

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934 For  
the Quarterly period Ended  
DECEMBER 31, 1999

OR

TRANSITION REPORT

Pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934 For the transition period  
from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-12984

(COMPANY LOGO)

CENTEX CONSTRUCTION PRODUCTS, INC.

A Delaware Corporation

IRS Employer Identification No. 75-2520779  
3710 Rawlins, Suite 1600 LB 78  
Dallas, Texas 75219  
(214) 559-6514

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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As of the close of business on February 7, 2000, 18,682,232 shares of Centex Construction Products, Inc. common stock were outstanding.  
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## CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES

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## CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES

## PART I. FINANCIAL INFORMATION

## CONSOLIDATED FINANCIAL STATEMENTS

## ITEM 1.

The consolidated financial statements include the accounts of Centex Construction Products, Inc. and subsidiaries ("CXP" or the "Company"), and have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these unaudited consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's latest Annual Report on Form 10-K. In the opinion of the Company, all adjustments necessary to present fairly the information in the following unaudited consolidated financial statements of the Company have been included. The results of operations for such interim periods are not necessarily indicative of the results for the full year.

CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF EARNINGS  
(dollars in thousands, except per share data)  
(unaudited)

| FOR THE THREE MONTHS ENDED                   | December 31,           |                        |
|--|------------------------|------------------------|
|  | -----<br>1999<br>----- | -----<br>1998<br>----- |
| <b>REVENUES</b>                              |                        |                        |
| Cement . . . . .                             | \$ 38,982              | \$ 39,097              |
| Gypsum Wallboard . . . . .                   | 56,506                 | 35,206                 |
| Concrete and Aggregates . . . . .            | 14,017                 | 11,637                 |
| Other, net . . . . .                         | 320                    | 490                    |
| Less: Intersegment Sales . . . . .           | (1,455)                | (1,567)                |
|  | -----                  | -----                  |
|  | 108,370                | 84,863                 |
|  | -----                  | -----                  |
| <b>COSTS AND EXPENSES</b>                    |                        |                        |
| Cement . . . . .                             | 27,238                 | 22,793                 |
| Gypsum Wallboard . . . . .                   | 24,892                 | 21,209                 |
| Concrete and Aggregates . . . . .            | 11,843                 | 9,807                  |
| Less: Intersegment Purchases . . . . .       | (1,455)                | (1,567)                |
| Corporate General & Administrative . . . . . | 1,230                  | 1,201                  |
| Interest Income, net . . . . .               | (1,123)                | (617)                  |
|  | -----                  | -----                  |
|  | 62,625                 | 52,826                 |
|  | -----                  | -----                  |
| <b>EARNINGS BEFORE INCOME TAXES</b>          | 45,745                 | 32,037                 |
| Income Taxes . . . . .                       | 16,651                 | 11,720                 |
|  | -----                  | -----                  |
| <b>NET EARNINGS</b>                          | \$ 29,094              | \$ 20,317              |
|  | =====                  | =====                  |
| <b>EARNINGS PER SHARE:</b>                   |                        |                        |
| BASIC . . . . .                              | \$ 1.53                | \$ 1.00                |
|  | =====                  | =====                  |
| DILUTED . . . . .                            | \$ 1.52                | \$ 0.99                |
|  | =====                  | =====                  |
| <b>AVERAGE SHARES OUTSTANDING:</b>           |                        |                        |
| BASIC . . . . .                              | 19,014,622             | 20,349,761             |
|  | =====                  | =====                  |
| DILUTED . . . . .                            | 19,093,019             | 20,443,870             |
|  | =====                  | =====                  |
| <b>CASH DIVIDENDS PER SHARE</b>              | \$ 0.05                | \$ 0.05                |
|  | =====                  | =====                  |

See notes to unaudited consolidated financial statements.

CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF EARNINGS  
 (dollars in thousands, except per share data)  
 (unaudited)

| FOR THE NINE MONTHS ENDED                    | December 31,           |                        |
|--|------------------------|------------------------|
|  | -----<br>1999<br>----- | -----<br>1998<br>----- |
| <b>REVENUES</b>                              |                        |                        |
| Cement . . . . .                             | \$ 128,047             | \$ 122,020             |
| Gypsum Wallboard . . . . .                   | 155,976                | 102,243                |
| Concrete and Aggregates . . . . .            | 43,296                 | 35,820                 |
| Other, net . . . . .                         | 820                    | 1,333                  |
| Less: Intersegment Sales . . . . .           | (4,748)                | (4,931)                |
|  | -----                  | -----                  |
|  | 323,391                | 256,485                |
|  | -----                  | -----                  |
| <b>COSTS AND EXPENSES</b>                    |                        |                        |
| Cement . . . . .                             | 83,916                 | 74,968                 |
| Gypsum Wallboard . . . . .                   | 73,713                 | 62,054                 |
| Concrete and Aggregates . . . . .            | 35,667                 | 29,681                 |
| Less: Intersegment Purchases . . . . .       | (4,748)                | (4,931)                |
| Corporate General & Administrative . . . . . | 3,512                  | 2,977                  |
| Interest Income, net . . . . .               | (2,371)                | (2,230)                |
|  | -----                  | -----                  |
|  | 189,689                | 162,519                |
|  | -----                  | -----                  |
| <b>EARNINGS BEFORE INCOME TAXES</b>          | 133,702                | 93,966                 |
| Income Taxes . . . . .                       | 48,667                 | 34,016                 |
|  | -----                  | -----                  |
| <b>NET EARNINGS</b>                          | \$ 85,035              | \$ 59,950              |
|  | =====                  | =====                  |
| <b>EARNINGS PER SHARE:</b>                   |                        |                        |
| BASIC . . . . .                              | \$ 4.41                | \$ 2.86                |
|  | =====                  | =====                  |
| DILUTED . . . . .                            | \$ 4.39                | \$ 2.84                |
|  | =====                  | =====                  |
| <b>AVERAGE SHARES OUTSTANDING:</b>           |                        |                        |
| BASIC . . . . .                              | 19,285,458             | 20,957,716             |
|  | =====                  | =====                  |
| DILUTED . . . . .                            | 19,375,700             | 21,090,736             |
|  | =====                  | =====                  |
| <b>CASH DIVIDENDS PER SHARE</b>              | \$ 0.15                | \$ 0.15                |
|  | =====                  | =====                  |

See notes to unaudited consolidated financial statements.

CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES  
 CONSOLIDATED BALANCE SHEETS  
 (dollars in thousands)

| ASSETS<br>-----  | Dec. 31,<br>1999<br>-----<br>(Unaudited) | March 31,<br>1999<br>-----<br>(* ) |
|--|--|------------------------------------|
| Current Assets   |  |                                    |
| Cash and Cash Equivalents . . . . .  | \$ 97,011                                | \$ 49,646                          |
| Accounts and Notes Receivable, net . . .   | 47,147                                   | 43,192                             |
| Inventories . . . . .  | 33,308                                   | 33,030                             |
|  | -----                                    | -----                              |
| Total Current Assets . . . . .   | 177,466                                  | 125,868                            |
|  | -----                                    | -----                              |
| Property, Plant and Equipment . . . . .  | 408,391                                  | 392,302                            |
| Less Accumulated Depreciation . . . . .  | (173,791)                                | (163,745)                          |
|  | -----                                    | -----                              |
| Property, Plant & Equipment, net . . .   | 234,600                                  | 228,557                            |
| Notes Receivable, net . . . . .  | 503                                      | 664                                |
| Other Assets . . . . .   | 14,576                                   | 9,594                              |
|  | -----                                    | -----                              |
|  | \$427,145                                | \$364,683                          |
|  | =====                                    | =====                              |
|  |  |                                    |
| LIABILITIES AND STOCKHOLDERS' EQUITY<br>-----  |  |                                    |
| Current Liabilities  |  |                                    |
| Accounts Payable . . . . .   | \$ 20,067                                | \$ 18,276                          |
| Accrued Liabilities . . . . .  | 47,546                                   | 40,849                             |
| Current Portion of Long-term Debt . . .  | 80                                       | 80                                 |
| Income Taxes Payable . . . . .   | 2,863                                    | -                                  |
|  | -----                                    | -----                              |
| Total Current Liabilities . . . . .  | 70,556                                   | 59,205                             |
|  | -----                                    | -----                              |
| Long-term Debt . . . . .   | 400                                      | 400                                |
| Deferred Income Taxes . . . . .  | 24,581                                   | 25,158                             |
| Stockholders' Equity   |  |                                    |
| Common Stock, Par Value \$0.01;<br>Authorized 50,000,000 Shares;<br>Issued and Outstanding 18,927,652 and<br>19,744,465 Shares, respectively . . . | 189                                      | 197                                |
| Capital in Excess of Par Value . . . . .   | 31,914                                   | 62,376                             |
| Retained Earnings . . . . .  | 299,505                                  | 217,347                            |
|  | -----                                    | -----                              |
| Total Stockholders' Equity . . . . .   | 331,608                                  | 279,920                            |
|  | -----                                    | -----                              |
|  | \$427,145                                | \$364,683                          |
|  | =====                                    | =====                              |

\* From audited financial statements.

See notes to unaudited consolidated financial statements.

CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(dollars in thousands)  
(unaudited)

| FOR THE NINE MONTHS ENDED  | December 31, |           |
|--|--------------|-----------|
|  | 1999         | 1998      |
|  | -----        | -----     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |              |           |
| Net Earnings . . . . .   | \$ 85,035    | \$ 59,950 |
| Adjustments to Reconcile Net Earnings<br>to Net Cash Provided by Operating<br>Activities - |              |           |
| Depreciation, Depletion and<br>Amortization . . . . .                                      | 13,928       | 12,021    |
| Deferred Income Tax<br>Benefit . . . . .   | (577)        | (725)     |
| (Increase) Decrease in Accounts and<br>Notes Receivable . . . . .                          | (3,794)      | 463       |
| (Increase) Decrease in Inventories . . . . .   | (278)        | 3,875     |
| Increase in Accounts Payable<br>and Accrued Liabilities . . . . .                          | 8,488        | 1,436     |
| (Increase) Decrease in<br>Other, net . . . . .   | (3,014)      | 1,715     |
| Increase in Income Taxes Payable . . . . .   | 2,863        | 3,778     |
|  | -----        | -----     |
| Net Cash Provided by Operating<br>Activities . . . . .                                     | 102,651      | 82,513    |
|  | -----        | -----     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |              |           |
| Property, Plant and Equipment<br>Additions, net . . . . .                                  | (21,898)     | (23,460)  |
|  | -----        | -----     |
| Net Cash Used in Investing<br>Activities . . . . .   | (21,898)     | (23,460)  |
|  | -----        | -----     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |              |           |
| Dividends Paid To Shareholders . . . . .   | (2,918)      | (3,197)   |
| Retirement of Common Stock . . . . .   | (31,234)     | (54,185)  |
| Proceeds from Stock Option Exercises . . . . .   | 764          | 3,031     |
|  | -----        | -----     |
| Net Cash Used in Financing<br>Activities . . . . .   | (33,388)     | (54,351)  |
|  | -----        | -----     |
| <b>NET INCREASE (DECREASE) IN CASH AND<br/>CASH EQUIVALENTS . . . . .</b>                  |              |           |
|  | 47,365       | (4,702)   |
| CASH AT BEGINNING OF PERIOD . . . . .  | 49,646       | 62,090    |
|  | -----        | -----     |
| CASH AT END OF PERIOD . . . . .  | \$ 97,011    | \$ 66,792 |
|  | =====        | =====     |

See notes to unaudited consolidated financial statements.

CENTEX CONSTRUCTION PRODUCTS, INC. AND SUBSIDIARIES  
 NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS  
 DECEMBER 31, 1999

(A) A summary of changes in stockholders' equity is presented below.

|                            | Common<br>Stock        | Capital in<br>Excess of<br>Par Value | Retained<br>Earnings | Total      |
|----------------------------|------------------------|--------------------------------------|----------------------|------------|
|                            | -----                  | -----                                | -----                | -----      |
|                            | (dollars in thousands) |                                      |                      |            |
| Balance, March 31, 1998    | \$ 215                 | \$ 130,413                           | \$ 144,175           | \$ 274,803 |
| Net Earnings               | -                      | -                                    | 77,289               | 77,289     |
| Stock Option Exercises     | -                      | 3,806                                | -                    | 3,806      |
| Stockholders' Dividends    | -                      | -                                    | (4,117)              | (4,117)    |
| Retirement of Common Stock | (18)                   | (71,843)                             | -                    | (71,861)   |
|                            | -----                  | -----                                | -----                | -----      |
| Balance March 31, 1999     | 197                    | 62,376                               | 217,347              | 279,920    |
| Net Earnings               | -                      | -                                    | 85,035               | 85,035     |
| Stock Option Exercises     | -                      | 764                                  | -                    | 764        |
| Stockholders' Dividends    | -                      | -                                    | (2,877)              | (2,877)    |
| Retirement of Common Stock | (8)                    | (31,226)                             | -                    | (31,234)   |
|                            | -----                  | -----                                | -----                | -----      |
| BALANCE DECEMBER 31, 1999  | \$ 189                 | \$ 31,914                            | \$ 299,505           | \$ 331,608 |
|                            | =====                  | =====                                | =====                | =====      |

(B) Inventories:

Inventories are stated at the lower of average cost (including applicable material, labor, depreciation, and plant overhead) or market. Inventories consist of the following:

|   | Unaudited<br>December 31,<br>1999 | Audited<br>March 31,<br>1999 |
|---|-----------------------------------|------------------------------|
|   | -----                             | -----                        |
| Raw Materials and Materials-in-Progress | \$ 8,429                          | \$ 9,124                     |
| Finished Cement                         | 5,517                             | 5,601                        |
| Aggregates                              | 1,308                             | 1,577                        |
| Gypsum Wallboard                        | 2,325                             | 1,289                        |
| Repair Parts and Supplies               | 14,774                            | 14,770                       |
| Fuel and Coal                           | 955                               | 669                          |
|   | -----                             | -----                        |
|   | \$ 33,308                         | \$ 33,030                    |
|   | =====                             | =====                        |



## (C) Earnings Per Share:

The Company computes earnings per share in accordance with the provisions of Financial Accounting Standards No. 128, "Earnings Per Share". Basic earnings per share is computed using the average number of common shares outstanding in each of the three and nine month periods ended December 31, 1999 and 1998. Diluted earnings per share for the periods ended December 31, 1999 and 1998 assume the dilutive impact of stock options. Anti-dilutive options to purchase shares of common stock that were excluded from the computation of diluted earnings per share were 317,000 shares at an average price of \$36.87 and 221,000 shares at an average price of \$36.83 for the three months and nine months ended December 31, 1999, respectively. The anti-dilutive options have expiration dates ranging from April 2008 to July 2009.

## (D) Segment Information:

The Company operates in three business segments: Cement, Gypsum Wallboard, and Concrete and Aggregates, with Cement and Gypsum Wallboard being the Company's principal lines of business. These operations are conducted in the United States and include the mining and extraction of limestone; the manufacture, production, distribution and sale of Portland cement (a basic construction material which is the essential binding ingredient in concrete); the mining and extraction of gypsum and the manufacture and sale of gypsum wallboard; the sale of ready-mix concrete; and the mining, extraction and sale of aggregates (crushed stone, sand and gravel). These products are used primarily in commercial and residential construction, public construction projects and projects to build, expand and repair roads and highways. Intersegment sales are recorded at prices which approximate market prices. Segment operating earnings represent revenues less direct operating expenses, segment depreciation, and segment selling, general and administrative expenses. Corporate general and administrative expense includes corporate overhead and other administrative expenses.

The following table sets forth certain business segment information:

|                                      | For the Three Months Ended<br>December 31, |           | For the Nine Months Ended<br>December 31, |            |
|--------------------------------------|--|-----------|---|------------|
|                                      | 1999                                       | 1998      | 1999                                      | 1998       |
|                                      | (Dollars in thousands)                     |           | (Dollars in thousands)                    |            |
| Revenues (External Customers):       |  |           |   |            |
| Cement                               | \$ 37,650                                  | \$ 37,560 | \$ 123,677                                | \$ 117,374 |
| Gypsum Wallboard                     | 56,506                                     | 35,206    | 155,976                                   | 102,243    |
| Concrete and Aggregates              | 13,894                                     | 11,607    | 42,918                                    | 35,535     |
| Other, net                           | 320  | 490       | 820                                       | 1,333      |
|                                      | \$ 108,370                                 | \$ 84,863 | \$ 323,391                                | \$ 256,485 |
| Intersegment Sales:                  |  |           |   |            |
| Cement                               | \$ 1,332                                   | \$ 1,537  | \$ 4,370                                  | \$ 4,646   |
| Concrete and Aggregates              | 123  | 30        | 378                                       | 285        |
|                                      | \$ 1,455                                   | \$ 1,567  | \$ 4,748                                  | \$ 4,931   |
| Operating Income:                    |  |           |   |            |
| Cement                               | \$ 11,744                                  | \$ 16,304 | \$ 44,131                                 | \$ 47,052  |
| Gypsum Wallboard                     | 31,614                                     | 13,997    | 82,263                                    | 40,189     |
| Concrete and Aggregates              | 2,174                                      | 1,830     | 7,629                                     | 6,139      |
| Other, net                           | 320  | 490       | 820                                       | 1,333      |
| Total                                | 45,852                                     | 32,621    | 134,843                                   | 94,713     |
| Corporate General and Administrative | (1,230)                                    | (1,201)   | (3,512)                                   | (2,977)    |
| Interest Income, net                 | 1,123                                      | 617       | 2,371                                     | 2,230      |
| Earnings Before Income Taxes         | \$ 45,745                                  | \$ 32,037 | \$ 133,702                                | \$ 93,966  |

Total assets by segment are as follows:

|                         | December 31,<br>1999   | March 31,<br>1999 |
|-------------------------|------------------------|-------------------|
|                         | -----                  | -----             |
|                         | (Dollars in thousands) |                   |
| Cement                  | \$141,772              | \$139,183         |
| Gypsum Wallboard        | 154,370                | 143,464           |
| Concrete and Aggregates | 27,529                 | 23,634            |
| Corporate and Other     | 103,474                | 58,402            |
|                         | -----                  | -----             |
|                         | \$427,145              | \$364,683         |
|                         | =====                  | =====             |

The increase in Cement segment assets resulted primarily from the completion of the Illinois Cement plant's finish mill project. The increase in Gypsum Wallboard assets is due to the completion of the Eagle Gypsum wallboard plant expansion project early in fiscal 2000 and increased accounts receivable balances. Concrete and Aggregates assets increased due to the Texas Highway 190 aggregates project. Corporate and other assets consist primarily of cash and cash equivalents, general office assets and miscellaneous other assets.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### RESULTS OF OPERATIONS

Benefitting from increased sales volume and higher net sales prices in its Gypsum Wallboard and Concrete and Aggregates segments, the Company reported the highest financial results in its history for both the quarter ended December 31, 1999, the third quarter of fiscal 2000, and for the nine months of fiscal 2000. Revenues for the third quarter of fiscal 2000 were \$108,370,000, a 28% increase over revenues of \$84,863,000 for the same quarter last year. CXP's net earnings for the quarter ended December 31, 1999 were \$29,094,000, a 43% increase over \$20,317,000 for the same quarter last year. Diluted earnings per share for this year's quarter of \$1.52 increased 54% over \$0.99 per share for the same quarter in fiscal 1999.

For the nine months ended December 31, 1999, CXP's net earnings increased 42% to \$85,035,000 or \$4.39 per diluted share from \$59,950,000 or \$2.84 per diluted share for the same period a year ago. Revenues for the nine months rose 26% to \$323,391,000 from \$256,485,000 for the same period in the prior fiscal year. Diluted earnings per share for the quarter and nine months increased more than net earnings due to fewer average shares outstanding in the current year's periods versus the same periods a year ago. A strong national economy has resulted in U.S. cement and gypsum wallboard consumption for 1999 exceeding last year's same period record consumption.

The following table compares sales volume, average unit sales prices and unit operating margins for the Company's operations:

| Quarter Ended December 31,<br>----- | Cement<br>(Ton) |         | Gypsum<br>Wallboard<br>(MSF) |          | Concrete<br>(Cubic Yard) |         | Aggregates<br>(Ton) |         |
|-------------------------------------|-----------------|---------|------------------------------|----------|--------------------------|---------|---------------------|---------|
|                                     | 1999            | 1998    | 1999                         | 1998     | 1999                     | 1998    | 1999                | 1998    |
| -----                               | -----           | -----   | -----                        | -----    | -----                    | -----   | -----               | -----   |
| Sales Volume (M)                    | 568             | 568     | 341                          | 283      | 186                      | 163     | 964                 | 817     |
| Average Net Sales Price             | \$68.72         | \$68.84 | \$165.53                     | \$124.38 | \$52.89                  | \$51.21 | \$ 4.31             | \$ 4.00 |
| Operating Margin(1)                 | \$20.70         | \$28.71 | \$92.61                      | \$49.45  | \$ 6.73                  | \$ 6.31 | \$ 0.95             | \$ 0.98 |

| Nine Months Ended December 31, | Cement<br>(Ton) |         | Gypsum<br>Wallboard<br>(MSF) |          | Concrete<br>(Cubic Yard) |         | Aggregates<br>(Ton) |         |
|--------------------------------|-----------------|---------|------------------------------|----------|--------------------------|---------|---------------------|---------|
|                                | 1999            | 1998    | 1999                         | 1998     | 1999                     | 1998    | 1999                | 1998    |
| Sales Volume (M)               | 1,837           | 1,771   | 994                          | 860      | 611                      | 538     | 2,651               | 2,261   |
| Average Net Sales Price        | \$69.72         | \$68.90 | \$156.86                     | \$118.94 | \$52.17                  | \$49.65 | \$ 4.30             | \$ 4.03 |
| Operating Margin(1)            | \$24.03         | \$26.57 | \$82.73                      | \$46.75  | \$ 7.94                  | \$ 7.65 | \$ 1.05             | \$ 0.90 |

(1) Segment operating margins represent revenues less direct operating expenses, segment depreciation, and segment selling, general and administrative expenses.

Cement revenues of \$38,982,000 for the quarter were level with the same quarter in the prior year. Operating earnings of \$11,744,000 decreased 28% from \$16,304,000 for last year's third quarter due to higher cost of sales. Sales volume of 568,000 tons for the quarter was level with the prior year's quarter. Sales volume declines at the Texas and Wyoming operations were offset by increased purchased cement sales at the Illinois and Nevada operations. Purchased cement sales for this year's quarter totaled 70,800 tons, up 96% over the same period last year. Manufactured sales volume at the Wyoming plant declined due to one of its kilns being down 35 days for a major rebuild. Demand continues to be strong in all of the Company's cement markets. Average cement sales prices of \$68.72 per ton declined from \$68.84 per ton for the same quarter last year. Imports have caused pricing in the Texas and northern California markets to soften. Cost of sales increased \$7.89 per ton due to the Laramie plant kiln outage and a higher proportion of purchased cement sales.

For the current year's nine months, Cement revenues were \$128,047,000 million, a 5% increase over \$122,020,000 for the same period a year ago. Operating earnings from Cement were \$44,131,000, down 6% from \$47,052,000 for the similar period last year due to higher cost of sales. Cement sales volume of 1,837,000 tons was 4% higher than sales volume for the first nine months of fiscal 1999, mostly due to an increase in purchased cement sales. Purchased cement sales volume of 222,300 tons for this year's period was 80% higher than last year's nine months sales volume. Cost of sales increased 8% to \$45.69 per ton due to the Laramie plant kiln outage and additional purchased cement sales.

Gypsum Wallboard revenues of \$56,506,000 for the quarter increased 61% over last year's same quarter revenues of \$35,206,000. Operating earnings for the quarter were \$31,614,000, up 126% over \$13,997,000 for the same period last year. Increased sales volume and higher operating margins resulted in the quarterly gain. Sales volume of 341 million square feet ("MMSF") for this year's quarter was 20% greater than 283 MMSF sold during the prior year's quarter. The sales volume increase resulted from the Albuquerque and Eagle plant expansion projects completed in late fiscal 1999 and early fiscal 2000. National wallboard consumption for calendar 1999 set an all time high record as single-family home construction and repair and remodeling activities remained strong. Supported by record demand and an October price increase, the Company's average net sales price for the third quarter improved to \$165.53 per thousand feet ("MSF"), 33% above \$124.38 per MSF for the same quarter last year. Although gypsum wallboard demand remains strong, new industry capacity additions during the last half of calendar 1999 have resulted in the industry being in an "over supply" position and consequently, a softening in wallboard pricing.

For the current nine month period, Gypsum Wallboard revenues were \$155,976,000, a 53% increase over \$102,243,000 for the same period a year ago. Operating earnings from Gypsum

Wallboard rose 105% to \$82,263,000 for the first nine months of this fiscal year from \$40,189,000 for last year's similar period. The operating earnings gain resulted from increased sales volume and a 77% operating margin increase. Gypsum Wallboard sales volume for the nine months increased 16% to 994 MMSF due to increased plant efficiencies and higher production speeds resulting from the Albuquerque and Eagle plant expansion projects. The operating margin gain resulted from the combination of a 32% sales price increase partially offset by a 3% increase in cost of sales. Cost of sales were negatively impacted by start-up costs associated with the Eagle plant expansion early in the fiscal year.

Revenues from Concrete and Aggregates were \$14,017,000 for the quarter, up 20% from \$11,637,000 for the same quarter a year ago. Concrete and Aggregates reported operating earnings for the quarter of \$2,174,000, up 19% from \$1,830,000 for the same quarter last year. Concrete earnings of \$1,255,000 increased 22% over last year's comparable quarter mainly due to a 14% increase in sales volume. Concrete sales volume for the quarter was 186,000 cubic yards, compared to 163,000 cubic yards for the same quarter last year. The gain was primarily attributable to strong demand in the Austin, Texas market. The Company's average Concrete net sales price of \$52.89 per cubic yard for the quarter was 3% higher than \$51.21 for the same quarter a year ago. Aggregates earnings of \$919,000 increased 15% from the prior year's quarter due to increased sales volume. The Company's Aggregates operation reported sales volume of 964,000 tons for the quarter, 18% above sales volume of 817,000 tons for the same quarter last year. The gain resulted from a 218,000 ton increase in California sales volume partially offset by lower road construction aggregates sales at the Texas operation. Product mix and higher net sales prices raised the Aggregates net sales price to \$4.31 per ton, an increase of 8% over \$4.00 per ton for the same quarter last year. Cost of sales increased 11% to \$3.36 per ton due to start-up costs associated with the new Texas aggregates plant and increased related administrative expenses.

For the nine months, Concrete and Aggregates revenues were \$43,296,000 this fiscal year, up 21% from \$35,820,000 for the same period last year. Operating earnings were \$7,629,000 for the nine months this year, a 24% increase over \$6,139,000 for the same period last year. Concrete earnings of \$4,856,000 increased 18% due to higher sales volume and improved operating margins. Sales volume of 611,000 cubic yards for the first nine months of fiscal 2000 was 14% above the prior year's nine month total due to a strong Texas residential market. Aggregates operating earnings for the nine months this year were \$2,773,000, up 37% over the same period last year. Increased operating margins and higher sales volume resulted in the improvement.

Corporate general and administrative expenses increased \$535,000 for the nine months due to higher incentive compensation and the cost of additional corporate personnel.

Net interest income of \$1,123,000 and \$2,371,000 was \$506,000 and \$141,000 above last year's quarter and nine months, respectively, due to higher cash balances during this year's comparable periods.

The Company's annual effective tax rate increased to 36.4% from 36.2% due to higher state income taxes.

## STOCK REPURCHASE PROGRAM

The Company's Board of Directors previously approved the repurchase of up to five million shares of the Company's common stock. During the third quarter, the Company's Board of Directors approved the repurchase of an additional 688,630 shares. The Company has repurchased 1,114,600 shares from the public since March 31, 1999. As of February 9, 2000, there are approximately 705,000 shares remaining under the Company's current repurchase authorization. Centex Corporation owns approximately 64.0% of the outstanding shares of CXP common stock as of February 9, 2000.

## FINANCIAL CONDITION

The Company has a \$35 million unsecured revolving credit facility that expires on March 31, 2001 to finance its working capital and capital expenditures requirements. Based on its financial condition and a virtually debt-free balance sheet at December 31, 1999, CXP believes that its internally generated cash flow coupled with funds available under the credit facility will enable CXP to provide adequately for its current operations and future growth.

Working capital at December 31, 1999 was \$106.9 million as compared to \$66.7 million at March 31, 1999. The increase resulted mainly from a \$47.4 million increase in cash. The \$4.0 million increase in accounts and notes receivable offset by higher accounts payable and accrued liabilities. Stock repurchases of 849,600 shares during the nine months amounted to \$31.2 million. Capital spending of \$21.9 million for this year's nine months included the completion of the Eagle wallboard plant expansion, the Illinois finish mill project, and the Texas Highway 190 aggregates project. Cash payments for income taxes totaled \$43.1 million and \$28.8 million in the first nine months of fiscal 2000 and 1999, respectively.

## YEAR 2000

Beginning in fiscal year 1997, the Company engaged in an ongoing process of evaluating and implementing changes to its systems in order to ensure Year 2000 compliance. As a result of this process, a small number of non-critical systems were identified as not being Year 2000 compliant and were upgraded or replaced accordingly during 1999. The Company and its subsidiaries tested all critical systems by December 31, 1999. The cost of replacing, upgrading or otherwise changing non-compliant systems was not material to the Company as a whole, or to the Company's individual subsidiaries. The Company used internally generated cash to fund the correction of non-compliant systems. The Company's Year 2000 compliance preparation included the completion of a contingency plan, the hiring of a third party consultant and the surveying of material vendors and suppliers.

As a result of the attention that the Company paid to addressing its Year 2000 readiness, the Company has not, to date, experienced an adverse effect on the Company's operations or financial condition or the operations or financial condition of any of its individual subsidiaries as a result of Year 2000 readiness. In addition, the Company is not aware of any of its vendors, subcontractors or other third parties experiencing any effects as a result of Year 2000 compliance issues. Furthermore, if any of those third parties were affected by Year 2000 compliance issues, such compliance issues have not caused, to date, any adverse effects on the Company's operations or financial condition, or the operations or financial condition of any of its individual subsidiaries.

Although the Company has not been affected to date by the change from December 31, 1999 to January 1, 2000, Year 2000 issues could arise subsequent to the filing of this report. As an example, the Company's Systems could fail to recognize 2000 as a leap year. The Company believes that such circumstances are highly unlikely to occur and that, even if they were to occur, it is highly unlikely that the Company's operations or financial condition would be materially adversely affected. Nevertheless, the Company intends to continue to monitor Year 2000 related issues and immediately address any issues that may arise.

#### Year 2000 Forward-Looking Statements

Certain statements in this section, other than historical information, are "forward-looking" statements. See "Forward-Looking Statements," below. These statements involve risks and uncertainties relative to the Company's ability to assess and remediate any Year 2000 compliance issues, the ability of third parties to correct material non-compliant systems and the Company's assessment of the Year 2000 issue's impact on its financial results and operations.

#### OTHER DEVELOPMENTS

The Company's Laramie cement plant had one of its kilns down approximately 35 days during the third quarter for a major rebuild. Late in the third quarter, production commenced at the Company's new aggregates facility north of Austin, Texas. The Company implemented an \$8.00 per MSF average Gypsum Wallboard price increase during the first week of October, 1999. However, the Company experienced some deterioration in gypsum wallboard demand and softening in pricing during December 1999 and January 2000. Also, cement pricing in the Houston, Texas and northern California markets has softened due to additional cement imports.

#### OUTLOOK

Positive market fundamentals continue to sustain the high level of demand for the Company's products. Given the current and anticipated levels of pricing, the Company expects to post record fourth quarter results and a sixth consecutive year of record earnings for fiscal 2000.

#### FORWARD-LOOKING STATEMENTS

Certain sections of this Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Litigation Reform Act of 1995. Forward-looking statements may be identified by the context of the statement and generally arise when the Company is discussing its beliefs, estimates or expectations. These statements involve known and unknown risks and uncertainties that may cause the Company's actual results to be materially different from planned or expected results. Those risks and uncertainties include, but are not limited to, the cyclical and seasonal nature of the Company's business, public infrastructure expenditures, adverse weather, availability of raw materials, unexpected operational difficulties, governmental regulation and changes in governmental and public policy, changes in economic conditions specific to any one or more of the Company's markets, competition, announced increases in capacity in the gypsum wallboard and cement industries, general economic conditions, interest rates and the Year 2000 compliance readiness of the Company's suppliers and service producers. Investors should take such risks and uncertainties into

account when making investment decisions. These and other factors are described in the Annual Report on Form 10-K for Centex Construction Products, Inc. for the fiscal year ended March 31, 1999. The report is filed with the Securities and Exchange Commission. The Company undertakes no obligation to update publicly any forward-looking statement as a result of new information, future events or other factors.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) Exhibits
  - 27 - Financial Data Schedule
- (b) Reports on Form 8-K
  - None

All other items required under Part II are omitted because they are not applicable.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CENTEX CONSTRUCTION PRODUCTS, INC.

-----  
Registrant

February 10, 2000

/s/ RICHARD D. JONES, JR.

-----  
Richard D. Jones, Jr.  
President and Chief Executive  
Officer

February 10, 2000

/s/ ARTHUR R. ZUNKER, JR.

-----  
Arthur R. Zunker, Jr.  
Senior Vice President-Finance  
and Treasurer (principal financial  
and chief accounting officer)



INDEX TO EXHIBITS

EXHIBIT NO.  
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DESCRIPTIONS  
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Financial Data Schedule

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CENTEX CONSTRUCTION PRODUCTS, INC.'S DECEMBER 31, 1999, FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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 CENTEX CONSTRUCTION PRODUCTS, INC.  
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|         |             |         |
|---------|-------------|---------|
| 9-MOS   |             |         |
|         | MAR-31-2000 |         |
|         | APR-01-1999 |         |
|         | DEC-31-1999 |         |
|         |             | 97,011  |
|         |             | 0       |
|         |             | 47,147  |
|         |             | 0       |
|         |             | 33,308  |
|         | 177,466     | 408,391 |
|         |             | 173,791 |
|         |             | 427,145 |
|         | 70,556      |         |
|         |             | 400     |
|         | 0           |         |
|         |             | 0       |
|         |             | 189     |
|         |             | 331,419 |
| 427,145 |             |         |
|         |             | 322,571 |
|         | 325,762     | 0       |
|         |             | 188,548 |
|         |             | 3,512   |
|         |             | 0       |
|         |             | 0       |
|         |             | 133,702 |
|         |             | 48,667  |
|         | 85,035      |         |
|         |             | 0       |
|         |             | 0       |
|         |             | 0       |
|         |             | 85,035  |
|         |             | 0       |
|         |             | 4.39    |