



2017

Third 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 THIRD QUARTER 2017 RESULTS

Interceramic posted another quarterly sales record in the third quarter of 2017, with overall results being affected by a continued increase in energy costs. Consolidated sales for the third quarter were Ps 2,502.0 million, up 6.7 percent from third quarter 2016 sales of Ps 2,344.7 million. Our gross income of Ps 976.2 million for the third quarter of 2017 was a 0.2 percent above last year's third quarter gross income of Ps 974.5 million. Gross margin decreased by 2.6 percentage points to 39.0 percent for the third quarter of 2017 from 41.6 in the third quarter of 2016.

In the Mexican markets, the sales growth in the third quarter of this year was significant, increasing by 11.2 percent to Ps 1,829.1 million from the Ps 1,645.2 million we achieved in the same period of 2016. International sales measured in United States Dollars, the currency in which most of them are made, grew slightly in the third quarter of 2017 to US 37.6 million, 2.2 percent above third quarter 2016 International sales of US 36.8 million.

Our operating income for the third quarter this year decreased over the third quarter of 2016 to Ps 248.8 million from Ps 303.9 million. Operating margin for the third quarter of 2017 fell to 9.9 percent compared to operating margin for the third quarter last year of 13.0 percent. As would be expected from the drop in operating income, the Company's EBITDA, at Ps 340.6 million for the third quarter 2017, decreased by 14.2 percent over the third quarter 2016 EBITDA of Ps 397.2 million. Interceramic's two key financial ratios slipped during the third quarter of 2017, with the interest coverage ratio at 12.6 compared to 13.8 last year, and the debt to EBITDA ratio up to 2.1 times from the 1.5 times at the end of the third quarter of 2016.

On a year-to-date basis, consolidated sales through the first three quarters of 2017 of Ps 7,333.0 million were up 7.2 percent over consolidated sales of Ps 6,843.2 million recorded in the first three quarters of 2016. Mexican sales for the first three quarters of 2017 stood at Ps 5,213.1 million, an increase of 8.9 percent over the Ps 4,785.5 Mexican sales for the same period last year. Viewed in United States Dollars, accumulated international sales for the first nine months of this year were US 113.1 million,

compared to US 112.4 million the same period of 2016.

The Company's gross income for the first three quarters of this year was Ps 2,943.9 million, an increase of 5.1 percent over gross income of Ps 2,801.2 million in first three quarters of 2016. Gross margin for the first nine months of 2017 was 40.1 percent, compared with the gross margin of 40.9 percent recorded for the first nine months of 2016. Operating income of Ps 793.9 million for the first three quarters of this year was 7.4 percent below operating income of Ps 857.2 million over the same period of 2016. EBITDA for the first three quarters of 2017 stood at Ps 1,070.5 million, down 5.1 percent over three-quarter 2016 EBITDA of Ps 1,128.6 million.

We are pleased with our continued sales growth in the face of uncertain markets, and confident that our strategies will lead us to better operating results in the shortcoming 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)	Jul-Sep '17	Jul-Sep '17 Vs. Jul-Sep '16	Jan-Sep '17	Jan-Sep '17 Vs. Jan-Sep '16
Net Sales	2,502,043	6.7%	7,332,996	7.2%
Cost of goods sold	(1,525,833)	11.4%	(4,389,089)	8.6%
Gross Income	976,211	0.2%	2,943,907	5.1%
Operating Expenses	(727,413)	8.5%	(2,150,051)	10.6%
Operating Income	248,798	(18.1%)	793,856	(7.4%)
Interest Expense	(29,715)	2.7%	(89,607)	10.7%
Interest Income	1,209	(74.0%)	9,991	(20.9%)
Foreign Exchange Loss	(41,251)	(57.3%)	336,807	(253.9%)
Equity in Associated	3,313	(44.8%)	5,813	(28.2%)
Income Tax	(138,843)	137.3%	(308,720)	46.1%
Deferred Income Tax	3,399	(136.4%)	10,197	(268.5%)
Net Majority Income	37,739	(68.5%)	743,361	112.8%
Minority Income	9,170	N.A.	14,976	31.4%
Weighted Average Number of Shares Outstanding (Thousands)	146,693	(4.9%)	146,693	(4.9%)
EPS	0.26	(66.8%)	5.07	131.5%

BALANCE SHEET (Thousands of Pesos)	As of September 30, 2017	Sep '17 Vs. Sep '16
Current Assets	4,105,718	0.7%
Cash Equivalents	311,859	(48.1%)
Fixed Assets	3,445,744	45.6%
Other non-current Assets	229,793	3.3%
TOTAL ASSETS	7,781,255	16.7%
Short-term Bank Debt	515,478	13.4%
Other short-term Liabilities	1,057,503	6.9%
Long-term Bank Debt	2,523,202	41.1%
Deferred Taxes	92,015	(43.5%)
Other long-term Liabilities	232,844	(4.2%)
TOTAL LIABILITIES	4,421,042	21.5%
Majority Shareholders' Equity	3,202,325	12.7%
Minority Interest	157,888	(16.6%)
TOTAL SHAREHOLDERS' EQUITY	3,360,213	10.9%