



Second Quarter 2019 Earnings Results

Conference Call

Mexichem.

Forward-Looking Statements

In addition to historical information, this presentation contains "forward-looking" statements that reflect management's expectations for the future. The words "anticipate," "believe," "expect," "hope," "have the intention of," "might," "plan," "should" and similar expressions generally indicate comments on expectations. The final results may be materially different from current expectations due to several factors, which include, but are not limited to, global and local changes in politics, the economy, business, competition, market and regulatory factors, cyclical trends in relevant sectors; as well as other factors that are highlighted under the title "Risk Factors" on the annual report submitted by Mexichem to the Mexican National Banking and Securities Commission (CNBV).

The forward-looking statements included herein represent Mexichem's views as of the date of this press release. Mexichem undertakes no obligation to revise or update publicly any forward-looking statement for any reason unless required by law."

Mexichem has implemented a Code of Ethics that rules its relationships with its employees, clients, suppliers and general groups. Mexichem's Code of Ethics is available for consulting in the following link:

http://www.mexichem.com/Codigo_de_etica.html.

Additionally, according to the terms contained in the Securities Exchange Act No 42, Mexichem Audit Committee established a mechanism of contact, which allows that any person that knows the un-fulfilment of operational and accounting records guidelines and lack of internal controls of the Code of Ethics, from the Company itself or from the subsidiaries that this controls, file a complaint which is anonymously guaranteed. The whistleblower program is facilitated by a third party. The telephone number in Mexico is 01-800-062-12-03.

The website is: <http://www.ethic-line.com/mexichem> and contact e-mail is: mexichem@ethic-line.com.

Mexichem's Audit Committee will be notified of all complaints for immediate investigation.



- Opening Remarks
- Business Highlights
- Financial Highlights
- Closing Remarks

Overview

Vinyl

Seeing sequential improvement

Pricing pressures and lower supply of raw materials

Revenue

down 7% to \$1.8 billion

3% on a constant currency basis

Fluor

Upstream business sales growing in double digits

Increase of illegal imports into the EU

EBITDA

down 12% to \$372 million

10% on a constant currency basis

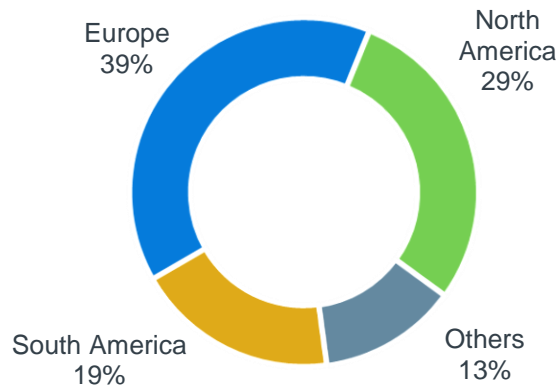
Our areas of **focus**

- Continuing as a **resilient company**
- Building a **strong leadership team**
- Well underway in our **transformation**

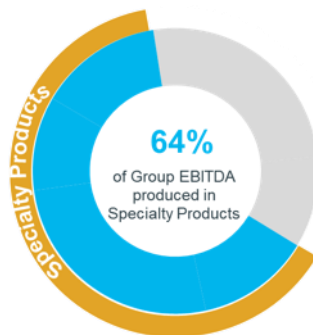


In Q2 2019, we diversified and moving more downstream to specialty products

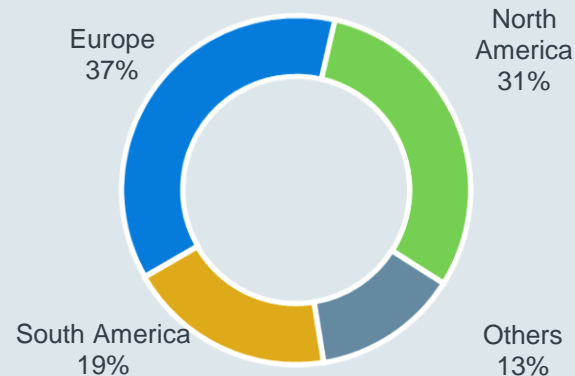
Sales by destination
6M'18



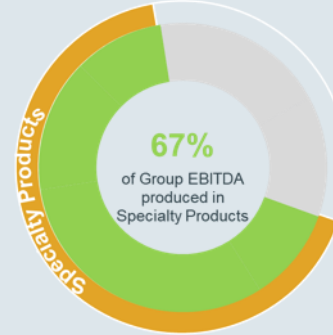
EBITDA 6M'18



Sales by destination
6M'19



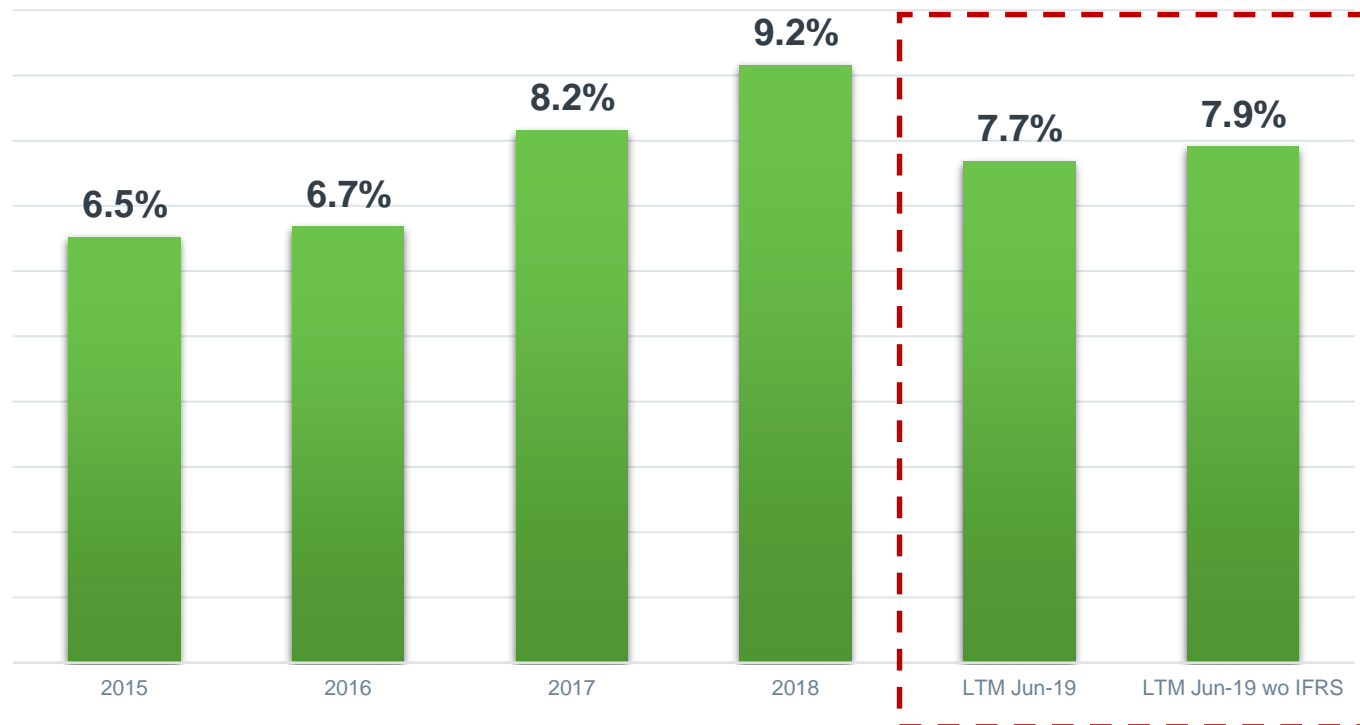
EBITDA 6M'19



ROIC above our cost of capital and consistent with our long-term strategy

ROIC (%)

Mexichem Group



ROIC: Adjusted NOPAT for continuing operations/Adjusted Equity from continuing operations + Liabilities with cost – Cash. Income from continuing operations and NOPAT (EBIT-taxes) consider trailing twelve months.



Proving ducts to carry power
and fiber optics cables for
‘greenfield city’ in India



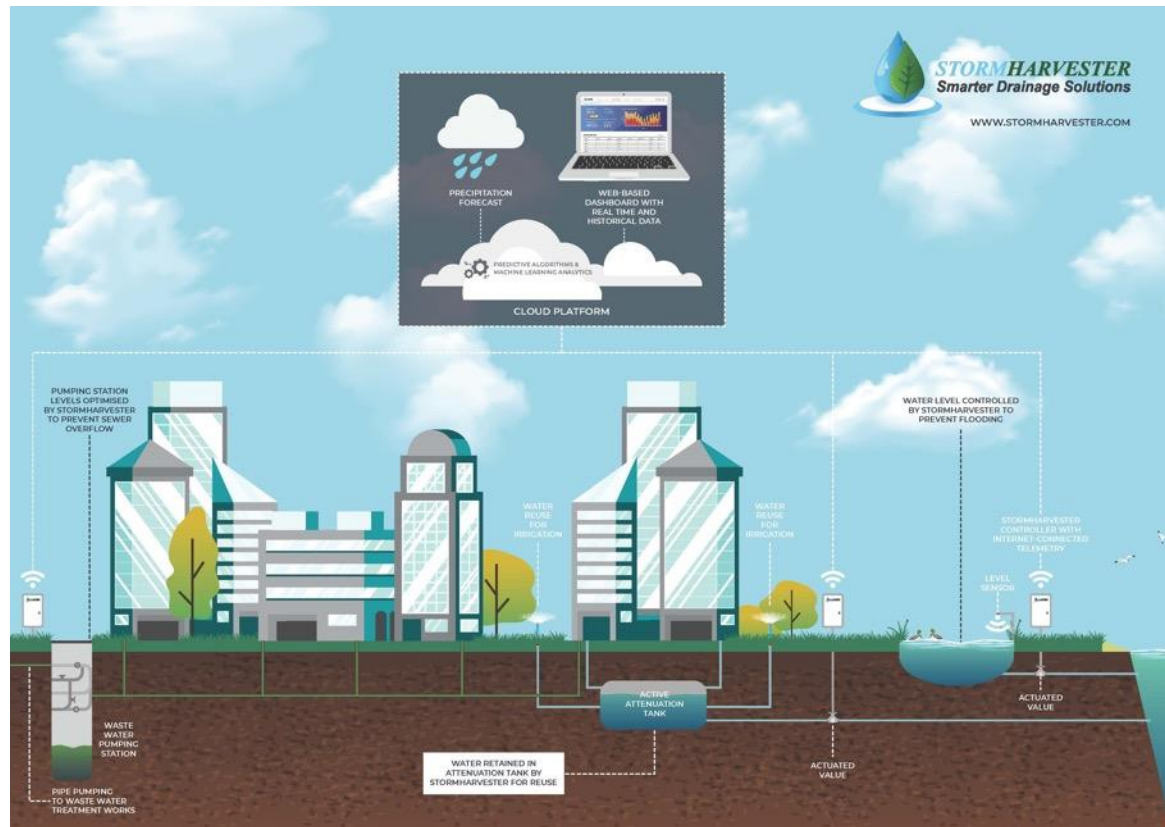


Providing irrigation for
2,000 hectares
of sugarcane in Tanzania, Africa





In partnership with
StormHarvester to
provide ‘smart’
stormwater tanks to
capture rainwater



Building our pipeline of innovative solutions

\$130 million corporate VC fund to invest in early stage startups to bring innovation into Mexichem.

Actively **partnering with startups** to expand our product offerings, decrease costs and enter new markets.

Internal innovation program – inspiring each employee to suggest innovative ideas.

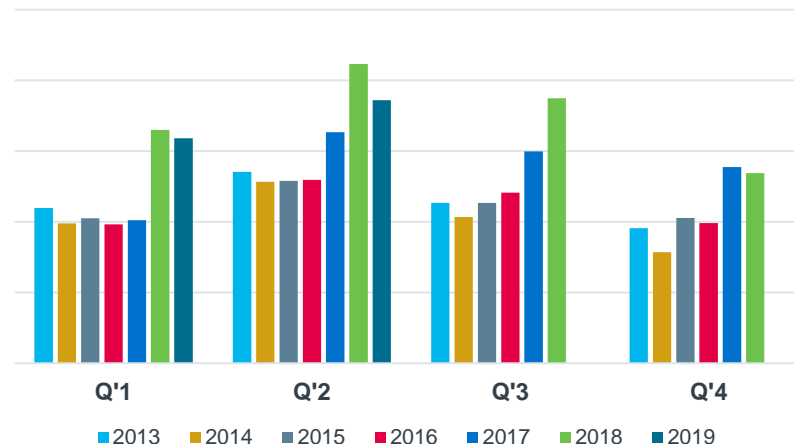
- Program designed to coach, train and mentor internal entrepreneurs and support them in commercializing their ideas.



Brief summary of results

mm US\$	Second Quarter		
Financial Highlights	2019	2018	%Var.
Net sales	1,839	1,968	-7%
Operating income	237	317	-25%
EBITDA	372	423	-12%
EBITDA margin	20.2%	21.5%	-129 bps
EBITDA wo IFRS 16 effect	353	423	-17%
Net majority income	84	162	-48%
Operating cash flow before capex, buy-back shares program & dividends	217	253	-14%

EBITDA by quarter (US mm)



Quarter	Sales			EBITDA		
mm US\$	2Q18	2Q19	%Var.	2Q18	2Q19	%Var.
Vinyl	642	588	-8%	148	105	-29%
Fluent	1,144	1,089	-5%	175	181	3%
Fluor	230	204	-11%	100	73	-27%
Eliminations/ Holding	(48)	(42)	-13%	-	13	
Mexichem Consolidated	1,968	1,839	-7%	423	372	-12%

Strong performance by business group

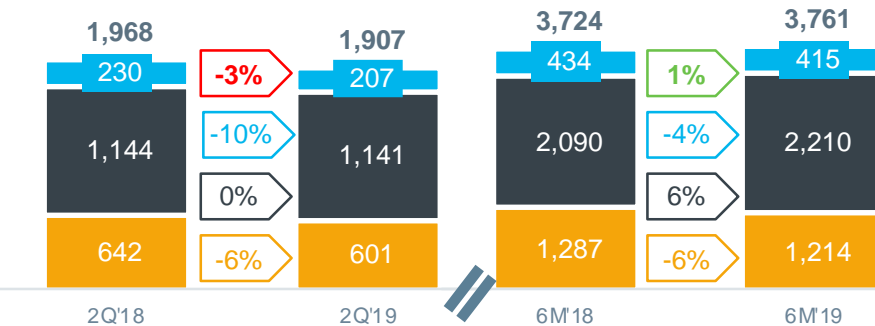
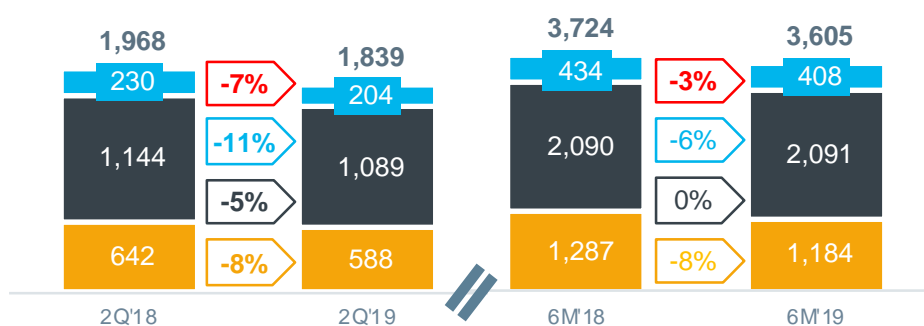
X% EBITDA margin
X% Δ% vs last year

Revenues

% Total sales

Vinyl. 32% Fluor. 57% Fluor 11%

*Constant currency
revenue growth

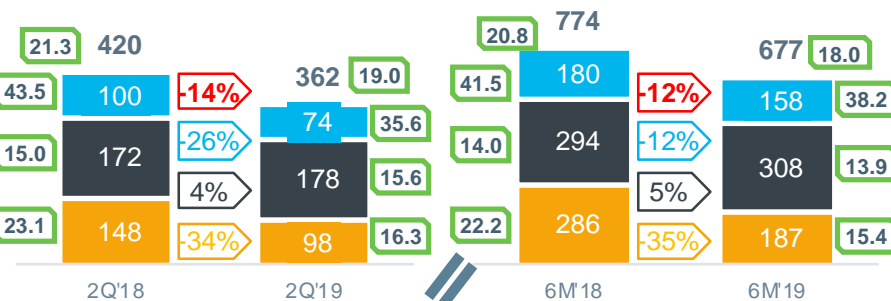
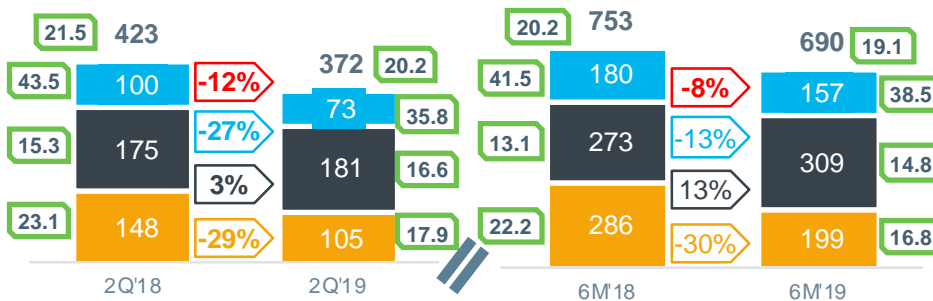


EBITDA

% Total EBITDA

Vinyl. 30% Fluor. 46% Fluor 24%

* Constant currency &
organic EBITDA growth



* **Organic** = means that it will exclude: i) CADE 2018 and Netafim Ltd. Acquisition related expenses in 2018 & 2019; ii) IFRS 16 benefit in 2019 EBITDA and iii) FX translation effects without consider any positive or negative effect from Venezuela.

Free cash flow

	Second Quarter			January - June		
	2019	2018	%Var.	2019	2018	% Var.
mm US\$						
EBITDA	372	423	-12%	690	753	-8%
Taxes paid	(52)	(78)	-33%	(106)	(132)	-20%
Net interest paid	(21)	(22)	-5%	(105)	(96)	9%
Bank commissions	(15)	(4)	275%	(20)	(7)	186%
Exchange rate gains (losses)	(3)	(22)	-86%	(4)	(32)	-88%
Change in trade working capital ^{(1) (2)}	(64)	(44)	45%	(279)	(261)	7%
Operating cash flow before capex, buy-back shares program & dividends	217	253	-14%	175	225	-22%
Total CAPEX (organic & JV)	(61)	(70)	-13%	(121)	(136)	-11%
Operating cash flow before buy-back shares program & dividends	156	183	-15%	54	89	-39%
Buy-back shares program	(1)	(17)	-94%	2	(32)	N/A
Operating cash flow before dividends	155	166	-7%	56	57	-2%
Shareholders' dividend	(90)	(62)	45%	(169)	(136)	24%
Free cash flow	65	104	-38%	(114)	(79)	44%

1) PMV's insurance A/R is not included in trade working capital calculation.

2) Trade working capital variation (Mar 18 vs Dec 17) includes Netafim's proforma results for comparative purposes.

Committed with our investment grade rating

	Last Twelve Months	
	Jun 2019	Dec 2018
Net Debt USD million	2,991	2,871
Net Debt/EBITDA 12 M	2.31x	2.05x
Interest coverage	4.62x	5.59x

Net debt USD includes \$0.1 million of letters of credit with maturities of more than 180 days that for covenant purposes are considered gross debt, although they are not booked in the accounting debt.

* Calculation done without the IFRS 16 effect

In these volatile and turbulent times Strong balance sheet and healthy debt profile

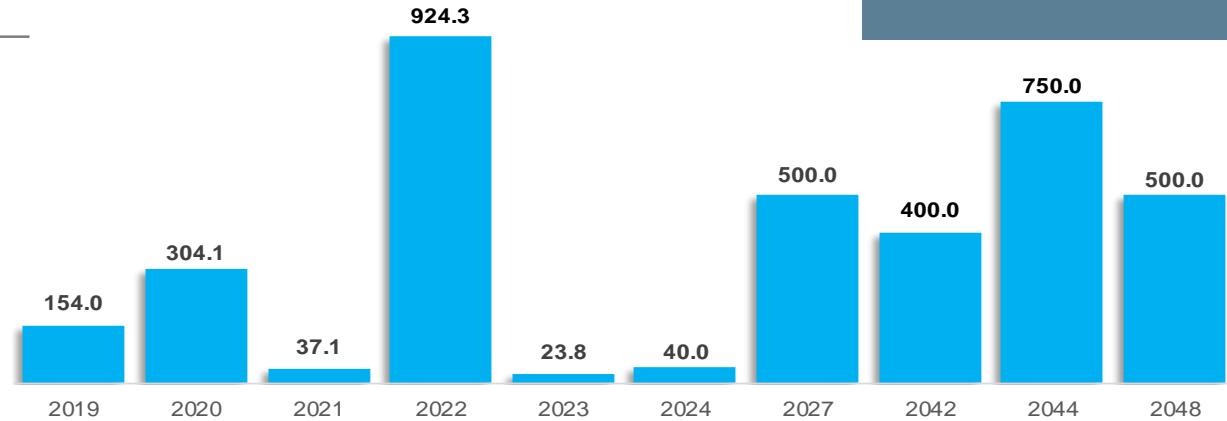
Investment Grade

Fitch Ratings	BBB
S&P	BBB-
Moody's	Baa3

Long-Term Debt Schedule

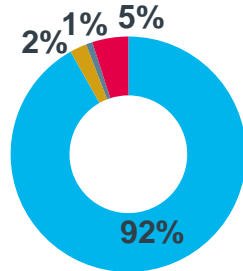
US\$MM, as of June 30th, 2019

- Debt Average Life
13.93 years
- Weighted Average Cost of
Debt 4.98%



Most Debt at Holdco Level

Debt by Division

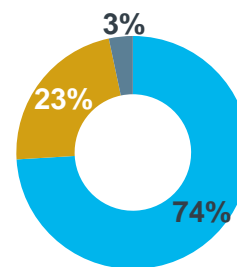


■ Holding ■ Vinyl ■ Fluor ■ Fluent

Source: Company filings

Alignment of Debt to Revenue Currency

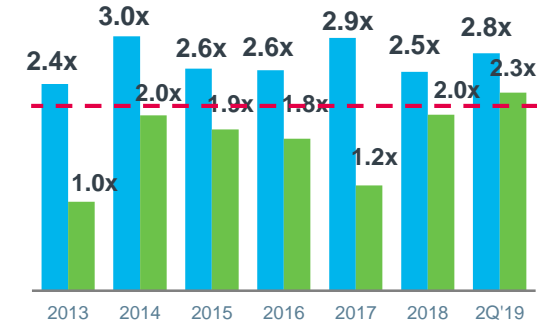
Debt by Currency (Swapped)



■ US\$ ■ Euro ■ Others

US\$1.5B revolving credit facility (100% available)

Conservative Leverage Ratios



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