



GRUPOMEXICO

NEWS RELEASE

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GRUPO MEXICO 1<sup>st</sup> QUARTER 2001 RESULTS

Highlights (Expressed in Thousands of US Dollars – US GAAP)

FINANCIAL US GAAP	Three Months Ended:			Three Months Ended:		
	March 31 <sup>st</sup> 2001	March 31 <sup>st</sup> 2000	Var. %	March 31 <sup>st</sup> 2001	March 31 <sup>st</sup> 2000	Var. %
Net Sales	773,215	824,370	(6.2)	773,215	824,370	(6.2)
Operating Profit	36,582	47,586	(23.1)	36,582	47,586	(23.1)
Operating Cash Flow EBITDA	108,885	115,376	(5.6)	108,885	115,376	(5.6)
Net Profit (Majority)	(48,806)	(39,031)	(25.0)	(48,806)	(39,031)	(25.0)
Earnings per Share (Majority)	(0.07)	(0.06)	(16.7)	(0.07)	(0.06)	(16.7)

Grupo Mexico (G.Mexico) consolidated financial results for the quarter ended March 31<sup>st</sup> 2001 include those of Americas Mining Corporation (AMC) and Grupo Ferroviario Mexicano (GFM) that consolidate the results of Minera Mexico (MM), ASARCO, Southern Peru Copper Corporation (SPCC) and Ferromex. In addition, because of the nature of our mining business, whose sales are 100% denominated in US dollars, we present figures in accordance with Generally Accepted Accounting Principles (GAAP) in the United States under the heading “*Applies to US GAAP*” and subsequently in accordance with Mexican GAAP under the heading “*Applies to Mexican GAAP*”.

**Applies to US GAAP:**

G.Mexico consolidated results were positively impacted by various factors, including the higher operating efficiencies that allowed us to realize significant operating and administrative cost savings at all of our mining and railroad subsidiaries. These cost savings amounted to \$44.7 million dollars and represented a 6.7% reduction in total costs when compared to last year in terms of Generally Accepted Accounting Principles in the United States and represented an increase of 0.6% under Mexican GAAP.

During the first quarter, total energy costs increased by over \$11 million dollars when compared to the first quarter of last year. The increase is particularly due to the increase in electricity, diesel and natural gas in our Mexican operations.

G.Mexico consolidated sales for the first quarter of 2001 amounted to \$773.2 million dollars and represented a 6.2% decline when compared to those reported last year. The decrease can be mainly attributed to the lower metal market prices which, in terms of zinc, decreased by 10%, by 13.1% in terms of silver, by 9.2% for gold and, an 8% decrease for molybdenum, when compared to the same period last year.

With respect to copper, our principal metal, prices decreased by 0.5% due to the slow-down in the US economy during the period. In addition, sales of copper decreased by 4% due to an increase in refined inventories in the amount of 17,200 metric tones in our warehouses and in transit as a result of lower consumption of copper rod and cake.

Lead sales also registered a decrease in volume sold due to the East Helena, Montana, lead smelter's temporary shut down. The smelter will remain closed until lead concentrate market condition improve. In addition, gold and silver sales decreased significantly during the period in question due to a decrease in the purchases from third parties as well as an increase in inventories accounted for by 36,000 kilograms of silver in transit.

### CONSOLIDATED PRODUCTION SALES

		<i>3 Months Ended Mar/31/ 2001</i>	<i>3 Months Ended Mar/31/ 2000</i>	<i>Var. %</i>
<b>Copper</b>	(MT)	<b>264,263</b>	276,118	(4.3)
<b>Zinc</b>	(MT)	<b>48,276</b>	49,280	(2.0)
<b>Silver</b>	(Kg)	<b>333,476</b>	437,243	(23.7)
<b>Gold</b>	(Kg)	<b>2,552</b>	3,561	(28.3)
<b>Molybdenum</b>	(MT)	<b>3,806</b>	3,464	9.9
<b>Lead</b>	(MT)	<b>16,012</b>	23,168	(30.9)

Likewise, as is demonstrated below, consolidated sales suffered considerably from the lower market prices of our principle metals with the only exception of lead. The mining division (AMC) accounted for 85.1% of sales and was denominated in dollars and the remaining 14.9% corresponded to the railroad division and was denominated in pesos.

### METAL'S MARKET PRICES

		<i>Three Months Ended:</i>		
		<i>March 31<sup>st</sup> 2001</i>	<i>March 31<sup>st</sup> 2000</i>	<i>Var. %</i>
<b>Copper</b>	US Cts./Lb.	<b>81.9</b>	82.3	(.5)
<b>Zinc</b>	US Cts./Lb.	<b>46.3</b>	51.3	(9.7)
<b>Silver</b>	Dllrs./Oz	<b>4.5</b>	5.18	(13.5)
<b>Gold</b>	Dllrs./Oz	<b>263.5</b>	290.2	(9.2)
<b>Molybdenum</b>	US Dllrs./Lb	<b>2.3</b>	2.5	(8.0)
<b>Lead</b>	US Cts./Lb	<b>22.4</b>	20.7	8.2

Operating profit for the three months ended March 31<sup>st</sup> of 2001 amounted to \$36.6 million dollars and compares to \$47.6 million dollars generated during the same period last year, a small reduction when one takes into account the higher energy cost.

Operating cash flow (EBITDA) for the first quarter of 2001 amounted to \$108.9 million dollars or 14.1% of sales and represented a 5.6% decrease when compared to last year's figure. The relative strong cash flow was achieved despite the significantly higher energy costs that represented 1.4% of sales and an equivalent decrease in the EBITDA margin.

### OTHER RELEVANT INFORMATION

#### Investments

Total capital investment for the first quarter ended March 31<sup>st</sup> of 2001 increased to \$87.4 million dollars and was funded primarily through the company's own cash flow and that of third parties. With respect to capital investments, we are about to initiate operations at Cananea during the 2<sup>nd</sup> quarter of 2001 of the new electrolytic plant with an annual capacity of 22,000 metric tones of copper cathodes and a total investment of \$50 million dollars.

## Highlights (Expressed in Thousands of Mexican Pesos – Mexican GAAP)

FINANCIAL MEXICAN GAAP	Three Months Ended on:			Three Months Ended on:		
	March 31 <sup>st</sup> 2001	March 31 <sup>st</sup> 2000	Var. %	March 31 <sup>st</sup> 2001	March 31 <sup>st</sup> 2000	Var. %
Net Sales	7,719,702	7,814,157	(1.2)	7,719,702	7,814,157	(1.2)
Operating Profit *	265,910	499,416	(46.8)	265,910	499,416	(46.8)
Operating Cash Flow (EBITDA)	1,238,908	1,371,916	(9.7)	1,238,908	1,371,916	(9.7)
Majority Net Income *	(298,642)	298,230	(200.1)	(298,642)	298,230	(200.1)

\* For comparison purpose, these items do not include the amortization of the excess book value over the cost of shares generated by the Asarco acquisition.

### Applies to Mexican GAAP:

G.Mexico consolidated results were positively impacted by various factors, including the higher operating efficiencies that allowed us to realize significant operating and administrative cost savings at all of our mining and railroad subsidiaries. These cost savings amounted to \$44.7 million dollars and represented a 6.7% reduction in total costs when compared to last year in terms of Generally Accepted Accounting Principles in the United States and represented an increase of 0.6% under Mexican GAAP.

During the first quarter, total energy costs increased by over \$11 million dollars when compared to the first quarter of last year. The increase is particularly due to the increase in electricity, diesel and natural gas in our Mexican operations.

G.Mexico consolidated sales for the first quarter of 2001 amounted to \$773.2 million dollars and represented a 6.2% decline when compared to those reported last year. The decrease can be mainly attributed to the lower metal market prices which, in terms of zinc, decreased by 10%, by 13.1% in terms of silver, by 9.2% for gold and, an 8% decrease for molybdenum, when compared to the same period last year.

With respect to copper, our principal metal, prices decreased by 0.5% due to the slow down in the US economy during the period. In addition, sales of copper decreased by 4% due to an increase in refined inventories in the amount of 17,200 metric tones in our warehouses and in transit as a result of lower consumption of copper rod and cake.

Lead sales also registered a decrease in volume sold due to the East Helena, Montana, lead smelter's temporary shut-down. The smelter will remain closed until lead concentrate market condition improve. In addition, gold and silver sales decreased significantly during the period in question due to a decrease in the purchases from third parties as well as an increase in inventories accounted for by 36,000 kilograms of silver in transit.

Likewise, as is demonstrated in the sales table, consolidated sales suffered considerably from the lower market prices of our principle metals with the only exception of lead. The mining division (AMC) accounted for 85.5% of sales and was denominated in dollars and the remaining 14.5% corresponded to the railroad division and was denominated in pesos.

Operating profit for the three months ended March 31<sup>st</sup> of 2001 amounted to Ps.265.9 million pesos and compares to Ps.499.4 million pesos last year without including the amortization of the excess book value over the cost of shares generated by the Asarco acquisition in the amount of Ps.744.8 million pesos. The operating profit decrease is a rather small reduction when one takes into account the higher energy costs.

Operating cash flow (EBITDA) for the first quarter of 2001 amounted to Ps.1,238.9 million pesos or 16.0% of sales and represented a 9.7% decrease when compared to last year's figure. The relative strong cash flow was achieved despite the significantly higher energy costs that represented 1.4% of sales and an equivalent decrease in the EBITDA margin.

The consolidated integrated cost of financing in accordance with Mexican GAAP represented a Ps.123.8 million peso loss during the first three months of 2001 due principally to the Mexican peso appreciation against the dollar by Ps.117.0 million pesos, a Ps.365.1 million peso gain on monetary position and, a net debt financing cost of Ps.606.0 million pesos.

## **OTHER RELEVANT INFORMATION**

### **Investments**

Total capital investment for the first quarter ended March 31<sup>st</sup> of 2001 increased to \$87.4 million dollars and was funded primarily through the company's own cash flow and that of third parties. With respect to capital investments, we are about to initiate operations at Cananea during the 2<sup>nd</sup> quarter of 2001 of the new electrolytic plant with an annual capacity of 22,000 metric tones of copper cathodes and a total investment of \$50 million dollars.

### **Bulletin C-2**

Beginning on January 1<sup>st</sup> of 2001, in accordance with Generally Accepted Accounting Principles in Mexico (Mexican GAAP), the new accounting bulletin C-2 denominated "Financial Instruments" took effect. The bulletin establishes the criteria for the measurement, recognition and presentation in financial statements of financial instruments and/or derivatives. The impact of said instruments must be marked to market and the result reflected in the integral cost of financing as an asset or liability. The company is presently evaluating the impact of the regulation on G.Mexico financial statements.

STATISTICS

**GRUPO MEXICO CONSOLIDATED**

**Highlights** (Expressed in Thousands of US Dollars – U.S. Gaap)

FINANCIAL US GAAP	Three Months Ended,			Three Months Ended,,		
	March 31 <sup>st</sup> 2001	March 31 <sup>st</sup> 2000	Var. %	March 31 <sup>st</sup> 2001	March 31 <sup>st</sup> 2000	Var. %
Net Sales	\$773,215	\$824,370	(6.2)	\$773,215	\$824,370	(6.2)
Operating Profit	36,582	47,586	(23.1)	36,582	47,586	(23.1)
EBITDA	108,885	115,376	(5.6)	108,885	115,376	(5.6)
EBITDA Margin	14.1%	14.0%	N.A.	14.1%	14.0%	N.A.

**CONSOLIDATED PRODUCTION SALES**

		3 Months Ended Mar/31/ 2001	3 Months Ended Mar/31/ 2000	Var. %
Copper	(MT)	264,263	276,118	(4.3)
Zinc	(MT)	48,276	49,280	(2.0)
Silver	(Kg)	333,476	437,243	(23.7)

**MINING DIVISION– AMERICAS MINING CORPORATION**

**Statistics - Minera Mexico (MM)**

**MM – MINE PRODUCTION**

		3 Months Ended Mar/31/ 2001	3 Months Ended Mar/31/2000	Var %	3 Months Ended Mar/31/ 2001	3 Months Ended Mar/31/2000	Var %
Copper	(MT)	76,102	81,322	(6.4)	76,102	81,322	(6.4)
Zinc	(MT)	35,635	43,901	(18.8)	35,635	43,901	(18.8)
Silver	(Kg)	125,458	129,785	(3.3)	125,458	129,785	(3.3)

**MM – PRODUCTION SOLD**

		3 Months Ended Mar/31/ 2001	3 Months Ended Mar/31/2000	Var %	3 Months Ended Mar/31/ 2001	3 Months Ended Mar/31/2000	Var %
Copper	(MT)	88,594	89,087	(0.6)	88,594	89,087	(0.6)
Zinc	(MT)	35,565	37,577	(5.4)	35,565	37,577	(5.4)
Silver	(Kg)	140,948	137,593	2.4	140,948	137,593	2.4

**MM – FINANCIAL**

		3 Months Ended Mar/31/ 2001	3 Months Ended Mar/31/2000	Var %	3 Months Ended Mar/31/ 2001	3 Months Ended Mar/31/2000	Var %
Net Sales		243,073	253,598	(4.2)	243,073	253,598	(4.2)
Operating Profit		24,488	34,568	(29.2)	24,488	34,568	(29.2)
EBITDA		45,297	55,010	(17.7)	45,297	55,010	(17.7)
EBITDA Margin		18.6%	21.7%	N.A.	18.6%	21.7%	N.A.

Statistics – ASARCO

**ASARCO – MINE PRODUCTION**

		<i>3 Months</i> Ended <i>Mar/31/ 2001</i>	<i>3 Months</i> Ended <i>Mar/31/2000</i>	<i>Var</i> %	<i>3 Months</i> Ended <i>Mar/31/ 2001</i>	<i>3 Months</i> Ended <i>Mar/31/2000</i>	<i>Var</i> %
Copper	(MT)	54,060	62,073	(12.9)	54,060	62,073	(12.9)
Zinc	(MT)	11,031	13,819	(20.2)	11,031	13,819	(20.2)
Silver	(Kg)	132,732	259,101	(48.8)	132,732	259,101	(48.8)

**ASARCO – PRODUCTION SOLD**

		<i>3 Months</i> Ended <i>Mar/31/ 2001</i>	<i>3 Months</i> Ended <i>Mar/31/2000</i>	<i>Var</i> %	<i>3 Months</i> Ended <i>Mar/31/ 2001</i>	<i>3 Months</i> Ended <i>Mar/31/2000</i>	<i>Var</i> %
Copper	(MT)	102,669	117,547	(12.7)	102,669	117,547	(12.7)
Zinc	(MT)	12,711	11,703	8.6	12,711	11,703	8.6
Silver	(Kg)	165,556	288,058	(42.5)	165,556	288,058	(42.5)

**ASARCO – FINANCIAL**

		<i>3 Months</i> Ended <i>Mar/31/ 2001</i>	<i>3 Months</i> Ended <i>Mar/31/2000</i>	<i>Var</i> %	<i>3 Months</i> Ended <i>Mar/31/ 2001</i>	<i>3 Months</i> Ended <i>Mar/31/2000</i>	<i>Var</i> %
Net Sales		265,689	312,675	(15.0)	265,689	312,675	(15.0)
Operating Loss		(30,240)	(26,220)	(15.3)	(30,240)	(26,220)	(15.3)
EBITDA		(18,797)	(15,239)	(23.3)	(18,797)	(15,239)	(23.3)

Statistics – Southern Peru Copper Corporation (SPCC)

**SPCC – MINE PRODUCTION**

		<i>3 Months</i> Ended <i>Mar/31/ 2001</i>	<i>3 Months</i> Ended <i>Mar/31/2000</i>	<i>Var</i> %	<i>3 Months</i> Ended <i>Mar/31/ 2001</i>	<i>3 Months</i> Ended <i>Mar/31/2000</i>	<i>Var</i> %
Copper	(MT)	78,871	79,978	(1.4)	78,871	79,978	(1.4)
Silver	(Kg)	22,913	27,056	(15.3)	22,913	27,056	(15.3)

**SPCC – PRODUCTION SOLD**

		<i>3 Months</i> Ended <i>Mar/31/ 2001</i>	<i>3 Months</i> Ended <i>Mar/31/2000</i>	<i>Var</i> %	<i>3 Months</i> Ended <i>Mar/31/ 2001</i>	<i>3 Months</i> Ended <i>Mar/31/2000</i>	<i>Var</i> %
Copper	(MT)	80,707	83,255	(3.1)	80,707	83,255	(3.1)
Silver	(Kg)	28,620	27,225	5.1	28,620	27,225	5.1

**SPCC -FINANCIAL**

		<i>3 Months</i> Ended <i>Mar/31/ 2001</i>	<i>3 Months</i> Ended <i>Mar/31/2000</i>	<i>Var</i> %	<i>3 Months</i> Ended <i>Mar/31/ 2001</i>	<i>3 Months</i> Ended <i>Mar/31/2000</i>	<i>Var</i> %
Net Sales		162,420	163,122	(0.4)	162,420	163,122	(0.4)
Operating Profit		28,518	26,747	6.6	28,518	26,747	6.6
EBITDA		49,343	45,385	8.7	49,343	45,385	8.7
EBITDA Margin		30.4%	27.8%	N.A.	30.4%	27.8%	N.A.

# RAILROAD DIVISION – GRUPO FERROVIARIO MEXICANO

## Statistics – (GFM)

### GFM – SALES FOR SERVICES

	<i>3 Months</i> Ended <i>Mar/31/ 2001</i>	<i>3 Months</i> Ended <i>Mar/31/2000</i>	<i>Var</i> %	<i>3 Months</i> Ended <i>Mar/31/ 2001</i>	<i>3 Months</i> Ended <i>Mar/31/2000</i>	<i>Var</i> %
<b>Net Sales</b>	<b>121,059</b>	139,163	(13.0)	<b>121,059</b>	139,163	(13.0)
<b>Operating Profit</b>	<b>15,140</b>	18,172	(16.7)	<b>15,140</b>	18,172	(16.7)
<b>EBITDA</b>	<b>34,308</b>	35,829	(4.2)	<b>34,308</b>	35,829	(4.2)
<b>EBITDA Margin</b>	<b>28.3%</b>	25.7%	<i>N.A.</i>	<b>28.3%</b>	25.7%	<i>N.A.</i>

**GRUPO MEXICO, S.A. DE C.V. Y COMPAÑIAS SUBSIDIARIAS**

**Grupo Mexico S.A. deC.V. and Subsidiary Companies**  
**Consolidated Comparisons of Results in U.S. GAAP**  
**For the Periods Ended March 31st, 2000 and 2001**

**(Thousands of Dollars)**

	<b><u>2 0 0 1</u></b>	<b><u>2 0 0 0</u></b>
Sales	773,215	824,370
Cost of Sales	<u>629,690</u>	<u>669,201</u>
<b>Gross Profit</b>	<b>143,525</b>	<b>155,169</b>
<b><u>Deductions</u></b>		
Administrative costs	34,640	39,793
Depreciation and amortization	<u>72,303</u>	<u>67,790</u>
	106,943	107,583
<b>Operating profit</b>	<b>36,582</b>	<b>47,586</b>
<b>EBITDA</b>	<b>108,885</b>	<b>115,376</b>
<b><u>NET COST OF FINANCING</u></b>		
Interest earned	(4,653)	(5,367)
Interest paid	66,441	70,961
Conversion effect	1,077	11,373
Other receipts	<u>(1,792)</u>	<u>(8,234)</u>
Net total cost of financing	61,073	68,733
Profits before taxes and minority interests	<b>(24,491)</b>	<b>(21,147)</b>
<b><u>PROVISION FOR:</u></b>		
Income taxes	19,203	(2,275)
Deferred taxes	(7,657)	1,188
Current taxes	741	3,533
Total provision for taxes	<u>12,287</u>	<u>2,446</u>
Profits before discontinued operations	<u>(36,778)</u>	<u>(23,593)</u>
<b>EXTRAORDINARY ITEM (YANKEE BOND)</b>	-	-
<b>Participation in associated companies</b>	88	151
<b>Minority interest in subsidiary companies</b>	12,115	15,590
<b>Net profit</b>	<b>(48,805)</b>	<b>(39,032)</b>
Earnings per share	<b>(0.07)</b>	<b>(0.06)</b>
Number of shares in circulation	651,148,524	630,000,000



**Grupo Mexico, S.A. de C.V. and Subsidiary Companies**  
**Consolidated Balance Sheet in U.S. GAAP at March 31st, 2000 and 2001**

(Thousands of Dollars)

<u>Assets</u>	<u>2001</u>	<u>2000</u>	<u>Liabilities and Stockholders' Equity</u>	<u>2001</u>	<u>2000</u>
<b>Current assets:</b>			<b>Current liabilities:</b>		
Cash and marketable securities	\$ 711,621	\$ 132,495	Accounts and interest payable	\$ 478,790	\$ 123,243
Notes and assets payable			Notes payable	685,171	570,908
Clients	362,896	416,570	Affiliated companies	384	-
Refundable taxes	82,689	61,017	Taxes payable	88,445	107,673
Deferred taxes - short term	36,757	44,493	Workers' participation	19,996	-
Other	52,132	63,048	Deferred taxes	60,765	138,181
	534,474	585,128	Total current liabilities	1,333,551	940,005
 Inventories of primary and secondary metals and byproducts	 398,932	 405,789	 <b>LONG-TERM NOTES PAYABLE</b>	 2,786,864	 2,789,914
Materials and supplies	268,608	274,418	<b>ACCUMULATED NOTES AND LIABILITIES</b>	171,121	222,390
Prepaid expenses and others	3,221	97,829	<b>DEFERRED TAXES</b>	331,001	253,253
Total current assets	1,916,856	1,495,659	 <b>VOLUNTARY RETIREMENT AND SENIORITY PREMIUMS RESERVE</b>	 122,587	 117,525
 <b>OTHER ASSETS</b>	 212,964	 202,852	  Total liabilities	  4,745,124	  4,323,087
 Net F.F.C.C. concession	 163,150	 173,093	 Minority interest	 865,806	 819,378
 Funds, lands, building, etc.	 7,237,192	 8,063,062	 <b>STOCKHOLDERS' EQUITY</b>		
Depreciation, amortization, etc.	(2,399,411)	(3,421,375)	Capital stock	929,348	864,378
<b>PROPERTY AND EQUIPMENT, NET</b>	4,837,781	4,641,687	Shares in Tesoreria	(57,597)	(57,376)
 <b>INVESTMENTS</b>	 90,280	 151,906	Prima en emision de acciones	1,074	-
 <b>DISCONTINUED OPERATIONS</b>		189,623	Reserve for repurchase of shares	155,023	155,023
 <b>COMMERCIAL CREDIT</b>	 53,611	 53,928	Retained earnings	684,671	843,289
<b>TOTAL ASSETS</b>	\$ 7,274,642	6,908,748	Cumulative effect of restatement	(48,806)	(39,031)
			Total stockholders' equity	1,663,713	1,766,283
			<b>TOTAL LIABILITIES, STOCKHOLDER EQUITY</b>	\$ 7,274,643	\$ 6,908,748