

2016

First Quarter

INTERCERAMIC RELEASES FIRST QUARTER 2016 RESULTS

Excellent first quarter consolidated sales of Ps 2,199.0 million provided Interceramic with a solid platform for further improvement in operating results in 2016, representing a 19.0 percent increase over sales of Ps 1,847.1 million for the same quarter last year. An improved product mix and better pricing resulted in a company record gross margin of 40.6 percent for the first quarter of 2016, an increase of 3.97 points over a 36.6 percent gross margin in the first quarter of 2015.

Sales growth, gross margin increase and operating expense control resulted in a steady growth in operating income—and the first quarter of 2016 was no exception. Interceramic's consolidated operating income for this quarter hit a new record of Ps 275.2 million, up 73.0 percent over the Ps 159.0 million recorded in the first quarter of last year. Operating expenses for the quarter were Ps 617.6 million, a 19.0 percent increase over operating expenses of Ps 519.0 million for the same quarter of 2015, but commensurate with the increase in gross income, operating expenses as a percentage of sales for the two periods was identical at 28.1 percent. Our operating margin for the first quarter of 2016 was a stunning 12.5 percent, an increase of almost four full points over a 8.6 percent operating margin in the same period last year. Not surprisingly, these results led to another record quarter of EBITDA, which topped Ps 361.1 million, a growth of 50.1 percent over EBITDA of Ps 240.5 million in the first quarter of 2015. Key financial ratios get healthier and healthier as well, and at the end of the first quarter of 2016, Interceramic's debt service coverage ratio stood as 12.7 times compared to 10.2 at the end of the first quarter of 2015, while our ratio of debt to EBITDA tumbled further to 1.5 from 2.0 at the end of the first quarter of last year.

Mexican consolidated sales were Ps 1,543.7 million for the first quarter of 2016 and with sales of Ps 1,299.4 million in the same period of 2015, the rate of increase was 18.8 percent. On the other hand, in the International markets sales were more or less flat, and measured in United States Dollars were up only one percent over last year, US \$36.7 million for the first quarter of this year while US \$36.3 last year.

As great as the first quarter of 2015 was, first quarter 2016 is an even better start to a new year. While we had long been anticipating a breakthrough in our financial performance, the sustained growth over the past two or three years has been simply remarkable. Once again, we have much to look forward to and cannot wait to see what we can achieve this year. 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

INCOME STATEMENT (Thousands of Pesos except per Share data)	Jan-Mar '16	Jan-Mar '16 Vs. Jan-Mar '15
Net Sales	2,198,963	19.0%
Cost of goods sold	(1,306,814)	11.6%
Gross Income	892,149	32.0%
Operating Expenses	(617,573)	19.0%
Other Expenses, Net	601	(68.8%)
Operating Income	275,177	73.0%
Interest Expense	(25,649)	26.8%
Interest Income	3,480	102.2%
Foreign Exchange Gain	9,909	(118.0%)
Equity in Associated	150	(94.8%)
Income Tax	(76,418)	49.2%
Deferred Income Tax	1,650	0.0%
Net Majority Income	179,243	463.2%
Minority Income	9,057	32.9%
Weighted Average Number of Shares Outstanding (Thousands)	162,664	0.0%
EPS	1.10	463.2%

BALANCE SHEET (Thousands of Pesos)	As of March 31, 2016	Mar '16 Vs. Mar '15
Current Assets	3,911,396	26.2%
Cash Equivalents	705,055	245.6%
Fixed Assets	2,206,565	(0.5%)
Other non-current Assets	231,347	27.6%
TOTAL ASSETS	6,349,308	15.5%
Short-term Bank Debt	302,856	(53.1%)
Other short-term Liabilities	743,969	8.5%
Long-term Bank Debt	1,678,323	67.8%
Deferred Taxes	115,083	(9.7%)
Other long-term Liabilities	239,155	19.2%
TOTAL LIABILITIES	3,079,386	15.8%
Majority Shareholders' Equity	3,028,416	16.5%
Minority Interest	241,506	1.3%
TOTAL SHAREHOLDERS' EQUITY	3,269,921	15.2%