# Vitro Reports 7.9% YoY Increase in Sales and 16.2% in EBITDA in Mexican Pesos

**San Pedro Garza García, Nuevo León, Mexico, October 27th, 2016 – Vitro, S.A.B. de C.V. (BMV: VITROA), hereinafter "Vitro" or the "Company",** the leading glass producer in Mexico, today announced its unaudited results for the third quarter of 2016 ("3Q'16").

### Third Quarter 2016 Highlights

- Consolidated Net Sales in peso terms rose 7.9 percent year-on-year ("YoY") to Mexican Pesos (MXN) $4,170 million, driven by increases of 15.5 percent in Glass Containers and 5.1 percent in Flat Glass. By contrast, measured in US$, revenues decreased 5.7 percent YoY to US$219 million, mainly impacted by the 14.6 percent YoY peso depreciation (quarterly average).

- EBITDA rose 16.2 percent YoY to MXN$1,081 million, driven by increases of 5.9 percent in Glass Containers and 29.1 percent in Flat Glass reflecting a more favorable price mix and the continued implementation of cost savings and efficiency measures. In US$ terms, EBITDA increased 1.6 percent YoY to US$57 million

- During the quarter the Company secured the debt financing required to finance a portion of its acquisition of the PPG flat glass business. As a result, total debt at the close of 3Q16 rose to US$497 million, in turn bringing the cash position to US$924 million as the transaction was closed after the end of the quarter.

### FINANCIAL HIGHLIGHTS*

**Million of US Dollars**

| FINANCIAL HIGHLIGHTS* | 3Q'16 | 3Q'15 | % Change |
|---|---|---|---|
| Consolidated Net Sales | 219 | 233 | *-5.7%* |
| *Glass Containers* | 57 | 57 | *1.2%* |
| *Flat Glass* | 161 | 176 | *-8.2%* |
| Cost of Sales | 140 | 150 | *-6.5%* |
| Gross Income | 79 | 83 | *-4.2%* |
| *Gross Margins* | *36.1%* | *35.5%* | *0.6 pp* |
| SG&A | 33 | 38 | *-12.2%* |
| *SG&A % of sales* | *15.1%* | *16.2%* | *-1.1 pp* |
| EBIT (2) | 46 | 45 | *2.5%* |
| *EBIT Margins* | *20.9%* | *19.3%* | *1.6 pp* |
| EBITDA (2) | 57 | 56 | *1.6%* |
| *Glass Containers* | 14 | 15 | *-7.4%* |
| *Flat Glass* | 46 | 40 | *12.8%* |
| *EBITDA Margins* | *25.9%* | *24.1%* | *1.8 pp* |
| Net income (loss) from continuing operations | 53 | (30) | - |
| Net income from discontinued operations | - | 1,408 | |
| Net Income attributable to controlling interest | 53 | 1,337 | *-96.1%* |
| Total Debt | 497 | 1 | - |
| *Short Term Debt* | 0 | 1 | *-99.4%* |
| *Long Term Debt* | 497 | 0 | - |
| Cash & Cash Equivalents(1) | 924 | 509 | *81.7%* |
| Total Net Debt | (427) | (507) | *-15.8%* |

**Million US$ Nominal*

(1) Cash & Cash Equivalents include cash to be used on Flat Glass acquisition.

(2) EBIT and EBITDA are presented before other expenses (income).

Commenting on Vitro's performance and outlook, Mr. Adrián Sada Cueva, Chief Executive Officer, said: *"I am pleased that we continue to report solid underlying results this quarter despite the ongoing volatile exchange rate environment. Measured in pesos,* net sales rose 7.9 percent during the period, *driven by continued growth in Flat Glass and Glass Containers."*

*"As anticipated early in the year, this quarter we began the repair and capacity expansion of our Mexicali float glass furnace which is expected to be completed by the end of the year. Despite the reduction in capacity for the month of September, we achieved a 16.2 percent increase in EBITDA in pesos and a modest improvement in EBITDA in US dollars this quarter mainly driven by a better priced mix and our commitment to deliver cost reduction measures."*

Mr. Sada further noted, *"The acquisition of PPG's flat glass manufacturing and coatings business in the US and Canada, including its research-and-development center which closed earlier this month, is a key milestone for Vitro. In addition to strengthening our Flat Glass business in the construction segment and increasing our focus on glass technologies, it positions the Company as the leader in the commercial construction glass segment in North America."*

Commenting on the balance sheet, Mr. Claudio Del Valle, Chief Administrative and Financial Officer, noted: *"We continue to deliver year over year EBITDA growth, up 16.2 percent in the quarter in Mexican Peso terms, while also lowering working capital needs therefore improving significantly our cash from operations. Towards the end of the* *quarter we secured a US$ 500 million 7-year loan to finance a portion of the US$750 million acquisition of the PPG flat glass business. We closed the quarter with a cash position of US$924 million (includes US$ 500 million from finance loan to be used on Flat Glass acquisition) as this transaction was completed on October 1, 2016. Maintaining a healthy balance sheet is one of our key priorities and we seek to maintain conservative debt ratios."*

*"We remain committed to driving profitable growth while capitalizing on the opportunities we see ahead. Vitro is now a stronger, more productive and innovative company with significantly larger international operations able to offer a broader range of value-added products to our customers and deliver increasingly better results for all our stakeholders,"* concluded Mr. Sada.

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*Financial statements were prepared according to International Financial Reporting Standards (IFRS). The Peso figures included in the document are presented in nominal Pesos which could affect its comparability. Dollar figures are in nominal US dollars and are obtained by dividing nominal pesos for each month by the end of month fixed exchange rate published by Banco de México. In the case of the Balance Sheet, US dollar translations are made at the fixed exchange rate as of the end of the period. Certain amounts may not sum due to rounding. All figures and comparisons are in US dollar terms, unless otherwise stated, and may differ from the peso amounts due to the difference in exchange rates.*

*According to IFRS, the F&B business sale to O-I meet the criteria identified in IFRS 5, therefore, its financial information is accounted for as a discontinued operation and presented accordingly to comply with such requirements.*

|  | Sep'16 | Sep'15 |
|---|---|---|
| ***Inflation in Mexico*** |  |  |
| Quarter | 1.1% | 0.7% |
| Accumulated | 1.5% | 0.6% |
| LTM | 2.9% | 2.5% |
| ***Inflation in USA*** |  |  |
| Quarter | 0.2% | -0.3% |
| Accumulated | 2.1% | 1.3% |
| LTM | 1.5% | -0.04% |
| ***Exchange Rate*** |  |  |
| Closing | 19.3776 | 16.9053 |
| Average (Acumulated) | 18.2898 | 15.7125 |
| Average (Quarter) | 19.0075 | 16.5885 |
| ***Devaluation (Apreciation)*** |  |  |
| Accumulated (Closing) | 12.3% | 14.7% |
| Quarter (average) YoY | 14.6% | 25.2% |
| Accumulated (Average) | 16.4% | 19.5% |

## REVIEW OF CONSOLIDATED RESULTS

Following divestiture of the Food and Beverage (F&B) Glass Containers division to Owens-Illinois, Inc. (NYSE:OI) on September 1, 2015, the Company made some changes to the composition of its reportable segments structure. Prior to the divestiture, the Chemical business was grouped within the Glass Containers segment. Effective 3Q'15, the Chemical business became part of the Flat Glass segment as it more closely aligns with Vitro's new structure. Selected financial information for the year 2014 and the first two quarters of 2015 has been reclassified in order to present comparable segment financial information accordingly with the new structure.

The Glass Containers business unit includes the Cosmetics, Fragrances and Toiletries (CFT) segment, participation in the Comegua joint venture, in Central America, which is accounted for under the equity method, and the Molds, Machinery and Equipment businesses. The Flat Glass business unit includes Automotive, Original Equipment Manufacturers (OEM) and Automotive Glass Replacement (AGR) segments, the Construction segment, and the Chemical business.

### CONSOLIDATED SALES

Consolidated Net Sales increased 7.9 percent to MXN$4,170 million in 3Q'16, from MXN$3,863 million in 3Q'15. In US dollars, revenue decreased 5.7 percent to US$219 million in 3Q'16 mainly due to a 14.6 percent YoY peso depreciation (quarterly average) which impacts peso revenue when translated into dollars.

### Table 1 - SALES

|  | *Million of Mexican Pesos* |  |  |  |  |  | *Million of US Dollars* |  |  |  |  |  |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
|  | 3Q'16 | 3Q'15 | *YoY% Change* | 9M'16 | 9M'15 | *YoY% Change* | 3Q'16 | 3Q'15 | *YoY% Change* | 9M'16 | 9M'15 | *YoY% Change* |
| **Total Consolidated Sales** | **4,170** | **3,863** | ***7.9*** | **12,395** | **10,285** | ***20.5*** | **219** | **233** | ***(5.7)*** | **678** | **653** | ***3.9*** |
| Domestic Sales | 2,802 | 2,622 | *6.9* | 8,314 | 6,932 | *19.9* | 148 | 158 | *(6.5)* | 455 | 440 | *3.4* |
| Export Sales | 1,287 | 1,143 | *12.6* | 3,837 | 3,047 | *25.9* | 68 | 69 | *(1.7)* | 210 | 193 | *8.6* |
| Foreign Subsidiaries | 81 | 99 | *(18.3)* | 244 | 306 | *(20.3)* | 4 | 6 | *(28.9)* | 13 | 20 | *(31.6)* |
| **Glass Containers** | **1,088** | **942** | ***15.5*** | **3,396** | **2,287** | ***48.5*** | **57** | **57** | ***1.2*** | **186** | **145** | ***28.7*** |
| Domestic Sales | 559 | 510 | *9.7* | 1,840 | 1,118 | *64.6* | 29 | 31 | *(3.9)* | 101 | 70 | *43.2* |
| Export Sales | 529 | 432 | *22.5* | 1,556 | 1,169 | *33.1* | 28 | 26 | *7.3* | 85 | 74 | *14.8* |
| **Flat Glass** | **3,064** | **2,914** | ***5.1*** | **8,885** | **7,943** | ***11.9*** | **161** | **176** | ***(8.2)*** | **486** | **505** | ***(3.7)*** |
| Domestic Sales | 2,225 | 2,104 | *5.8* | 6,360 | 5,757 | *10.5* | 117 | 127 | *(7.6)* | 348 | 366 | *(5.0)* |
| Export Sales | 758 | 711 | *6.5* | 2,281 | 1,879 | *21.4* | 40 | 43 | *(7.1)* | 125 | 119 | *4.8* |
| Foreign Subsidiaries | 81 | 99 | *(18.3)* | 244 | 306 | *(20.3)* | 4 | 6 | *(28.9)* | 13 | 20 | *(31.6)* |

**Glass Containers** sales increased 15.5 percent to MXN$1,088 million in 3Q16. In US dollars, sales increased slightly by 1.2 percent to US$57.3 million in 3Q'16, from US$56.6 million in 3Q'15, reflecting solid sales volumes in the domestic pharmaceutical industry and a slight increase in fragrance exports. Domestic sales increased 9.7 percent in peso terms, but were affected by 14.6 percent YoY peso depreciation (quarterly average) declining from US$31 million on 3Q'15 to US$29 million. Export sales increased to US$28 million in 3Q'16, from US$26 million mainly driven by a higher volumes in fragrances.

**Flat Glass** sales increased 5.1 percent to MXN$3,064 million, but were affected by the 14.6 percent YoY peso depreciation (quarterly average). In US dollars, Flat Glass sales decreased to US$161 million in 3Q'16, from US$176 million in 3Q'15. Higher sales in local currency were mainly driven by a solid performance in construction exports, new supply to the automotive sector and higher volume to domestic Auto Glass Replacement (AGR). This performance was partially offset by lower export sales from the chemical business, which supplies raw materials, This business was impacted by a mild winter season in the United States and the challenging oil price environment.

**EBIT AND EBITDA**

Consolidated EBIT increased 17.2 percent to MXN$873 million in 3Q'16. In US dollars, EBIT increased 2.5 percent to US$46 million in 3Q'16, from US$45 million in 3Q'15. Consolidated EBITDA rose 16.2 percent to MXN$1,081 million, while EBITDA margin expanded to 25.9 percent from 24.1 percent in the same period last year. In US dollar terms, EBITDA was US$57 million, representing a 1.6 percent increase from US$56 million in 3Q'15.

As previously announced, on September 1st the Company started the repair and capacity expansion of its Mexicali furnace which is expected to be completed by year-end 2016. EBIT and EBITDA increased YoY, driven by a healthy product mix and the realization of benefits from cost saving initiatives, partially offset by costs, primarily fixed costs, associated with this plant's full-month downtime this quarter.

## Table 2 - EBIT & EBITDA [(1) (2)]

| | Million of Mexican Pesos | | | | | | Million of US Dollars | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3Q'16 | 3Q'15 | YoY% Change | 9M'16 | 9M'15 | YoY% Change | 3Q'16 | 3Q'15 | YoY% Change | 9M'16 | 9M'15 | YoY% Change |
| **Consolidated EBIT** | **873** | **745** | ***17.2*** | **2,506** | **1,650** | ***51.8*** | **46** | **45** | ***2.5*** | **137** | **104** | ***31.8*** |
| ***Margin*** | *20.9%* | *19.3%* | *1.6 pp* | *20.2%* | *16.0%* | *4.2 pp* | ***20.9%*** | ***19.3%*** | *1.6 pp* | ***20.2%*** | ***15.9%*** | *4.3 pp* |
| Glass Containers | 213 | 215 | *(0.7)* | 738 | 455 | *62.2* | 11 | 13 | *(13.3)* | 40 | 29 | *40.4* |
| *Margin* | *19.6%* | *22.8%* | *-3.2 pp* | *21.7%* | *19.9%* | *1.8 pp* | *19.6%* | *22.9%* | *-3.3 pp* | *21.6%* | *19.8%* | *1.8 pp* |
| Flat Glass | 706 | 533 | *32.3* | 1,844 | 1,193 | *54.6* | 37 | 32 | *15.6* | 101 | 75 | *34.2* |
| *Margin* | *23.0%* | *18.3%* | *4.7 pp* | *20.8%* | *15.0%* | *5.8 pp* | *23.0%* | *18.3%* | *4.7 pp* | *20.7%* | *14.9%* | *5.8 pp* |
| **Consolidated EBITDA** | **1,081** | **930** | ***16.2*** | **3,110** | **2,269** | ***37.1*** | **57** | **56** | ***1.6*** | **170** | **143** | ***18.6*** |
| ***Margin*** | *25.9%* | *24.1%* | *1.8 pp* | *25.1%* | *22.1%* | *3 pp* | *25.9%* | *24.1%* | *1.8 pp* | *25.1%* | *22.0%* | *3.1 pp* |
| Glass Containers | 268 | 253 | *5.9* | 898 | 622 | *44.4* | 14 | 15 | *(7.4)* | 49 | 39 | *24.8* |
| *Margin* | *24.6%* | *26.9%* | *-2.3 pp* | *26.5%* | *27.2%* | *-0.7 pp* | *24.6%* | *26.9%* | *-2.3 pp* | *26.4%* | *27.2%* | *-0.8 pp* |
| Flat Glass | 865 | 670 | *29.1* | 2,303 | 1,613 | *42.8* | 46 | 40 | *12.8* | 126 | 102 | *23.5* |
| *Margin* | *28.2%* | *23.0%* | *5.2 pp* | *25.9%* | *20.3%* | *5.6 pp* | *28.2%* | *23.0%* | *5.2 pp* | *25.9%* | *20.2%* | *5.7 pp* |

(1) EBIT and EBITDA are presented before other expenses (income).

(2) Consolidated EBIT and EBITDA includes Corporate subsidiaries.

**Glass Containers** EBIT decreased 0.7% percent to MXN$213 million in 3Q'16 with margin of 19.6 percent, from MXN$215 million in 3Q'15 and a 22.8 percent margin in the same period last year. In US dollars terms, EBIT was US$11 million in 3Q'16 compared with US$13 million in 3Q'15. EBITDA rose 5.9% percent to MXN$268 million in 3Q'16 from MXN$253 million in 3Q'15, while EBITDA margin declined to 24.6% from 26.9 percent in the same quarter last year due to the repair and capacity expansion of its Mexicali furnace and the 14.6 percent YoY peso depreciation (quarterly average). In US dollars, EBITDA decreased 7.4 percent to US$14 million in 3Q'16, from US$15 million in 3Q'15.

The decrease was mainly due to a better product mix in molds and machinery in 3Q15, partially compensated by higher sales volume in the pharmaceutical and fragrances industry.

**Flat Glass** EBIT rose 32.3 percent YoY to MXN$706 million, while EBIT margin improved to 23.0 percent from 18.3 percent in 3Q'15. In US dollars, EBIT increased 15.6 percent to US$37 million in 3Q'16, from US$32 million in 3Q'15. EBITDA rose 29.1 percent YoY to MXN$865 million, while EBITDA margin expanded to 28.2 percent, from 23.0 percent in the same period last year. In US dollar terms, EBITDA increased 12.8 percent to US$46 million, from US$40 million in 3Q'15.

The increases in EBIT and EBITDA were mainly driven by a better mix product and continued cost reduction initiatives.

## NET FINANCIAL COST

### Table 3: NET FINANCIAL INCOME (COST)

| | Million of Mexican Pesos | | | | | | Million of US Dollars | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3Q'16 | 3Q'15 | YoY% Change | 9M'16 | 9M'15 | YoY% Change | 3Q'16 | 3Q'15 | YoY% Change | 9M'16 | 9M'15 | YoY% Change |
| Net interest income (expenses) | 8 | (371) | -- | 38 | (1,091) | -- | 0 | (22) | -- | 2 | (70) | -- |
| Other financial (expenses) income [(1)] | (41) | (102) | 59.9 | (83) | (203) | 59.1 | (2) | (6) | 65.4 | (5) | (13) | 64.7 |
| Foreign exchange gain (loss) | 210 | (768) | -- | 634 | (1,617) | -- | 11 | (47) | -- | 34 | (102) | -- |
| **Net Financial Income (Cost)** | **177** | **(1,241)** | **--** | **589** | **(2,911)** | **--** | **9** | **(75)** | **--** | **31** | **(184)** | **--** |

(1) Includes natural gas hedgings and other financial expenses.
YoY % Change is presented in absolute values.

In 3Q'16 Vitro reported Net Financial Income of MXN$177 million, compared with Net Financial Cost of MXN$1,241 million in 3Q'15. The Company reported a Foreign Exchange (FX) Gain of MXN$210 million in 3Q'16, compared to an FX loss of MXN$768 million in the same period last year. In 3Q'16 Vitro reported Net Interest Income of MXN$8 million compared with Net Interest Expenses of MXN$371 million in 3Q'15, while Other Financial Expenses declined to MXN$41 million from MXN$102 million in the year-ago quarter, both mainly resulting from the debt payment in 3Q'15 and a higher dollar cash balance this year.

In US dollar terms, Vitro reported Net Financial Income of US$9 million in 3Q'16, compared with Net Financial Cost of US$75 million in 3Q'15. The Company reported a Foreign Exchange (FX) Gain of US$11 million in 3Q'16, compared to an FX loss of US$47 million in the same period last year. Net Interest Expenses decreased from US$22 million in 3Q'15 to zero in 3Q'16, while Other Financial Expenses declined to US$2 million from US$6 million in the year-ago quarter.

## TAXES

### Table 4: TAXES

| | Million of Mexican Pesos | | | | | | Million of US Dollars | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3Q'16 | 3Q'15 | YoY% Change | 9M'16 | 9M'15 | YoY% Change | 3Q'16 | 3Q'15 | YoY% Change | 9M'16 | 9M'15 | YoY% Change |
| Accrued Income Tax | (0) | 345 | -- | 187 | 426 | (56) | (0) | 21 | -- | 10 | 26 | (62) |
| Deferred Income Tax (gain) | (1) | (279) | 100 | 455 | (782) | -- | 0 | (17) | -- | 26 | (50) | -- |
| **Total Income Tax** | **(1)** | **67** | **--** | **642** | **(356)** | **--** | **0** | **4** | **96** | **36** | **(24)** | **--** |

YoY % Change is presented in absolute values.

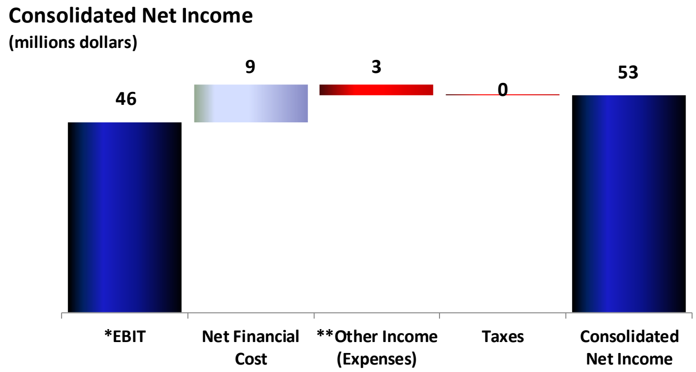
In 3Q'16 Vitro reported a Total Income Tax gain of MXN$1 million, compared to a Total Income Tax of MXN$67 million in 3Q'15, primarily reflecting the effect of a Deferred Income Tax loss MXN$1 million in 3Q'16, while in the same period last year, taxes only reflected a Deferred Income Tax gain of MXN$279 million. In the year ago quarter Vitro reported Accrued Income Tax of MXN$345 million compared to a gain of MXN$0.2 million in 3Q'16.

Measured in US dollars, Income Tax was US$0.1 million in 3Q'16, compared to US$4 million in 3Q'15.

## CONSOLIDATED NET INCOME

The Company reported Consolidated Net Income MXN$1,002 million from continuing operations, EBIT of MXN$873 million, Net Financial Income of MXN$177 million and Other Expenses of MXN$64 million. This compares with a Consolidated Net Loss from continuing operations of MXN$499 million in 3Q'15, EBIT of MXN$ 745 million, a Net Financial Cost of MXN$1,241 million and Other Income of MXN$28 million.

In US dollars, Vitro reported Consolidated Net Income of US$53 million, EBIT of US$46 million and a Net Financial Income of US$9 million and Other Expenses of US$3 million.




* EBIT is presented before other expenses (income).
** Includes equity method participation on associates.

## CONSOLIDATED FINANCIAL POSITION

### Table 5: DEBT INDICATORS

| | Million of US Dollars, except where indicated | | | | | | |
|---|---|---|---|---|---|---|---|
| | 3Q'16 | 2Q'16 | 1Q'16 | 4Q'15 | 3Q'15 | 2Q'15 | 1Q'15 |
| **Leverage**(1) | | | | | | | |
| (Total Debt / EBITDA) (Times) LTM | 2.3 | 0.0 | 0.0 | 0.0 | 0.0 | 2.9 | 3.1 |
| (Total Net Debt / EBITDA) (Times) LTM | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.4 | 2.6 |
| **Total Debt**(3) | **497** | **0** | **0** | **1** | **1** | **1,137** | **1,175** |
| Short-Term Debt | 0 | 0 | 0 | 1 | 1 | 288 | 279 |
| Long-Term Debt | 497 | 0 | 0 | 0 | 0 | 849 | 896 |
| Cash and Cash Equivalents(2) | 924 | 424 | 443 | 414 | 509 | 169 | 187 |
| **Total Net Debt** | **(427)** | **(424)** | **(442)** | **(413)** | **(507)** | **968** | **989** |
| Currency Mix (%) Dlls / Pesos | 100 / 0 | | | 76 / 24 | 74 / 26 | 92 / 8 | 92 / 8 |

(1) Financial ratios are calculated using figures in dollars.
(2) Cash & Cash Equivalents include cash to be used on Flat Glass acquisition.
(3) According to IFRS, our accounts receivable securitization trusts are included in the Consolidated Financial Statements of Vitro and Subsidiaries.

As of September 30, 2016, the Company had a cash balance of US$924 million (includes US$ 500 million from finance loan to be used on Flat Glass acquisition). This compares to a cash balance of US$509 million in same quarter last year. Total Debt at the end of the quarter was US$497 million.

## CASH FLOW

### Table 6: CASH FLOW FROM OPERATIONS ALALYSIS (1)

| | Million of Mexican Pesos | | | | | | Million of US Dollars | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3Q'16 | 3Q'15 | YoY% Change | 9M'16 | 9M'15 | YoY% Change | 3Q'16 | 3Q'15 | YoY% Change | 9M'16 | 9M'15 | YoY% Change |
| EBITDA | 1,081 | 930 | *16.2* | 3,110 | 2,269 | *37.1* | 57 | 56 | *1.6* | 170 | 143 | *18.6* |
| Working Capital(2) | 15 | (541) | -- | (356) | (875) | *59.4* | 1 | (32) | -- | (20) | (55) | *64.2* |
| **Cash Flow from operations before Capex** | **1,096** | **389** | ***182.1*** | **2,754** | **1,394** | ***97.7*** | **58** | **24** | ***140.3*** | **150** | **89** | ***69.5*** |
| Capex(5) | (558) | (285) | *(95.8)* | (1,181) | (574) | *(105.9)* | (29) | (17) | *(70.3)* | (64) | (36) | *(77.4)* |
| **Cash Flow from operations after Capex** | **538** | **104** | ***418.8*** | **1,573** | **820** | ***91.9*** | **28** | **7** | ***317.4*** | **86** | **53** | ***64.2*** |
| Net Interest Paid (3) | (45) | (517) | *91.2* | (110) | (1,266) | *91.3* | (2) | (31) | *92.2* | (6) | (79) | *92.3* |
| Cash Taxes (paid) recovered(4) | (6) | (131) | *95.4* | (284) | (382) | *25.7* | (0) | (8) | *95.7* | (16) | (24) | *34.5* |
| Dividends | - | (12,805) | -- | (384) | (12,805) | *97.0* | - | (748) | -- | (22) | (748) | *97.1* |
| **Net Free Cash Flow** | **487** | **(13,349)** | **--** | **795** | **(13,634)** | **--** | **26** | **(780)** | **--** | **43** | **(799)** | **--** |

(1) This statement is a cash flow analysis and it does not represent a Cash Flow Statement according with IFRS.
(2) Includes: Clients, inventories, suppliers, other current assets and liabilities including IVA (Value Added Tax).
(3) Includes interest income, natural gas hedgings and expenses related to debt restructuring.
(4) Includes PSW (Profit Sharing to Workers).
(5) Includes advanced payments which under IFRS is cosidered as other long term assets.

In 3Q'16 the Company reported a Net Free Cash Flow of US$26 million, compared to a negative Net Free Cash Flow of US$780 million in 3Q'15. This was mainly driven by recovery in Working Capital to US$1 million from a US$32 million investment reported in 3Q'15, a decrease in Net interest paid to US$2 million from US$31 in 3Q'15 and dividend payments in the same period last year.

**Capital Expenditures:** CapEx for 3Q'16 was US$29 million. Funds were allocated as follows: US$3 million invested in increasing production capacity of the Álcali plant (Calcium Chloride), US$20 million invested in various projects related to capacity expansions and other projects in the Flat Glass segment and US$6 million allocated to capacity expansions in the Glass Containers segment.

## KEY DEVELOPMENTS

### Vitro to purchase Pilkington's minority participation in its flat glass business

Vitro announced the purchase of Pilkington's participation in its flat glass business, marking the end of a partnership that lasted over 50 years.

Pilkington, who invented the float glass process, became a minority partner of Vitro in the early 1960's and was for many years a provider of technology and technical assistance. Over time, Pilkington's technical assistance ended and its investment in Vitro's flat glass business diminished concluding in the sale of their equity ownership in the Company back to Vitro.

### Vitro Announces credit agreement of US$500 million

Vitro announced the signing of a credit agreement with Banco Inbursa, S.A., Institucion de Banca Multiple, Grupo Financiero Inbursa, for the amount of US$500 million dollars with a maturity of seven years, the funds will be used to partially pay the acquisition of PPG's Flat Glass Business (NYSE: PPG), the rest of the price will be paid with Vitro's cash.

The credit agreement was celebrated by Vitro Flat Glass LLC, a subsidiary of Vitro in the United States of America, acting as the accredited entity and by Vitro as joint debtor and guarantor.

### Vitro Shareholders Approve acquisition of PPG's Flat Glass and Coatings Business

Vitro announced that during an Ordinary Shareholders Meeting held on September 21st 2016, the Company's shareholders approved the acquisition of the assets of PPG's Flat Glass Business for approximately US$750 million. This transaction includes 4 manufacturing plants with a total of 5 furnaces in the United States, a research and development center for Flat Glass and 4 distribution and fabrication facilities in Canada.

The financing for an amount of US$500 million to fund a portion of the transaction costs was also approved during the meeting. The balance will be funded with cash in hand available in the company.

**Vitro completes acquisition of PPG's flat glass business and announces investment in new jumbo MSVD coater**

On October 3rd 2016 Vitro successfully concluded the acquisition of the flat glass business from PPG .The transaction was approved by the governing bodies of both companies and by the relevant regulatory authorities in the United States and Canada.

The Company also announced the expansion of its coating production capability with the construction of a jumbo MSVD glass coater, which will be built at an existing location of the newly acquired business. MSVD coaters are used to produce high-performing, energy-efficient low-emissivity (low-e) glass. The projected coater will be capable of coating jumbo sizes, and is expected to be the largest of its kind in North America.

**Investor Relations and Media Contacts:**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About Vitro

Vitro, S.A.B. de C.V. (BMV: VITROA) is the leading glass manufacturer in Mexico and one of the world's major companies in its industry, backed by more than 100 years of experience. Founded in 1909 in Monterrey, Mexico, the Company has subsidiaries in the Americas, offering quality products and reliable services to meet the needs of two businesses: glass containers and flat glass. Companies of Vitro produce, process, distribute, and market a wide range of glass articles, which are part of the daily life of thousands of people. Vitro offers solutions for multiple markets, including cosmetic, pharmaceutical and toiletries, as well as architectural and automotive. The Company is also a supplier of chemical products and raw material, machinery, molds and equipment for industrial use. As a socially responsible organization, Vitro works on several initiatives aligned to its Sustainability Model, aiming to create a positive influence in the economic, social, and environmental aspects relevant to its stakeholders, in a responsible corporate management framework. For more information, visit: http://www.vitro.com

**Disclaimer**

*This announcement contains historical information, certain management's expectations, estimates and other forward-looking information regarding Vitro, S.A.B. de C.V. and its Subsidiaries (collectively the "Company"). While the Company believes that these management's expectations and forward looking statements are based on reasonable assumptions, all such statements reflect the current views of the Company with respect to future events and are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated in this report. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic, political, governmental and business conditions worldwide and in such markets in which the Company does business, changes in interest rates, changes in inflation rates, changes in exchange rates, the growth or reduction of the markets and segments where the Company sells its products, changes in raw material prices, changes in energy prices, particularly gas, changes in the business strategy, and other factors. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. The Company does not assume any obligation, to and will not update these forward-looking statements.*

**Use of Non-IFRS Measures**

*A body of International Financial Reporting Standards is commonly referred to as "IFRS". A non-IFRS financial measure is generally defined as one that purports to measure historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. We disclose in this report certain non- IFRS financial measures, including EBITDA. EBITDA: earnings before other income and expenses, interest, taxes plus depreciation and amortization, and provision for employee retirement obligations with impact in the operating profit.*

*In managing our business we rely on EBITDA as a means of assessing our operating performance and a portion of our management's compensation and employee profit sharing plan is linked to EBITDA performance. We believe that EBITDA can be useful to facilitate comparisons of operating* *performance between periods and with other companies because it excludes the effect of (i) depreciation and amortization, which represents a non-cash charge to earnings, (ii) certain financing costs, which are significantly affected by external factors, including interest rates, foreign currency exchange rates and inflation rates, which have little or no bearing on our operating performance, (iii) income tax and statutory employee profit sharing, which is similar to a tax on income and (iv) other expenses or income not related to the operation of the business. EBITDA is also a useful basis of comparing our results with those of other companies because it presents operating results on a basis unaffected by capital structure and taxes.*

*We also calculate EBITDA in connection with covenants related to some of our financings. We believe that EBITDA enhances the understanding of our financial performance and our ability to satisfy principal and interest obligations with respect to our indebtedness as well as to fund capital expenditures and working capital requirements. EBITDA is not a measure of financial performance under IFRS. EBITDA should not be considered as an alternate measure of net income or operating income, as determined on a consolidated basis using amounts derived from statements of operations prepared in accordance with IFRS, as an indicator of operating performance or as cash flows from operating activity or as a measure of liquidity. EBITDA has material limitations that impair its value as a measure of a company's overall profitability since it does not address certain ongoing costs of our business that could significantly affect profitability such as financial expenses and income taxes, depreciation, pension plan reserves or capital expenditures and associated charges.*

***To fully comply with the Mexican Stock Exchange Regulation, art. 4.033.01 Section VIII, the Company states that at the date of this press release, the following Brokerage or Credit Institutions provide analysis coverage to our securities: GBM Grupo Bursátil Mexicano, S.A. de C.V., Casa de Bolsa.*

# CONSOLIDATED

## VITRO, S.A.B. DE C.V. AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| FINANCIAL POSITION | Nominal Pesos 3Q'16 | Nominal Pesos 3Q'15 | % Var. | Nominal Dollars 3Q'16 | Nominal Dollars 3Q'15 | % Var. |
|---|---|---|---|---|---|---|
| Cash & Cash Equivalents | 17,908 | 8,559 | *109.2* | 924 | 506 | *82.5* |
| Trade Receivables | 2,482 | 2,579 | *(3.8)* | 128 | 153 | *(16.0)* |
| Inventories | 2,378 | 2,019 | *17.8* | 123 | 119 | *2.8* |
| Other Current Assets | 537 | 591 | *(9.1)* | 28 | 35 | *(20.7)* |
| Assets held for sale | 21 | 21 | *0.0* | 1 | 1 | *(12.7)* |
| **Total Current Assets** | **23,325** | **13,768** | *69.4* | **1,204** | **814** | *47.8* |
| Property, Plant & Equipment | 9,841 | 8,864 | *11.0* | 508 | 524 | *(3.1)* |
| Deferred Assets | 3,184 | 4,760 | *(33.1)* | 164 | 282 | *(41.7)* |
| Other Long-Term Assets | 1,536 | 652 | *135.5* | 79 | 39 | *105.4* |
| Investment in Affiliates [2] | 1,671 | 1,313 | *27.2* | 86 | 78 | *11.0* |
| **Total Non Current Assets** | **16,231** | **15,589** | *4.1* | **838** | **922** | *(9.1)* |
| **Total Assets** | **39,556** | **29,357** | ***34.7*** | **2,042** | **1,737** | ***17.6*** |
| Short-Term & Current Debt | 0 | 21 | *(99.3)* | 0 | 1 | *(99.4)* |
| Trade Payables | 999 | 955 | *4.6* | 52 | 56 | *(8.7)* |
| Other Current Liabilities | 2,412 | 4,753 | *(49.2)* | 124 | 281 | *(55.7)* |
| **Total Current Liabilities** | **3,412** | **5,729** | *(40.4)* | **176** | **339** | *(48.0)* |
| Long-Term Debt | 9,635 | 0 | *2,306,978,287.3* | 497 | 0 | *2,012,641,401.6* |
| Other LT Liabilities | 3,935 | 3,995 | *(1.5)* | 203 | 236 | *(14.1)* |
| **Total Non Current Liabilities** | **13,570** | **3,995** | *239.7* | **700** | **236** | *196.3* |
| **Total Liabilities** | **16,982** | **9,724** | *74.6* | **876** | **575** | *52.4* |
| Controlling interest | 22,555 | 18,147 | *24.3* | 1,132 | 1,050 | *7.8* |
| Noncontroliing interest | 20 | 1,485 | *(98.7)* | 33 | 111 | *(70.3)* |
| **Total Shareholders Equity** | **22,574** | **19,632** | *15.0* | **1,165** | **1,161** | *0.3* |

| FINANCIAL INDICATORS[1] | 3Q'16 | 3Q'15 |
|---|---|---|
| Debt/EBITDA (LTM, times) | 2.3 | 0.0 |
| EBITDA/ Interest. Exp. (LTM, times) | (47.0) | 1.9 |
| Debt / (Debt + Equity) (times) | 0.3 | 0.0 |
| Debt/Equity (times) | 0.4 | 0.0 |
| Total Liab./Stockh. Equity (times) | 0.8 | 0.5 |
| Curr. Assets/Curr. Liab. (times) | 6.8 | 2.4 |
| Sales (LTM)/Assets (times) | 0.4 | 0.5 |
| EPS (Ps$) (YTD)* | 5.3 | 48.1 |

* Based on weighted average outstanding shares year to date

| OTHER INFORMATION | 3Q'16 | 3Q'15 |
|---|---|---|
| # Shares Issued (thousands) | 483,571 | 483,571 |
| # Weighted Average Shares Outstanding (thousands) | 483,126 | 483,126 |
| # Employees | 10,526 | 10,819 |

(1) Financial ratios are calculated using figures in dollars.

(2) Investment in Affiliates includes 49.7% participation in Comegua under the equity method.

# CONSOLIDATED

## VITRO, S.A.B. DE C.V. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

FOR THE PERIODS, (MILLION)

| INCOME STATEMENT | Third Quarter | | | | | | Acumulated | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Nominal Pesos | | | Nominal Dollars | | | Nominal Pesos | | | Nominal Dollars | | |
| | 2016 | 2015 | % Var. | 2016 | 2015 | % Var. | 2016 | 2015 | % Var. | 2016 | 2015 | % Var. |
| Consolidated Net Sales | 4,170 | 3,863 | 7.9 | 219 | 233 | (5.7) | 12,395 | 10,285 | 20.5 | 678 | 653 | 3.9 |
| Cost of Sales | 2,665 | 2,492 | 7.0 | 140 | 150 | (6.5) | 7,885 | 6,901 | 14.2 | 432 | 439 | (1.6) |
| **Gross Income** | **1,505** | **1,372** | 9.7 | **79** | **83** | (4.2) | **4,511** | **3,384** | 33.3 | **247** | **214** | 15.3 |
| SG&A Expenses | 632 | 627 | 0.8 | 33 | 38 | (12.2) | 2,005 | 1,734 | 15.7 | 110 | 110 | (0.2) |
| **Operating Income** | **873** | **745** | 17.2 | **46** | **45** | 2.5 | **2,506** | **1,650** | 51.8 | **137** | **104** | 31.8 |
| Other Expenses (Income), net | 64 | (28) | -- | 3 | (2) | -- | 21 | (25) | -- | 1 | (2) | -- |
| **Operating income after other expenses (income), net** | **809** | **773** | **4.6** | **43** | **46** | **(8.4)** | **2,484** | **1,676** | **48.2** | **136** | **105** | **28.9** |
| Share in earnings (loss) of unconsolidated associated companies | 15 | 36 | (57.4) | 1 | 2 | (62.1) | 84 | 64 | 31.2 | 5 | 4 | 17.9 |
| Interest Expense | 0 | 397 | (99.9) | 0 | 24 | (99.9) | 0 | 1,151 | (100.0) | (0) | 73 | -- |
| Interest (Income) | (8) | (26) | (69.3) | (0) | (2) | (72.8) | (38) | (60) | (36.5) | (2) | (4) | (44.5) |
| Other Financial Expenses, net | 41 | 102 | (59.9) | 2 | 6 | (65.4) | 83 | 203 | (59.1) | 5 | 13 | (64.7) |
| Foreign Exchange Loss (Income) | (210) | 768 | -- | (11) | 47 | -- | (634) | 1,617 | -- | (34) | 102 | -- |
| Net financial cost | (177) | 1,241 | -- | (9) | 75 | -- | (589) | 2,911 | -- | (31) | 184 | -- |
| **Income (loss) before Tax** | **1,001** | **(433)** | -- | **53** | **(27)** | -- | **3,157** | **(1,171)** | -- | **172** | **(75)** | -- |
| Income Tax | (1) | 67 | -- | 0 | 4 | (96.1) | 642 | (356) | -- | 36 | (24) | -- |
| **Net income (loss) from continuing operations** | **1,002** | **(499)** | -- | **53** | **(30)** | -- | **2,516** | **(815)** | -- | **136** | **(51)** | -- |
| Net Income (loss) from discontinued operations | - | 23,618 | -- | - | 1,408 | -- | - | 24,664 | -- | - | 1,476 | -- |
| **Net income (loss)** | **1,002** | **23,119** | (95.7) | **53** | **1,378** | (96.2) | **2,516** | **23,849** | (89.5) | **136** | **1,425** | (90.5) |
| Net Income (loss) attributable to controlling interest | 1,005 | 22,435 | (95.5) | 53 | 1,337 | (96.1) | 2,566 | 23,219 | (88.9) | 139 | 1,388 | (90.0) |
| Net Income (loss) attributable to noncontrolling interest | (3) | 684 | -- | (0) | 41 | -- | (50) | 631 | -- | (3) | 37 | -- |

# VITRO, S.A.B. DE C.V. AND SUBSIDIARIES

## SEGMENTED INFORMATION

FOR THE FOLLOWING PERIODS, (MILLION)

| | Third Quarter | | | | | | Acumulated | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Nominal Pesos | | | Nominal Dollars | | | Nominal Pesos | | | Nominal Dollars | | |
| | 2016 | 2015 | % | 2016 | 2015 | % | 2016 | 2015 | % | 2016 | 2015 | % |
| **GLASS CONTAINERS** | | | | | | | | | | | | |
| Net Sales | 1,088 | 942 | *15.5%* | 57 | 57 | *1.2%* | 3,396 | 2,287 | *48.5%* | 186 | 145 | *28.7%* |
| Intercompany Sales | 9 | 10 | *-10.2%* | 0 | 1 | *-22.1%* | 17 | 11 | *46.6%* | 1 | 1 | *29.3%* |
| Net Sales to third parties | 1,080 | 932 | *15.8%* | 57 | 56 | *1.5%* | 3,380 | 2,275 | *48.5%* | 185 | 144 | *28.7%* |
| EBIT [4] | 213 | 215 | *-0.7%* | 11 | 13 | *-13.3%* | 738 | 455 | *62.2%* | 40 | 29 | *40.4%* |
| Margin [1] | 19.6% | 22.8% | | 19.6% | 22.9% | | 21.7% | 19.9% | | 21.6% | 19.8% | |
| EBITDA [4] | 268 | 253 | *5.9%* | 14 | 15 | *-7.4%* | 898 | 622 | *44.4%* | 49 | 39 | *24.8%* |
| Margin [1] | 24.6% | 26.9% | | 24.6% | 26.9% | | 26.5% | 27.2% | | 26.4% | 27.2% | |
| **Glass containers volumes (MM Pieces)** | | | | | | | | | | | | |
| Domestic | 145 | 116 | *24.5%* | | | | 410 | 335 | *22.3%* | | | |
| Exports | 133 | 127 | *4.6%* | | | | 409 | 374 | *9.2%* | | | |
| Total:Dom.+Exp. | 278 | 243 | *14.1%* | | | | 819 | 709 | *15.4%* | | | |
| **FLAT GLASS** | | | | | | | | | | | | |
| Net Sales | 3,064 | 2,914 | *5.1%* | 161 | 176 | *-8.2%* | 8,885 | 7,943 | *11.9%* | 486 | 505 | *-3.7%* |
| Intercompany Sales | 4 | 4 | | 0 | 0 | *-9.5%* | 5 | 6 | | 0 | 0 | *-38.3%* |
| Net Sales to third parties | 3,059 | 2,910 | *5.1%* | 161 | 175 | *-8.2%* | 8,881 | 7,936 | *11.9%* | 486 | 504 | *-3.7%* |
| EBIT [4] | 706 | 533 | *32.3%* | 37 | 32 | *15.6%* | 1,844 | 1,193 | *54.6%* | 101 | 75 | *34.2%* |
| Margin [1] | 23.0% | 18.3% | | 23.0% | 18.3% | | 20.8% | 15.0% | | 20.7% | 14.9% | |
| EBITDA [4] | 865 | 670 | *29.1%* | 46 | 40 | *12.8%* | 2,303 | 1,613 | *42.8%* | 126 | 102 | *23.5%* |
| Margin [1] | 28.2% | 23.0% | | 28.2% | 23.0% | | 25.9% | 20.3% | | 25.9% | 20.2% | |
| **Flat Glass Volumes (Thousand m2R)[2]** | | | | | | | | | | | | |
| Const + Auto | 25,518 | 27,658 | *-7.7%* | | | | 76,806 | 75,661 | *1.5%* | | | |
| Soda Ash (Thousand Tons) | 149 | 149 | *-0.2%* | | | | 443 | 466 | *-4.8%* | | | |
| **CONSOLIDATED[3]** | | | | | | | | | | | | |
| Net Sales | 4,170 | 3,863 | *7.9%* | 219 | 233 | *-5.7%* | 12,395 | 10,285 | *20.5%* | 678 | 653 | *3.9%* |
| Intercompany Sales | - | - | -- | - | - | -- | - | - | | - | - | |
| Net Sales to third parties | 4,170 | 3,863 | *7.9%* | 219 | 233 | *-5.7%* | 12,395 | 10,285 | *20.5%* | 678 | 653 | *3.9%* |
| EBIT [4] | 873 | 745 | *17.2%* | 46 | 45 | *2.5%* | 2,506 | 1,650 | *51.8%* | 137 | 104 | *31.8%* |
| Margin [1] | 20.9% | 19.3% | | 20.9% | 19.3% | | 20.2% | 16.0% | | 20.2% | 15.9% | |
| EBITDA [4] | 1,081 | 930 | *16.2%* | 57 | 56 | *1.6%* | 3,110 | 2,269 | *37.1%* | 170 | 143 | *18.6%* |
| Margin [1] | 25.9% | 24.1% | | 25.9% | 24.1% | | 25.1% | 22.1% | | 25.1% | 22.0% | |

[1] EBIT and EBITDA Margins consider Consolidated Net Sales.
[2] m2R = Reduced Squared Meters.
[3] Includes corporate companies and other's sales and EBIT.
[4] EBIT and EBITDA are presented before other expenses (income) effect.