



Grupo Kaltex S.A. de C.V. y subsidiarias

Reports unaudited results at the end of the first quarter of 2017

Naucalpan de Juarez, Estado de México, May 16, 2017 - Grupo Kaltex S.A. de C.V. y subsidiarias (Ticker: KLTXMX), announced today its unaudited results for the first quarter of 2017 (1Q17). Figures presented throughout this document are expressed in millions of the Mexican pesos (Ps.) Financial information has been determined using the applicable standards issued by the International Accounting Standards Board.

1Q17 Highlights

- In the first quarter total revenues increased 5.9% to Ps. 4,199 million compared with the same period last year.
- Cost of sales margin in 1Q17 increased from 74.3% over sales in 1Q16 to 81.8% over sales in 1Q17, due to reduction of inventories by 5% and for the increase in raw materials (energy +55.1%, cotton +24.7% and gas +60.2%).
- Consolidated EBITDA in the first quarter of 2017 fell 65.1% against 1Q16 due to a peso reevaluation and the increase in raw materials prices.
- Consolidated net income in the first quarter was Ps. 268 million.

Summary

Consolidated Statement of Income

Consolidated net revenues for 1Q17 increased 5.9%, from Ps. 3,965 million in 1Q16 to Ps. 4,199 million in 1Q17.

Net sales of the Textiles division grew from Ps. 2,527 million in 1Q16 to Ps. 2,773 million in 1Q17, which is a growth margin of 9.8%. Net sales of Kaltex Internacional also grew 8.1% in 1Q17 compared to 1Q16.

Consolidated EBITDA fell from Ps. 445 million with a margin of 11.2% over sales in 1Q16 to Ps. 155 million with a margin of 3.7% over sales in 1Q17. The decrease in the margin was the result of an increase in raw materials as well as by the revaluation in the exchange rate.

The consolidated net income was Ps. 268 million in the first quarter.

Financial and Operating Summary (Ps million)	First Quarter			January - March		
	1Q16	1Q17	%var	2016	2017	%var
Total revenues	3,965	4,199	5.9	3,965	4,199	5.9
Gross Profit	1,018	765	(24.9)	1,018	765	(24.9)
Operating Profit	269	(19)	(106.9)	269	-19	(106.9)
Consolidated Net Income/Loss	50	268	>100	50	268	>100
EBITDA	445	155	(65.1)	445	155	(65.1)
Gross Margin	25.7%	18.2%		25.7%	18.2%	
Operating Margin	6.8%	(0.4%)		6.8%	(0.4%)	
EBITDA Margin	11.2%	3.7%		11.2%	3.7%	

Financial Structure

The Consolidated Debt decreased by 8.6%, from Ps. 8,379 million to December, 31 2016 at Ps. 7,660 million to March 31, 2017. This decrease was mainly due to the scheduled amortizations of credits, and the revaluation of the Mexican peso.

Consolidated cash and cash equivalents decreased 36.5%, from Ps. 733 million to December 31, 2016 to Ps. 466 million to March 31, 2017. This reduction in Cash and Equivalents occurred in the Internacional and Kaltex Comercial divisions derived mainly from the payment of accounts payable to suppliers.

Summary by division

Kaltex Textiles

(Ps million)	First Quarter			January - March		
	1Q16	1Q17	%var	2016	2017	%var
Total revenues	2,527	2,773	9.8	2,527	2,773	9.8
Gross Profit	493	212	(57.0)	493	212	(57.0)
Operating Profit	253	(29)	(111.5)	253	(29)	(111.5)
Consolidated Net Income/Loss	125	221	77.1	125	221	77.1
EBITDA	371	88	(76.4)	371	88	(76.4)
Gross Margin	19.5%	7.6%		19.5%	7.6%	
Operating Margin	10.0%	(1.1%)		10.0%	(1.1%)	
EBITDA Margin	14.7%	3.2%		14.7%	3.2%	
				Dec-16	Mar-17	%var
Cash and cash equivalents				68	224	<100
Total Debt				4,989	4,017	(19.5)

In the first quarter Kaltex Textiles's revenues increased 9.8%, from Ps. 2,527 million in 1Q16 to Ps. 2,773 million in 1Q17.

As a result of the increase in raw materials prices, the EBITDA fell from Ps. 371 million with a margin of 14.7% over sales in 1Q16 to Ps. 88 million with a margin of 3.2% over sales in 1Q17.

The consolidated net income is Ps. 221 million in the first quarter. Exchange gain net in 1Q17 is Ps. 369 million.

As of March 31, 2017 total debt decreased 19.5%, from Ps. 4,989 million in 1Q16 to Ps. 4,017 million in 1Q17, mainly by the schedule amortizations of credits.

Kaltex Internacional

Total revenues increased 8.1% in 1Q17 compared to the same period of last year, going from Ps. 1,726 million in 1Q16 to Ps. 1,866 million in 1Q17.

Consolidated net loss is Ps. 27 million in 1Q17. Exchange loss net in 1Q17 is Ps. 56 million.

During the first quarter of 2017, EBITDA declined from Ps. 67 million with a margin of 3.9% over sales in 1Q16 to Ps. 62 million with a margin of 3.3% over sales in 1Q17.

At the end of March 31, 2017 total debt decreased 0.3%, from Ps. 1,302 million in 1Q16 to Ps. 1,299 million in 1Q17, mainly by the schedule amortizations of credits.

(Ps million)	First Quarter			January - March		
	1Q16	1Q17	%var	2016	2017	%var
Total revenues	1,726	1,866	8.1	1,726	1,866	8.1
Gross Profit	303	318	4.9	303	318	4.9
Operating Profit	43	40	(7.3)	43	40	(7.3)
Consolidated Net Income/Loss	(9)	(27)	<(100)	(9)	(27)	<(100)
EBITDA	67	62	(7.5)	67	62	(7.5)
Gross Margin	17.6%	17.0%		17.6%	17.0%	
Operating Margin	2.5%	2.1%		2.5%	2.1%	
EBITDA Margin	3.9%	3.3%		3.9%	3.3%	
				Dec-16	Mar-17	%var
Cash and cash equivalents				51	125	<100
Total Debt				1,303	1,299	(0.3)

Kaltex Comercial y subsidiarias

(Ps million)	First Quarter			January - March		
	1Q16	1Q17	%var	2016	2017	%var
Total revenues	618	612	(1.0)	618	612	(1.0)
Gross Profit	226	224	(0.9)	226	224	(0.9)
Operating Profit	(48)	(60)	(25.5)	(48)	(60)	(25.5)
Consolidated Net Income/Loss	(69)	70	201.6	(69)	70	201.6
EBITDA	(20)	(33)	(62.9)	(20)	(33)	(62.9)
Gross Margin	36.6%	36.6%		36.6%	36.6%	
Operating Margin	(7.8%)	(9.9%)		(7.8%)	(9.9%)	
EBITDA Margin	(3.3%)	(5.4%)		(3.3%)	(5.4%)	
				Dec-16	Mar-17	%var
Cash and cash equivalents				169	57	(65.9)
Total Debt				290	275	(4.9)
Total stores				417	419	0.5

In 1Q17, revenues decreased 1.0% against to 1Q16, from Ps. 618 million in 1Q16 to Ps. 612 million in 1Q17, as a result of the implementation of a relocation strategy in the milano and melody's stores.

Operating Profit declined from Ps. (48) million with a margin of (7.8%) over sales in 1Q16 to Ps. (60) million with a margin of (9.9%) over sales in 1Q17, mainly due to the increase in prices in public services.

Consolidated net Income is Ps. 70 million in 1Q17. Exchange gain net in 1Q17 is Ps. 157 million.

At March 31, 2017 total debt decreased 4.9%, from Ps. 290 million in 1Q16 to Ps. 275 million in 1Q17, mainly by the schedule amortizations of credits.

Kaltex Energía MKKF

Total revenues increased 41.1% in 1Q17 against to 1Q16, going from Ps. 75 million in 1Q16 to Ps. 106 million in 1Q17.

Consolidated net loss is Ps. 50 million in 1Q17. Exchange loss net in 1Q17 is Ps. 41 million.

In the first quarter of 2017, margin EBITDA fell of 26.1% over sales to 20.8% over sales in 1Q17, due by the increase in the price in electric energy.

(Ps million)	First Quarter			January - March		
	1Q16	1Q17	%var	2016	2017	%var
Total revenues	75	106	41.1	75	106	41.1
Gross Profit	20	22	12.2	20	22	12.2
Operating Profit	13	14	7.8	13	14	7.8
Consolidated Net Income/Loss	4	50	>100	4	50	>100
EBITDA	20	22	12.2	20	22	12.2
Gross Margin	26.2%	20.8%		26.2%	20.8%	
Operating Margin	17.6%	13.4%		17.6%	13.4%	
EBITDA Margin	26.1%	20.8%		26.1%	20.8%	

Consolidated Financial Statements at First Quarter of 2017

Grupo Kaltex S.A. de C.V. y subsidiarias

Consolidated Statements of Income and Other Comprehensive Income Unaudited

(Ps million)	First Quarter			January - March		
	1Q16	1Q17	%var	2016	2017	%var
Total revenues	3,965	4,199	5.9	3,965	4,199	5.9
Cost of sales	2,947	3,434	16.5	2,947	3,434	16.5
Gross Profit	1,018	765	(24.9)	1,018	765	(24.9)
Sales expenses	361	389	7.7	361	389	7.7
Administrative expenses	219	240	9.5	219	240	9.5
Other (expenses) income net	8	20	159.1	8	20	159.1
Operating Profit	269	(19)	(106.9)	269	(19)	(106.9)
EBITDA	445	155	(65.1)	445	155	(65.1)
Comprehensive financing cost	(183)	338	(<100)	(183)	338	(<100)
Interests Income	2	2	15.0	2	2	15.0
Interests Expenses	(132)	(250)	89.1	(132)	(250)	89.1
Exchange gain/loss, net	(53)	587	(<100)	(53)	587	(<100)
Taxes benefit / expenses	35	51	46.1	35	51	46.1
Consolidated Net Income/Loss	50	268	<100	50	268	<100

Consolidated net revenues recorded Ps. 4,199 million in 1Q17, a growth of 5.9% with respect to 1Q16.

Cost of sales is Ps. 3,434 million in 1Q17 against Ps. 2,947 million in 1Q16., this variation is due to the increase in raw materials prices and the revaluation of the Mexican peso.

Sales and administrative expenses increased sales margin from 14.4% in 1Q16 to 14.5% in 1Q17.

Financing cost is Ps. 338 million during 1Q17. Exchange gain net ascended to Ps. 587 million.

The consolidated net income is Ps. 268 million in the first quarter.

Grupo Kaltex S.A. de C.V. y subsidiarias
Statement of Financial Position Unaudited

(Ps million)	Dec-16	Mar-17
Assets		
Cash, banks and investments	733	466
Accounts receivable	3,148	2,651
Affiliates receivable	20	25
Inventory	3,347	3,180
Recoverable taxes		448
Other receivables	332	515
Current Assets	7,580	7,284
Property plant and equipment	37,148	35,262
Acumulated depreciation	(23,538)	(21,994)
Investmen in subsidiaries	6	6
Deferred Assets	338	1,479
Other receivables	1,500	375
Long Term Assets	15,455	15,127
Total Assets	23,035	22,411
Liabilities		
Financial liabilities CP	3,753	3,847
Accounts pay. Suppliers	2,982	3,191
Accounts payable others	151	133
Tax Payable		406
Other Payables	1,597	1,117
Current Liabilities	8,483	8,694
Financial liabilities LP	4,625	3,814
Affiliated payable	588	535
Long term bookings	55	475
Other Payables LP		10
ISR Deferred	2,269	1,809
Total Liabilities	16,021	15,337
Common Shares	4,018	4,018
Acumulative Results	221	(526)
Minority Interest	3,222	3,315
Net Income	(446)	268
Total Equity	7,014	7,075
Total Liabilities and Equity	23,035	22,411

Debt and Liquidity

Grupo Kaltex S.A. de C.V. y subsidiarias

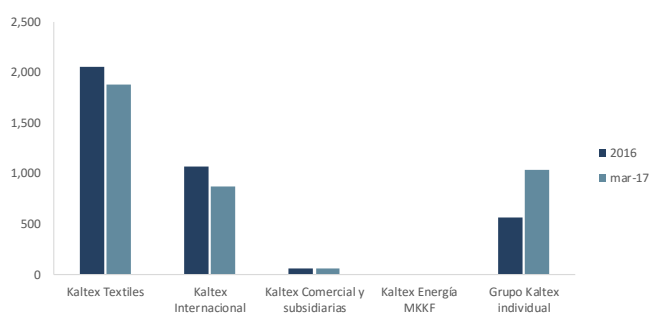
Debt

(Ps million)	dic-16	mar-17
Short term	3,753	3,847
Long term	4,625	3,814
Total Debt	8,379	7,660
Cash, banks and investments	733	466
Total Debt Net	7,646	7,195

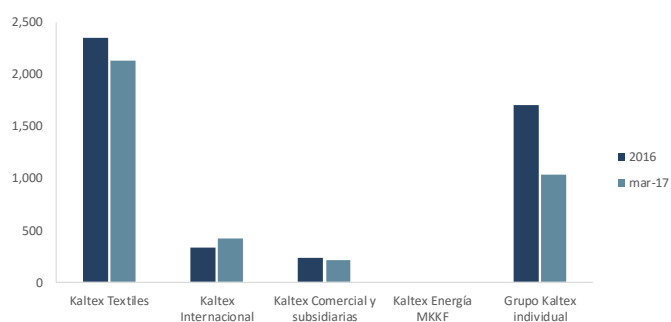
Debt integration at March, 31 2017

(Ps million)	Short term	Long term	Total	%
Kaltex Textiles	1,883	2,134	4,017	52.4%
Kaltex Internacional	872	427	1,299	17.0%
Kaltex Comercial y subsidiarias	58	218	275	3.6%
Kaltex Energía MKKF	-	-	-	0.0%
Grupo Kaltex individual	1,035	1,035	2,069	27.0%
Total	3,847	3,814	7,660	

Debt Integration Short Term



Debt Integration Long Term



The Consolidated Debt decreased by 8.6%, from Ps. 8,379 million to December, 31 2016 at Ps. 7,660 million to March 31, 2017. This decrease was mainly due by the scheduled amortizations of credits.

At March 31, 2017 92% of the total debt is denominated in foreign currency, of which 83% is in dollars and 9% in Colombian pesos. Short-term maturities represent 49.8% of total debt.

Consolidated Information by division

Grupo Kaltex S.A. de C.V. y subsidiarias
Information by division

1Q17

(Ps million)	Kaltex Textiles	Kaltex Internacional	Kaltex Comercial	Energía MKKF	GK ind & others	Elimination	Consolidated Grupo Kaltex
Total revenues	2,773	1,866	612	106		(1,159)	4,199
Operating Profit	(22)	49	(60)	14	0	0	(19)
<i>Operating Margin</i>	<i>(0.8%)</i>	<i>2.6%</i>	<i>(9.8%)</i>	<i>13.4%</i>		<i>0.0%</i>	<i>(0.4%)</i>
EBITDA	88	62	(33)	22	16	0	155
<i>EBITDA Margin</i>	<i>3.2%</i>	<i>3.3%</i>	<i>(5.4%)</i>	<i>20.8%</i>		<i>0.0%</i>	<i>3.7%</i>
Total Assets	13,838	7,755	3,988	728	5,391	(9,288)	22,411
Total Debt	4,017	1,299	275		2,069		7,660

1Q16

(Ps million)	Kaltex Textiles	Kaltex Internacional	Kaltex Comercial	Energía MKKF	GK ind & others	Elimination	Consolidated Grupo Kaltex
Total revenues	2,527	1,726	618	75		(981)	3,965
Operating Profit	258	50	(52)	13		0	269
<i>Operating Margin</i>	<i>10.2%</i>	<i>2.9%</i>	<i>(8.5)</i>	<i>17.6%</i>		<i>0.0%</i>	<i>6.8%</i>
EBITDA	371	67	(20)	20	7	0	445
<i>EBITDA Margin</i>	<i>14.7%</i>	<i>3.9%</i>	<i>(3.3%)</i>	<i>26.1%</i>		<i>0.0%</i>	<i>11.2%</i>
Total Assets	13,469	6,867	3,878	634	3,558	(6,917)	21,489
Total Debt	4,989	1,303	1,016	29			7,337

Grupo Kaltex S.A. de C.V. y subsidiarias
Information by division

Three months 2017

(Ps million)	Kaltex Textiles	Kaltex Internacional	Kaltex Comercial	Energía MKKF	GK ind & others	Elimination	Consolidated Grupo Kaltex
Total revenues	2,773	1,866	612	106		(1,159)	4,199
Operating Profit	(22)	49	(60)	14	0	0	(19)
<i>Operating Margin</i>	<i>(0.8%)</i>	<i>2.6%</i>	<i>(9.8%)</i>	<i>13.4%</i>		<i>0.0%</i>	<i>(0.4%)</i>
EBITDA	88	62	(33)	22	16	0	155
<i>EBITDA Margin</i>	<i>3.2%</i>	<i>3.3%</i>	<i>(5.4%)</i>	<i>20.8%</i>		<i>0.0%</i>	<i>3.7%</i>
Total Assets	13,838	7,755	3,988	728	5,391	(9,288)	22,411
Total Debt	4,017	1,299	275		2,069		7,660

Three months 2016

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Total Assets	13,469	6,867	3,878	634	3,558	(6,917)	21,489
Total Debt	4,989	1,303	1,016	29			7,337

Consolidated Information by segment

Kaltex Textiles Information by segment

1Q17

(Ps million)	Manufacturas Kaltex cons.	Kaltex Fibers	Adcorp	KT ind	Elimination	Consolidated Kaltex Textiles
Total revenues	2,422	346	171		(166)	2,773
Operating Profit	(31)	14	(5)			(22)
<i>Operating Margin</i>	<i>(1.3%)</i>	<i>4.0%</i>	<i>(2.9%)</i>			<i>(0.8%)</i>
EBITDA	68	31	(4)			95
<i>EBITDA Margin</i>	<i>2.8%</i>	<i>9.0%</i>	<i>(2.3%)</i>			<i>3.4%</i>
Total Assets	11,737	2,131	104	6,755	(6,889)	13,838
Total Debt	2,042			1,974		4,017

1Q16

(Ps million)	Manufacturas Kaltex cons.	Kaltex Fibers	Adcorp	KT ind	Elimination	Consolidated Kaltex Textiles
Total revenues	2,209	297	157		(136)	2,527
Operating Profit	211	35	11	0		257
<i>Operating Margin</i>	<i>9.6%</i>	<i>11.8%</i>	<i>7.0%</i>			<i>10.2%</i>
EBITDA	313	50	13	0		376
<i>EBITDA Margin</i>	<i>14.2%</i>	<i>16.8%</i>	<i>8.3%</i>			<i>14.9%</i>
Total Assets	11,512	1,967	97	6,733	(6,840)	13,469
Total Debt	2,974	33		1,983		4,989

Kaltex Textiles
Information by segment

Three months 2017

(Ps million)	Manufacturas Kaltex cons.	Kaltex Fibers	Adcorp	KT ind	Elimination	Consolidated Kaltex Textiles
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EBITDA	68	31	(4)			95
<i>EBITDA Margin</i>	<i>2.8%</i>	<i>9.0%</i>	<i>(2.3%)</i>			<i>3.4%</i>
Total Assets	11,737	2,131	104	6,755	(6,889)	13,838
Total Debt	2,042			1,974		4,017

Three months 2016

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<i>EBITDA Margin</i>	<i>14.2%</i>	<i>16.8%</i>	<i>8.3%</i>			<i>14.9%</i>
Total Assets	11,512	1,967	97	6,733	(6,840)	13,469
Total Debt	2,974	33		1,983		4,989

Kaltex Internacional
Information by segment

1Q17

(Ps million)	Coltejer	Revman	Kaltex América	Corporate & others	Elimination	Consolidated Kaltex Internacional
Total revenues	281	658	949		(22)	1,866
Operating Profit	(27)	30	46			49
<i>Operating Margin</i>	<i>(9.6%)</i>	<i>4.6%</i>	<i>4.8%</i>			<i>2.6%</i>
EBITDA	(19)	37	53			71
<i>EBITDA Margin</i>	<i>(6.8%)</i>	<i>5.6%</i>	<i>5.6%</i>			<i>3.8%</i>
Total Assets	5,949	859	1,416	2,233	(2,702)	7,755
Total Debt	682	247	371			1,299

1Q16

(Ps million)	Coltejer	Revman	Kaltex América	Corporate & others	Elimination	Consolidated Kaltex Internacional
Total revenues	372	586	778		(10)	1,726
Operating Profit	24	(1)	28			51
<i>Operating Margin</i>	<i>6.5%</i>	<i>(0.2%)</i>	<i>3.6%</i>			<i>3.0%</i>
EBITDA	35	5	33			74
<i>EBITDA Margin</i>	<i>9.4%</i>	<i>0.9%</i>	<i>4.2%</i>			<i>4.3%</i>
Total Assets	5,332	850	1,154	1,768	(2,237)	6,867
Total Debt	681	252	369			1,303

Kaltex Internacional
Information by segment

Three months 2017

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Total revenues	281	658	949		(22)	1,866
Operating Profit	(27)	30	46			49
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Total Assets	5,332	850	1,154	1,768	(2,237)	6,867
Total Debt	681	252	369			1,303

Note:

Figures are expressed in Mexican pesos, for the conversion an exchange rate of \$18,8092/US\$ was used as of March 31, 2017, \$20.6640/US\$ as of December 30, 2016, \$2,880/COP\$ as of March 30, 2017 and \$3,001/COP\$ as of December 30, 2016.

Grupo Kaltex S.A de C.V y subsidiarias is a Mexico-based, vertically-integrated textile and apparel Company founded in 1925
For more information visit: www.irkaltex.com or contact us:

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