

# Fourth Quarter 2012



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 REPORTS RECORD  
SALES AND EBITDA**

The year 2012 saw Interceramic posting record annual consolidated sales and highest ever EBITDA for a calendar year. The Company continued steady improvement in its operating results with, as was the case during 2011, growth in operating income being particularly noteworthy. With consolidated sales for the year of Pesos 6,365.0 million up by 11.2 percent over consolidated sales of Pesos 5,726.3 million in 2011, operating income increased by 43.2 percent to Pesos 558.9 million in 2012 compared to the Pesos 390.2 million posted in 2011. Operating expenses in 2012 were equal to 26.3 percent of sales, an improvement of 1.1 percentage points over the 27.4 percent recorded in 2011. Sales in the Mexican market for the year grew 9.3 percent over 2011, and we were pleasantly surprised by the growth in the international markets for 2012 (up 8.7 percent measured in United States Dollars), putting an end to a trend of decreasing sales that started back in 2008. After a number of years of being a drag on consolidated financial results our business in the United States is on track to provide a boost to the Company.

On the consolidated sales of Pesos 6,365.0 million for 2012, cost of sales of Pesos 4,121.9 million resulted in gross income of Pesos 2,243.1 million, an increase of 12.0 percent over 2011 gross income of Pesos 2,002.5 million. Our gross margin for the year of 2012 was fractionally higher than 2011, up to 35.2 percent from 35.0 percent last year. Operating expenses for 2012 of Pesos 1,674.2 million, compared to operating expenses of Pesos 1,570.0 million last year, resulted in operating income for 2012 of Pesos 558.9 million, 43.2 percent higher than the Pesos 390.2 million of operating income posted in 2011. The excellent growth in operating income over 2012 also, as expected, lifted the Company's EBITDA to a record Pesos 855.2 million, up 18.6 percent over EBITDA of Pesos 720.9 million for 2011. The year ended with the Company's two key financial ratios in the best shape in many years. Our debt service coverage ratio at December 31, 2012 was 9.3 times compared to 8.1 for the same ratio the year before. The Company's ratio of debt to EBITDA declined appreciably, down to 1.9 from 2.6 at the end of 2011.

Our results in Mexico for 2012 show sustained improvement, much as we have seen over the past few periods. Mexican sales for 2012 were Pesos 4,301.4 million and compared to 2011 Mexican sales of Pesos 3,936.6 million grew by 9.3 percent. In the International markets, sales for 2012 of US \$156.7 million were up by 8.7 percent over International sales of US \$144.2 million in 2011. Results from both markets are good, with the International results particularly encouraging.

Switching focus to the last quarter of 2012, fourth quarter 2012 consolidated sales were Pesos 1,620.0 million, an increase of 7.5 percent over fourth quarter 2011 sales of Pesos 1,506.3 million. Mexican sales of Pesos 1,146.9 million for the fourth quarter of 2012 rose by 6.7 percent over Mexican sales for the same period of 2011 of Pesos 1,074.7 million. In the International markets, fourth quarter 2012 sales were US \$36.4 million and, compared to sales of US \$31.7 million in the fourth quarter of 2011, rose by a very positive 14.9 percent. Operating income for the fourth quarter of 2012 swelled to Pesos 149.2 million, a leap of 70.6 percent over operating income for the same period in 2011 of Pesos 87.4 million. The Company's EBITDA for the quarter was Pesos 229.1 million as opposed to EBITDA for the final quarter of 2011 of Pesos 177.5 million, a 29.1 percent increase.

On the heels of a good year in 2011, Interceramic's financial results for 2012 are even better news, with sustained growth in sales and increasing Company-wide efficiencies driving inevitably to healthy operating results. Our unrivalled position at the top of the Mexican market, together with the material improvements in the United States have given us great encouragement for the future, and we very much look forward to consolidating and improving further upon these results in 2013. 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**

<b>INCOME STATEMENT</b> (Thousands of Pesos except per Share data)	<b>Oct-Dec '12</b>	<b>Oct-Dec '12 Vs. Oct-Dec '11</b>	<b>Jan- Dec'12</b>	<b>Jan- Dec'12 Vs. Jan-Dec '12</b>
Net Sales	1,619,954	7.5%	6,365,008	11.2%
Cost of goods sold	(1,038,519)	4.6%	(4,121,933)	10.7%
Gross Income	581,435	13.3%	2,243,074	12.0%
Operating Expenses	(429,767)	7.9%	(1,674,237)	6.6%
Other Expenses, Net	(2,493)	(90.9%)	(9,889)	(76.6%)
Operating Income	149,174	70.6%	558,949	43.2%
Interest Expense	(21,818)	(12.9%)	(92,257)	3.5%
Interest Income	2,295	(59.8%)	10,710	(39.5%)
Foreign Exchange Gain (Loss)	(18,163)	(70.5%)	109,695	(159.5%)
Equity in Associated	(0)	N.A	(11,587)	N.A
Income Tax	10,964	(68.3%)	(97,975)	(7.0%)
Deferred Income Tax	(45,988)	(193.8%)	(35,109)	(168.7%)
Net Majority Income	59,409	(3.4%)	386,858	N/A
Minority Income	17,055	(14.1%)	55,567	(0.6%)
Weighted Average Number of Shares Outstanding (Thousands)	162,664	0.0%	162,664	0.0%
EPS	0.37	(3.4%)	2.38	N/A

<b>BALANCE SHEET</b> (Thousands of Pesos)	<b>December 2012</b>	<b>Dec '12 Vs. Dec '11</b>
Current Assets	2,923,296	8.8%
Cash Equivalents	139,770	(42.7%)
Fixed Assets	2,408,679	6.0%
Other non-current Assets	122,721	10.2%
<b>TOTAL ASSETS</b>	<b>5,454,696</b>	<b>7.6%</b>
Short-term Bank Debt	188,427	42.3%
Other short-term Liabilities	748,772	51.7%
Long-term Bank Debt	1,418,025	(17.9%)
Deferred Taxes	375,193	6.3%
Other long-term Liabilities	140,644	20.4%
<b>TOTAL LIABILITIES</b>	<b>2,871,060</b>	<b>1.7%</b>
Majority Shareholders' Equity	2,327,141	17.2%
Minority Interest	256,495	(2.3%)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,583,635</b>	<b>14.9%</b>