



Stock Information:

Mexican Stock Exchange

Ticker: MEXCHEM\*

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www.mexichem.com

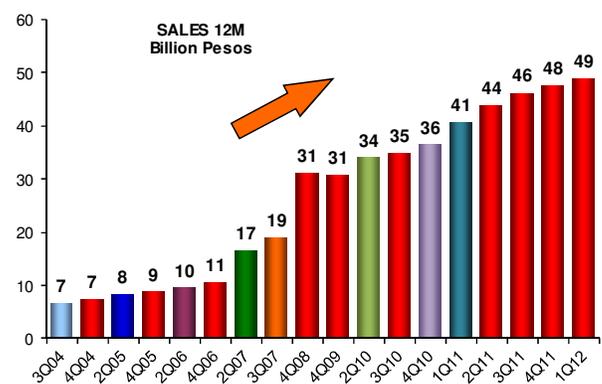
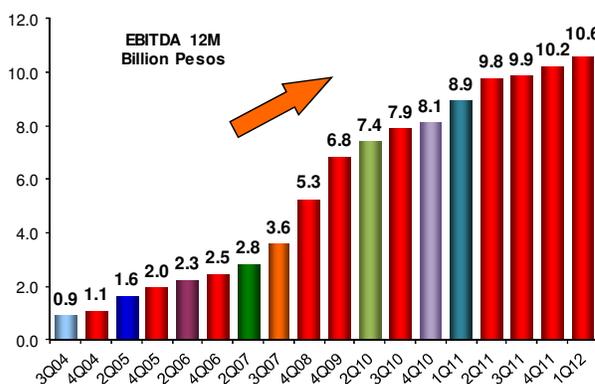
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## Consolidated Results

Consolidated Million Pesos	First Quarter		
	2012	2011	% Var.
Net Sales	13,515	12,187	11%
Gross Profit	4,442	3,941	13%
Net Income	1,814	1,245	46%
Operating cash flow (EBITDA)	2,938	2,595	13%
Free cash flow	246	-598	N/A

We continue seeing significant growth in the historical performance (in 12-month periods) for revenues and EBITDA in Mexichem's consolidated results, derived from the acquisition of new companies and the synergies generated.

The net profit for the first quarter of 2012 was 46% higher than in the same period of 2011, mainly because of an F/X gain that resulted from the 7.8% revaluation of the Mexican peso against the USD, when compared to December 2011 (from \$13.95 to \$12.85 pesos per USD).



- Acquisition Química Flúor
- Acquisition Primex
- Acquisition Bayshore
- Acquisition Amanco

- Acquisition Petco
- Acquisition Ineos Fluor
- Acquisition Polycyd and Plásticos Rex
- Acquisition Alphagary

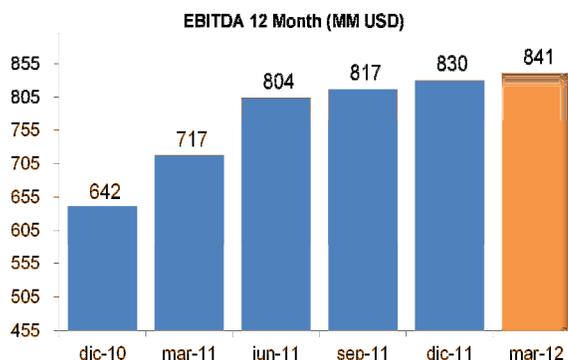
**On growth**

Consolidated sales for the first quarter of 2012 rose 11% YoY, totaling \$13.515 billion pesos; this was mainly due to the 13% hike in our sales prices, which countered the 2% decrease in sales volumes caused by fewer exports to Japan, in the Fluorine Chain.

**Efficiency and productivity**

EBITDA for the year was \$2.938 billion—13% higher than in 2011. This increase followed a better sales price and lower costs, consequent from the synergies from new acquisitions.

EBITDA/sales margin for the first quarter of this year was 22%, one percentage point higher than the margin reported in the same period of 2011.



**Financial interest and F/X gains**

In this quarter, this item totaled a gain of \$535 million pesos—\$511 million above the figure reported a year ago. This was essentially due to an F/X gain of \$894 million pesos during the quarter, compared to the \$338 million in 1Q11, as a result of the volatility seen in the main currencies (Brazilian real, Mexican peso and Colombian peso).

**Income tax**

The income tax for the quarter amounted to \$837 million pesos—19% more than in 2011—mainly due to the better operating results in the period, and the reported F/X gain.

**Gross Generation (Net profit without non-cash-generating items)**

Gross generation for the first quarter of 2012 was \$1.805 billion pesos, displaying a 19% increase against the same period last year, essentially due to better operating results.

## Operating and Free Cash Flow

Periods	First Quarter		
	2012	2011	% Var.
EBITDA	2,938	2,595	13%
Free Cash Flow	246	-598	N/A

The company's Free Cash Flow during this quarter totaled \$246 million pesos—\$844 million pesos more YoY. This was mainly derived from a larger effect from accounts receivables in 1Q11 (resulting from an increase in sales). The maintenance CAPEX investments rose by \$600 million pesos in 2012 (176% more YoY), given this year's growth plans.

## Balance Sheet

### Working Capital

The working capital for the first quarter of 2012 totaled \$7.828 billion pesos, showing a 6% increase YoY, mainly because of higher sales. It is worth noting that Days Sales Outstanding (DSO) and Inventory Days' Supply (IDS) decreased from the end of 2011 (from 62 to 60, and from 92 to 59, respectively). Mexichem's internal policies establish 62 Days Sales Outstanding, 73 Inventory Days' Supply, and 100 Days Payable Outstanding.

### Net Debt

Net debt by the end of March 2012 in dollar terms was US\$1.022 billion—10% higher than the net debt at the close of December 2011. This was the result of the USD\$226 million payment to INBURSA, net of the \$5.0 billion pesos stock certificates, and the payment for the acquisition of Fluorita de Mexico, S.A. de C.V.

The net debt to EBITDA ratio at the end of the quarter was 1.21x; once again, below the company's internal goal of 2.0x.

	Twelve months Pro forma	
	2012	2011
Net Debt US\$ MM	1,022	929
Net Debt/EBITDA 12M	1.21x	1.12x
Interest coverage	7.3x	7.4x
Outstanding Shares	1,800,000,000	1,800,000,000

## Operating results by Chain

### Integral Solutions Chain

Integral Solutions Chain	First Quarter		
	2012	2011	% Var.
Net sales	4,990	4,276	17%
Operating Income	666	456	46%
EBITDA	908	682	33%
Volumes & Prices	First Quarter		
Total Volume	6%		
Average selling prices	11%		

Sales for the first quarter 2012 in the Integral Solutions chain totaled \$4.99 billion pesos, a 17% growth YoY, resulting from the rises in sales prices and volumes.

This chain's EBITDA, on the other hand, totaled \$908 million pesos, a 33% increase YoY, because of the combined effect of higher revenues from sales and a lowering in raw material costs (PVC resin).

### Chlorine-Vinyl Chain

Vinyl - Chlorine Chain	First Quarter		
	2012	2011	% Var.
Net sales	6,661	6,249	7%
Operating Income	881	782	13%
EBITDA	1,110	990	12%
Volumes & Prices	First Quarter		
Total Volume	0%		
Average selling prices	7%		

The Chlorine-Vinyl chain reported a total of \$6.661 billion pesos in revenues for the first quarter, a 7% increment YoY, resulting from better sales prices.

The EBITDA for this chain during this period amounted to \$1.11 billion pesos, a 12% YoY increase, as a result of better prices and lower costs derived from the consolidation of the synergies generated by the Policyd and AlphaGary acquisitions.

## Fluorine Chain

Fluorine Chain	First Quarter		
	2012	2011	% Var.
Net sales	3,172	2,907	9%
Operating Income	1,008	823	23%
EBITDA	1,235	1,030	20%
Volumes & Prices	First Quarter		
Total Volume	-8%		
Average selling prices	17%		

As for the Fluorine chain's 1Q12 results, revenues amounted to \$3.172 billion pesos—9% increase YoY—as a result of a significant 17% increase in sales prices, which fully countered the 8% decrease in sales volumes. The change in volume was derived to a quarterly sale of 48 thousand tons of fluorite made to Japan last year.

The EBITDA amounted to \$1.235 billion pesos in the quarter—20% higher than in 2011—resulting from higher revenues and lower costs and operating expenses.

## **Other Relevant Events**

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A successful issuance of long-term stock certificates was completed in March 2012. With an over demand of 2.3 times, \$2.0 billion pesos were issued at a rate of TIE plus 60 basis points, with a 4.6 year maturity (reopening of MEXCHEM '11), in addition to \$3.0 billion pesos issued at a fixed rate of MBond22 plus 165 basis points, with a 10 year maturity (MEXCHEM '12). Thus, we have improved our maturities, and we continue to maintain our financial flexibility to keep on working on future projects.

Global Reporting Initiative (GRI) establishes principles and indices that companies can use to gauge and explain their economic, environmental, and social performance; and it encourages their application worldwide. The main guideline of Mexichem's culture is to combine the economic, social and environmental aspects in its business strategy, based in its triple bottom line model. In the 2011 sustainability report, Mexichem obtained the A+ rating, the highest rating achievable in the evaluation of GRI, which was also audited by Deloitte; with this, we reiterate our commitment to be a socially responsible company.

Mexichem and Wavin N.V. announced jointly that they have reached an agreement regarding the public tender offer in cash that Mexichem made for all of Wavin's shares issued and on the market at a price of €10.50 for each of Wavin's common shares.

The combination of Wavin and Mexichem would result in the world leader (€4 billion in total sales) of plastic pipe systems and solutions, based on a combined history of innovation and commitment to customer service. Both companies would benefit from the strong complementarity in terms of geographic reach, product portfolio, R&D, and business lines, thus being jointly better prepared for future growth, via the consolidation and expansion to new markets.

Wavin's Boards of Management and Supervisors support and recommend the offer to their shareholders, as they believe this transaction offers a fair price, and is in the best interest of both the company and its shareholders. Moreover, ING Bank N.V. has submitted an opinion to Wavin's Board of Supervisors, indicating that the offer is fair to the company's shareholders from a financial viewpoint.

Wavin is the leading supplier of plastic pipe systems and solutions in Europe. The company provides basic functions: The plastic pipe systems and solutions for tap water, surface heating and air conditioning, soil and waste, rain and rain waters, water and gas supply, and telecommunications applications. Wavin's headquarters are in Zwolle (Netherlands), and it has presence in 25 European countries. The company employs roughly 6,000 people. Its 2010 revenues amounted to around €1.2 billion. Outside Europe, it has a worldwide network of agents, concessionaires, and distributors. Wavin's shares are traded on the New York and Amsterdam Stock Exchanges (WAVIN). This transaction is expected to be completed in the second quarter of this year.

In Mexichem's general shareholders assembly which took place the 30<sup>th</sup> of April this year; a dividend of \$1.800 billion pesos was approved. This dividend is payable in shares at a rate of one share for every forty-five of tenure for Mexichem's shareholders; or, \$1 peso per share. At a time when investors have different investment options, Mexichem gives them the opportunity to participate in a company that not only continues to grow, but which also rewards its investors for being part of that growth.

## Outlook

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During this quarter, a sustained demand and rising prices in nearly all of Mexichem's products was observed. For the second quarter of the year, the same trend is expected: strong demand and higher prices on most of the products.

Practically all of the company's plants are operating at full capacity; infrastructure and housing projects in countries such as Mexico, Brazil, Colombia, and Venezuela are driving demand coupled with government programs aimed to reduce the deficit in water sanitation and housing in these countries.

Projects in the Chlorine-Vinyl chain to have the production of the vinyl chloride monomer (VCM) which include the proposed joint venture with Pemex and the Green Field project to produce

600 thousand tons of VCM are still ongoing. The prices of the products of this chain follow a positive trend supported by the increase in demand.

Regarding the Fluorine chain, prices of almost all products in this chain present an upward trend with exception of the refrigerants, where price levels have not recovered yet the level seen last year, nevertheless the perspective is that this trend will improve towards the second and third quarter of the year, due to a seasonal effect. As for the fluorite, the price is rising and orders for this material have already been placed at levels of 400 usd / ton in Asia; besides, the acquisition of the flourspar mine in Coahuila, allows us to have a greater purity ore and more efficient operations in the UK.

Derived from the reactivation of the infrastructure and housing projects before mentioned, demand and prices of the products in the Integral Solutions chain keep their upward trend and this is expected to be maintained for the next months.

The integration of the various acquisitions has increased our geographic presence and the product portfolio, bolstering our vertical integration and opening new opportunities to continue with the company's globalization. Within the strategy defined to achieve our 20/20/20 vision, we are close to becoming the largest plastic pipe producer in the world through the acquisition of Wavin, and thus increasing our geographic presence and diversification.

The challenge remains great, but we are certain that, with the strategies we are implementing based on our competitive advantages, and with the passion that is a hallmark of Mexichem, we shall achieve our growth and profitability objectives.

We continue to create solutions and multiply possibilities at all the levels of what we have come to call the triple result: economic, social, and environmental. We go ever farther to be closer to our markets and our clients. Now, more than ever, we shall continue to contribute to the development and improvement of people's quality of life through growth and innovation in all the fields where Mexichem participates directly or indirectly.

## Consolidated Balance sheet

	Pesos in thousands		
	mar-12	dec-11	%
<b>Total assets</b>	<b>64,037,644</b>	<b>60,456,761</b>	<b>6%</b>
Cash and temporary investments	10,950,353	7,675,504	43%
Receivables	9,843,836	8,990,694	9%
Inventories	6,031,800	6,657,677	-9%
Others current assets	1,960,430	1,831,948	7%
Long term assets	35,251,223	34,723,825	2%
<b>Total liabilities</b>	<b>39,264,974</b>	<b>36,391,621</b>	<b>8%</b>
Current liabilities	14,459,108	15,885,338	-9%
Long-term liabilities	22,640,360	17,835,049	27%
<b>Consolidated shareholders'equity</b>	<b>24,772,669</b>	<b>24,065,140</b>	<b>3%</b>
Minority shareholders'equity	5,444	71,980	-92%
<b>Majority shareholders'equity</b>	<b>24,767,226</b>	<b>23,993,160</b>	<b>3%</b>

## Consolidated Income Statement

Pesos in thousands	January- March		
	2012	2011	%
Net Sales	13,515,087	12,186,897	11%
Cost of Sales	9,073,136	8,245,656	10%
<b>Gross Profit</b>	<b>4,441,951</b>	<b>3,941,241</b>	<b>13%</b>
Operating Expenses	2,325,863	2,016,388	15%
<b>Operating Income</b>	<b>2,116,088</b>	<b>1,924,853</b>	<b>10%</b>
Financial Cost	(535,052)	(24,135)	2117%
<b>Income from continuing operations before income tax</b>	<b>2,651,140</b>	<b>1,948,988</b>	<b>36%</b>
Income Tax	836,795	704,441	19%
<b>Consolidated net income</b>	<b>1,814,345</b>	<b>1,244,547</b>	<b>46%</b>
<b>EBITDA</b>	<b>2,937,518</b>	<b>2,594,779</b>	<b>13%</b>