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 tarriffs 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 infrasctructure 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 an increasing production capacity at the Coking Batterry.*
- *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/*

Financial Highlights

	1Q 2019	1Q 2018	%Var
Steel Segment			
Sales volume (thousands of MT)			
Flat products	831,119	937,044	(11.3)
Coated products	33,178	35,139	(5.6)
Structural shapes	56,236	40,003	40.6
Steel slabs	20	9	116.6
Total volume of shipments	920,553	1,012,196	(9.1)
Average sales price (US$ per MT)	780	738	5.7
Steel financial highlights (thousands of US$)			
Net sales	734,399	754,003	(2.6)
Cost of sales	681,751	630,325	8.2
Depreciation	37,642	40,373	(6.8)
Operating costs	32,783	35,498	(7.6)
Operating (loss) profit	(17,777)	47,807	(137.2)
EBITDA	20,895	91,261	(77.1)
Currency fluctuation	(1,670)	(10,774)	84.5
Adjusted EBITDA	19,225	80,487	(76.1)
Steam Coal Segment			
Sales volume (thousands of MT)	1,316	1,439	(8.5)
Average sales price (US$ per MT)	56	47	18.5
Steam coal financial highlights (thousands of US$)			
Net sales	73,339	67,669	8.4
Cost of sales	69,216	78,723	(12.1)
Depreciation	8,221	6,960	18.1
Operating costs	1,716	2,292	(25.1)
Operating (loss) profit	(5,814)	(20,305)	71.4
EBITDA	5,262	(9,859)	153.4
Currency fluctuation	(117)	(1,979)	94.1
Adjusted EBITDA	5,144	(11,838)	143.5

Financial Results

Consolidated Results

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

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

	1Q 2019	1Q 2018	Var %
Net Sales (thousands of US$)	734,399	754,003	(2.6)
Cost of sales	681,751	630,325	8.2
Depreciation	37,642	40,373	(6.8)
SG&A	32,722	35,624	(8.1)
Other (income) expenses	61	(125)	149.0
Operating income	(17,777)	47,807	(137.2)
EBITDA	20,895	91,261	(77.1)
Currency fluctuation	(1,670)	(10,774)	84.5
Adjusted EBITDA	19,225	80,487	(76.1)

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 consumtion 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:

Product (in MT)	1Q 2019	1Q 2018	% Var
Iron Ore	680,312	879,334	(22.6)
Metallurgical Coal	210,667	255,835	(17.7)

Steam Coal Segment

	1Q 2019	1Q 2018	% Var
Net Sales (thousands of US$)	73,339	67,669	8.4
Cost of sales	69,216	78,723	(12.1)
Depreciation	8,221	6,960	18.1
SG&A	1,731	2,296	(24.6)
Other (income) expenses	(15)	(4)	(243.5)
Operating income	(5,814)	(20,305)	71.4
EBITDA	5,262	(9,859)	153.4
Currency fluctuation	(117)	(1,979)	94.1
Adjusted EBITDA	5,144	(11,838)	143.5

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%).

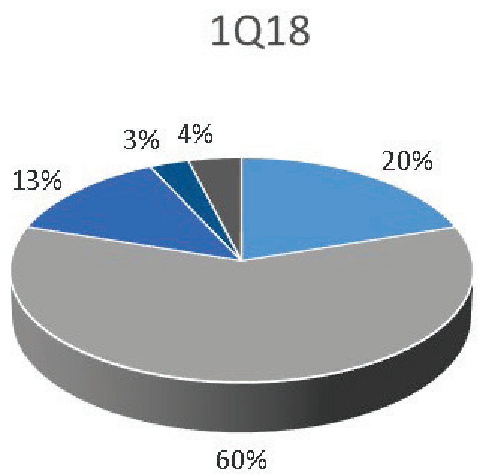
In 1Q 2019, **cost of sales** was US$ 69.2 million, a decrease of US$ 9.5 million compared to 1Q 2018. The positive impact on the cost of sales was mainly due to improvements in carbon quality and higher production efficiency.

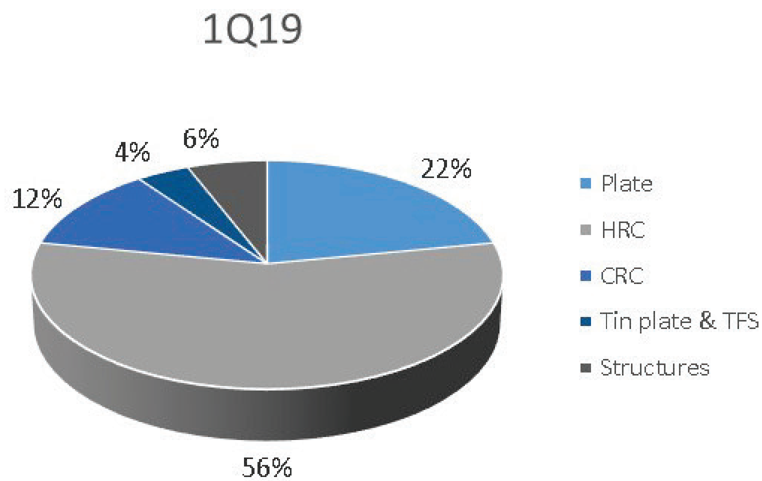
Selling, general and administrative expenses (SG&A) in 1Q 2019 represented 2.4% of net sales, reaching US$ 1.7 million. This represents a decline of US$ 0.6 million compared to 1Q 2018, mainly due to lower professional services fee costs.

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.

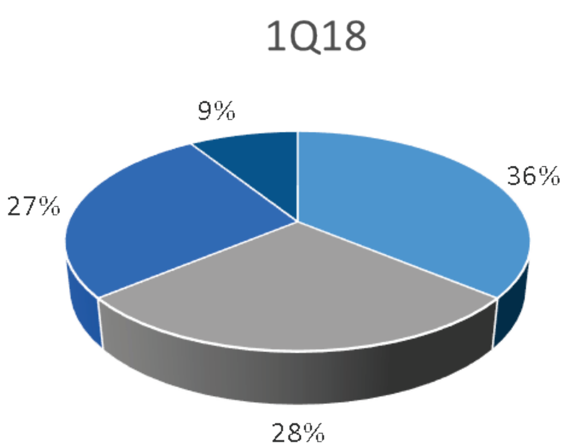
Sales Analysis of Steel Segment

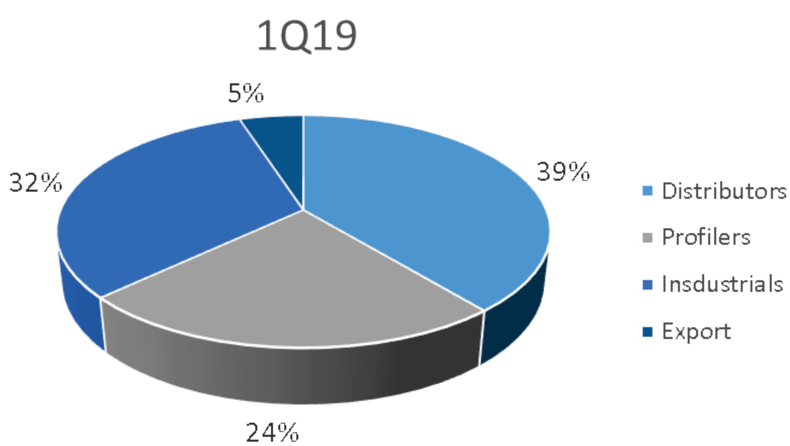
By Product Type:



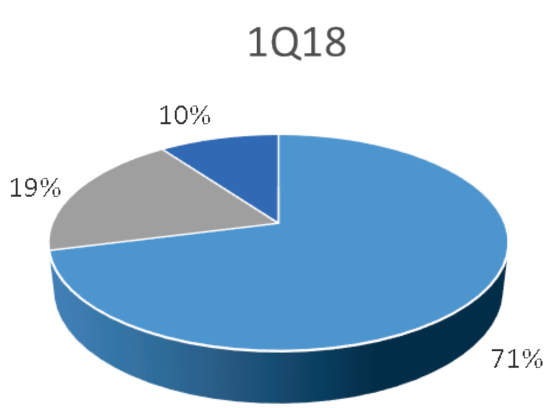


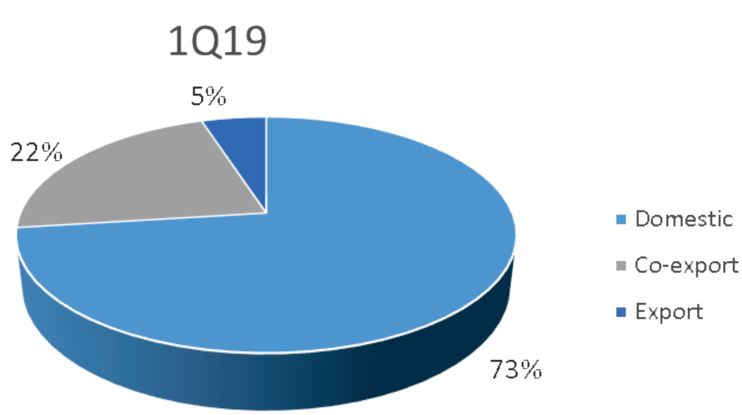
By Client Type:





By Market:





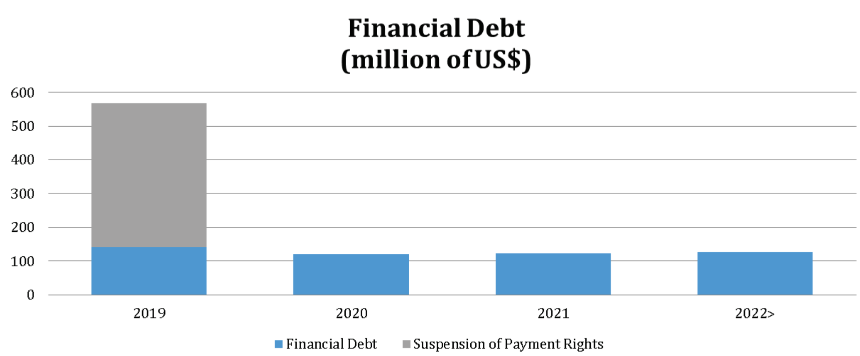
Financial Debt

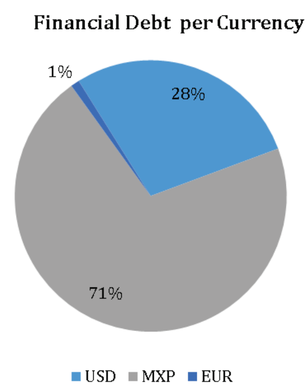
As of March 31, 2019, financial debt was US$ 937.5 million, a 1.6% decline compared to the US$ 952.8 million reported at the close of December 2018. Of this figure, US$ 282.6 million (30%) was bank debt, US$ 228.6 million (24.5%) corresponded to financial and capital leases, and US$ 426.2 million (45.5%)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

- In February 2019, Corporativo Ansat, S.A. de C.V. used t US$ 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. T

Financial Debt Profile





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

Shareholder	# of Shares	% Ownership
Grupo Acerero del Norte	302,325,250	64%
Board & Management	14,401,883	3%
Float	154,750,627	33%

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 relationships with customers and suppliers; (iv) increases in raw material costs or interruptions in supply; (v) declines in, and volatility affecting, global prices of steel; (vi) the existence or termination of free trade agreements, such as the North American Free Trade Agreement; (vii) foreign currency exchange fluctuations; (viii) the inherently dangerous nature of mining; (ix) work stoppages, strikes or other labor disputes; (x) changes in Mexican economic policy, as well as currency instability; (xi) inaccuracies in AHMSA's estimates of economically recoverable coal reserves; and (xii) 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$)

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

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

Statement of Cash Flow (thousands of US$)

	Jan-Mar 2019	Jan-Mar 2018
Profit (loss) net	(53,352)	10,795
Depreciation and amortization	52,363	56,432
Equity in income of associated and joint ventures	(263)	(409)
Impairment of assets	0	1,092
Loss on sales of property, plant and equipment, net	(20)	(16)
Income from sale of shares	0	0
Interest income	(1,872)	(938)
Currency fluctuation, Profit (loss)	26,908	22,160
Interest expense	(1,371)	(12,632)
	22,392	76,484
Trade accounts receivable, net	23,451	(26,300)
Due from related parties, net	222	(3,115)
Other short and long-term accounts receivable, net	8,852	2,051
Inventories, net	11,081	(60,264)
Advance payments	(2,010)	(551)
Suppliers	11,288	46,310
Taxes payable	(20,666)	(8,374)
Due to related parties	(1,516)	1,481
Other payables and provisions	24,202	29,862
Advances from customers	13,582	16,138
Employee retirement obligations, net	(5,686)	(8,158)
Other long term payables and provisions	0	0
Income tax (paid) recovered	(6,047)	(6,305)
Interest expenses paid	(4,624)	(4,663)
Interest income received	1,832	452
	53,959	(21,433)
Net cash flow provided by operating activities	76,351	55,051
Additions to property, plant and equipment	(19,155)	(27,167)
Cash provided by sales of property, plant and equipment	20	617
Investment in shares of associated companies	1,558	(3)
Accounts receivable from sale of shares	780	800
Guaranty deposits	(419)	(14,247)
Interest received	40	489
Other assets	100	(3,671)
Purchase of equity of Non controlling interest	0	0
Intangible assets	(3,415)	(5,189)
Net cash flow from financing activities	(20,491)	(48,372)
Financing debt	2,125	14,724
Financial debt paid	(39,797)	(56,689)
Interest paid	(14,417)	(10,013)
Net cash flow from financing activities	(52,088)	(51,978)
Increase (decrease) in cash and cash equivalents	3,772	(45,299)
Adjustments to cash flow due to exchange rate fluctuations	(4,697)	(15,112)
Beginning of year	19,768	84,976
End of period	18,843	24,565

Balance Sheet (thousands of Ps$)

	March 2019	December 2018
ASSETS		
Cash and cash equivalents	365,171	389,094
Clients, net	5,173,725	5,555,137
Due from related parties, net	283,137	286,787
Other accounts receivable, net	1,553,053	1,692,221
Inventories, net	9,229,230	9,426,710
Prepaid expenses	192,130	127,927
Total Current Assets	**16,796,445**	**17,477,876**
Due from related parties, net	485,970	486,595
Other accounts receivable, net	59,701	54,806
Guaranty deposits	1,076,877	1,068,815
Investments in shares of associates or joint ventures	79,831	104,717
Property, plant and equipment, net	41,179,039	41,617,198
Intangible assets, net	3,088,855	3,138,142
Other assets, net	967,570	948,020
Total Non-Current Assets	**46,937,844**	**47,418,293**
TOTAL ASSETS	**63,734,289**	**64,896,169**
LIABILITIES		
Financial liabilities	3,414,973	3,552,358
Suppliers	10,667,263	10,505,235
Taxes payable	871,354	1,381,534
Due to related parties	458,158	493,549
Liabilities from SP Restructuring	8,260,310	8,260,310
Due to related parties	1,801,210	1,532,490
Other payables and provisions	2,599,773	2,375,292
Total Current Liabilities	**28,073,042**	**28,100,768**
Financial liabilities	6,491,894	6,941,438
Liabilities from SP restructure	0	0
Employee retirement obligations	7,434,262	7,060,366
Other payables and provisions	369,707	274,648
Deferred income taxes	2,790,903	3,128,165
Total long-term liabilities	**17,086,766**	**17,404,617**
TOTAL LIABILITIES	**45,159,808**	**45,505,385**
SHAREHOLDERS' EQUITY		
Capital stock	13,644,882	13,644,882
Retained earnings	4,131,437	4,842,019
Other comprehensive income concepts	133,445	251,652
Total controlling interest	17,909,764	18,738,553
Non-controlling interest	664,717	652,231
TOTAL SHAREHOLDERS' EQUITY	**18,574,481**	**19,390,784**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**63,734,289**	**64,896,169**

Income Statement (thousands of Ps$)

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

Statement of Cash Flow (thousands of PS$)

	Jan-Mar 2019	Jan-Mar 2018
Profit (loss) net	(1,024,727)	205,099
Depreciation and amortization	1,006,365	1,058,553
Equity in income of associated and joint ventures	(5,058)	(7,672)
Impairment of assets	0	20,489
Loss on sales of property, plant and equipment, net	(391)	(306)
Income from sale of shares	0	0
Interest income	(35,971)	(17,663)
Currency fluctuation, Profit (loss)	517,126	414,897
Interest expense	(26,368)	(239,366)
	430,976	1,434,031
Trade accounts receivable, net	450,715	(493,371)
Due from related parties, net	4,275	(58,435)
Other short and long-term accounts receivable, net	170,135	38,482
Inventories, net	212,969	(1,130,484)
Advance payments	(38,641)	(10,330)
Suppliers	216,951	868,733
Taxes payable	(397,194)	(157,080)
Due to related parties	(29,139)	27,791
Other payables and provisions	465,152	560,182
Advances from customers	261,035	302,742
Employee retirement obligations, net	(109,283)	(153,029)
Other long term payables and provisions	0	0
Income tax (paid) recovered	(116,218)	(118,281)
Interest expenses paid	(88,882)	(87,468)
Interest income received	35,203	8,482
	1,037,078	(402,066)
Net cash flow provided by operating activities	1,468,054	1,031,965
Additions to property, plant and equipment	(368,157)	(509,632)
Cash provided by sales of property, plant and equipment	391	11,576
Investment in shares of associated companies	29,944	(64)
Accounts receivable from sale of shares	15,000	15,000
Guaranty deposits	(8,062)	(267,251)
Interest received	768	9,181
Other assets	1,914	(68,869)
Purchase of equity of Non controlling interest	0	0
Intangible assets	(65,633)	(97,344)
Net cash flow from financing activities	(393,835)	(907,403)
Financing debt	40,851	276,214
Financial debt paid	(764,885)	(1,063,426)
Interest paid	(277,090)	(187,837)
Net cash flow from financing activities	(1,001,124)	(975,049)
Increase (decrease) in cash and cash equivalents	73,095	(850,487)
Adjustments to cash flow due to exchange rate fluctuations	(97,018)	(375,917)
Beginning of year	389,094	1,677,039
End of period	365,171	450,635