2012
World Ceramic Tiles Forum
MEXICO
2011
I. General economic situation and trend in the construction sector/demand

II. Trend in production, consumption and trade in ceramic tiles

III. Latest developments at national level in energy supply regulation and taxation

IV. Development in standardisation or regulation at national level affecting ceramic tiles

V. Other national developments
I. General economic situation, trend in the construction sector/demand

2011 Economic Overview

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>5.5</td>
<td>3.9</td>
</tr>
<tr>
<td>INFLATION</td>
<td>3.6</td>
<td>4.1</td>
</tr>
<tr>
<td>INTEREST RATE</td>
<td>4.9</td>
<td>4.2</td>
</tr>
<tr>
<td>NOMINAL WAGE</td>
<td>4.9</td>
<td>4.8</td>
</tr>
<tr>
<td>UNEMPLOYMENT</td>
<td>5.5</td>
<td>5.6</td>
</tr>
</tbody>
</table>

GDP GROWTH

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.3</td>
<td>1.5%</td>
<td>-6.1%</td>
<td>5.5%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

GDP PER CAPITA $895 USD

13th largest economy in the world
I. General economic situation, trend in the construction sector/demand

2011 International Trade Overview

- Exports $298.5 billion USD
- Export goods: automobiles, electronics, televisions, computers, mobile phones, LCD displays, oil and oil products, silver, fruits, vegetables, coffee, cotton
- Main export partners: US 73.5%, Canada 7.5%, Russia 10%

- Imports $301.5 billion USD
- Import goods: metalworking machines, steel mill products, agricultural machinery, metals, repair parts for motor vehicles, aircraft, and aircraft parts, oil production equipment
- Main import partners: US 60.6%, China 6.6%, South Korea 5.2%
I. General economic situation, trend in the construction sector/demand

2011 Population and Government

**POPULATION**
2010 = 112.3 mill.
2011 = 113.7 mill.
Growth = 1.2%
33% in poverty

**PRESIDENT ELECTION YEAR**

NEW LEFT
- Andrés
- Manuel
- Lopez
- Obrador

1990’s
- Enrique
- Peña
- Nieto

CURRENT
- Josefina
- Vasquez
- Mota
I. General economic situation, trend in the construction sector/demand

2011 Construction Sector

- Construction GDP 4.8%
- Building GDP 4.6%
- Recession in 2008-2010
- Consumer index 93.4
- Credit growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Mexico GDP</th>
<th>Construction GDP</th>
<th>Building GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>33,434,716</td>
<td>2,210,361</td>
<td>1,229,998</td>
</tr>
<tr>
<td>2010</td>
<td>35,280,041</td>
<td>2,210,588</td>
<td>1,217,433</td>
</tr>
<tr>
<td>2011</td>
<td>36,669,028</td>
<td>2,317,379</td>
<td>1,273,867</td>
</tr>
</tbody>
</table>

Growth 09-10: 5.5% 0.0% -1.0%
Growth 10-11: 3.9% 4.8% 4.6%
Share '10: 100.0% 6.3% 3.5%
Share '11: 100.0% 6.3% 3.5%

Million pesos
I. General economic situation, trend in the construction sector/demand

2011 Construction by type

- Transport: 25.6%
- Oil: 11.6%
- Electricity and Communications: 6.4%
- Water: 5.5%
- Other Construction: 5.5%
- Edification: 45.4%
2011 Investment in construction

- Construction 3.7%
- Residential 4.6%
- Commercial 12.0%

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Mexico</th>
<th>Total Construction</th>
<th>Residential Building</th>
<th>Commercial Building</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>7,259,852</td>
<td>4,569,911</td>
<td>1,613,757</td>
<td>1,125,475</td>
</tr>
<tr>
<td>2010</td>
<td>7,724,577</td>
<td>4,573,451</td>
<td>1,610,745</td>
<td>1,058,495</td>
</tr>
<tr>
<td>2011</td>
<td>8,396,796</td>
<td>4,743,451</td>
<td>1,685,412</td>
<td>1,185,859</td>
</tr>
</tbody>
</table>

- Change 09-10
  - Total Mexico: 6.4%
  - Total Construction: 0.1%
  - Residential Building: -0.2%
  - Commercial Building: -6.0%

- Change 09-10
  - Share '10: 100.0%
  - Share '11: 100.0%

Million pesos
II. Trend in production, consumption and trade in ceramic tiles

Mexico Ceramic Tile Industry 2011 Profile

- Production 8%
- Utilization 4%
- Employment 4%

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (Million Sq. Meters)</th>
<th>Planta Capacity (Utilization percentage)</th>
<th>People Employed (Monthly average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>183</td>
<td>82%</td>
<td>10,712</td>
</tr>
<tr>
<td>2008</td>
<td>204</td>
<td>82%</td>
<td>11,105</td>
</tr>
<tr>
<td>2009</td>
<td>183</td>
<td>68%</td>
<td>11,605</td>
</tr>
<tr>
<td>2010</td>
<td>204</td>
<td>77%</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>219</td>
<td>80%</td>
<td></td>
</tr>
</tbody>
</table>

Growth:
- 09-10: 11% 8%
- 10-11: 13% 4%

Source: TCNA - Mexico
II. Trend in production, consumption and trade in ceramic tiles

**Mexico Ceramic Tile Industry 2011 Profile**

Manufacturers members of TCNA (97%):
1. Porcelanite-Lamosa
2. Vitromex
3. Interceramic
4. Daltile
5. Nitropiso
6. Cesantoni
7. Ceramica San Lorenzo
8. Ceramica Antique
9. Alcesa

Other manufacturers:
- Ceramic Venettia
- Ceramic Santa Julia
- Nacesa (Closed in 2011)

**Glasstile**
- Mosaicos Venecianos de Mexico
- Oceanside Glasstile

Source: TCNA - Mexico
II. Trend in production, consumption and trade in ceramic tiles

Source: Ceramic World Review
II. Trend in production, consumption and trade in ceramic tiles

Production and Consumption
Mill. Meters Sq.

Source: TCNA-Mexico
II. Trend in production, consumption and trade in ceramic tiles

Mill.
Meters Sq.

Source: TCNA-Mexico
II. Trend in production, consumption and trade in ceramic tiles

2003 - 2011
Consumption + 2.8%

2011
Consumption + 7.3%

2003 - 2011
Per Capita + 1.5%

2011
Per Capita + 6.1%

Source: TCNA-Mexico
II. Trend in production, consumption and trade in ceramic tiles

2002 - 2011

Exports + 10.5 %
Imports + 9.3 %

2011
Exports + 11.4 %
Imports + 32.8 %

Source: SAT
II. Trend in production, consumption and trade in ceramic tiles

Mill. Meters
Sq.

<table>
<thead>
<tr>
<th>Year</th>
<th>Imports / Consumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>9.8%</td>
</tr>
<tr>
<td>2004</td>
<td>7.0%</td>
</tr>
<tr>
<td>2005</td>
<td>5.7%</td>
</tr>
<tr>
<td>2006</td>
<td>7.7%</td>
</tr>
<tr>
<td>2007</td>
<td>8.4%</td>
</tr>
<tr>
<td>2008</td>
<td>9.3%</td>
</tr>
<tr>
<td>2009</td>
<td>6.7%</td>
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<td>9.2%</td>
</tr>
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<td>2011</td>
<td>11.6%</td>
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</tbody>
</table>

Source: SAT
II. Trend in production, consumption and trade in ceramic tiles

**Meters**

**Sq.**

**Exports**
- Chile 19%
- Colombia 4%
- Costa Rica 4%
- Guatemala 3%
- Others 11%

**Imports**
- China 75%
- Spain 14%
- USA 59%
- Others 4%
- Brazil 1%

- USA 2%
- Italy 4%

98% Glazed Ceramic Tile
2% Unglazed Ceramic Tile

51% Glazed Ceramic Tile
49% Unglazed Ceramic Tile

Source: SAT
III. Latest developments at national level in energy supply regulation and taxation

Natural Gas

- Before 1995’s reform PEMEX had absolute control

Source: Comisión Reguladora de Energía (CRE)
III. Latest developments at national level in energy supply regulation and taxation

Natural Gas

- After 1995’s reform PEMEX and private sector participate in the market
- Open access to supply chain, transportation, storage and distribution

Source: Comisión Reguladora de Energía (CRE)
III. Latest developments at national level in energy supply regulation and taxation
III. Latest developments at national level in energy supply regulation and taxation

Electricity

Before 1992 Reform

Production (CFE) → Transmission (CFE) → Distribution (CFE) → Consumers: (Industry, Commerce, Residential and Export)

After 1992 Reform

CFE (65%) → Transmission (CFE) → Distribution (CFE) → Consumers: (Industry, Commerce, Residential and Export)

Indepenent (21%) → Autosupply (7%) → Cogeneration (4%) → Export (2%) → Own utilization (1%) → Small Production (0%)
III. Latest developments at national level in energy supply regulation and taxation

Electricity

Installed Capacity: 63,094.7 MW*
III. Latest developments at national level in energy supply regulation and taxation

Taxation

• Value Added Tax 16% (IVA)
• Income Tax 30% (ISR)
• Cash Flow Tax 17.5% (IETU)
Industry Standards

ONNCCE
Organismo Nacional para Normalización y Certificación de Construcción y Edificación

- NMX-C-422-ONNCCE-2002
  Ceramic Tile

- NMX-C-422-ONNCCE-2002
  Installation Materials
III. Latest developments at national level in energy supply regulation and taxation

Certification of installers

1. National ceramic tile installation standard
2. Training centres / public schools
3. Installer certification program
Production and Consumption Trends

- Manufacturing of glazed ceramic tile
- Importation of unglazed ceramic tile (technical porcelain)
- Floor tile accounts for 80% of the market (75% in 2000)
- Slate and large format tile
- Digital decoration
- Certified green tile meeting ANSI A137.2
- Certified porcelain tile meeting ASTM C373
Production and Consumption Trends

- Official labelling standard NOM 050
- Report tile products falsely labelled as porcelain to Consumer Agency
- Certified porcelain tile meeting ASTM C373
III. Latest developments at national level in energy supply regulation and taxation

Certification of installers

4 Training Centers
33% of Mexico Construction

1. Monterrey, Nuevo Leon
2. Mexico City (North)
3. Mexico City (South)
4. Guadalajara, Jalisco
V. Other national developments

Promotion of ceramic tile consumption

- Ceramic Tile and Installation Materials
- 3,650 Sq. Meters
- 23 Exhibitors
- 60,000+ Visitors
III. Latest developments at national level in energy supply regulation and taxation

Challenges / Opportunities

- Energy supply development (Increasing Cost)
- Increase consumption of tile (Tradeshow)
- Educate the consumer (Porcelain Tile Labelling)
- Promote sustainably (Green Squared Standard)
- Certification of installers (Training centers)
Questions?

Thanks for your attention!

Fernando Lozano Assad
TCNA–Mexico Director
flozanoassad@tcna.com.mx