AHMSA Announces First Quarter 2019 Results

Monclova, Coahuila – April 30, 2019 - Altos Hornos de México, S.A.B. de C.V. and Subsidiaries (“AHMSA” or “the Company”) (BMV: AHMSA) reported financial results for the first quarter period ended March 31, 2019 (1Q 2019). Financial and operating figures included in this report are unaudited and are based on AHMSA’s operating figures and financial statements; they are prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in U.S. dollars (US$) and metric tons (MT), unless otherwise indicated.

1Q 2019 Highlights

- **Adjusted EBITDA** reached US$ 20.6 million, an 67.7% decline compared to (US$ 63.7 million) in 1Q 2018.
- Excluding the effect of the tariffs pertaining to Section 232, **EBITDA** reached US$ $27.8 million, a 64% decline year-over-year versus 1Q 2018.
- **Adjusted EBITDA** for the Steel Segment was US$ 19.2 million, a 76.1% decline compared to US$ 80.5 million in 1Q 2018. This result was explained by the following:
  - Steel shipments were 921 thousand MT, an 9.1% decrease compared to the same period in 2018.
  - Average price per ton increased by 5.7%, due to favorable market conditions.
  - Net Sales declined by 3.9% compared to 1Q 2018, driven primarily by a slight market contraction.
  - Cost of sales increased by 8.2% compared to 1Q 2018, mainly due to higher raw material costs and higher raw material usage.
- **Adjusted EBITDA** for the Steam Coal Segment reached US$ 5 million compared to a US$ 12 million loss in 1Q 2018. The following factors led to the improvement this quarter:
  - Improved prices given the new CFE contract.
  - Greater production efficiencies and improvements in the quality of coal.

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Corporate Strategy Update
AHMSA currently maintains a number of strategic investments:

- The Artemisa project is expected to conclude at the end of the second quarter of this year, which will allow the Company to generate higher benefits from its iron ore recovery; the project has partially begun operating and is progressing in accordance to schedule.

- AHMSA continues to develop the necessary infrastructure for the opening of the Conchas Sur mine, which will allow it to secure its own supply of metallurgical coal and is expected to initiate production operations in the first quarter of 2020.

- AHMSA continues to move forward with the project aimed at increasing production capacity at the Coking Battery.

- As part of AHMSA’s Investor Relations strategy, the Company launched the redesigned corporate page. Our objective is to increase transparency levels as well as strengthen communications channels with the financial markets. Please visit: [http://www.ahmsa.com/relacion-con-inversionistas/](http://www.ahmsa.com/relacion-con-inversionistas/)
## Financial Highlights

<table>
<thead>
<tr>
<th></th>
<th>1Q 2019</th>
<th>1Q 2018</th>
<th>% Var</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Steel Segment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sales volume (thousands of MT)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flat products</td>
<td>831,119</td>
<td>937,044</td>
<td>(11.3)</td>
</tr>
<tr>
<td>Coated products</td>
<td>33,178</td>
<td>35,139</td>
<td>(5.6 )</td>
</tr>
<tr>
<td>Structural shapes</td>
<td>56,236</td>
<td>40,003</td>
<td>40.6</td>
</tr>
<tr>
<td>Steel slabs</td>
<td>20</td>
<td>9</td>
<td>116.6</td>
</tr>
<tr>
<td>Total volume of shipments</td>
<td>920,553</td>
<td>1,012,196</td>
<td>(9.1)</td>
</tr>
<tr>
<td><strong>Average sales price (US$ per MT)</strong></td>
<td>780</td>
<td>738</td>
<td>5.7</td>
</tr>
<tr>
<td><strong>Steel financial highlights (thousands of US$)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>734,399</td>
<td>754,003</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>681,751</td>
<td>630,325</td>
<td>8.2</td>
</tr>
<tr>
<td>Depreciation</td>
<td>37,642</td>
<td>40,373</td>
<td>(6.8)</td>
</tr>
<tr>
<td>Operating costs</td>
<td>32,783</td>
<td>35,498</td>
<td>(7.6)</td>
</tr>
<tr>
<td>Operating (loss) profit</td>
<td>(17,777)</td>
<td>47,807</td>
<td>(137.2)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>20,895</td>
<td>91,261</td>
<td>(77.1)</td>
</tr>
<tr>
<td>Currency fluctuation</td>
<td>(1,670)</td>
<td>(10,774)</td>
<td>84.5</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>19,225</td>
<td>80,487</td>
<td>(76.1)</td>
</tr>
<tr>
<td><strong>Steam Coal Segment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sales volume (thousands of MT)</strong></td>
<td>1,316</td>
<td>1,439</td>
<td>(8.5)</td>
</tr>
<tr>
<td><strong>Average sales price (US$ per MT)</strong></td>
<td>56</td>
<td>47</td>
<td>18.5</td>
</tr>
<tr>
<td><strong>Steam coal financial highlights (thousands of US$)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>73,339</td>
<td>67,669</td>
<td>8.4</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>69,216</td>
<td>78,723</td>
<td>(12.1)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>8,221</td>
<td>6,960</td>
<td>18.1</td>
</tr>
<tr>
<td>Operating costs</td>
<td>1,716</td>
<td>2,292</td>
<td>(25.1)</td>
</tr>
<tr>
<td>Operating (loss) profit</td>
<td>(5,814)</td>
<td>(20,305)</td>
<td>71.4</td>
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<td>(117)</td>
<td>(1,979)</td>
<td>94.1</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>5,144</td>
<td>(11,838)</td>
<td>143.5</td>
</tr>
</tbody>
</table>
Financial Results

Consolidated Results

<table>
<thead>
<tr>
<th></th>
<th>1Q 2019</th>
<th>1Q 2018</th>
<th>Var %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales (thousands of US$)</td>
<td>819,316</td>
<td>830,799</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>763,788</td>
<td>719,713</td>
<td>6.1</td>
</tr>
<tr>
<td>Depreciation</td>
<td>47,421</td>
<td>48,829</td>
<td>(2.9)</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>38,291</td>
<td>42,301</td>
<td>(9.5)</td>
</tr>
<tr>
<td>Other (income) expenses</td>
<td>(236)</td>
<td>980</td>
<td>(124.0)</td>
</tr>
<tr>
<td>Operating income</td>
<td>(29,950)</td>
<td>18,975</td>
<td>(257.8)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>22,392</td>
<td>76,484</td>
<td>(70.7)</td>
</tr>
<tr>
<td>Currency fluctuation</td>
<td>(1,788)</td>
<td>(12,753)</td>
<td>86.0</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>20,604</td>
<td>63,731</td>
<td>(67.7)</td>
</tr>
</tbody>
</table>

Consolidated net sales for 1Q 2019 were US$ 819.3 million, a 1.4% decrease compared to 1Q 2018. This result was due to lower sales in the steel and carbon sectors, which was offset slightly by the higher steel prices. Additionally, consolidated net sales were affected by the implementation of the new formula for calculating the price of carbon sold to CFE.

In 1Q 2019, cost of sales totaled US$ 763.8 million, an increase of US$ 44.1 million (+6.1%) compared to 1Q 2018. This impact on the cost of sales was primarily due to higher unit costs for raw materials, such as coke and minerals, despite lower production unit costs for the steam coal segment.

Selling, general and administrative expenses (SG&A) for 1Q 2019 represented 4.7% of net sales (-41bps), a decrease of US$ 4.0 million compared to 1Q 2018. This result mainly stemmed from the increase in extraordinary expenses incurred for: professional service fees, publicity as well as other contracted services.

As a result, the Company reported an operating loss of US$ 30.0 million in 1Q 2019, a decrease of US$ 48.9 million compared with an operating gain reported for 1Q 2018.
### Steel Segment

<table>
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<td>37,642</td>
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<td>(6.8)</td>
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<tr>
<td>SG&amp;A</td>
<td>32,722</td>
<td>35,624</td>
<td>(8.1)</td>
</tr>
<tr>
<td>Other (income) expenses</td>
<td>61</td>
<td>(125)</td>
<td>149.0</td>
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<td>(17,777)</td>
<td>47,807</td>
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**Steel segment net sales** for 1Q 2019 were US$ 734.4 million, a 2.6% below the figure for 1Q 2018. The average price per steel ton increased by US$42/MT (+5.7%), which almost completely offset the impact of lower sales volumes of 92 thousand MT (-9.1% YoY).

In 1Q 2019, **cost of sales** reached US$ 681.8 million, an increase of US$ 51.4 million (+1.2%), compared to 1Q 2018. The impact on cost of sales was primarily due to an increase in the cost of utilities as well as raw material, such as coke and iron concentrates, as well as higher consumption of these products.

**Selling, general and administration expenses (SG&A)** for 1Q 2019 reached US$ 32.7 million, representing 4.5% of net sales (-20bps YoY), a decrease of US$ 2.9 million compared to 1Q 2018. This result was mainly due to the increase in extraordinary costs incurred in 1Q 2019 for: professional service fees, publicity and other contracted services.

As a result of the aforementioned, the steel segment reported an **operating loss** of US$ 17.8 million in 1Q 2019, a US$ 65.6 million decrease versus the operating income reported for 1Q 2018.

As part of the Company’s vertical integration, mineral production for our own internal demand was as follows:

<table>
<thead>
<tr>
<th>Product (in MT)</th>
<th>1Q 2019</th>
<th>1Q 2018</th>
<th>% Var</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron Ore</td>
<td>680,312</td>
<td>879,334</td>
<td>(22.6)</td>
</tr>
<tr>
<td>Metallurgical Coal</td>
<td>210,667</td>
<td>255,835</td>
<td>(17.7)</td>
</tr>
</tbody>
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**Steam Coal Segment**

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<tr>
<td>SG&amp;A</td>
<td>1,731</td>
<td>2,296</td>
<td>(24.6)</td>
</tr>
<tr>
<td>Other (income) expenses</td>
<td>(15)</td>
<td>(4)</td>
<td>(243.5)</td>
</tr>
<tr>
<td>Operating income</td>
<td>(5,814)</td>
<td>(20,305)</td>
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</tbody>
</table>

**Steam Coal segment net sales** for 1Q 2019 were US$ 73.3 million, a 8.4% increase compared to 1Q 2018. This was the result of the implementation of the new formula for calculating the sale price. This price was able to mitigate lower steam coal demand by CFE of 123 thousand tons (-8.5%).

In 1Q 2019, **cost of sales** was US$ 69.2 million, a decrease of US$ 9.5 million compared to 1Q 2018. The positive impact on the cost of sales was mainly due to improvements in carbon quality and higher production efficiency.

**Selling, general and administrative expenses (SG&A)** in 1Q 2019 represented 2.4% of net sales, reaching US$ 1.7 million. This represents a decline of US$ 0.6 million compared to 1Q 2018, mainly due to lower professional services fee costs.

As a result of the above, the **operating loss** for the steam coal segment during 1Q 2019 was US$ 5.8 million, an improvement of US$ 14.5 million compared with the loss registered in 1Q 2018.
Sales Analysis of Steel Segment

By Product Type:

1Q18

1Q19

By Client Type:

1Q18

1Q19

By Market:

1Q18

1Q19
Financial Debt

As of March 31, 2019, financial debt was US$ 937.5 million, a 1.6% decline compared to the US$ 952.8 million reported at the close of December 2018. Of this figure, US$ 282.6 million (30%) was bank debt, US$ 228.6 million (24.5%) corresponded to financial and capital leases, and US$ 426.2 million (45.5%) corresponded to the Suspension of Payments Rights zero coupon bond.

- In February 2019, Corporativo Ansat, S.A. de C.V. used $0.2 million of its credit line with Toyota Financial Services Mexico, S.A. de C.V. for the acquisition of vehicles, for a four-year term and at an annual interest rate of 11.91%.

- In March 2019, Minera del Norte, S.A. de C.V. drew upon US$ 10 million of its financial credit leasing line with Caterpillar Crédito S.A. de C.V., for the purchase of mining equipment, for a five-year term and with an annual interest rate of 7.95%, due in one year.

Financial Debt Profile

![Financial Debt Profile Chart]

CAPEX

Capital Expenditures for the first quarter of 2019 were US$ 19.2 million (-29.5%). This figure included the application of results from mining exploration expenses incurred to date. The main investments carried out during this period included those for the modernization and optimization processes, as well as technological updates and development of mines.
1Q19 Shareholder Composition

<table>
<thead>
<tr>
<th>Shareholder</th>
<th># of Shares</th>
<th>% Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grupo Acerero del Norte</td>
<td>302,325,250</td>
<td>64%</td>
</tr>
<tr>
<td>Board &amp; Management</td>
<td>14,401,883</td>
<td>3%</td>
</tr>
<tr>
<td>Float</td>
<td>154,750,627</td>
<td>33%</td>
</tr>
</tbody>
</table>

About AHMSA

AHMSA is the largest steel producer in Mexico. The Company was founded in 1942 and began operations in 1944. In December 1991, the Company was privatized and Grupo Acerero del Norte, S.A. de C.V. (GAN) assumed control. In December 1995, GAN incorporated into AHMSA the iron ore and coal mines to convert AHMSA into an integrated steel producer in Mexico with a nominal capacity of 3.8 million MT of liquid steel per year. Since 2007, it has managed the Fénix Project, the most ambitious investment program in the Company's history aimed at increasing installed capacity by at least 40% and enabling AHMSA to surpass 5 million MT of liquid steel per year following the incorporation of its new electric arc furnace. With this new equipment, AHMSA also expanded its ranges of steel and increased specifications, which allows the Company to enter new market niches.

In 2018, AHMSA held 13% share of the domestic steel market, 24% of the domestic market for flat products and 12% of exports from Mexico of finished steel products. The corporate headquarters and steel mills have an area of approximately 1,200 hectares and is located in Monclova, Coahuila de Zaragoza, 248 km from the U.S. border.

Forward-looking statements:

The information set forth in this presentation contains “forward-looking statements” within the meaning of applicable Mexican securities legislation and the United States Private Securities Litigation Reform Act of 1995 (collectively, “forward-looking statements”) including but not limited to projections of revenues or losses, plans and objectives for future operations, products or services, and statements relating to future economic performance. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause AHMSA's actual results to differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include but are not limited to regional, national or global economic, business, market and regulatory conditions and the following: (i) AHMSA's ability to service its debt, including the outstanding non-transferable rights of each recognized creditor in the suspension of payments proceeding to receive certain payments; (ii) competition and loss of market shares; (iii) changes in AHMSA's regulatory conditions and the following: (i) AHMSA's ability to service its debt, including the outstanding non-transferable rights of each recognized creditor in the suspension of payments proceeding to receive certain payments; (ii) competition and loss of market shares; (iii) changes in AHMSA's dependence on certain raw materials. 

The financial and operating projections, as well as estimates of assets, are based solely on the assumptions developed by AHMSA that it believes are reasonable based upon information available to AHMSA as of the date hereof. All projections and estimates are subject to material uncertainties, and should not be viewed as a prediction or an assurance of actual future performance. The validity and accuracy of AHMSA's projections will depend upon unpredictable future events, many of which are beyond AHMSA's control and, accordingly, no assurance can be given that AHMSA's assumptions will prove true or that its projected results will be achieved.

Non-GAAP Financial Measures:

This presentation provides information regarding EBITDA and Adjusted EBITDA. EBITDA and Adjusted EBITDA are not recognized terms or measures of financial performance under U.S. GAAP or IFRS and do not purport to be and should not be considered as alternatives to net income, as determined on a consolidated basis in accordance with IFRS, as indicators of AHMSA's operating performance or as net resources generated by operating activities as a measure of AHMSA's liquidity. AHMSA includes EBITDA and Adjusted EBITDA because it believes that they enhance the understanding of AHMSA's financial performance and its ability to satisfy principal and interest obligations with respect to its indebtedness as well as to fund capital expenditures and working capital requirements.

Exchange Rate disclaimer

This document includes certain exchange rate conversions from Mexican Pesos to U.S. Dollars, only for convenience of the user. The exchange rate used for the purposes of this translation is, for accounts related to the Income or Cash Flow statements, the average of the Official Exchange Rates published by Banco de Mexico each day during the months and the years ended, and the last day of each period for accounts related to the Balance Sheet.
## Balance Sheet (thousands of US$)

<table>
<thead>
<tr>
<th></th>
<th>March 2019</th>
<th>December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>18,843</td>
<td>19,768</td>
</tr>
<tr>
<td>Clients, net</td>
<td>266,972</td>
<td>282,232</td>
</tr>
<tr>
<td>Due from related parties, net</td>
<td>14,610</td>
<td>14,570</td>
</tr>
<tr>
<td>Other accounts receivable, net</td>
<td>80,140</td>
<td>85,974</td>
</tr>
<tr>
<td>Inventories, net</td>
<td>476,242</td>
<td>478,929</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>9,914</td>
<td>6,499</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>866,721</strong></td>
<td><strong>887,973</strong></td>
</tr>
<tr>
<td>Due from related parties, net</td>
<td>25,077</td>
<td>24,722</td>
</tr>
<tr>
<td>Other accounts receivable, net</td>
<td>3,081</td>
<td>2,784</td>
</tr>
<tr>
<td>Guaranty deposits</td>
<td>55,568</td>
<td>54,302</td>
</tr>
<tr>
<td>Investments in shares of associates or joint ventures</td>
<td>4,119</td>
<td>5,320</td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>2,124,898</td>
<td>2,114,383</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>159,389</td>
<td>159,435</td>
</tr>
<tr>
<td>Other assets, net</td>
<td>49,928</td>
<td>48,165</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td><strong>2,422,061</strong></td>
<td><strong>2,409,111</strong></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>3,288,782</strong></td>
<td><strong>3,297,084</strong></td>
</tr>
</tbody>
</table>

| **LIABILITIES**         |            |               |
| Financial liabilities   | 176,218    | 180,479       |
| Suppliers               | 550,446    | 533,724       |
| Taxes payable           | 44,963     | 70,190        |
| Due to related parties  | 23,642     | 25,075        |
| Liabilities from SP Restructuring | 426,244 | 419,669 |
| Due to related parties  | 92,945     | 77,859        |
| Other payables and provisions | 134,152     | 120,678       |
| **Total Current Liabilities** | **1,448,610** | **1,427,674** |
| Financial liabilities   | 334,991    | 352,663       |
| Liabilities from SP restructure | 0       | 0             |
| Employee retirement obligations | 383,619 | 358,706 |
| Other payables and provisions | 19,077    | 13,954        |
| Deferred income taxes   | 144,015    | 158,928       |
| **Total long-term liabilities** | **881,702** | **884,251** |
| **TOTAL LIABILITIES**   | **2,330,312** | **2,311,925** |

| **SHAREHOLDERS’ EQUITY** |            |               |
| Capital stock            | 704,096    | 693,235       |
| Retained earnings        | 213,188    | 246,001       |
| Other comprehensive income concepts | 6,886 | 12,785 |
| **Total controlling interest** | **924,170** | **952,022** |
| Non-controlling interest | 34,300     | 33,137        |
| **TOTAL SHAREHOLDERS’ EQUITY** | **958,470** | **985,159** |
| **TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY** | **3,288,782** | **3,297,084** |
**Income Statement (thousands of US$)**

<table>
<thead>
<tr>
<th></th>
<th>1Q 2019</th>
<th>1Q 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>819,316</td>
<td>830,799</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>811,209</td>
<td>768,542</td>
</tr>
<tr>
<td><strong>GROSS PROFIT (LOSS)</strong></td>
<td>8,106</td>
<td>62,256</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>38,291</td>
<td>42,301</td>
</tr>
<tr>
<td>Other Expenses, net</td>
<td>(236)</td>
<td>980</td>
</tr>
<tr>
<td><strong>OPERATING INCOME (LOSS)</strong></td>
<td>(29,950)</td>
<td>18,975</td>
</tr>
<tr>
<td>Financial Expenses</td>
<td>26,908</td>
<td>22,160</td>
</tr>
<tr>
<td>Financial Products</td>
<td>(1,872)</td>
<td>(938)</td>
</tr>
<tr>
<td>Currency Fluctuation</td>
<td>(1,371)</td>
<td>(12,632)</td>
</tr>
<tr>
<td>Investments in shares of associates or joint ventures</td>
<td>(263)</td>
<td>(409)</td>
</tr>
<tr>
<td><strong>INCOME (LOSS) BEFORE INCOME TAXES</strong></td>
<td>(53,352)</td>
<td>10,795</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>(17,905)</td>
<td>9,387</td>
</tr>
<tr>
<td><strong>INCOME (LOSS) FOR THE PERIOD</strong></td>
<td>(35,447)</td>
<td>1,408</td>
</tr>
<tr>
<td>EBITDA</td>
<td>22,392</td>
<td>76,484</td>
</tr>
</tbody>
</table>
## Statement of Cash Flow (thousands of US$)

<table>
<thead>
<tr>
<th></th>
<th>Jan-Mar 2019</th>
<th>Jan-Mar 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit (loss) net</td>
<td>(53,352)</td>
<td>10,795</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>52,363</td>
<td>56,432</td>
</tr>
<tr>
<td>Equity in income of associated and joint ventures</td>
<td>(263)</td>
<td>(409)</td>
</tr>
<tr>
<td>Impairment of assets</td>
<td>0</td>
<td>1,092</td>
</tr>
<tr>
<td>Loss on sales of property, plant and equipment, net</td>
<td>(20)</td>
<td>(16)</td>
</tr>
<tr>
<td>Income from sale of shares</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Interest income</td>
<td>(1,872)</td>
<td>(938)</td>
</tr>
<tr>
<td>Currency fluctuation, Profit (loss)</td>
<td>26,908</td>
<td>22,160</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(1,371)</td>
<td>(12,632)</td>
</tr>
<tr>
<td></td>
<td>22,392</td>
<td>76,484</td>
</tr>
<tr>
<td>Trade accounts receivable, net</td>
<td>23,451</td>
<td>(26,300)</td>
</tr>
<tr>
<td>Due from related parties, net</td>
<td>222</td>
<td>(3,115)</td>
</tr>
<tr>
<td>Other short and long-term accounts receivable, net</td>
<td>8,852</td>
<td>2,051</td>
</tr>
<tr>
<td>Inventories, net</td>
<td>11,081</td>
<td>(60,264)</td>
</tr>
<tr>
<td>Advance payments</td>
<td>(2,010)</td>
<td>(551)</td>
</tr>
<tr>
<td>Suppliers</td>
<td>11,288</td>
<td>46,310</td>
</tr>
<tr>
<td>Taxes payable</td>
<td>(20,666)</td>
<td>(8,374)</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>(1,516)</td>
<td>1,481</td>
</tr>
<tr>
<td>Other payables and provisions</td>
<td>24,202</td>
<td>29,862</td>
</tr>
<tr>
<td>Advances from customers</td>
<td>13,582</td>
<td>16,138</td>
</tr>
<tr>
<td>Employee retirement obligations, net</td>
<td>(5,686)</td>
<td>(8,158)</td>
</tr>
<tr>
<td>Other long term payables and provisions</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Income tax (paid) recovered</td>
<td>(6,047)</td>
<td>(6,305)</td>
</tr>
<tr>
<td>Interest expenses paid</td>
<td>(4,624)</td>
<td>(4,663)</td>
</tr>
<tr>
<td>Interest income received</td>
<td>1,832</td>
<td>452</td>
</tr>
<tr>
<td></td>
<td>53,959</td>
<td>(21,433)</td>
</tr>
</tbody>
</table>

Net cash flow provided by operating activities  
Additions to property, plant and equipment  
Cash provided by sales of property, plant and equipment  
Investment in shares of associated companies  
Accounts receivable from sale of shares  
Guaranty deposits  
Interest received  
Other assets  
Purchase of equity of Non controlling interest  
Intangible assets  
Net cash flow from financing activities  
Financing debt  
Financial debt paid  
Interest paid  
Net cash flow from financing activities  
Increase (decrease) in cash and cash equivalents  
Adjustments to cash flow due to exchange rate fluctuations  
Beginning of year  
End of period
Balance Sheet (thousands of Ps$)

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>March 2019</th>
<th>December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>365,171</td>
<td>389,094</td>
</tr>
<tr>
<td>Clients, net</td>
<td>5,173,725</td>
<td>5,555,137</td>
</tr>
<tr>
<td>Due from related parties, net</td>
<td>283,137</td>
<td>286,787</td>
</tr>
<tr>
<td>Other accounts receivable, net</td>
<td>1,553,053</td>
<td>1,692,221</td>
</tr>
<tr>
<td>Inventories, net</td>
<td>9,229,230</td>
<td>9,426,710</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>192,130</td>
<td>127,927</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>16,796,445</td>
<td>17,477,876</td>
</tr>
<tr>
<td>Due from related parties, net</td>
<td>485,970</td>
<td>486,595</td>
</tr>
<tr>
<td>Other accounts receivable, net</td>
<td>59,701</td>
<td>54,806</td>
</tr>
<tr>
<td>Guaranty deposits</td>
<td>1,076,877</td>
<td>1,068,815</td>
</tr>
<tr>
<td>Investments in shares of associates or joint ventures</td>
<td>79,831</td>
<td>104,717</td>
</tr>
<tr>
<td>Property, plant and equipment, net</td>
<td>41,179,039</td>
<td>41,617,198</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>3,088,855</td>
<td>3,138,142</td>
</tr>
<tr>
<td>Other assets, net</td>
<td>967,570</td>
<td>948,020</td>
</tr>
<tr>
<td>Total Non-Current Assets</td>
<td>46,937,844</td>
<td>47,418,293</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>63,734,289</td>
<td>64,896,169</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities</td>
<td>3,414,973</td>
<td>3,552,358</td>
</tr>
<tr>
<td>Suppliers</td>
<td>10,667,263</td>
<td>10,505,235</td>
</tr>
<tr>
<td>Taxes payable</td>
<td>871,354</td>
<td>1,381,534</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>458,158</td>
<td>493,549</td>
</tr>
<tr>
<td>Liabilities from SP Restructuring</td>
<td>8,260,310</td>
<td>8,260,310</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>1,801,210</td>
<td>1,532,490</td>
</tr>
<tr>
<td>Other payables and provisions</td>
<td>2,599,773</td>
<td>2,375,292</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>28,073,042</td>
<td>28,100,768</td>
</tr>
<tr>
<td>Financial liabilities</td>
<td>6,491,894</td>
<td>6,941,438</td>
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<tr>
<td>Liabilities from SP restructuring</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Employee retirement obligations</td>
<td>7,434,262</td>
<td>7,060,366</td>
</tr>
<tr>
<td>Other payables and provisions</td>
<td>369,707</td>
<td>274,648</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>2,790,903</td>
<td>3,128,165</td>
</tr>
<tr>
<td>Total long-term liabilities</td>
<td>17,086,766</td>
<td>17,404,617</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>45,159,808</td>
<td>45,505,385</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SHAREHOLDERS’ EQUITY</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital stock</td>
<td>13,644,882</td>
<td>13,644,882</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>4,131,437</td>
<td>4,842,019</td>
</tr>
<tr>
<td>Other comprehensive income concepts</td>
<td>133,445</td>
<td>251,652</td>
</tr>
<tr>
<td>Total controlling interest</td>
<td>17,909,764</td>
<td>18,738,553</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>664,717</td>
<td>652,231</td>
</tr>
<tr>
<td>TOTAL SHAREHOLDERS’ EQUITY</td>
<td>18,574,481</td>
<td>19,390,784</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY</td>
<td>63,734,289</td>
<td>64,896,169</td>
</tr>
</tbody>
</table>
**Income Statement** (thousands of Ps$)

<table>
<thead>
<tr>
<th></th>
<th>1Q 2019</th>
<th>1Q 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>15,748,229</td>
<td>15,582,230</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>15,591,903</td>
<td>14,415,610</td>
</tr>
<tr>
<td><strong>GROSS PROFIT (LOSS)</strong></td>
<td><strong>156,326</strong></td>
<td><strong>1,166,620</strong></td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>735,837</td>
<td>793,246</td>
</tr>
<tr>
<td>Other Expenses, net</td>
<td>(4,512)</td>
<td>18,280</td>
</tr>
<tr>
<td><strong>OPERATING INCOME (LOSS)</strong></td>
<td><strong>(574,999)</strong></td>
<td><strong>355,093</strong></td>
</tr>
<tr>
<td>Financial Expenses</td>
<td>517,127</td>
<td>414,897</td>
</tr>
<tr>
<td>Financial Products</td>
<td>(35,971)</td>
<td>(17,663)</td>
</tr>
<tr>
<td>Currency Fluctuation</td>
<td>(26,368)</td>
<td>(239,366)</td>
</tr>
<tr>
<td>Investments in shares of associates or joint ventures</td>
<td>(5,058)</td>
<td>(7,672)</td>
</tr>
<tr>
<td><strong>INCOME (LOSS) BEFORE INCOME TAXES</strong></td>
<td><strong>(1,024,729)</strong></td>
<td><strong>204,897</strong></td>
</tr>
<tr>
<td>Income Taxes</td>
<td>(344,096)</td>
<td>176,182</td>
</tr>
<tr>
<td><strong>INCOME (LOSS) FOR THE PERIOD</strong></td>
<td><strong>(680,633)</strong></td>
<td><strong>28,715</strong></td>
</tr>
<tr>
<td>EBITDA</td>
<td>430,977</td>
<td>1,433,830</td>
</tr>
</tbody>
</table>
### Statement of Cash Flow (thousands of PS$)

<table>
<thead>
<tr>
<th>Description</th>
<th>Jan-Mar 2019</th>
<th>Jan-Mar 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit (loss) net</td>
<td>(1,024,727)</td>
<td>205,099</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,006,365</td>
<td>1,058,553</td>
</tr>
<tr>
<td>Equity in income of associated and joint ventures</td>
<td>(5,058)</td>
<td>(7,672)</td>
</tr>
<tr>
<td>Impairment of assets</td>
<td>0</td>
<td>20,489</td>
</tr>
<tr>
<td>Loss on sales of property, plant and equipment, net</td>
<td>(391)</td>
<td>(306)</td>
</tr>
<tr>
<td>Income from sale of shares</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Interest income</td>
<td>(35,971)</td>
<td>(17,663)</td>
</tr>
<tr>
<td>Currency fluctuation, Profit (loss)</td>
<td>517,126</td>
<td>414,897</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(26,368)</td>
<td>(239,366)</td>
</tr>
<tr>
<td></td>
<td>430,757</td>
<td>1,434,031</td>
</tr>
<tr>
<td>Trade accounts receivable, net</td>
<td>450,715</td>
<td>(493,371)</td>
</tr>
<tr>
<td>Due from related parties, net</td>
<td>4,275</td>
<td>(58,435)</td>
</tr>
<tr>
<td>Other short and long-term accounts receivable, net</td>
<td>170,135</td>
<td>38,482</td>
</tr>
<tr>
<td>Inventories, net</td>
<td>212,969</td>
<td>(1,130,484)</td>
</tr>
<tr>
<td>Advance payments</td>
<td>(38,641)</td>
<td>(10,330)</td>
</tr>
<tr>
<td>Suppliers</td>
<td>216,951</td>
<td>868,733</td>
</tr>
<tr>
<td>Taxes payable</td>
<td>(397,194)</td>
<td>(157,080)</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>(29,139)</td>
<td>27,791</td>
</tr>
<tr>
<td>Other payables and provisions</td>
<td>465,152</td>
<td>560,182</td>
</tr>
<tr>
<td>Advances from customers</td>
<td>261,035</td>
<td>302,742</td>
</tr>
<tr>
<td>Employee retirement obligations, net</td>
<td>(109,283)</td>
<td>(153,029)</td>
</tr>
<tr>
<td>Other long term payables and provisions</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Income tax (paid) recovered</td>
<td>(116,218)</td>
<td>(118,281)</td>
</tr>
<tr>
<td>Interest expenses paid</td>
<td>(88,882)</td>
<td>(87,468)</td>
</tr>
<tr>
<td>Interest income received</td>
<td>8,482</td>
<td>27,791</td>
</tr>
<tr>
<td></td>
<td>1,037,078</td>
<td>(402,066)</td>
</tr>
<tr>
<td><strong>Net cash flow provided by operating activities</strong></td>
<td>1,468,054</td>
<td>1,031,965</td>
</tr>
<tr>
<td><strong>Additions to property, plant and equipment</strong></td>
<td>(368,157)</td>
<td>(509,632)</td>
</tr>
<tr>
<td>Cash provided by sales of property, plant and equipment</td>
<td>391</td>
<td>11,576</td>
</tr>
<tr>
<td>Investment in shares of associated companies</td>
<td>29,944</td>
<td>(64)</td>
</tr>
<tr>
<td>Accounts receivable from sale of shares</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Guaranty deposits</td>
<td>(8,062)</td>
<td>(267,251)</td>
</tr>
<tr>
<td>Interest received</td>
<td>768</td>
<td>9,181</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,914</td>
<td>(68,869)</td>
</tr>
<tr>
<td>Purchase of equity of Non controlling interest</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(65,633)</td>
<td>(97,344)</td>
</tr>
<tr>
<td><strong>Net cash flow from financing activities</strong></td>
<td>(393,835)</td>
<td>(907,403)</td>
</tr>
<tr>
<td><strong>Financing debt</strong></td>
<td>40,851</td>
<td>276,214</td>
</tr>
<tr>
<td>Financial debt paid</td>
<td>(764,885)</td>
<td>(1,063,426)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(277,090)</td>
<td>(187,837)</td>
</tr>
<tr>
<td><strong>Net cash flow from financing activities</strong></td>
<td>(1,001,124)</td>
<td>(975,049)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in cash and cash equivalents</strong></td>
<td>73,095</td>
<td>(850,487)</td>
</tr>
<tr>
<td><strong>Adjustments to cash flow due to exchange rate fluctuations</strong></td>
<td>(97,018)</td>
<td>(375,917)</td>
</tr>
<tr>
<td>Beginning of year</td>
<td>389,094</td>
<td>1,677,039</td>
</tr>
<tr>
<td>End of period</td>
<td>365,171</td>
<td>450,635</td>
</tr>
</tbody>
</table>