

2013

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 2013**RESULTS**

The second quarter of 2013 saw somewhat of a lull in overall consumption of ceramic tile in Mexico, but Interceramic was still able to increase sales during the period. At Pesos \$1,679.6 for the quarter, consolidated sales for the second quarter of 2013 surpassed the Pesos \$1,642.3 million recorded in the same period of 2012 by 2.3 percent. Despite the softening Mexican market, we were still able to grow domestic sales by 8.5 percent for the period, recording Mexican sales of Pesos \$1,133.5 million in the second quarter of this year compared to Pesos \$1,044.7 million in the second quarter of 2012. In the International markets—most of which are sales in the United States—sales of US \$43.2 million were a 2.3 percent decrease over International sales of US \$44.2 million in the second quarter of 2012.

Consolidated operating income of Pesos \$125.1 million lagged operating income in the second quarter last year of Pesos \$160.8 million by some 22.2 percent, and our second quarter 2013 EBITDA of Pesos \$196.5 million was a 15.2 percent dip over EBITDA of Pesos \$231.6 million in the second quarter of 2012. A combination of debt reduction and lower borrowing costs has resulted in a substantial decrease in interest expense, which has decreased to Pesos \$19.0 million in the second quarter of 2013 from Pesos \$24.0 million in interest expense in the same quarter of 2012, a 21.1 percent reduction over the periods. Accordingly, Interceramic's debt service coverage ratio for the quarter at 9.7 was an improvement over the ratio of 8.5 at the end of the second quarter of 2012. At the end of the second quarter 2013, our ratio of debt to EBITDA was 2.0 compared to 2.2 at the end of the second quarter of 2012. By market segment, EBITDA for the second quarter of the year was allocated Pesos \$184.9 million to our Mexican operations and Pesos \$11.6 million to International. Buffeted by erratic swings in exchange rates, net majority income for the quarter was a loss of Pesos \$51.0 million in contrast to a profit in the second quarter of 2012 of Pesos \$8.0 million. Exchange rate loss for the second quarter of 2013 was Pesos \$82.9 million, a 7.9 increase over an exchange rate loss for the same period of last year of Pesos \$76.9 million.

Looking quickly at the first half of 2013 compared to the first half of last year, consolidated sales increased by 4.7 percent, rising to Pesos \$3,258.6 million this year from Pesos \$3,113.4 million in the first half of 2012. Mexico led in sales growth over the periods, with first half 2013 Mexican sales of Pesos \$2,217.9 million posting 8.1 percent higher than the Pesos \$2,052.5 million recorded in the first half of 2012. In the International markets, measured in Dollars, sales for the first half of 2013 rose by 2.7 percent over the same period of 2012, up to US \$82.3 million from US \$80.1 million. The Company's operating income for the first half of 2013 was Pesos \$218.0 million a dip of 14.6 percent when compared to last year's figure of Pesos \$255.3 million.

The first semester EBITDA decreased as well in 2013, down to Pesos \$366.1 million from Pesos \$401.0 million in the first half of 2012, a drop of 8.7 percent over the periods. At Pesos \$25.5 million, net majority income was considerably (85.1 percent) below net majority income for the first six months of 2012 of Pesos \$171.4 million again, almost wholly exchange rate driven. The exchange rate loss for the first semester of 2013 was Pesos \$17.9 million, compared to an exchange rate gain of Pesos \$62.2 million in the same period of 2012.

Affecting our operating results for the second quarter of 2013 were the cost of improvements to a number of our key stores in Mexico and amounts spent on the opening of new stores as well, which should nonetheless help boost our results in following 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

INCOME STATEMENT (Thousands of Pesos except per Share data)	Apr-Jun '13	Apr-Jun '13	Jan- Jun'13	Jan- Jun'13
		Vs.		Vs.
		Apr-Jun '12		Jan-Jun '12
Net Sales	1,679,553	2.3%	3,258,562	4.7%
Cost of goods sold	(1,103,911)	4.2%	(2,150,974)	5.8%
Gross Income	575,642	(1.3%)	1,107,588	2.4%
Operating Expenses	(451,904)	7.3%	(886,686)	8.2%
Other Expenses, Net	1,381	(261.9%)	(2,909)	(51.9%)
Operating Income	125,119	(22.2%)	217,993	(14.6%)
Interest Expense	(18,954)	(21.1%)	(38,639)	(18.5%)
Interest Income	2,953	(12.9%)	4,967	(15.7%)
Foreign Exchange Gain (Loss)	(82,941)	7.9%	(17,908)	(128.8%)
Equity in Associated	(379)	(91.3%)	(4,172)	(49.4%)
Income Tax	(68,184)	87.7%	(120,343)	65.8%
Deferred Income Tax	750	(22.6%)	1,500	(12.8%)
Net Majority Income	(50,955)	N.A.	25,526	(85.1%)
Minority Income	9,319	(39.9%)	17,871	(30.0%)
Weighted Average Number of Shares Outstanding (Thousands)	162,664	0.0%	162,664	0.0%
EPS	(0.31)	N.A.	0.16	(85.1%)

BALANCE SHEET (Thousands of Pesos)	June 2013	June '13
		Vs.
		June '12
Current Assets	2,702,173	(0.6%)
Cash Equivalents	229,856	24.9%
Fixed Assets	2,368,154	1.6%
Other non-current Assets	144,700	2.1%
TOTAL ASSETS	5,215,027	0.5%
Short-term Bank Debt	222,613	38.4%
Other short-term Liabilities	595,673	(3.3%)
Long-term Bank Debt	1,399,248	(10.4%)
Deferred Taxes	351,089	2.5%
Other long-term Liabilities	146,057	24.8%
TOTAL LIABILITIES	2,714,680	(3.0%)
Majority Shareholders' Equity	2,255,334	5.6%
Minority Interest	245,013	(5.3%)
TOTAL SHAREHOLDERS' EQUITY	2,500,346	4.5%