

Third 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 Third Quarter 2012 Results

The third quarter of 2012 resulted in primarily modest gains for Interceramic over the third quarter of 2011, and closely mirrors the Company's performance in the second quarter of this year. At US \$123.7 million, consolidated sales for the quarter were up 2.7 percent over the third quarter of 2011, when sales were US \$120.5 million. Operating income of US \$11.7 million for the third quarter of 2012 was 5.9 percent higher than the US \$11.0 million in operating income for the third quarter of last year.

Most of the growth in sales for the third quarter of 2012 over the third quarter of 2011 was offset by slightly higher cost of sales, so we ended up the quarter with gross income of US \$44.0 million, just 1.9 percent higher than gross income of US \$43.2 million in the third quarter of 2011. The 5.9 percent difference in operating income for the two quarters positioned our operating margin at 9.5 percent in the third quarter of this year compared to 9.2 percent in the third quarter of 2011. Some of this is attributable to a small reduction in operating expenses as a percentage of sales (down to 26.0 percent for the third quarter of 2012 from 26.2 percent in the third quarter last year), as we have really squeezed the Company for savings in operating expenses. For the year to date, the Company's operating income is up 23.2 percent over the first three quarters of last year, and we are focussing on maintaining our momentum in the final quarter of the year to get us closer to the milestone of half a billion in annual sales.

The Company's EBITDA for the third quarter of 2012 was US \$17.1 million, which actually was a decrease (3.1 percent) from EBITDA of US \$17.6 million in the third quarter of 2011. Since we substantially reduced outstanding debt a couple of years ago, our debt burden and financing costs have been pretty consistent over the last several periods, so our key financial ratios, while greatly improved from the most difficult days of the financial crisis, have of late been improving incrementally. At the end of the third quarter this year, our debt service coverage ratio was 8.4 times, compared to 7.4 times at the end of the third quarter 2011, and the Company's ratio of debt to EBITDA stood at 2.0 for the third quarter of 2012, down from 2.6 for the third quarter of 2011. Split between our two primary markets, EBITDA attributable to Mexican operations was US \$16.4 million, while our International component contributed US \$0.7 million to our overall EBITDA for the third quarter of 2012. For the nine months to date, this split stands at US \$44.9 million for Mexico to US \$2.4 million for International operations, and while the figure for International operations is modest, it represents a considerable improvement over earlier years, when our United States operations consistently pulled group EBITDA down, often materially.

In Mexico, measured in Pesos our third quarter sales of Ps 1,102.0 million posted a 7.2 percent increase over third quarter 2011 Mexican sales of Ps 1,028.1 million. Expressed in Dollars, the increase was

less, just a 1.8 percent increase (US \$83.6 million compared to third quarter 2011 Mexican sales of US \$82.1 million). In the International markets, again, primarily the United States, at US \$40.2 million third quarter 2012 sales grew by 4.6 percent over International sales of US \$38.4 million in the third quarter of last year.

We will continue focusing on improvements that will keep us moving consistently forward. In the meantime we will continue to seek out new ways of making and presenting our products to take advantage of opportunities as they arise and capitalise on favourable developments as they occur. As always, we thank our customers, suppliers, employees and investors for their tremendous support.

**Oscar E. Almeida**  
Honorary Chairman

**Víctor D. Almeida**  
Chairman of the Board & CEO

**RELEVANT FINANCIAL INFORMATION**

<b>INCOME STATEMENT</b> (Thousands of Nominal US Dollars, except per Share data)	<b>Jul-Sep'12</b>	<b>Jul-Sep'12 Vs. Jul-Sep'11</b>	<b>Jan- Sep'12</b>	<b>Jan- Sep'12 Vs. Jan-Sep '11</b>
Net Sales	123,730	2.7%	359,390	2.8%
Cost of goods sold	(79,720)	3.1%	(233,582)	3.3%
Gross Income	44,010	1.9%	125,808	2.0%
Operating Expenses	(32,215)	2.0%	(94,357)	(2.8%)
Other Expenses, Net	(99)	(81.9%)	(570)	(52.8%)
Operating Income	11,697	5.9%	30,881	23.2%
Interest Expense	(1,748)	2.3%	(5,341)	0.7%
Interest Income	190	(53.1%)	634	(35.0%)
Foreign Exchange Gain (Loss)	5,118	(132.9%)	10,483	(219.0%)
Equity in Associated	(250)	N/A	(875)	N/A
Income Tax	(2,759)	(25.9%)	(8,265)	(28.8%)
Deferred Income Tax	710	N/A	840	N/A
Net Majority Income	11,974	(208.7%)	25,458	N/A
Minority Income	983	(24.1%)	2,900	(2.1%)
Weighted Average Number of Shares Outstanding (Thousands)	162,664	0.0%	162,664	0.0%
EPS	0.07	(208.7%)	0.16	N/A

<b>BALANCE SHEET</b> (Thousands of Nominal US Dollars)	<b>September 2012</b>	<b>Sep '12 Vs. Sep '11</b>
Current Assets	225,740	19.3%
Cash Equivalents	21,140	22.2%
Fixed Assets	179,815	6.5%
Other non-current Assets	8,518	(34.3%)
<b>TOTAL ASSETS</b>	<b>414,073</b>	<b>11.6%</b>
Short-term Bank Debt	13,234	(56.5%)
Other short-term Liabilities	54,802	24.2%
Long-term Bank Debt	112,793	15.8%
Deferred Taxes	25,494	(13.4%)
Other long-term Liabilities	9,369	15.1%
<b>TOTAL LIABILITIES</b>	<b>215,692</b>	<b>3.0%</b>
Majority Shareholders' Equity	177,264	24.5%
Minority Interest	21,117	10.3%
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>198,381</b>	<b>22.8%</b>

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**

<b>INCOME STATEMENT</b> (Thousands of Pesos except per Share data)	<b>Jul-Sep'12</b>	<b>Jul-Sep'12 Vs. Jul-Sep'11</b>	<b>Jan- Sep'12</b>	<b>Jan- Sep'12 Vs. Jan-Sep '11</b>
Net Sales	1,631,625	8.2%	4,745,053	12.4%
Cost of goods sold	(1,051,199)	8.6%	(3,083,414)	12.9%
Gross Income	580,426	7.4%	1,661,640	11.6%
Operating Expenses	(424,637)	7.2%	(1,244,469)	6.2%
Other Expenses, Net	(1,353)	(80.4%)	(7,396)	(50.0%)
Operating Income	154,437	12.5%	409,775	35.3%
Interest Expense	(23,050)	7.3%	(70,439)	10.0%
Interest Income	2,523	(51.5%)	8,415	(29.7%)
Foreign Exchange Gain (Loss)	65,681	(132.4%)	127,859	(204.0%)
Equity in Associated	(3,335)	N.A	(11,587)	N.A
Income Tax	(36,365)	(22.0%)	(108,939)	(22.2%)
Deferred Income Tax	9,159	N.A	10,879	N.A
Net Majority Income	156,085	(206.2%)	327,449	N.A
Minority Income	12,966	(20.6%)	38,512	6.8%
Weighted Average Number of Shares Outstanding (Thousands)	162,664	0.0%	162,664	0.0%
EPS	0.96	(206.2%)	2.01	N.A

<b>BALANCE SHEET</b> (Thousands of Pesos)	<b>September 2012</b>	<b>Sep '12 Vs. Sep '11</b>
Current Assets	2,905,273	14.1%
Cash Equivalents	272,072	16.9%
Fixed Assets	2,314,217	1.8%
Other non-current Assets	109,633	(37.2%)
<b>TOTAL ASSETS</b>	<b>5,329,122</b>	<b>6.7%</b>
Short-term Bank Debt	170,321	(58.4%)
Other short-term Liabilities	705,307	18.8%
Long-term Bank Debt	1,451,646	10.8%
Deferred Taxes	328,103	(17.2%)
Other long-term Liabilities	120,583	10.1%
<b>TOTAL LIABILITIES</b>	<b>2,775,959</b>	<b>(1.5%)</b>
Majority Shareholders' Equity	2,281,383	19.0%
Minority Interest	271,780	5.4%
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,553,163</b>	<b>17.4%</b>