FOURTH QUARTER

2011

Interceramic Reports Fourth Quarter Results

A modest growth in consolidated sales belies a good 2011 for Interceramic, which saw the Company in particular greatly improved operating income. At US $31.5 million, 2011 operating income for Interceramic grew by 111.7 percent over 2010 operating income of US $14.9 million. Consolidated sales for the year were US $459.8 million, 3.1 percent higher than consolidated sales of US $446.0 million in the preceding year. The increase in operating income is largely the result of the cumulative effect of a number of years of expense cutting and consolidation efforts–particularly in the Company's United States operations, and record operating results from our business in Mexico. In 2010, operating expenses totalled US $140.4 million–or 31.5 percent of consolidated sales. However, for 2011 operating expenses decreased by about ten percent from 2010, down to US $126.2 million, which is equal to 27.5 percent of sales. The sales figures also mask better overall performance in the Mexican markets, where sales grew by 6.9 percent over 2010 (8.2 percent measured in dollars), demonstrating our continuing strength in the domestic market. In the United States, the Company's trimmed back operations have seen a further decline in sales (down 6.6 percent in 2011 from 2010), although on the plus side this market is not having nearly as adverse an impact on our consolidated operations as had been the case for a number of periods prior to recent retrenchment efforts there.

With consolidated net sales in 2011 of US $459.8 million, the Company recorded gross income of US $160.9 million, which was a mere one percent better than our gross income of US $159.2 million in 2010. Gross margin for the year actually declined fractionally from 2010, decreasing 0.7 percent to an even 35 percent in 2011. As noted earlier, a large reduction in operating expenses applied against more or less level gross income went straight to the bottom line, fuelling that 111.7 percent growth in operating income. That growth of course translated to a boost in the Company's EBITDA for the year, increasing by 31.8 percent over the periods, hitting US $58.0 million for 2011 compared to US $44.0 million in 2010. Although our operations in the United States reduced our consolidated EBITDA by US $8.0 million during 2011, that was less than half of the US $17.9 million that the United States operations detracted from EBITDA in 2010. At the end of the year, the Company's key financial ratios were considerably better as well, with the debt service coverage ratio 8.2 times, compared to last year, when the end of 2010 saw the same ratio at 4.8 times. Our ratio of debt to EBITDA at the end of 2011 was 2.6, while it was at 3.3 at the same time last year.

The Company continues to be driven forward by our results in the Mexican market. Sales in Mexico over the course of 2011 were, expressed in Mexican Pesos, Ps 3,936.6 million (US $315.6 million), an increase over 2010 Mexican sales of Ps 3,683.5 million (US $291.6) of 6.9 percent (8.2 percent viewed in Dollars). Our focus for 2012 will understandably be Mexico, in which we have a deeper and unrivalled position at the high-end of the market. Our efforts will be directed at achieving further incremental gains in areas of customer support, product development, marketing and other initiatives that have proven successful over the last couple of years. International (primarily United States) sales decreased further during 2011, falling by 6.6 percent to US $144.2 million in 2011 compared to US $154.4 percent in the previous year. On the bright side, United States operations took the full US $30.6 million hit from discontinued operations, and results from "same" operations in America during 2011 grew by 11.0 percent over those operations in 2010.

A somewhat disappointing fourth quarter of the year took a bit of the shine off of our otherwise bright 2011 results, but there was a silver lining of sorts nonetheless. Consolidated sales for the fourth quarter of 2011 were US $110.3 million, a 4.4 percent decrease over consolidated sales of US $115.4 million in the fourth quarter of 2010. However, measured in Pesos sales in Mexico for the fourth quarter of 2011 actually increased by 9.3 percent over the fourth quarter of 2010, up to Ps 1,074.7 million (US $78.7 million) from Ps 983.0 million (US $79.1 million). The bulk of the reduction in our fourth quarter 2011 results came from United States sales, where sales decreased by 12.7 percent in the fourth quarter of 2011 from the same period in 2010. Further impacting our fourth quarter results was an adverse shift in the Peso to Dollar exchange rate towards the end of the year, which ended up converting a Peso-denominated consolidated sales increase for the fourth quarter of 2011 over the same quarter of 2010 of 5.1 percent to the 4.4 percent Dollar decrease mentioned above. A pronounced drop in operating expenses for the quarter, down to US $29.2 million from US $37.2 million in 2010–a 21.6 percent reduction–meant that despite the drop in sales our operating income shot up over the last quarter last year, and at US $6.4 million was over 500 percent better than just US $1.0 million of operating income in the last quarter of 2010. The Company's EBITDA for the final quarter of 2011 was good accordingly, up 32.1 percent to US $13.0 million from US $9.8 million in the same period last year.

Overall, 2011 was a good year for Interceramic during still somewhat difficult times globally. While we still have a way to go towards getting our International operations where we want them to be, we were able to see definite improvements due to our extraordinary efforts of the past couple of years. Our continually improving financial results enabled us to refinance our existing credit facility on much more favourable terms than previously available. Healthy cash flow during the year allowed us to further reduce our overall financial obligations, putting us on an even better footing for the coming year. As always, we thank our investors, our customers and our employees for their continued support.

Oscar E. Almeida
Honorary Chairman

Víctor D. Almeida
Chairman of the Board & CEO

RELEVANT FINANCIAL INFORMATION

INCOME STATEMENT (Thousands of Nominal US Dollars, except per Share data)	Oct-Dec'11	Oct Dec'11 Vs. Oct-Dec'10	Jan- Dec'11	Jan- Dec'11 Vs. Jan-Dec '10
Net Sales	110,320	(4.4%)	459,786	3.1%
Cost of goods sold	(72,735)	(2.1%)	(298,862)	4.2%
Gross Income	37,585	(8.5%)	160,924	1.1%
Operating Expenses	(29,176)	(21.6%)	(126,240)	(10.1%)
Other Expenses, Net	(1,981)	(30.8%)	(3,188)	(18.9%)
Operating Income	6,428	N.A.	31,496	111.7%
Integral Cost of Financing	(5,640)	N.A.	(18,779)	N.A.
Interest Expense	(1,833)	(13.3%)	(7,134)	(21.3%)
Interest Income	415	(22.4%)	1,390	(7.2%)
Foreign Exchange Gain (Loss)	(4,223)	N.A.	(13,035)	(271.7%)
Income Tax	2,416	(160.7%)	(9,189)	(23.4%)
Deferred Income Tax	2,134	(43.2%)	2,305	(37.5%)
Net Majority Income	3,259	N.A.	(209)	(109.0%)
Minority Income	1,444	8.9%	4,406	2.7%
Weighted Average Number of Shares Outstanding (Thousands)	162,664	0.0%	162,664	0.0%
EPS	0.02	N.A.	(0.00)	(109.0%)

BALANCE SHEET (Thousands of Nominal US Dollars)	December 2011	Dec'11 Vs. Dec'10
Current Assets	192,627	(1.6%)
Cash Equivalents	17,492	(35.4%)
Fixed Assets	162,893	(16.1%)
Other non-current Assets	9,728	(27.1%)
TOTAL ASSETS	365,248	(9.4%)
Short-term Bank Debt	10,000	(50.6%)
Other short-term Liabilities	35,341	(7.7%)
Long-term Bank Debt	125,000	(1.1%)
Deferred Taxes	25,918	(13.3%)
Other long-term Liabilities	8,371	4.9%
TOTAL LIABILITIES	204,629	(8.1%)
Majority Shareholders' Equity	141,789	(9.8%)
Minority Interest	18,829	(19.1%)
TOTAL SHAREHOLDERS' EQUITY	160,619	(11.0%)

Note: "Unless otherwise indicated, all financial information are in accordance with International Financial Reporting Standards as determined by the International Accounting Standard Board ("IASB") and for purposes of clarity, information is also presented in nominal US Dollars dividing the nominal pesos for each month by the applicable average exchange rate for that month."

RELEVANT FINANCIAL INFORMATION

INCOME STATEMENT (Thousands of Pesos except per Share data)	Oct-Dec'11	Oct Dec'11 Vs. Oct-Dec'10	Jan- Dec'11	Jan- Dec'11 Vs. Jan-Dec '10
Net Sales	1,506,310	5.1%	5,726,280	1.6%
Cost of goods sold	(993,126)	7.5%	(3,723,809)	2.8%
Gross Income	513,184	0.6%	2,002,471	(0.5%)
Operating Expenses	(398,261)	(13.8%)	(1,569,976)	(11.5%)
Other Expenses, Net	(27,504)	(22.5%)	(42,283)	(13.9%)
Operating Income	87,419	N.A.	390,211	107.2%
Integral Cost of Financing	(80,928)	N.A.	(255,911)	N.A.
Interest Expense	(25,063)	(4.5%)	(89,103)	(22.4%)
Interest Income	5,715	(13.9%)	17,688	(6.3%)
Foreign Exchange Gain (Loss)	(61,580)	N.A.	(184,497)	N.A.
Income Tax	34,695	(170.2%)	(105,247)	(30.4%)
Deferred Income Tax	29,737	(36.0%)	31,830	(30.2%)
Net Majority Income	42,293	N.A.	(15,797)	(171.3%)
Minority Income	19,859	20.5%	55,926	3.1%
Weighted Average Number of Shares Outstanding (Thousands)	162,664	0.0%	162,664	0.0%
EPS	0.26	N.A.	(0.10)	(171.3%)

BALANCE SHEET (Thousands of Pesos)	December 2011	Dec'11 Vs. Dec'10
Current Assets	2,687,145	10.8%
Cash Equivalents	244,019	(27.3%)
Fixed Assets	2,272,353	(5.4%)
Other non-current Assets	135,704	(17.8%)
TOTAL ASSETS	5,095,203	2.1%
Short-term Bank Debt	139,500	(44.3%)
Other short-term Liabilities	493,001	4.0%
Long-term Bank Debt	1,743,750	11.5%
Deferred Taxes	361,549	(2.3%)
Other long-term Liabilities	116,773	18.3%
TOTAL LIABILITIES	2,854,573	3.5%
Majority Shareholders' Equity	1,977,963	1.6%
Minority Interest	262,667	(8.8%)
TOTAL SHAREHOLDERS' EQUITY	2,240,630	0.3%