

**Sales and EBITDA growth of 32% and 18% driven by Ceramica San Lorenzo and favorable performance of Lamosa's business units.**  
**Net Debt reduction of 16% and Net Debt to Ebitda ratio of 2.0x.**

*Figures in millions of nominal Mexican Pesos. Figures may vary due to rounding.  
 Figures calculated under IFRS.*

<b>Income Statement</b>	<b>4 Q</b>	<b>4 Q</b>	
	<b>2016</b>	<b>2017</b>	<b>Var %</b>
Net Sales	4,586	4,802	5%
Cost of Sales	2,873	2,798	-3%
Gross Profit	1,714	2,004	17%
Gross Margin	37%	42%	
Operating Expenses	996	993	0%
Operating Income	736	948	29%
Operating Margin	16%	20%	
EBITDA	996	1,180	18%
EBITDA Margin	22%	25%	
Comprehensive Financing Cost	623	619	0%
Net Income	-122	370	
Net Margin	-3%	8%	

<b>YTD</b>	<b>YTD</b>	
<b>2016</b>	<b>2017</b>	<b>Var %</b>
13,619	17,971	32%
8,067	11,009	36%
5,552	6,962	25%
41%	39%	
3,192	4,074	28%
2,392	2,804	17%
18%	16%	
3,070	3,619	18%
23%	20%	
1,115	455	-59%
633	1,677	165%
5%	9%	

	<b>4 Q</b>	<b>4 Q</b>	
	<b>2016</b>	<b>2017</b>	<b>Var %</b>
Foreign Sales	1,661	1,619	-3%

<b>YTD</b>	<b>YTD</b>	
<b>2016</b>	<b>2017</b>	<b>Var %</b>
2,916	6,042	107%

	<b>DEC</b>	<b>DEC</b>	
	<b>2016</b>	<b>2017</b>	<b>Var %</b>
Net Debt	9,339	7,873	-16%
Net Debt / EBITDA (1)	2.8	2.0	
CAPEX	1,638	440	

(1) 2017 EBITDA excludes \$390 million pesos corresponding to non-recurring expenses for the closing of two plants in Argentina.

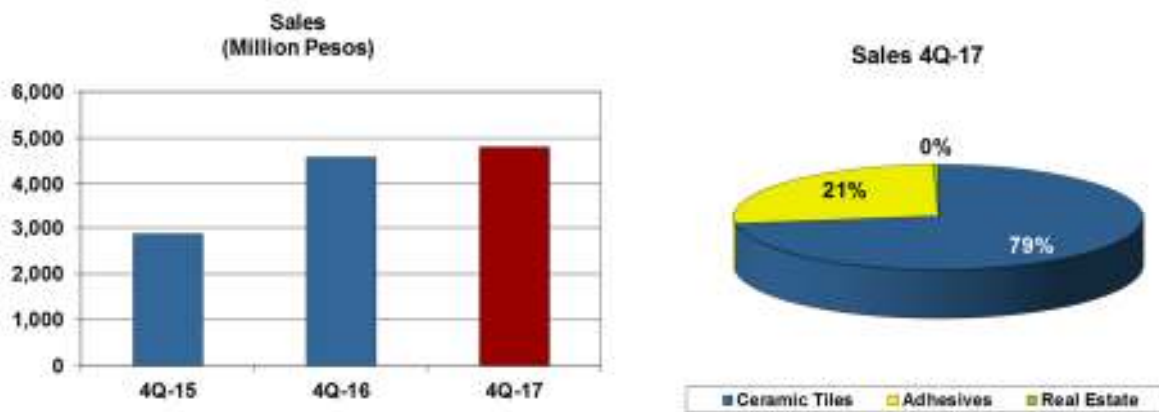
Grupo Lamosa ended up the fourth quarter of the year showing growth in its results, driven by a favorable performance in all its businesses, as well as the incorporation of Ceramica San Lorenzo results throughout the year.

San Pedro Garza García, Nuevo León, México, February 26th, 2018. Grupo Lamosa, announces its results related to the fourth quarter of 2017.

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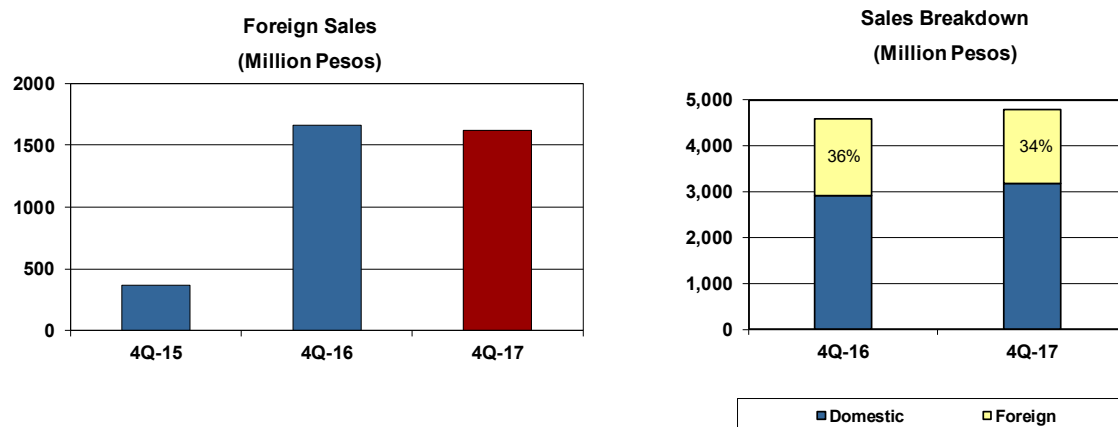
## SALES

Net sales accumulated at the end of 2017 amounted to \$ 17,971 million pesos, 32% higher than the sales of \$ 13,619 million recorded the previous year. Sales made in Mexico showed a growth of 11%, a result obtained despite an environment of low economic growth in Mexico, as well as a pronounced deceleration of the construction and construction sectors during the last quarter of the year.



## FOREIGN SALES

Foreign sales, which include, in addition to the exports carried out from Mexico, the sales of subsidiaries abroad, were \$ 6,042 million pesos at the end of the year, representing a growth of 107% with respect to 2016, and a percentage of sales of 34%. This growth is largely explained by the incorporation of Ceramica San Lorenzo operations during the 12 months of 2017, while in 2016 its results were incorporated as of the fourth quarter.



The Group's business maintained its growth pace shown in recent years.

## PERFORMANCE PER BUSINESS SEGMENT

	Ceramic Tiles			Adhesives			Real Estate			Total		
	4Q-16	4Q-17	Var	4Q-16	4Q-17	Var	4Q-16	4Q-17	Var	4Q-16	4Q-17	Var
<b>Total Sales</b>	3,674	3,790		914	1,005		0	8		5,384	5,633	
<b>Intersegment Sales</b>	0	0		-2	-1		0	0		-797	-831	
<b>Net Sales</b>	3,674	3,790	3%	912	1,004	10%	0	8		4,586	4,802	5%
<b>Ebit</b>	556	678	22%	198	261	32%	0	2		736	948	29%
<b>Dep. y Amort. And Others</b>	183	179	-2%	16	12	-27%	0	0		260	231	-11%
<b>EBITDA</b>	739	857	16%	215	273	27%	0	2		996	1,180	18%
<b>%</b>	20%	23%		24%	27%					22%	25%	

	YTD Ceramic Tiles			YTD Adhesives			YTD Real Estate			YTD Total		
	2016	2017	Var	2016	2017	Var	2016	2017	Var	2016	2017	Var
<b>Total Sales</b>	10,165	14,201		3,460	3,759		0	17		16,656	21,278	
<b>Intersegment Sales</b>	0	0		-5	-5		0	0		-3,037	-3,307	
<b>Net Sales</b>	10,165	14,201	40%	3,454	3,753	9%	0	17		13,619	17,971	32%
<b>Ebit</b>	1,726	1,897	10%	753	903	20%	-1	1		2,392	2,804	17%
<b>Dep. y Amort. And Others</b>	481	645	34%	49	45	-7%	0	0		678	815	20%
<b>EBITDA</b>	2,207	2,542	15%	801	949	18%	-1	1		3,070	3,619	18%
<b>%</b>	22%	18%		23%	25%					23%	20%	

## CERAMIC TILES BUSINESS

Sales at the end of the year of the wall and floor tiles business, which incorporates Ceramica San Lorenzo operations, amounted to \$ 14,201 million pesos, representing 79% of consolidated sales and a 40% growth in relation to sales of \$ 10,165 million registered in 2016.

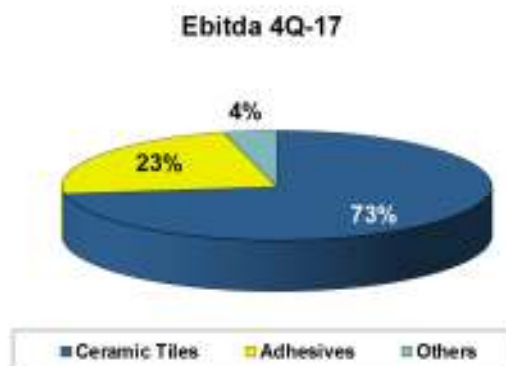
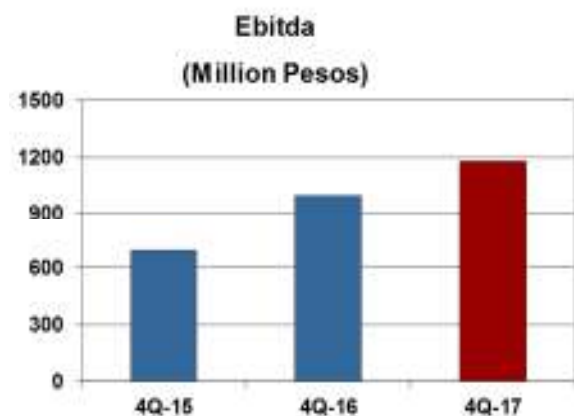
## ADHESIVES BUSINESS

Adhesives business revenues recorded during 2017 represented 21% of total Group sales, amounting to \$ 3,753 million pesos, 9% higher than sales of \$ 3,454 million corresponding to 2016.

## OPERATING INCOME

Operating income at the end of the year was \$ 2,804 million pesos, an amount that represented 16% of total sales and an increase of 17% in relation to the income of \$ 2,392 million pesos recorded during 2016. It is worth to mention that the operating result of the Group was impacted by \$ 390 million pesos of non-recurring expenses related to the closure of two plants in Argentina, according to the integration plan of Ceramica San Lorenzo. Excluding these expenses, the growth rate in operating income would be 34% and a margin to sales of 18%.

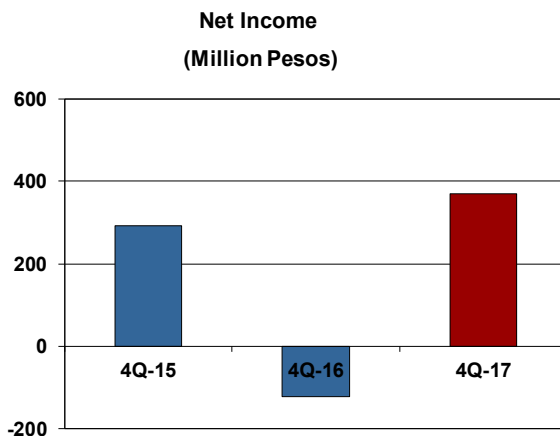
The accumulated Ebitda of the company at the end of the fourth quarter of the year amounted to \$ 3,619 million pesos, showing an increase of \$ 18% and a margin to sales of 20%. Excluding the non-recurring expenses mentioned above, EBITDA growth rate would be 31%, representing a sales margin of 22%.



## NET INCOME

At the end of 2017 the comprehensive financing result amounted to \$ 455 million pesos, showing a decrease of 59%, when compared to the \$ 1,115 million pesos recorded during 2016. Despite the 96% increase in net financial expenses derived from the increase in interest rates and the new debt in the fourth quarter of 2016 for the acquisition of Ceramica San Lorenzo, the appreciation of 4% of the peso versus the US dollar at the end of the year offset said increase, implying an exchange rate gain of \$ 217 million pesos, comparing favorably with the exchange loss of \$ 723 million recorded during 2016.

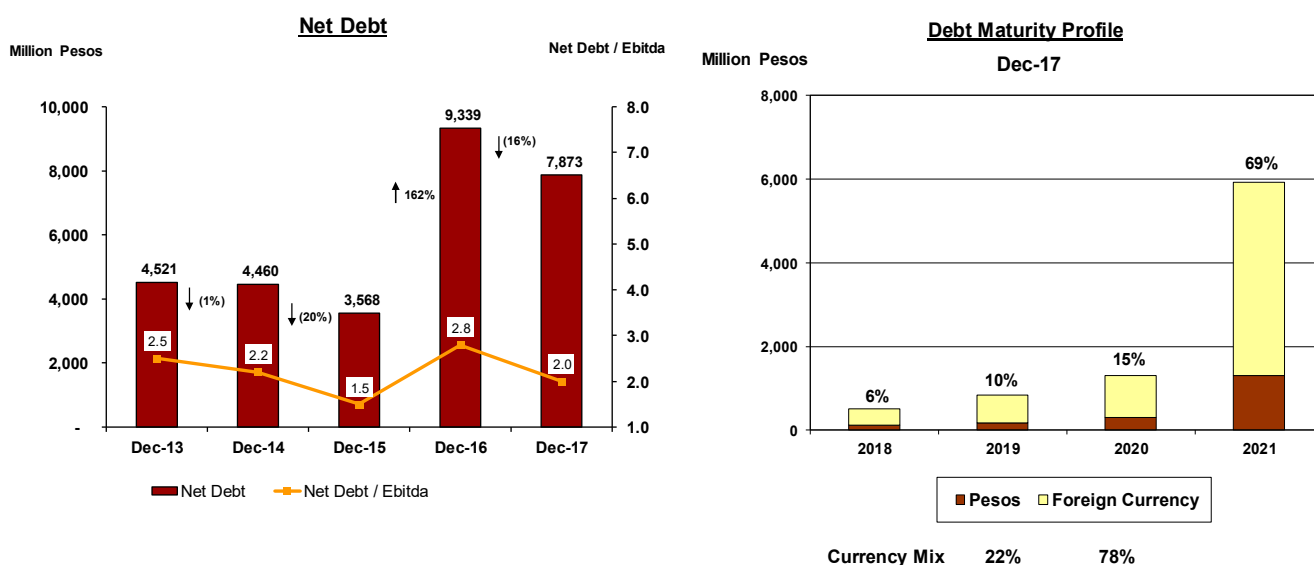
The net result of the company was benefited by the growth in the results of the Group's businesses, as well as by the reduction shown by the comprehensive financing result. The net profit recorded at the end of 2017 was \$ 1,677 million pesos, a figure that represented 9% of sales for the year and an increase of 165% in relation to the net income of \$ 633 million recorded in 2016.



<b>Net Comprehensive Financing Cost</b>			
	<u>2016</u>	<u>2017</u>	<u>VAR</u>
NET FINANCIAL EXPENSE	343	673	96%
EXCHANGE (GAIN) LOSS	772	(217)	-128%
	<b>1,115</b>	<b>455</b>	<b>-59%</b>

**FINANCIAL PERFORMANCE**

During the year, Grupo Lamosa carried out investments for \$ 440 million pesos mainly aimed at maintenance and productivity programs. The company's cash flow generation continued to reduce the company's level of indebtedness, showing a net cash debt of \$ 7,873 million pesos, a 16% lower than the net debt of \$ 9,339 million recorded at the end of 2016. The net cash debt to Ebitda ratio at the end of the year stood at 2.0 times, comparing favorably with the ratio of 2.8 times shown at the close of 2016, considering for the latter calculation the last twelve months Ebitda of Ceramica San Lorenzo.



The resizing and the expansion of Grupo Lamosa operations throughout the Americas allow positioning the company as one of the main participants in the ceramic industry in the world, with greater geographical diversification and a wide operations platform that will boost the future growth of the company.

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