



NEWS RELEASE

GRUPOMEXICO

GRUPO MEXICO, S.A. DE C.V. ANNOUNCES FIRST QUARTER 2000 CONSOLIDATED RESULTS

GRUPO MEXICO

Highlights (Expressed in Thousands of Mexican Pesos Except Per Share Amounts and Prices)

FINANCIAL	First Quarter			Accumulated to Date		
	1 st Quarter 2000	1 st Quarter 1999	Var. %	1 st Quarter 2000	1 st Quarter 1999	Var. %
Net Sales	7,414,626	3,817,301	94.2	7,414,626	3,817,301	94.2
Operating Profit	1,187,536	535,014	122.0	1,187,536	535,014	122.0
EBITDA	1,290,944	991,632	30.2	1,290,944	991,632	30.2
Net Profit (Majority)	993,110	773,449	28.4	993,110	773,449	28.4
Earnings per Share (Majority)	1.58	1.20	31.7	1.58	1.20	31.7

METAL PRICES AND OTHER INFORMATION		First Quarter			Accumulated to Date		
		1 st Quarter 2000	1 st Quarter 1999	Var. %	1 st Quarter 2000	1 st Quarter 1999	Var. %
Copper	US Cts./Lb.	81.4	63.8	27.6	81.4	63.8	27.6
Zinc	US Cts./Lb.	51.3	45.1	13.8	51.3	45.1	13.8
Silver	Dlls./Oz	5.2	5.3	(1.9)	5.2	5.3	(1.9)
Gold	Dlls./Oz	290.2	286.8	1.2	290.2	286.8	1.2
Molybdenum	US Dlls./Lb.	2.54	2.70	(5.9)	2.54	2.70	(5.9)
Lead	US Cts./Lb	20.7	22.9	(9.6)	20.7	22.9	(9.6)
Volume Transported.	Millions of Net Ton-Kms	6,202	5,657	9.6	6,202	5,657	9.6

Consolidated Financial Results

Grupo Mexico consolidated financial results for the quarter ended March 31, 2000 include those of Grupo Minero Mexico (GMM) and Grupo Ferroviario Mexicano (GFM) as well as the results of ASARCO and Southern Peru Copper Corporation (SPCC) as a result of their acquisition on November 17, 1999.

Net earnings for the period ended March 31, 2000 amounted to Ps. 993.1 million, or diluted earnings per share of Ps. 1.58, compared with net earnings of Ps. 773.4 million, or diluted earnings per share of Ps. 1.20 for the first quarter last year. Results were negatively impacted by the effect on net sales of the Mexican peso appreciation against the US dollar as sales expressed in dollars rose by approximately 133% compared to a 94.2% increase in pesos for the first quarter of 2000. In addition, sales were also affected

by an increase in metals inventories in GMM because of higher mine production than originally anticipated and in ASARCO because of higher inventories caused by an excess of third party metals purchases. We expect these excess inventories to be processed in the following quarters. On the other hand, results were positively impacted by various factors, including higher prices for the majority of the metals that we produce, significant operating and administrative cost savings at our new subsidiaries, ASARCO and SPCC, and a return to regular operations at the Cananea, Sonora, mining unit after an illegal strike during the first quarter of last year.

Similarly, the railroad division positively contributed to the consolidated results due to greater volume transported and an increase in average distance traveled. Sales increased by 5.5% when compared to the same figure last year.

Consolidated sales for the first quarter of 2000 in pesos and in dollars were 94.2% and 133% higher respectively than those reported during the same period last year due, in part, to the consolidation of ASARCO and SPCC, to higher sales from the railroad division and to the negative effect of the Mexican peso appreciation against the dollar. The mining division accounted for 83% of sales and was denominated in dollars and the remaining 17% corresponded to the railroad division and was denominated in pesos.

The operating profit for the first quarter of 2000 amounted to Ps 1,187.5 million and represents 16.0% of consolidated sales. Operating profit plus depreciation (EBITDA) amounted to Ps 1,290.9 million (equivalent to US \$138.8 million) and represented 17.4% of consolidated sales.

The integral cost of financing which includes net interest that results from those earned due to treasury positions and those paid for financing purposes, as well as currency fluctuations and monetary positions, positively impacted net income in the first quarter of 2000.

The average realized prices for the first quarter of 2000 were considerably higher than those during the same period last year, which mitigated the effect of lower production volume sold as well as the accumulation of inventories at GMM and ASARCO and

confirms some analysts' expectations with respect to a significant recovery in the prices of the principal metals that we produce.

MINING DIVISION

Grupo Minero México (GMM)

During the first quarter of 2000, production volume in our main metals increased. The increase is principally the result of a return to normal operations in the Cananea mining unit and a smooth operation in the rest of the mining units.

MINE PRODUCTION

		<i>1st Quarter 2000 (Accum)</i>	<i>1st Quarter 1999 (Accum)</i>	<i>Var. %</i>
Copper	(MT)	81,322	62,977	29.1
Zinc	(MT)	43,901	44,731	(1.9)
Silver	(Kg)	129,785	124,355	4.4
Gold	(Kg)	204	191	6.8
Molybdenum	(MT)	1,431	1,480	(3.3)
Lead	(MT)	7,971	9,589	(16.9)

The lower volume of copper sold is due to the additional inventories in this metal caused by a higher mine production that originally anticipated. The increase of copper in process amounted to approximately 13,000 tones, equivalent to about \$25 million dollars. On the other hand, precious metals volumes, specifically silver, registered a significant increase of over 18% in sales with respect to last year because of the initiation of operations of the new precious metals refinery at La Caridad, Sonora.

PRODUCTION SOLD

		<i>1st Quarter 2000 (Accum)</i>	<i>1st Quarter 1999 (Accum)</i>	<i>Var. %</i>
Copper	(MT)	89,087	101,883	(12.6)
Zinc	(MT)	37,577	39,295	(4.4)
Silver	(Kg)	137,593	116,305	18.3
Gold	(Kg)	426	468	(9.0)
Molybdenum	(MT)	1,644	1,428	15.1
Lead	(MT)	8,247	8,967	(8.0)

GMM sales were 12.7% higher in dollars and 3.6% lower in pesos when compared with last year. The difference originates from the appreciation of the peso against the dollar.

GMM SALES

	<i>1st Quarter 2000 (Accum)</i>	<i>1st Quarter 1999 (Accum)</i>	<i>Var. %</i>
Thousands of Dollars	267,145	237,133	12.7
Thousands of Pesos	2,523,646	2,616,921	(3.6)

Operating profit plus depreciation (EBITDA) for GMM during the period amounted to Ps.579.8 million (equivalent to \$62.3 million dollars) which represents 23.0% of sales.

The intensive investment program to integrate refined metals was concluded with the initiation of operations of the precious metals refinery at Caridad. The new precious metals refinery, in addition to the new smelter, the new copper refinery and the new rod mill of 150,000 tones capacity per annum, will add additional benefits to the mining division in the following quarters.

At the Cananea unit, preparation for the SX/EW refined copper plant has begun. The plant will add additional copper volumes at lower unit costs and will further optimize the mineral reserve base at this unit with new productivity criteria.

With respect to capital expenditures in new projects at GMM, a total of Ps. 173.2 million was invested during the quarter.

ASARCO

ASARCO achieved significant savings as it registered a decrease of 30.6 million dollars in production and administrative costs with respect to the same period last year. This figure was calculated on a comparative basis, eliminating the effect of the specialty chemicals and aggregates businesses (Enthone-OMI and The American Limetone Company).

Production volumes during this period were affected by an increased stripping of material, by a lower minerals grade and by new mine plan analyses conducted to optimize operations in the future.

MINE PRODUCTION

		<i>1st Quarter 2000 (Accum)</i>	<i>1st Quarter 1999 (Accum)</i>	<i>Var. %</i>
COPPER	(TM)	70,728	80,489	(12.1)
ZINC	(TM)	13,819	13,907	(0.6)
SILVER	(Kg)	259,120	268,131	(3.4)
LEAD	(TM)	16,233	15,065	7.8

PRODUCTION SOLD

		<i>1st Quarter 2000 (Accum)</i>	<i>1st Quarter 1999 (Accum)</i>	<i>Var. %</i>
COPPER	(TM)	108,563	149,187	(27.2)
ZINC	(TM)	18,582	16,828	10.4
SILVER	(Kg)	206,624	352,561	(41.4)
LEAD	(TM)	14,589	14,496	0.6

ASARCO sales were 4.7% lower in dollars and 17.9% lower in pesos when compared with last year. The difference originates from the appreciation of the peso against the dollar as well as the increase in metals inventory generated through an excess in third party metals purchases that we expect to smelt and refine in the next quarters.

ASARCO SALES

		<i>1st Quarter 2000 (Accum)</i>	<i>1st Quarter 1999 (Accum)</i>	<i>Var. %</i>
Thousands of dollars		244,151	256,221	(4.7)
Thousands of pesos		2,346,732	2,857,852	(17.9)

Operating loss plus depreciation (EBITDA) for ASARCO during the period amounted to \$15.2 million dollars, compared to an operating loss plus depreciation of \$32.0 million dollars for the same period last year. This figure was also calculated on a comparative basis.

With respect to capital expenditures in new projects at ASARCO, a total of \$17.8 million dollars was invested during the quarter.

Southern Peru Copper Corporation (SPCC)

Mine copper production reached 79,978 tones in the first quarter of 2000. A decrease in ore grades in the mines and a fire in a conveyor belt in the Cuajone concentrator were responsible for the decrease in production. These decreases were almost entirely offset by improved recovery and throughput at the Cuajone concentrator as a result of the expansion, and increased production of SX/EW copper. The fire at the Cuajone concentrator disrupted first quarter 2000 production resulting in a loss of 5,374 tones of copper. The company is pursuing this loss with its insurers. Increased SX/EW copper production of 3,470 tones of copper is a result of the expansion of the plant, completed in

the third quarter of 1999. The refined copper production increased 6.9% in the first quarter of 2000 to 78,290 tones. The increase is due to increased production efficiencies at the Ilo refinery and the increased SX/EW production described above.

MINE PRODUCTION

		<i>1st Quarter 2000 (Accum)</i>	<i>1st Quarter 1999 (Accum)</i>	<i>Var. %</i>
Copper	(MT)	79,978	80,577	(0.7)
Silver	(kg)	27,056	22,173	22.0
Molybdenum	(MT)	1,494	1,128	32.4

PRODUCTION SOLD

		<i>1st Quarter 2000 (Accum)</i>	<i>1st Quarter 1999 (Accum)</i>	<i>Var. %</i>
Copper	(MT)	83,255	76,517	8.8
Silver	(kg)	27,216	19,689	38.2
Molybdenum	(MT)	1,518	1,054	44.0

SPCC sales were 31.6% higher in dollars and 13.4% higher in pesos when compared with last year. The difference originates from the appreciation of the peso against the dollar.

SPCC SALES

	<i>1st Quarter 2000 (Accum)</i>	<i>1st Quarter 1999 (Accum)</i>	<i>Var. %</i>
Thousands of Dollars	163,122	123,942	31.6
Thousands of Pesos	1,567,897	1,382,431	13.4

Operating profit plus depreciation (EBITDA) for SPCC during the period amounted to \$45.4 million dollars and represents 27.8% of sales.

With respect to the expansion and modernization program at SPCC; the project to expand and protect the Cuajone mine from maximum flooding of the Torata river is under construction and reached 63% completion at the end of the first quarter of 2000, with an investment of \$47.2 million of the \$75.5 million budget. The Torata river will be diverted in June of 2000 to allow access to larger mineral volumes with better metal grades.

Engineering studies for expansion and modernization of the Ilo smelter continue. The company plans to use the most efficient proven technology, looking not only to comply with Peruvian environmental standards but also to provide an economic return that will allow for an expanded smelting capacity to process larger volumes of concentrates.

Furthermore, feasibility studies for the expansion of the Toquepala concentrator and mine, the leaching section and a SX/EW plant at Cuajone are currently underway. Construction of these projects will begin in the year 2000 and, when completed, will improve SPCC's production capacity by 30% over present production levels.

RAILROAD DIVISION

Grupo Ferroviario Mexicano (GFM).

At the end of the first quarter of 2000, GFM registered an increase in revenues of 5.5 % as well as an increase of 9.6% in volume transported compared to the same period in 1999. The most dynamic sectors that contributed to growth were: the fertilizers sector with a 61.7% increase; the chemicals, industrial and intermodal sector with a 46.1% increase and, the petroleum and derivatives sector with an increase of 19.3%.

GFM sales were 23.9% higher in dollars and 5.5% higher in pesos when compared to last year. The difference originates from the appreciation of the peso against the dollar.

GFM SALES

	<i>1st Quarter 2000 (Accum)</i>	<i>1st Quarter 1999 (Accum)</i>	<i>Var. %</i>
Thousands of Dollars	139,163	112,361	23.9
Thousands of Pesos	1,316,998	1,248,204	5.5

On the other hand, GFM experienced a 10.0% increase in operating costs with respect to the same period last year caused by the deferment in the implementation of the modernization and technological program over a three months period, by additional maintenance work on rails and by a significant increase in the international price of diesel fuels that is gradually being recovered through higher fares.

As a result of programmed maintenance, locomotive availability is now sustained at 92.2%. Availability was maintained at 91.6% on average last year. Cars' availability is sustained at 90.8%, surpassing the yearly average for 1999, which was 89.6%. In infrastructure and rail, we continued with maintenance work to increase availability to competitive standards that will allow for better service, having laid 199,572 wooden and concrete sleepers and 8,568 metric tones steel in new rail.

The percentage of warnings, that slow railroad traffic, up to March of 2000 has decreased to 5.7% compared to 11.6% last year.

With respect to capital expenditures in new projects and asset acquisitions, a total of Ps. 258 million has been invested primarily on the reconstruction of rail tracks, modernization of maintenance shops, stations, expansion of yards and acquisition of control systems. All of these projects have been fully financed from internal cash flow generated by the railroad company.

Operating profit plus depreciation (EBITDA) for GFM during the period amounted to Ps.358.3 million (equivalent to \$38.5 million dollars) which represents 27.2% of sales.

GRUPO MEXICO

Consolidated Sales

Consolidated revenues and services up to the 31st of March of 2000 amounted to Ps. 7,414.6 million equivalent to a 94.2% increase in real terms compared to sales of Ps. 3,817.3 million for the same period of 1999. Asarco sales amounted to Ps. 2,235.2 million (30.1%), SPCC to Ps.1,567.9 million (21.1%), GMM to Ps. 2,336.3 million (31.6%) and GFM to Ps. 1,275.2 million (17.2%).

The mining division (GMM, SPCC and ASARCO) generated sales of Ps. 6,139.4 million which represents an increase of 134.6% in real terms when compared to the first quarter of 1999, principally due to the significant increase in metals prices and, because of the incorporation of our new mining subsidiaries, ASARCO and SPCC.

Consolidated Integrated Cost of Financing

The consolidated integrated cost of financing represented a Ps. 412.1 million gain during the first quarter of 2000 due principally to the Mexican peso appreciation against the dollar by Ps. 312.9 million and a Ps. 713.4 million gain on monetary position.

Net Income

Accumulated first quarter 2000 net income for Grupo Mexico amounted to Ps. 993.1 million compared to Ps. 773.4 million during the same period for 1999, a 28.4% increase.

Other Information

Metal Prices and Break Even Points

Metals prices, principally copper and zinc, have registered significant increases during the past twelve months as they increased by 27.6% and 13.8% respectively. However, lead, molybdenum and silver decreased during the first quarter of 2000 when compared to the same period of 1999 as they registered decreases of 9.6%, 5.9% and 1.9% respectively. The increase in the price of copper and zinc reflect the positive outlook in world growth and in the recovery of the Asian economies.

The cash operating cost for the first quarter of 2000 to produce and sell a pound of copper was 50.6 cents to the dollar for GMM, 54.1 cents for SPCC and 78.2 cents for ASARCO North America. The consolidated cash operating cost for the mining division in the first quarter of 2000 was 55.8 cents per pound of copper. This figure is below that originally anticipated and will be further reduced as the integration of our mining units is optimized. This number is below recent market prices for copper and will allow Grupo Mexico to move forward through the cyclicity of the market as well as benefit from the up-swing in the cycle and assure the future development and favorable performance of the Company.

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