



# 2017

## Second Quarter



This document contains forward-looking statements which reflect the Company's views about future events and financial performance. Actual events and results could differ materially from these statements. Readers are cautioned not to place undue reliance on these forward looking statements, which speaks only of their dates and the Company undertakes no obligation to update or revise any of them.

## INTERCERAMIC RELEASES SECOND QUARTER 2017 RESULTS

For the second quarter of 2017, consolidated sales rose to Ps 2,418.6 million, a growth of 5.2 percent over consolidated sales of Ps 2,299.6 million for the second quarter of 2016. Gross income in the second quarter of 2017 grew 5.5 percent, up to Ps 985.9 million from the Ps 934.6 million achieved in the same quarter of last year. At 40.8 percent, gross margin for the second quarter of 2017 was 0.2 percentage points up from gross margin of 40.6 percent for last year's second quarter.

All of the sales growth was obtained in Mexico, where second quarter 2017 sales were up 7.4 percent over the second quarter last year, to Ps 1,714.5 million from Ps 1,596.6 million. Sales in the International markets were off just slightly, down 2.0 percent measured in Dollars, at US \$38.1 million as opposed to last year's second quarter figure of US \$38.9 million.

Consolidated operating income of Ps 284.2 million was 2.2 percent better than operating income of Ps 278.1 million for the second quarter of 2016. Holding firm, the Company's EBITDA grew marginally by 1.8 percent over the second quarter of 2016, ending at Ps 377.1 million for the second quarter of 2017 from Ps 370.3 million in the second quarter last year. Our debt service coverage ratio stood at 13.2 times at the end of the second quarter of 2017, compared to 13.1 times at the end the same quarter of 2016, but the debt to EBITDA ratio increased to 2.0 times from last year's 1.5.

Consolidated sales of Ps 4,831.0 million in the first six months of 2017 bettered the first half of 2016 by 7.4 percent, when sales of Ps 4,498.5 million were recorded. Gross income grew in proportion, to Ps 1,967.7 million for the first half of 2017 from the Ps 1,826.7 million in the same half last year, a rise of 7.7 percent. EBITDA dropped by 0.2 percent to Ps 729.9 million in the first half of 2017 from the Ps 731.4 million reached in the first half of 2016. On a more positive note, the first half of 2017 showed a 7.8 percent sales growth in domestic sales between the two periods—Ps 3,384.0 million from Ps 3,140.4 million, while International sales were almost absolutely flat, to US \$75.5 million in the first half of this year from US \$75.6 million in the first half of last year, a negligible 0.1 percent drop.

The overall growth in consolidated sales is encouraging, and in the second quarter of this year we managed to get our operating results back up. The International markets remain a particular challenge but we are confident we have the right personnel, facilities and strategies in place now to begin to capitalise on the opportunities in coming periods. As always, we at Interceramic want to thank our investors, our customers and our employees for their continued support.

**Víctor D. Almeida**

Chairman of the Board & CEO

**RELEVANT FINANCIAL INFORMATION**

<b>INCOME STATEMENT</b> (Thousands of Pesos except per Share data)	<b>Apr-Jun '17</b>	<b>Apr-Jun '17</b> <b>Vs.</b>	<b>Jan-Jun '17</b>	<b>Jan-Jun '17</b> <b>Vs.</b>
		<b>Apr-Jun '16</b>		<b>Jan-Jun '16</b>
Net Sales	2,418,611	5.2%	4,830,953	7.4%
Cost of goods sold	(1,432,668)	5.0%	(2,863,256)	7.2%
Gross Income	985,942	5.5%	1,967,697	7.7%
Operating Expenses	(701,788)	6.9%	(1,422,638)	11.7%
Operating Income	284,155	2.2%	545,058	(1.5%)
Interest Expense	(29,982)	13.7%	(59,891)	15.2%
Interest Income	2,748	(38.9%)	8,782	10.0%
Foreign Exchange Gain	108,333	(182.0%)	378,058	(409.3%)
Equity in Associated	1,000	(48.7%)	2,500	19.0%
Income Tax	(84,887)	11.1%	(169,878)	11.1%
Deferred Income Tax	3,399	106.0%	6,798	106.0%
Net Majority Income	280,657	456.7%	705,622	207.2%
Minority Income	4,109	392.1%	5,805	(41.3%)
Weighted Average Number of Shares Outstanding (Thousands)	146,703	(9.4%)	146,703	(9.4%)
EPS	1.91	N.A.	4.81	240.3%

<b>BALANCE SHEET</b> (Thousands of Pesos)	<b>As of</b> <b>June 30, 2017</b>	<b>Jun '17</b> <b>Vs.</b> <b>Jun '16</b>
Current Assets	4,095,296	(1.6%)
Cash Equivalents	408,025	(50.2%)
Fixed Assets	3,279,024	41.5%
Other non-current Assets	244,611	6.6%
<b>TOTAL ASSETS</b>	<b>7,618,931</b>	<b>13.5%</b>
Short-term Bank Debt	486,672	12.5%
Other short-term Liabilities	962,112	(4.6%)
Long-term Bank Debt	2,547,863	49.8%
Deferred Taxes	92,015	(33.7%)
Other long-term Liabilities	227,809	(8.7%)
<b>TOTAL LIABILITIES</b>	<b>4,316,472</b>	<b>22.3%</b>
Majority Shareholders' Equity	3,153,741	5.6%
Minority Interest	148,718	(23.1%)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3,302,459</b>	<b>3.9%</b>