



**VERTICALLY INTEGRATED
TEXTILE COMPANY**

**EARNINGS RELEASE
1Q18**

MESSAGE FROM THE CEO

Dear Investor,

The first quarter of 2018 posted an EBITDA of MXN252 million, an increase of 61.8% compared to MXN155 million generated during the first quarter of 2017. This was due to higher selling prices with mixed outcomes in the displaced volume, which resulted in lower revenues, combined with an important reduction in costs. As a result, the EBITDA margin for the 1Q18 increased to 6.2% from 3.7% in the 1Q17. In US Dollar terms, the revenues increased by 4%, while the EBITDA increased by 77.9%, helped by the revaluation of the Mexican Peso.

On our business segments:

- a) **Kaltex Textiles** reported a higher EBITDA as a result of a decrease in sales, that was compensated with a reduction in costs.
- b) **Kaltex Internacional** posted lower sales that were partly compensated with a reduction in expenses and resulted in an increase in EBITDA.
- c) **Kaltex Comercial** reported an increase in revenues with a stable behavior in costs and expenses, which resulted in a negative EBITDA explained by the seasonality of the retail business where the first quarter is always the weakest.
- d) **Energia MKKF** continued being an important supplier of energy at a lower cost than the market.

Moving into the consolidated results:

- a) **Revenue** decreased due to a lower volume in Kaltex Textiles and Kaltex Internacional, while Kaltex Comercial reported an increase in revenues for the first quarter of 2018.
- b) **EBITDA** increased by 62% compared to the first quarter of 2017 as a result of a positive costs behavior.
- c) **Net Income** benefited from lower interest expenses.

In respect of the US\$320 million, 8.875% bond issued on April 11, 2017, we executed the second interest payment on April 11, 2018.

In closing, 2018 presents significant challenges, both in the local and in the international market, but I am confident Kaltex has strong foundations that will allow us to deliver the results you expect from us. In 2018 we are committed to continue implementing the needed measures to increase sales while controlling costs in order to continue increasing the profitability of the business until we reach the level we had in prior years.

Rafael Kalach Mizrahi
Chairman of the Board & CEO

Naucalpan, Estado de Mexico, May 7, 2018 – Grupo Kaltex S.A. de C.V. and subsidiaries (Ticker: KLTXMX), a leading company in the manufacture and marketing of textile products, announced today its results for the first quarter of 2018 ended March 31, 2018. The figures presented in this report are expressed in nominal Mexican pesos, are preliminary and non-audited, prepared in accordance with IFRS and current interpretations, and may vary due to rounding.

1Q18 HIGHLIGHTS

Grupo Kaltex – Consolidated

- ✦ On Wednesday April 11, 2018, Grupo Kaltex executed the second interest payment of US\$14.2 million in respect of its US\$320 million, 8.875% bond issued on April 11, 2017.
- ✦ 1Q18 Consolidated Net Revenue reached MXN4,031 million, a decrease of 4.0% when compared to the MXN4,199 million reported in 1Q17. The decrease was a result of several price increases: fibers 12.7%, fabric 6.2%, yarn 3.0% and our retail division 4.5%. As a consequence, we had mixed movements in displaced volume, with a reduction of 9.5% in Kaltex Textiles, mainly in our fabric and apparel division; whereas we had an increase of 14.2% in fibers and 12.2% in our retail division.
- ✦ 1Q18 Consolidated Cost of Goods Sold (COGS) reflected an important improvement with a year over year decrease of 6.9%, driven by a reduction of MXN188 million in cotton, MXN66 million in energy and MXN6 million in labor cost.
- ✦ 1Q18 Gross Profit increased by 11.7% compared to 1Q17.
- ✦ 1Q18 EBITDA generation increased by 61.8%, amounting MXN252 million, compared to MXN155 million during 1Q17, mainly due to lower costs. Margin for the period stood at 6.2% compared to 3.7% recorded in the same quarter of last year.
- ✦ 1Q18 Consolidated Net Income reached MXN342 million compared to MXN268 million recorded in the same period of last year, this is explained by a lower interest expense.

Kaltex Textiles Division

- ✦ 1Q18 Kaltex Textiles Net Revenues were MXN2,599 million, decrease of 6.3% or MXN174 million compared to 1Q17. The decrease was mainly due to price increases and a slower demand, that will be recovered during the second quarter.
- ✦ Costs of Kaltex Textiles for the 1Q18 were 9.4% lower than in the 1Q17, driven by a decrease in cotton and energy.
- ✦ 1Q18 Kaltex Textiles registered MXN139 million of EBITDA, an increase of 46% or MXN44 million from MXN95 million during the same quarter of 2017.

Kaltex Internacional Division

- ✎ 1Q18 Kaltex Internacional Net Revenue decreased 12.5% or MXN232 million on a year over year basis, amounting MXN1,634 million, coming from a slower demand in the apparel division.
- ✎ 1Q18 Kaltex Internacional EBITDA increased 84.3% or MXN60 million to MXN131 million, compared to the same quarter of the prior year, due to lower revenues that were offset by lower expenses.

Kaltex Comercial Division

- ✎ 1Q18 Kaltex Comercial Net Revenue reached MXN686 million, 12.2% higher than that registered in 1Q17, mainly coming from the Milano division. At quarter-end, our total commercial network was comprised of 418 units: 294 for Milano, with one store closing; 114 for Melody, with three stores closing; and 10 stores for Home&Fashion, with no new stores.
- ✎ 1Q18 Kaltex Comercial registered a loss in EBITDA of MXN29 million, which is lower than the MXN32 million loss for 1Q17. The loss is explained by the seasonality of the retail business, where the first quarter is always the weakest.

Energía MKKF Division

- ✎ Kaltex Energía ended the quarter producing an average of 35 Mega Watts. This subsidiary proved to be a good instrument to cover our exposition to power cost surges, as it satisfies 35% of our energy needs.

KEY CONSOLIDATED FINANCIAL INDICATORS

<i>Figures in MXN millions</i>	<i>Three months ended, March 31,</i>		
Indicator	2018	2017	Δ%
Net Revenue	4,031	4,199	-4.0%
Gross Profit	660	591	12%
Gross Margin (%)	16%	14%	230bps
Operating Income	76	(19)	>100%
Operating Margin (%)	1.9%	-0.4%	232bps
Consolidated Net Income	342	268	27%
Net Margin (%)	8.5%	6.4%	209bps
EBITDA	252	155	62%
EBITDA margin (%)	6.2%	3.7%	254bps
CAPEX	(132)	(144)	-8.2%
ROA (LTM)	-2.3%	-1.0%	(125)bps
ROE (LTM)	-7.6%	-3.3%	(434)bps
Total Debt / EBITDA (LTM)	5.17x	4.39x	-
Net Debt / EBITDA (LTM)	4.90x	4.12x	-
Interest Coverage	1.03x	0.62x	-
Working Capital	3,930	2,639	49%
Free Cash Flow	(16)	175	-
Headcount (number)	18,071	19,586	-7.7%

SUMMARY OF FINANCIAL RESULTS BY BUSINESS DIVISION

<i>Figures in MXN millions</i>	<i>Three months ended, March 31,</i>		
	2018	2017	Δ%
Indicator			
Consolidated Net Revenues	4,031	4,199	-4.0%
Kaltex Textiles	2,599	2,773	-6.3%
Kaltex Internacional	1,634	1,866	-12%
Kaltex Comercial	686	612	12%
Energia MKKF	91	106	-14%
GK individual	-	-	0%
Eliminations	(980)	(1,159)	-15%
Consolidated Operating Income	76	(19)	>100%
Kaltex Textiles	19	(22)	>100%
Kaltex Internacional	110	49	>100%
Kaltex Comercial	(59)	(60)	-2.1%
Energia MKKF	7	14	-51%
GK individual	(2)	(0)	>100%
Consolidated Operating Margin	0	(0)	232bps
Kaltex Textiles	0.7%	-0.8%	153bps
Kaltex Internacional	6.7%	2.6%	412bps
Kaltex Comercial	-8.5%	-9.8%	125bps
Energia MKKF	7.6%	13.4%	(582)bps
GK individual	0.0%	0.0%	-
Consolidated EBITDA	252	155	62%
Kaltex Textiles	139	95	46%
Kaltex Internacional	131	71	84%
Kaltex Comercial	(29)	(32)	-10%
Energia MKKF	13	22	-40%
GK individual	(2)	(0)	>100%
Consolidated EBITDA Margin	6.2%	3.7%	254bps
Kaltex Textiles	5.3%	3.4%	191bps
Kaltex Internacional	8.0%	3.8%	420bps
Kaltex Comercial	-4.2%	-5.3%	106bps
Energia MKKF	15%	21%	(622)bps
GK individual	0.0%	0.0%	-

REPRESENTATIVE COSTS

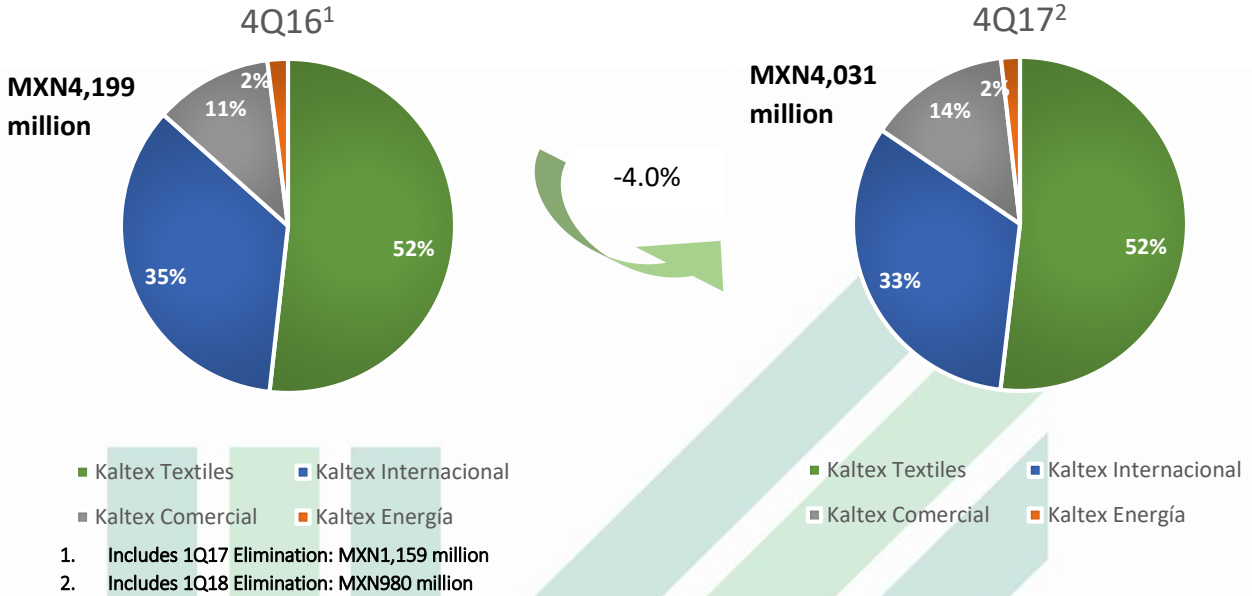
<i>Figures in MXN millions</i>	<i>Three months ended, March 31</i>		
	2018¹	2017²	Δ%
Indicator			
Cotton (US\$ per pound)	0.81	0.79	2.5%
Energy (MXN\$ per KWh) – CFE	1.25	1.56	-20%
Energy (MXN\$ per MWh)	1.23	1.49	-17%
Gas (MXN\$ per GJ)	91.19	88.90	2.6%
Fibers (MXN\$)	37.60	39.80	-5.5%
Chemicals (MXN\$)	22.56	21.62	4.3%

¹ Exchange rate at Mar, 31 2018: 18.3445

² Exchange rate at Mar, 31 2017: 18.8092

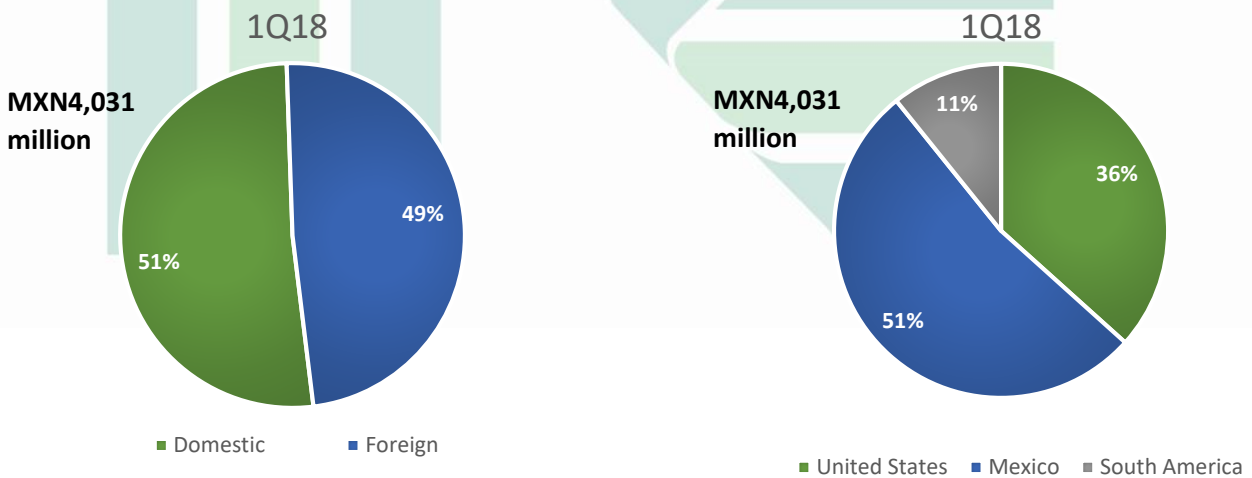
INCOME STATEMENT

Consolidated Net Revenue

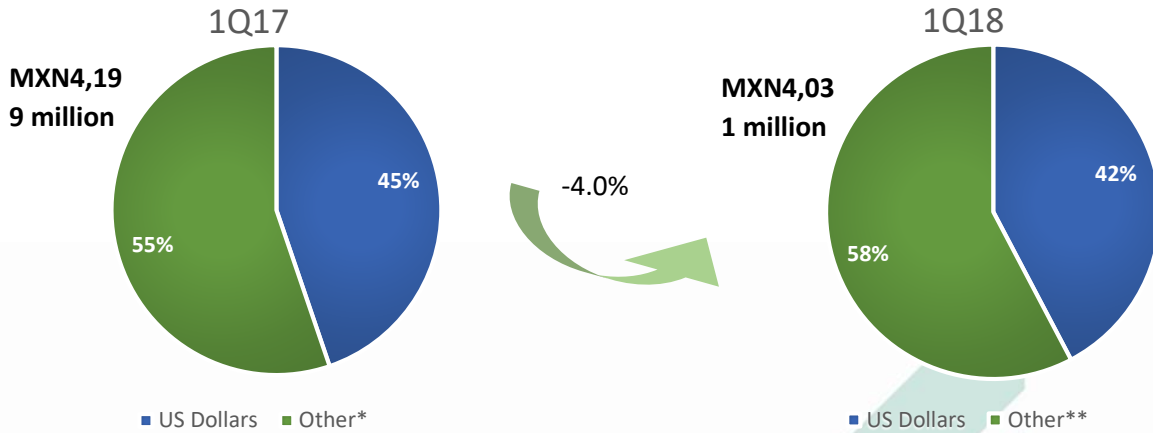


1Q18 Consolidated Net Revenue totaled MXN4,031 million, which represents a reduction of -4.0% or MXN168 million compared to the MXN4,199 million recorded in 1Q17, a result of mixed performance across the segments, with sales increasing 12.2% Kaltex Comercial, while decreasing 6.3% in Kaltex Textiles and 12.5% in Kaltex Internacional.

Revenue analysis



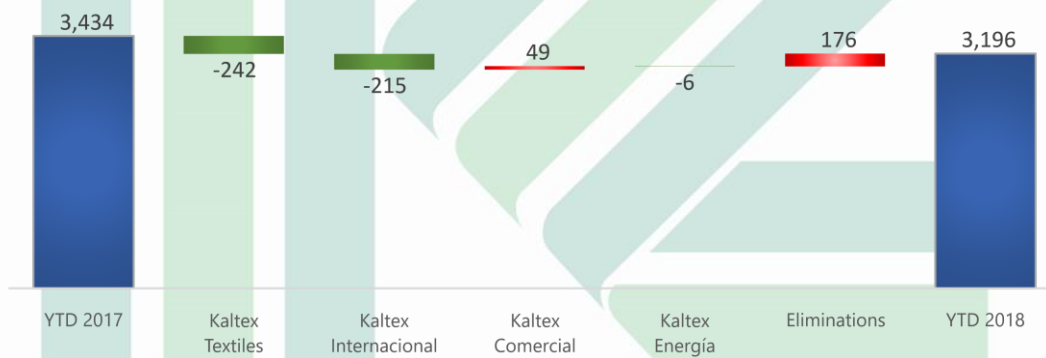
Exports accounted for 48.6% of net revenue in 1Q18, 162 bps lower than those registered in 1Q17. The lower share of foreign income was due to the appreciation of the Mexican Peso.



* 49.8% of our net revenue is denominated in MXP and 4.8% in COP
 ** 51.4% of our net revenue is denominated in MXP and 5.2% in COP

During 1Q18, Dollar-denominated revenue reached MXN1,705 million and accounted for 42.3% of net revenue, compared to 44.8% in 1Q17. During the 1Q18 Euro-denominated revenue represented 1.1% of net revenue, compared to 0.6% in 1Q17, this was due to higher acrylic fiber sales.

Cost of goods sold (COGS)



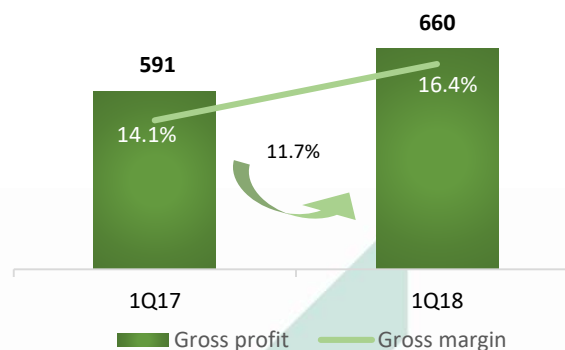
For the 1Q18 we recorded MXN3,196 million of cost of sales, which is a decrease of MXN239 million or 6.9%, due to a decrease of MXN188 million in cotton, MXN66 million in energy and MXN6 million in labor cost.

Regarding cotton, the reduction came from a combination of three factors: a 6% decrease in price, as we were able to fix it at an average price of Us.77.88, where the average of the market was 79.28; a sound inventory utilization with a reduction of inventories in Kaltex Textiles of MXN142 million, which allowed us to decrease the volume purchased; and a lower MXN/USD exchange rate which went from an average of Ps.19.98/Us. for the 1Q17 to Ps.18.64/Us for the 1Q18.

For energy, the cost per Megawatt from the grid decreased 20%, compared to 1Q17, which combined with our cogeneration plant resulted in a 30% decrease in this cost.

Gross profit

Consolidated Gross Profit amounted MXN660 million for the 1Q18, which represents an increase of MXN69 million or 11.7%. This results from a reduction of MXN168 million in revenues and a reduction of MXN239 million in costs. Gross margin for the 1Q18 stood at 16.4%, 230bps above the 14.1% recorded in 1Q17.



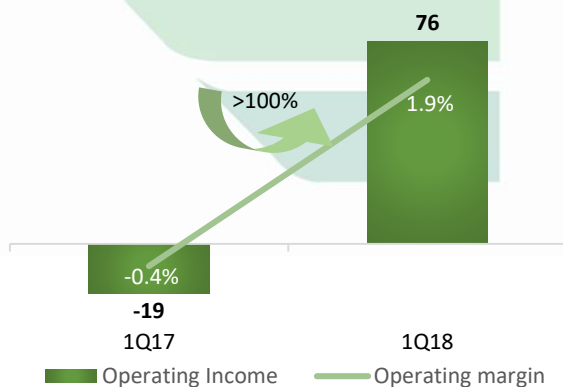
Selling, General and Administrative and Other Expenses

Concept	Three months ended, March 31,		
	2018	2017	Δ%
SG&A	637	629	1.3%
Other Net Expenses	53	20	>100%
Total SG&A and other expenses	584	609	-4.1%
S&A and other expenses to sales	14%	15%	-2bps

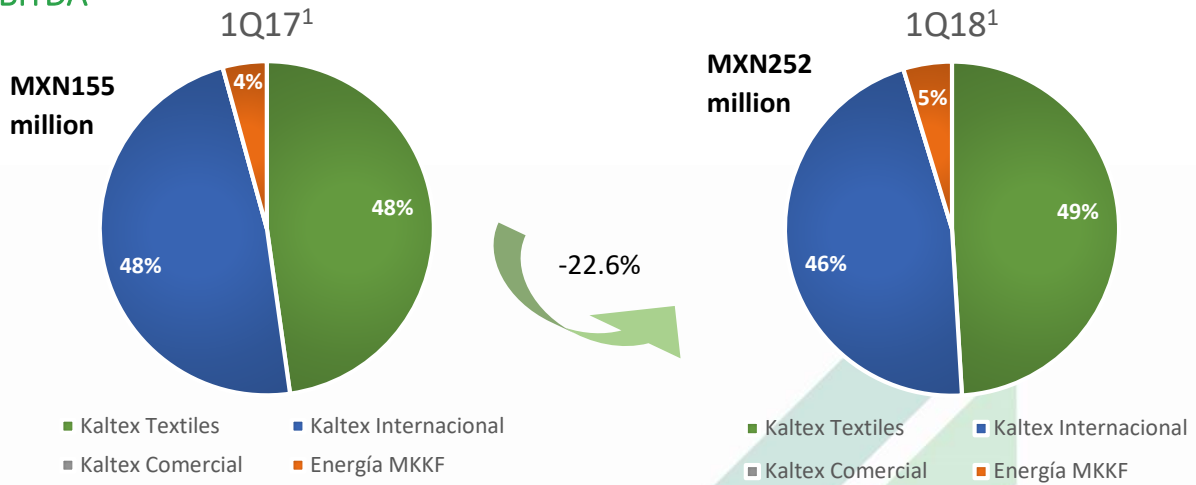
Sales, general and administrative expenses for the 1Q18 remained practically unchanged compared to the figures of 1Q17. Administrative expenses for the 1Q18 were MXN245 million and increase of 2.1% or MXN5 million compared to 1Q17, while sales expenses amounted MXN392 million, an increase of 0.8% or MXN3 million compared to 1Q17.

Operating Income

1Q18 Consolidated Operating Income was MXN76 million, an increase of MXN94 million from MXN19 million reported on 1Q17. This increase was mainly driven by a reduction in costs. Operating margin increased by 232bps to 1.9% in 1Q18 from -0.4% in 1Q17.

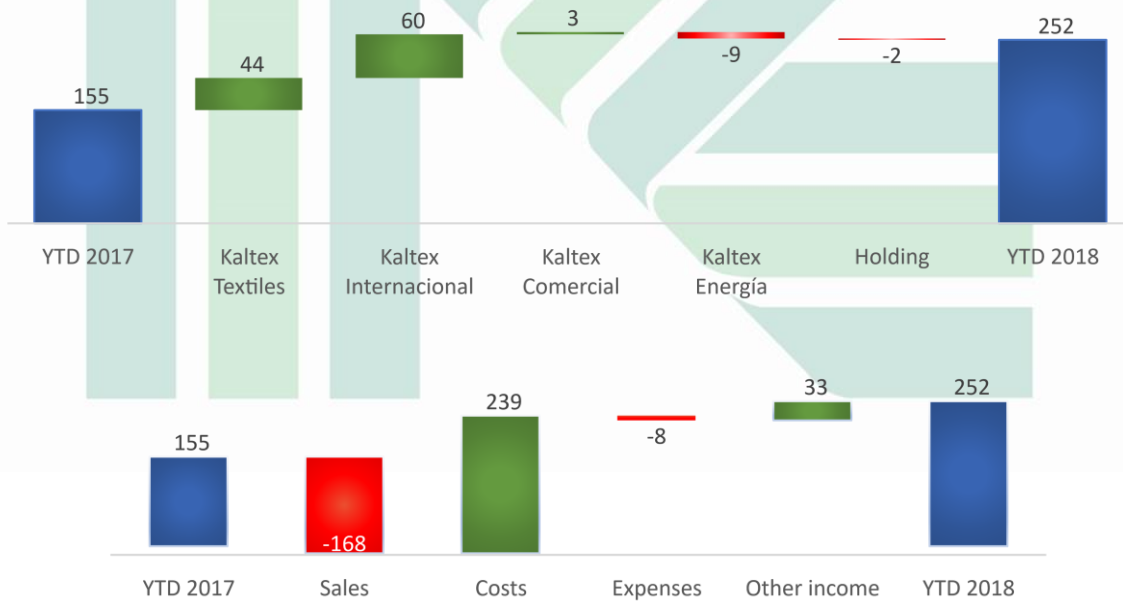


EBITDA



Gk ind & others: 1Q17 MXN-3 million and 1Q18 MXN-1,994 million
 Kaltex Comercial loss: 1Q17 MXN -32 million and 1Q18 MXN -29 million

Consolidated EBITDA totaled MXN252 million in 1Q18, 61.8% higher than the MXN155 million registered during the same period last year, driven by lower costs. EBITDA margin reached 6.2% in 1Q18 versus 3.7% in 1Q17. The main drivers for this increase was Kaltex Textiles and Kaltex Internacional.



Net Interest Expense and Forex

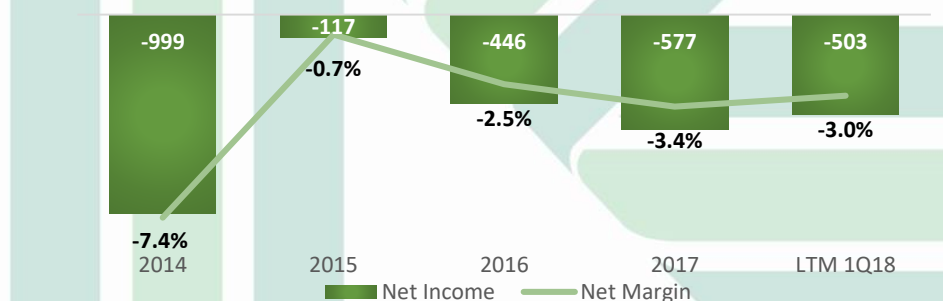
Concept	Three months ended, March 31		
	2018	2017	Δ%
Interest income	1.3	1.9	-32.8%
Interest expense	(244)	(250)	-2.7%
Foreign exchange result	527	587	-10.3%
Total CFR	284	338	-16.0%

1Q18 Net Interest Expense was MXN242 million, a decrease of MXN6 million or 2.5%, while the Forex income decreased 10.3% or MXN60 million, due to the appreciation of the Mexican Peso during the first quarter of 2018, going from an average of MXN19.98/US\$ during 1Q17 to an average of MXN18.54/US\$ during 1Q18.

Income Tax

Income Tax was MXN18 million for 1Q18, a decrease of MXN33 million or 64.4% when compared to 1Q17.

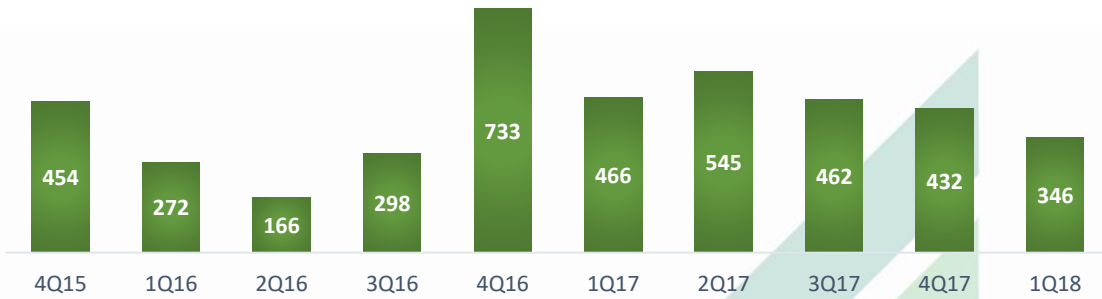
Net Income



1Q18 Consolidated Net Income for the 1Q18 totaled MXN342 million, an increase from MXN268 million recorded in 1Q17. This is explained by a higher operating income and lower tax expense.

FINANCIAL POSITION

Cash and Cash Equivalents

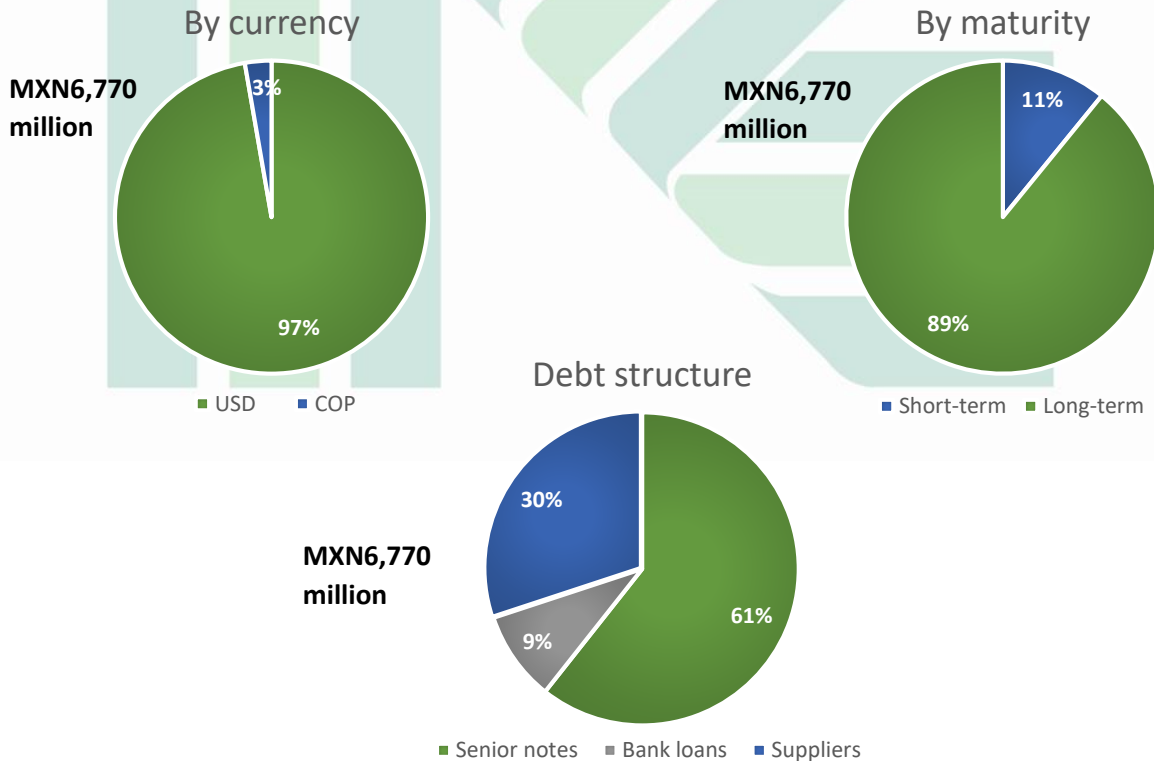


The balance in cash and cash equivalents totaled MXN346 million as of March 31, 2018. This figure is 19.8% below the MXN432 million reported in December 31, 2017. The average cash balance at the end of the first quarter in the previous three years has been MXN361 million.

Inventory

Inventory balance amounted MXN3,526 million as of March 31, 2017, practically unchanged from MXN3,533 million registered at the end of 4Q17.

Debt



Debt Structure

Concept	Month ended, March 31,		
	2018	2017	Δ%
<i>Figures in MXN millions</i>			
Short-term	737	3,847	-81%
Long-term	6,033	3,814	58%
Gross Debt	6,770	7,600	
Cash	346	466	-26%
Net Debt	6,423	7,195	-11%

Grupo Kaltex Net Debt amounted MXN6,423 million as of March 31, 2017, of which 97.3% was denominated in US dollars, and the remaining 2.7% in Colombian pesos.

Maturity Profile

Division	Month ended, March 31,			Total
	1 year	1-3 years	>3 years	
<i>Figures in MXN millions</i>				
Kaltex Textiles	129	242	0	371
Kaltex Internacional	607	37	-	644
Kaltex Comercial	-	-	-	-
GK ind & others	-	-	5,870	5,870
Amortization Sr. Notes	-	(115)	-	(115)
Total	736	163	5,870	6,770
%Total	12.4%	4.1%	83.5%	100%

The average maturity of Grupo Kaltex's debt at the end of the 1Q18 was 3.9 years, remaining unchanged from the figure at the end of 2017. The following table presents the details of the debt by segment.

Figures in USD millions

Division	Kaltex Comercial		Kaltex Internacional		Kaltex Textiles		Grupo Kaltex (Bond)		Consolidated	
Dec 2017										
Short-term	-	-	39.4	94.8%	7.8	35.2%	-	-	47.2	12.3%
Long-term	-	-	2.2	5.2%	14.4	64.8%	320	100%	336.5	87.7%
Total	-	-	41.6	100%	22.2	100%	320	100%	383.8	100%
Rate	-	-	7.5%		4.6%		8.9%		8.5%	
Mar 2018										
Short-term	-	-	34.3	94.3%	7.0	34.8%	-	-	41.3	11.0%
Long-term	-	-	2.1	5.7%	13.2	65.2%	320	100%	335.2	89.0%
Total	-	-	36.4	100%	20.2	100%	320	100%	376.6	100%
Rate	-	-	5.5%		4.5%		8.9%		8.3%	
Av. Life (yrs)	-	-	2.0		3.6		4.2		3.9	
Dec 2017 vs Mar 2018										
Short-term	-	-	(5.1)		(0.8)		-		(5.9)	
Long-term	-	-	(0.1)		(1.2)		-		(1.3)	
Total	-	-	(5.2)		(2.0)		-		(7.2)	

Debt Ratio	1Q18	4Q17
Gross Debt / EBITDA	5.2x	6.1x

Gross Debt / EBITDA ratio decreased to 5.17x in 1Q18 from 6.14x in 4Q17. Since 97% of the debt is denominated in US dollars, it is important to mention that the company has a natural and a financial currency hedge. Our gross FX exposure was Us.627 million, of which financial exposure amounts Us.365 million, and operation exposure amounts Us.262 million. We have a natural hedge through our sales in USD of Us.339 million and a financial hedge of Us.120 million, for a total net exposure Us.168 million and a hedge ratio of 73%.

Shareholders' Equity

Shareholders' Equity amounted MXN6,727 million as of March 31, 2017.

FREE CASH FLOW

<i>Figures in MXN millions</i>	<i>Three months ended, March 31,</i>		
	2018	2017	Δ%
Concept			
EBITDA	252	155	62%
CF from operating activities	44	314	-86%
CF from investing activities	(131)	(146)	-10%
CF from financing activities	2	(307)	NA
Free Cash Flow	(16)	175	NA

CAPEX

For the 1Q18, investments in fixed assets reached MXN132 million, mainly derived from investments in machinery and equipment in Manufacturas Kaltex. For 1Q17 the investment in fixed assets was MXN144 million.

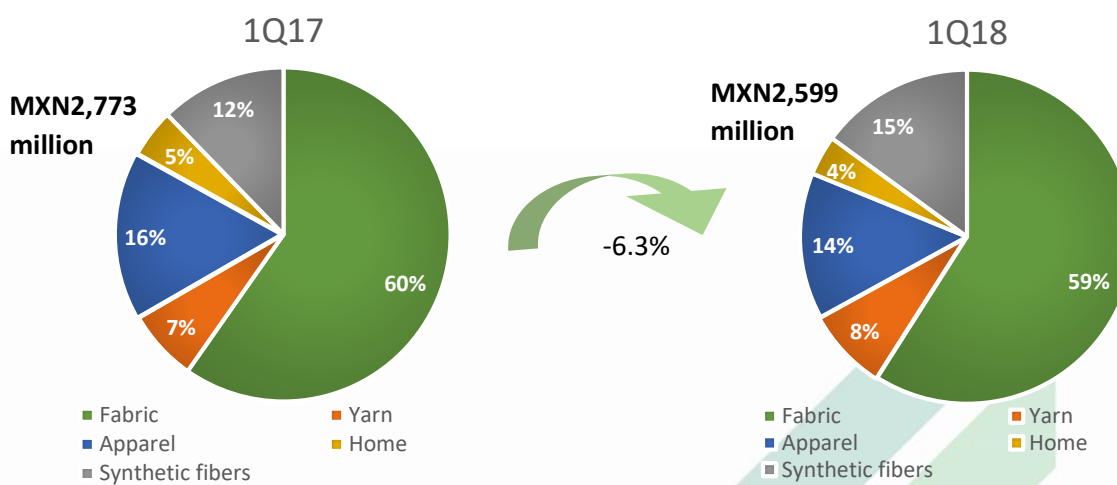
FINANCIAL INFORMATION BY DIVISION

Kaltex Textiles

<i>Figures in MXN millions</i>	<i>Three months ended, March 31,</i>		
	2018	2017	Δ%
Net Revenues	2,599	2,773	-6.3%
Cost of Sales	2,320	2,562	-9.4%
Depreciation	119	117	2.2%
Gross Profit	160	95	69%
Operating Expenses	141	117	21%
Operating Income	19	(22)	NA
EBITDA	139	95	46%

For 1Q18 the revenues of Kaltex Textiles division were MXN2,599 million a 6.3% decrease compared to the MXN2,773 million in 1Q17. In this segment Apparel reported an increase of 14.8% in sales to Levis and an increase of 12.9% in domestic sales, the reduction was concentrated in the export market-other customers. We expect this demand to be recovered in the second quarter. Kaltex Textiles revenues represented 51.9% of Consolidated Net Revenues, almost unchanged from the 51.8% reached in 1Q17.

The revenue by product of this division is integrated as follows:



During 1Q18 costs behaved favorably as they decreased 9.4% or MXN174 million compared to 1Q17, due to lower costs in cotton and energy. Regarding cotton, the reduction came from a combination of three factors: a 6% decrease in price, as we were able to fix it at an average price of Us.77.88, where the average of the market was 79.28; a sound inventory utilization, with a reduction of inventories in Kaltex Textiles of MXN142 million which allowed us to decrease the volume purchased; and a lower MXN/USD exchange rate. For energy, the cost per Megawatt from the grid decreased 20%, compared to 1Q17, which combined with our cogeneration plant resulted in a 30% decrease in this cost.

1Q18 Kaltex Textiles Operating Income was MXN19 million, MXN44 million higher than the negative MXN22 million registered in 1Q17. The operating margin of 1Q17 was 0.7% compared to -0.8% reported in the same period of last year.

Kaltex Textiles posted an EBITDA of MXN139 million for 1Q18, which compares to MXN95 million for 1Q17, this figure represented 55.1% of Consolidated EBITDA compared to 60.1% in 1Q17. The increase in EBITDA is mainly a result the decrease of MXN242 million in costs.

Kaltex Internacional

Figures in MXN millions	Three months ended, March 31,		
	2018	2017	Δ%
Net Revenues	1,634	1,866	-13%
Cost of Sales	1,333	1,548	-14%
Depreciation	20	22	-6.7%
Gross Profit	280	296	-5.4%
Operating Expenses	170	247	-31%
Operating Income	110	49	>100%
EBITDA	131	71	84%

Kaltex International revenues for 1Q17 were MXN1,634 million, a decrease of -12.5% mainly due to a slower demand in the apparel division, which reduced the revenues of Kaltex America by 16% or Ps.154 million. Costs for the 1Q18 amounted Ps.1,333 million, a decrease of 14% or Ps.215 million. This resulted in a generation of Ps.131 million of EBITDA for the 1Q18, an 84% increase or Ps.60 million compared to the same quarter of the prior year. Kaltex Internacional represented 33% of the total sales and 52% of the total EBITDA.

Kaltex Comercial

<i>Figures in MXN millions</i>	<i>Three months ended, March 31,</i>		
	2018	2017	Δ%
Net Revenues	686	612	12%
Cost of Sales	437	388	13%
Depreciation	30	28	7.5%
Gross Profit	220	196	12%
Operating Expenses	279	256	8.8%
Operating Income	(59)	(60)	2.1%
EBITDA	(29)	(32)	10%

Kaltex Comercial revenues for 1Q18 were MXN682 million, an increase of 12.2% or MXN75 million. Behind this performance we find a uniform 12% growth in its three stores brands. Particularly in Milano, unit prices increased 11% while the average ticket increased 16% and the volume increased 7%. Kaltex Comercial revenues for 1Q18 represented 13.7% of Consolidated Net Revenues, compared to 11.4% for 1Q17.

Kaltex Comercial posted a negative EBITDA for the 1Q18 of MXN29 million, an increase of 10.3% when compared to a loss of MXN32 million registered during the 1Q17. The loss is explained by the seasonality of the retail business, where the first quarter is always the weakest. Kaltex Comercial represented 14% of the total sales for the quarter.

MKKF

Kaltex Energía ended the quarter producing in average 35 Mega Watts, representing 35% of our energy needs.

The average cost of Kilo Watt/hour in MXN of Energia MKKF and CFE are as follows:

<i>Cost of Energy (MXN KW/hour)</i>	<i>Three months ended, March 31,</i>		
	2018	2017	Δ%
Energía MKKF	1.23	1.49	-17%
CFE	1.25	1.56	-20%
Difference (%)	(0.02)	(0.07)	-

About Grupo Kaltex

Grupo Kaltex S.A. de C.V. is a 100% Mexican textile Company, vertically integrated with a business model that grants the highest standards of quality and service, which are also certified by international organizations. For almost a century, Grupo Kaltex has been dedicated to the manufacturing and marketing of textile and apparel products, processes in which innovation and growth are the main differentiators that currently place it as a leader in America.

Forward looking statements

The information presented by the Company in this report may contain statements regarding future events and / or projected financial results. The results obtained in the future could differ from those projected in this document, since past results do not guarantee future performance. Therefore, the Company does not assume liability nor obligation for external or indirect factors occurring in Mexico or abroad.

Investor Relations

Division	e-mail	Telephone
Montserrat Valenzuela Marín	investors@kaltex.com.mx	+(52) 55 5726 5668
Elizabeth Ávila Maravilla	investors@kaltex.com.mx	+(52) 55 5726 5767

1Q18 Conference Call



Conference Call

DATE: Tuesday, May 08, 2018

TIME: 12:00 P.M. (GMT -6, Mexico City)
1:00 P.M. (GMT -5, N.Y.)

PHONE: +52 (55) 2881 4607

Presenters

Jaime Morales Vazquez, CFO

Humberto Flores Cervantes, Commercial Director

Alfredo Mora Arana, Kaltex Fibers Executive Director

MP3 Recording Available on Wednesday, May 09, 2018 at www.irkaltex.com

**Additional Dial-in
number:**

USA / International:
+1 (833) 393 9568

**1Q18 Earnings
release date:**

Monday,
May 07, 2018
(after market close)

**Additional
information:**

www.irkaltex.com
investors@kaltex.com.mx

+52 (55) 5726 5668
+52 (55) 5726 5600

CONSOLIDATED FINANCIAL STATEMENTS

<i>Figures in MXN thousands</i>	<i>Three months ended, March 31,</i>		
	2018	2017	Δ%
Net Revenue	4,031,229	4,199,035	-4.0%
Cost of Goods Sold	3,371,461	3,608,375	-6.6%
Gross Profit	659,768	590,660	12%
Sales Expenses	392,410	389,130	0.8%
Administrative Expenses	244,888	239,960	2.1%
Other (expenses) income net	53,287	19,825	>100%
Operating Profit	75,757	(18,605)	NA
Comprehensive Financial Result	284,159	338,231	-16%
Interest Income	1,268	1,886	-33%
Interest Expense	243,632	250,438	-2.7%
Foreign Exchange Result	526,523	586,783	-10%
Income Tax	18,327	51,493	-64%
Consolidated Net Result	341,589	268,133	27%
Depreciation	175,782	174,097	1.0%
EBITDA	251,539	155,492	62%

**Grupo KALTEX S.A. de C.V. and Subsidiaries
Consolidated Statement of Financial Position**

Figures in MXN thousands

	March 31, 2018	December, 31 2017
Assets		
Cash & Cash Equivalents	346,074	431,734
Accounts Receivable, net	3,313,759	2,928,582
Accounts receivable to related parties	50,060	42,249
Inventories, net	3,525,706	3,533,342
Prepaid expenses	180,747	260,430
Current Assets	7,416,346	7,196,337
Property, Plant and Equipment, net	11,362,232	11,546,903
Investment in Properties	1,758,041	1,771,103
Deferred Income Tax	333,184	309,320
Other Assets, net	1,503,195	1,527,561
Non-current Assets	14,956,652	15,154,887
Total Assets	22,372,998	22,351,224
Liabilities		
Bank loans	736,725	907,684
Accounts Payable to suppliers	2,909,096	2,879,940
Accounts payable to related parties	1,489,161	1,187,985
Other accounts payable and accrued liabilities	1,430,460	1,347,018
Direct employee benefits	8,717	23,198
Advanced payments from customers	47,277	50,520
Current Liabilities	6,621,436	6,396,345
Long-term financial liabilities	6,032,789	6,545,840
Accounts payable to related parties	641,777	653,624
Employee benefits	507,645	487,542
Contingencies	29,345	30,771
Deferred Income Tax	1,813,130	1,815,633
Non-current Liabilities	9,024,686	9,533,410
Total Liabilities	15,646,122	15,929,755
Capital stock	4,017,990	4,017,990
Accumulated (losses) earnings	(670,084)	(826,699)
Accumulated other comprehensive loss	236,207	236,207
Controlling interest	3,584,113	3,427,498
Non-controlling interest	3,142,763	2,993,971
Total Equity	6,726,876	6,421,469
Total Liabilities and Equity	22,372,998	22,351,224

Grupo KALTEX S.A. de C.V. and Subsidiaries
Consolidated Statement of Cash Flow

<i>Figures in MXN thousands</i>	<i>Three months ended,</i>	
	<i>March 31,</i>	
	2018	2017
Cash flows from operating activities		
Consolidated net income (loss)	341,589	268,133
<i>Adjustments for:</i>		
Income tax expense recognized in net loss	18,327	51,493
Loss (gain) on disposal of property, plant and equipment	185	-
Depreciation and amortization	175,782	174,097
Contingencies	-	-
Fair value adjustment of investment properties	-	-
Interest income	(1,268)	(1,886)
Interest expense	235,515	250,438
Unrealized foreign exchange	(311,940)	(656,159)
	341,589	268,133
Changes in working capital		
<i>(Increase) decrease in:</i>		
Accounts receivable, net	(152,472)	60,415
Accounts receivables to related parties	-	2,031
Inventories, net	(72,982)	102,499
Prepaid expenses	(79,123)	(122,347)
Other assets	18,721	2,984
<i>(Increase) decrease in:</i>		
Accounts payable to Suppliers	(136,932)	249,046
Accounts payable to related parties	-	-
Other accounts payable and accrued liabilities	98,449	(12,474)
Direct employee benefits	-	(7,276)
Advance payments from customers	(20,421)	(22,067)
Income taxes paid	(60,366)	(31,800)
Employee benefits	(9,942)	(7,457)
Contingencies	398	8,833
Net cash flows generated by operating activities	43,520	314,123
<i>Cash flows from investing activities:</i>		
Interest received	1,314	1,886
Acquisition of property, plant and equipment	(132,401)	(144,286)
Sale of property, plant and equipment	-	(3,747)
Net cash flows (generated by) used in investing activities	(131,087)	(146,147)
<i>Cash flows from financing activities:</i>		
Proceeds from debt	186,774	713,069
Payments of debt	(408,134)	(881,055)
Proceeds from related parties	282,604	-
Interest paid	(59,337)	(139,442)
Purchase of non-controlling interest	-	-
Capital increase	-	-
Dividends paid	-	-
Expenses associated with bond issue	-	-
Net cash flow (used in) generated by financing activities	1,907	(307,428)
Net increase (decrease) in cash and cash equivalents	(85,660)	(139,452)
Effects of exchange rate changes on cash flows	-	(127,932)
Cash and cash equivalents at end of year	431,734	733,143
Cash and cash equivalents at beginning of year	346,074	465,759