcast presentation on this event available at:
<https://www.webcast-eqs.com/elementia20210428/en>

Participants are requested to connect 15 minutes prior to the call

Elementia will release its 1Q21 results on
Tuesday, April 27, 2021

A replay of this call will be available on April 28, 2021 at 1:00 p.m. EST for 7 days, and will also be available at www.elementia.com in the Investor Relations section




April 28, 2021
 Conference Replay:

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

Conference Replay ID:

 **34641701**

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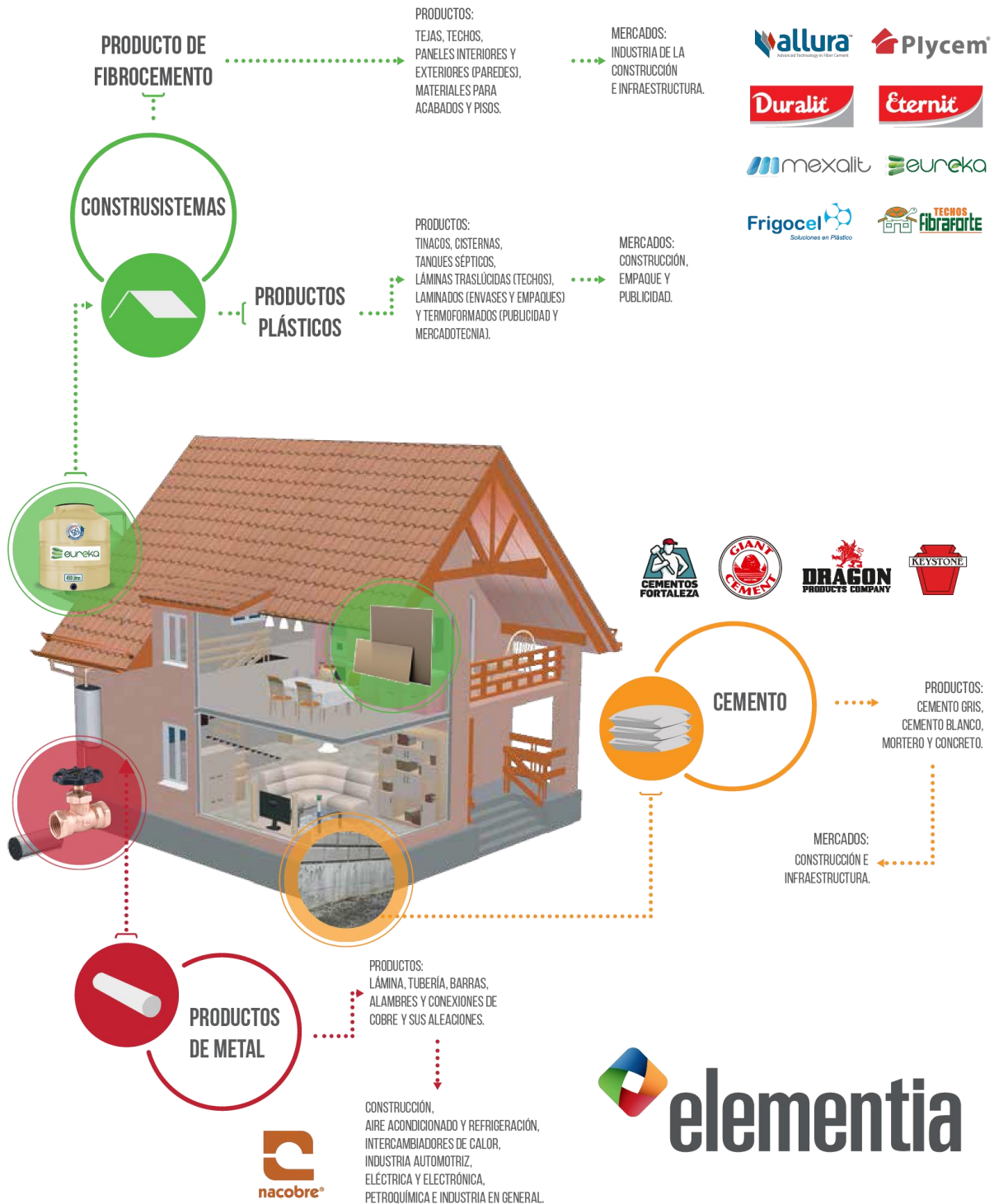
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Disclaimer on forward-looking statements

Figures are stated in nominal Mexican pesos (\$) and all comparisons are made against the same period of the previous year, 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 are aware about modification of the IFRS (IFRS9 and IFRS 16) reflected in the figures.

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 leadership of its main brands, including: Cementos Fortaleza®, Giant®, Keystone® and Dragon®; Nacobre®, Allura®, Mexalit®, Plycem®, Eternit®, Duralit® y Fibrarforte®.