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INTERCERAMIC RELEASES FOURTH QUARTER 2015 RESULTS

A vast improvement in operating results is the story of the year for Interceramic, which saw a 114.1 percent increase in operating income on the foot of a 28.8 percent growth in gross income and a 13.5 percent rise in consolidated sales. Clearly, the extended programs of investment in distribution and sales infrastructure, focus on more effective management and product development have begun to yield the anticipated fruits. For the year, consolidated sales topped Ps 8,185.6 million, almost a billion Pesos higher than the Ps 7,208.9 million achieved last year and, as stated earlier, a year-on-year increase of 13.5 percent. Our gross margin for 2015 was a full 4.5 points higher than that of 2014, up to 37.9 percent from 2014's 33.4 percent. A better mix of products sold and lower energy costs contributed to this margin improvement. No surprise here in that domestic sales in Mexico led our sales growth. Consolidated sales in Mexico for 2015 were Ps 5,747.6 million, 14.2 percent above Mexican sales of Ps 5,034.4 million in 2014. A positive effect in currency exchange rates allowed our International sales to show a 12.1 percent gain when stated in Pesos, but in the more relevant currency of United States Dollars, International sales slipped over the two periods by 6.5 percent, to US \$152.6 million in 2015 compared to US \$163.1 million in 2014. But when sales of our since-disposed of subsidiary IMC are excluded, the International markets actually posted an increase over last year of 1.8 percent.

Back to operating results then, which is where the contrast between 2015 and 2014 is considerably more dramatic. Consolidated operating income in 2015 more than doubled over 2014, flying up to Ps 874.1 million from the Ps 408.3 million earned in 2014. Operating expenses in 2015 were higher in 2015 than in 2014 (up 10.6 percent), but given the growth in gross income this modest increase was easily absorbed. Our EBITDA soared to a new level altogether in 2015, hitting Ps 1,209.9 million and rising 64.4 percent over the Ps 736.2 million booked in 2014. The operating results in 2015 also did wonders for Interceramic's key financial ratios. At the end of December 2015, our debt service coverage ratio was 12.1 times and our ratio of debt to EBITDA was 1.7, while at the same time last year those ratios stood at 9.5 and 2.3, respectively.

The overall improvement in our financial results for 2015 is also reflected upon a comparison of the final quarters of this year and 2014. In 2015, consolidated sales for the fourth quarter were Ps 2,179.0 million, 12.1 percent above sales of Ps 1,944.0 million in the fourth quarter of 2014. Mexican sales of Ps 1,575.3 million showed a 10.0 percent improvement over fourth quarter 2014 Mexican sales of Ps 1,432.4 million while International sales showed a slight decrease over the two periods, to US \$36.0 million in the fourth quarter of 2015 from US \$36.6 million in the fourth quarter of 2014, a dip of 1.7 percent. Consolidated gross margin in fourth quarter 2015 of 39.1 percent was 5.8 points higher than last year's 33.3 percent. At Ps 255.0 million, fourth quarter 2015 operating income was 69.4 percent higher than fourth quarter 2014 operating income of Ps 150.5 million. Our EBITDA for the fourth quarter of 2015 was Ps 342.2 million as opposed to Ps 238.6 million during the same quarter last year, up 43.4 percent.

As we predicted last year at this time, 2015 did indeed prove to be the best-by far-in Interceramic's 36 year history. The additional resources made available by excellent operating results and the momentum that comes with them leaves us with even greater expectations for 2016 and we are very much ready and well positioned to make things happen over the coming quarters. As always, we 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)	Oct-Dec '15	Oct-Dec '15 Vs. Oct-Dec '14	Jan-Dec '15	Jan-Dec '15 Vs. Jan-Dec '14
	Net Sales	2,178,993	12.1%	8,185,619
Cost of goods sold	(1,326,376)	2.3%	(5,082,597)	5.9%
Gross Income	852,617	31.6%	3,103,022	28.8%
Operating Expenses	(596,609)	17.6%	(2,231,102)	10.6%
Other Expenses, Net	(1,005)	(110.0%)	2,204	(86.7%)
Operating Income	255,003	69.4%	874,124	114.1%
Interest Expense	(25,259)	13.5%	(99,667)	29.2%
Interest Income	3,955	267.0%	8,775	129.0%
Foreign Exchange Loss	(28,927)	(77.2%)	(288,643)	70.0%
Equity in Associated	6,048	63.8%	11,916	125.1%
Income Tax	(27,548)	(157.2%)	(146,665)	25.2%
Deferred Income Tax	19,444	(62.9%)	24,394	(55.3%)
Net Majority Income	186,954	102.0%	349,009	336.5%
Minority Income	15,761	11.8%	35,225	25.6%
Weighted Average Number of Shares Outstanding (Thousands)	162,664	0.0%	162,664	0.0%
EPS	1.15	102.0%	2.15	336.5%

BALANCE SHEET (Thousands of Pesos)	December 2015	Dec '15 Vs. Dec '14
Current Assets	3,776,725	19.3%
Cash Equivalents	687,215	96.6%
Fixed Assets	2,232,905	(1.4%)
Other non-current Assets	214,517	41.3%
TOTAL ASSETS	6,224,147	11.5%
Short-term Bank Debt	210,208	(64.2%)
Other short-term Liabilities	791,882	2.1%
Long-term Bank Debt	1,780,935	59.0%
Deferred Taxes	127,774	5.3%
Other long-term Liabilities	214,835	9.1%
TOTAL LIABILITIES	3,125,634	11.6%
Majority Shareholders' Equity	2,866,064	12.4%
Minority Interest	232,449	0.4%
TOTAL SHAREHOLDERS' EQUITY	3,098,513	11.4%