



2017

First 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 FIRST QUARTER 2017 RESULTS

The first quarter of 2017 gave Interceramic mixed results, with growth in sales burnished slightly by an overall dip in operating results. The drop in operating results was mainly caused by an increase in energy costs, with natural gas up 50.5 percent and electricity up 46.3 percent, both measured in Pesos. Consolidated sales for the first quarter of 2017 were Ps 2,412.3 million, 9.7 percent higher than consolidated sales of Ps 2,199.0 million for the same period last year. Our gross income for the quarter grew as well, and at Ps 981.8 million, was 10.0 percent better than gross income of Ps 892.1 million recorded in the first quarter of 2016. At 40.7 percent, gross margin for the first quarter of 2017 was but 0.1 percentage points up from gross margin of 40.6 percent for last year's first quarter.

As usual, our Mexican sales led sales growth. Domestic sales for the first quarter of 2017 rose to Ps 1,669.5 million, an 8.1 percent boost over first quarter 2016 Mexican sales of Ps 1,543.7 million. In the International markets, sales grew to US \$37.4 million, a 2.0 percent increase over International sales of US \$36.7 million in the first quarter of 2016.

Consolidated operating income of Ps 260.9 million for the first quarter of 2017 was down 5.2 percent compared to operating income of Ps 275.2 for the same quarter in 2016. Our operating margin decreased accordingly, down to 10.8 percent for the first quarter of 2017 compared to a margin of 12.5 percent in the first quarter of 2016. Our EBITDA fell to Ps 352.8 million for the first quarter of 2017 compared to Ps 361.1 million in the first quarter last year, a 2.3 percent decrease. Interceramic's debt service coverage stood at 13.5 times at the end of the first quarter of 2017 compared to 12.7 at the end of the comparable quarter of 2016, while our debt to EBITDA ratio at the end of the first quarter of this year moved to 2.0 times versus the 1.5 ratio at the end of the first quarter of 2016.

Although the modest sales growth was encouraging, our operating results were negatively affected by the increase in energy costs, making us to focus our efforts in returning to what had become a consistent improvement in operating results over the past few years.

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 '17	Jan-Mar '17 Vs. Jan-Mar '16
Net Sales	2,412,342	9.7%
Cost of goods sold	(1,430,588)	9.5%
Gross Income	981,754	10.0%
Operating Expenses	(720,851)	16.8%
Operating Income	260,904	(5.2%)
Interest Expense	(29,910)	16.6%
Interest Income	6,034	73.4%
Foreign Exchange Gain	269,725	N.A.
Equity in Associated	1,500	N.A.
Income Tax	(84,991)	11.2%
Deferred Income Tax	3,399	106.0%
Net Majority Income	424,965	137.1%
Minority Income	1,696	(81.3%)
Weighted Average Number of Shares Outstanding (Thousands)	146,791	(9.8%)
EPS	2.90	162.7%

BALANCE SHEET (Thousands of Pesos)	As of March 31, 2017	Mar '17 Vs. Mar '16
Current Assets	4,245,355	8.5%
Cash Equivalents	700,837	(0.6%)
Fixed Assets	3,019,449	36.8%
Other non-current Assets	239,400	3.5%
TOTAL ASSETS	7,504,204	18.2%
Short-term Bank Debt	456,248	50.6%
Other short-term Liabilities	987,441	32.7%
Long-term Bank Debt	2,622,547	56.3%
Deferred Taxes	104,679	(9.0%)
Other long-term Liabilities	224,234	(6.2%)
TOTAL LIABILITIES	4,395,149	42.7%
Majority Shareholders' Equity	2,915,445	(3.7%)
Minority Interest	193,609	(19.8%)
TOTAL SHAREHOLDERS' EQUITY	3,109,054	(4.9%)