Stock Information
Mexican Stock Exchange
Ticker: MEXCHEM*

Mexichem®

Corporate News

Mexichem Reports Second Quarter 2017 Results

Tlalnepantla de Baz, Estado de Mexico, July 26, 2017 - Mexichem, S.A.B. de C.V. (BMV: MEXCHEM*) ("the Company" or "Mexichem") today announced its unaudited results for the second quarter of 2017. The figures have been prepared in accordance with International Financial Reporting Standards ("NIIF" or "IFRS"), having US dollars as the functional and reporting currency. All comparisons are made against the same period of the prior year. Unless specified to the contrary all figures are in millions. In some cases, percentages and numbers have been rounded.

Please note that the presentation of Mexichem's 2016 second quarter results reflect the effects of several actions taken by the Company in 2016 and in the first quarter of 2017. A detailed review of these actions and their impact can be found on Page 17 of this release. It is highly recommended that you read these Clarifications prior to analyzing the Company´s 2Q17 results.

Second Quarter 2017 Financial and Operating Highlights

- **Revenues increased 3% to $1.5 billion**
- **EBITDA increased $361 million to $334 million from last year's reported EBITDA and increased 29% vs last year´s adjusted EBITDA* of $259 million**
- **Operating income and EBT increased $338 million and $303 million, respectively, from 2Q16, and were up 29% and 13%, respectively, vs last year's adjusted figures**
- **Net majority income was $67 million compared to a net loss of $27 million in 2Q16**

CONSOLIDATED SELECTED FINANCIAL RESULTS

	Second Quarter			January - June		
Consolidated Financial Results (mm US$)	**2017**	**2016**	**%Var.**	**2017**	**2016**	**%Var.**
Net Sales	1,464	1,420	3%	2,859	2,678	7%
Operating Income	229	-109	N/A	352	13	N/A
EBITDA	334	-27	N/A	541	175	209%
EBITDA Margin	23%	N/A	N/A	19%	7%	1240 bps
EBT	155	-148	N/A	234	-68	N/A
Net Majority Income	67	-27	N/A	119	31	284%
Operating Cash Flow Before Capex	142	129	10%	140	174	-20%
Total CAPEX (Organic & JV)	-60	-123	-51%	-142	-232	-39%
Free Cash Flow	56	-8	N/A	-54	-86	-37%
Adjusted Operating Income*	229	177	29%	352	299	18%
Adjusted EBITDA*	334	259	29%	541	461	17%
Adjusted EBITDA Margin*	23%	18%	460 bps	19%	17%	170 bps
Adjusted EBT*	155	137	13%	234	217	8%
Adjusted Net Maj Income*	67	92	-27%	119	149	-20%

*Given that Mexichem's reported earnings results (including the impact of the asset write-off related to the accident at PMV's VCM plant) differ substantially from its reported operating results (without the write-off), for clarification purposes, since the incident the Company´s quarterly reports have contained reported EBIT, EBITDA and net income including the one-time net effect related to PMV´s VCM plant, as well as*Adjusted EBIT, EBITDA

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and net income which exclude that effect. In the 1Q17 and 2Q17the only effect recorded was business interruption insurance coverage. As the business interruption insurance is not considered to be a one-time effect, the report for 2Q17 does not include a presentation of adjusted figures

First Half 2017 Financial and Operating Highlights

- **Revenues increased 7% to $2.9 billion**
- **EBITDA was $541 million, up 209% from last year´s reported EBITDA and 17% above last year's adjusted EBITDA* of $461 million**
- **Operating income and EBT increased $339 million and $302 million, respectively, from 2016 reported figures and were up 18% and 8%, respectively, from 2016 adjusted figures***
- **Net majority income was $119 million, up 284% from $31 million**
- **TTM ROE and ROIC were 12.6% and 9.8%; adjusted ROE and ROIC were 7.7% and 7.1%, respectively;**
- **Net debt to reported EBITDA and to adjusted EBITDA improved to 1.3x and 1.6x, respectively.**

Company raises its Guidance range for EBITDA growth in 2017 to 15%-25% above the $884 million reported in 2016

MANAGEMENT COMMENTARY

Performance and Outlook

The second quarter was a period of strong performance across much of Mexichem's product portfolio. Overall pricing remained solidly above last year's second quarter, our mix of specialty products continued to improve, and profitability was significantly increased by greater vertical integration and its associated benefits in our Vinyl Group. We reported double digit growth in EBITDA, EBIT and EBT from last year's comparable adjusted figures, and trailing twelve month adjusted returns on equity and capital employed were 7.7% and 7.1%, respectively, up from 6.0% and 6.4% at the end of June 2016, consistent with our objectives of steadily improving Mexichem's results against these metrics.

The diversity and complementarity of our operating activities, along with Mexichem's increasingly global footprint provide a growth platform as well as a certain resilience to macroeconomic issues facing specific markets or product lines.

Our Vinyl Business Group had an exceptionally strong second quarter. EBITDA almost doubled from last year's comparable levels, primarily due to the benefits of our increased vertical integration across the ethane to PVC value chain and higher PVC prices compared to 2Q16, reflecting increased demand, notably from Asia and Europe. Although PVC pricing stabilized during the second quarter, we expect year-on-year price comparisons to be positive throughout 2017.

The Fluor Business Group posted 11% EBITDA growth on an 8% sales increase, and expanded its EBITDA margin by 80 bps to 40.8%. In the second quarter, refrigerant gas prices increased considerably, as a consequence of the ITC resolution we announced in March 2017 which more than offset lower upstream volumes resulting primarily from shipment delays. Excluding the impact of reorganizational charges in 2Q17, the Fluent Group's second quarter EBITDA was approximately 3.5% higher year-on-year, reflecting the pass-through of higher raw material costs to customers. Fluent's results were impacted by economic headwinds in LatAm, specifically in Colombia and Brazil. Conversely, in the U.S. & Canada, Fluent posted double-digit EBITDA growth in the second quarter. EBITDA margin in Fluent Europe was 14.6% in the quarter, reaching its highest margin since the Wavin integration. Fluent's EBITDA margin was 16.1%, expanding 30 basis points from last year's levels.

The two bolt-on acquisitions that we completed in 2016 continued to perform well in the second quarter. In Compounds, we improved our product mix with the addition of the UK-based acquisition we completed last November that contributed to the Vinyl Group's results, and in Fluent, we benefited from higher sales of specialty Datacom and infrastructure products resulting from the Canadian acquisition we made last October.

Both companies are fully integrated into their respective Business Groups and are developing plans to cross sell related Mexichem products in their respective markets.

Our financial position continued to strengthen. At the end of the first half, our cash position was $735 million, and net debt/EBITDA improved to 1.3x while the net debt/Adjusted EBITDA improved to 1.6x. As anticipated, our capital expenditures declined by over 51% in the second quarter; operating cash flow increased 10%; and we had free cash flow of $56 million, compared to negative $8 million for the same period last year. Our strong balance sheet provides more than sufficient financial flexibility to support our organic growth initiatives, our program of executing smaller acquisitions that add value to our portfolio and open new markets, and to consider larger strategic acquisitions that could serve as a platform for important revenue and operating synergies, if we find the right fit.

Based on our year-to-date performance and current visibility, we are pleased to raise our guidance range to 15% to 25% growth in EBITDA for 2017 compared to last year's EBITDA of $884 million. The guidance range continues to be broad given that the ethylene cracker is still in a stabilization phase. Our growth expectations are supported by vertical integration and its associated benefits in our Vinyl Group, better pricing trends in our downstream Fluor operations and a more favorable mix of specialty product sales within Fluent.

In summary, first half 2017 results have put us firmly on track to deliver substantial EBITDA growth for the full year and to continue to increase companywide returns and build shareholder value.

REVENUES

Second quarter 2017 revenues were $1.5 billion, up $44 million or 3% from 2Q16 led by higher sales in Vinyl, Fluor and Fluent US/Canada.

Revenue growth in our Resins, Compounds, and Derivatives business units continues to be driven by better PVC pricing when compared with 2Q16, as well as by an increase in PVC demand, mainly in Asia and Europe, which drove higher volumes in part due to environmental structural changes in China. Compounds revenues grew 15%, reflecting the integration of Vinyl Compounds.

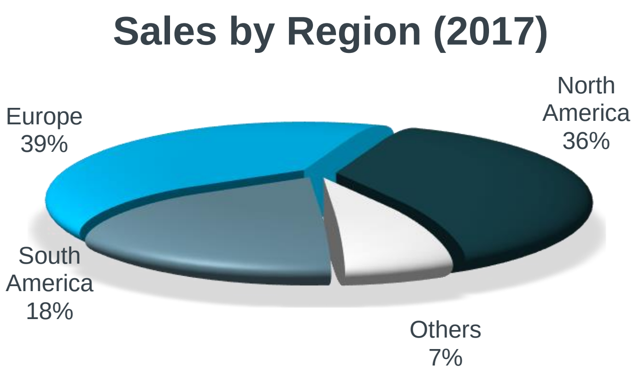
Fluent Business Group revenues declined 3% or $21 million. The $20 million sales increase in Fluent US/Canada was offset by: i) lower LatAm revenues due to economic slowdowns in Colombia and Brazil, and ii) lower reported European revenues related to the depreciation of the British Pound during the 2Q and 1H of 2017.

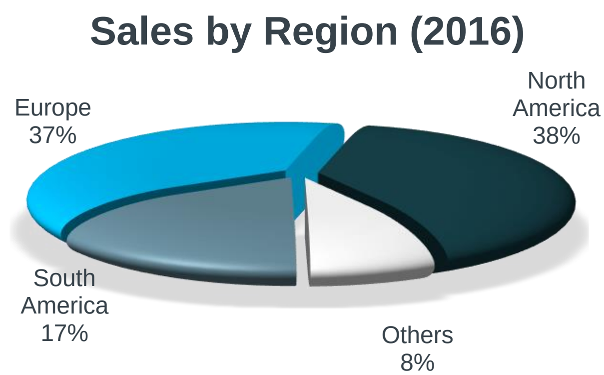
Fluor Business Group revenues increased 8%, mainly due to higher refrigerant gas prices in the US and Europe.

On a constant currency basis, consolidated revenues would have increased $63 million or 4%. In 2Q17 the exchange rate translation effect reduced sales by $19 million, mainly due to the depreciation of the British Pound and the Euro which was partially offset by the revaluation of the Brazilian Real against the US dollar.

Consolidated revenues in the 1H17 increased $181 million or 7% year-on-year to $2.9 billion. On a constant currency basis, total sales would have increased 8% year-on-year. Foreign currency translations reduced total sales by $43 million, which impacted reported sales in Vinyl, Fluent and Fluor Business Groups by $18 million, $16 million and $9 million, respectively.

SALES BY REGION (DESTINATION)





The United States represented 17% of total sales in 1H17, Brazil accounted for 7%, and the UK and Germany represented 6% and 8%, respectively.

EBITDA

EBITDA in 2Q17 was $334 million, compared to negative $27 million reported in the second quarter of last year, when one time charges of $286 million associated with the PMV incident were recognized. EBITDA increased 29% compared to 2Q16 adjusted EBITDA of $259 million. EBITDA margin in 2Q17 was 22.8%, a 460 bps increase vs adjusted EBITDA margin.

Higher EBITDA results were due primarily to the Vinyl Business Group, which accounted for $70 million of the year-on-year growth, while Fluor was responsible for $7 million.

Underpinning this growth were the better PVC prices when compared to the same period of 2016, increased profitability from the vertical integration in our Vinyl Business Group due to the start-up of commercial operations of the ethylene cracker and improved refrigerant gas prices associated with the ITC resolution announced by the Company on March 23th, 2017. These results were partially offset by a $1.5 million EBITDA decline in our Fluent Business Group mainly due to restructuring costs in our LatAm and Europe Fluent Business units, which reduced 2Q results by $6 million.

On a constant currency basis, reported EBITDA would have been $335 million, an EBITDA margin of 22.6%, an increase of 29% from 2Q16 adjusted EBITDA.

For the first six months of 2017 EBITDA was $541 million, increases of 209% and 17%, respectively, vs reported and Adjusted EBITDA in 1H16. EBITDA margin was 18.9%. On a constant currency basis, EBITDA would have been $6 million higher at $547 million.

OPERATING INCOME

For the second quarter of 2017, Mexichem reported operating income of $229 million, compared to the loss of $109 million reported in the second quarter of 2016 when one-time charges of $286 million associated with the PMV incident were recognized. Operating income increased 29% compared to the $177 million reported as adjusted operating income in 2Q16. The increase in operating income was mainly the result of the factors mentioned above.

For the 1H17, operating income was $352 million, compared to the $13 million reported in the same period of 2016. Compared to the adjusted numbers (without PMV's one-time effect), operating income increased 18%.

FINANCIAL COSTS

In 2Q17, financial costs increased by $32 million or 76% to $74 million compared to 2Q16. The result is consequence of a FX loss due to the appreciation of the Mexican peso against US dollar, which in 2Q17 resulted in a $8 million loss while in 2Q16 it led to a $13 million gain (a swing of $21 million) generated both by long term debt denominated in Mexican pesos, a $6 million loss created by other short term net liabilities position, and a $5 million loss on an inflationary adjustment related to the depreciation of the Venezuelan Bolivar.

For 1H17, financial costs increased by $34 million or 40% to $119 million compared to 1H16. This increase was due to the appreciation of the Mexican peso against dollar in 1H17, which had an impact of $22 million compared with a FX income in 1H16 of $15 million generated by the long term debt denominated in Mexican pesos.

TAXES

In 2Q17, the effective tax rate increased to 41% compared to 18% in 2Q16. This was mainly result of the reduction in deferred tax benefit accrual in 2Q16 due to the use in 2Q17 of net operating losses. These losses are recognized as deferred assets that offset FX income associated with the dollar denominated debt due to the Mexican peso revaluation, which only impacted taxes but not accounting reported EBT in USD functional currency.

The cash tax decreased from $52 million in 2Q16 to $40 million in 2Q17 mainly due to FX taxable losses in local currencies that did not affect reported net income in USD functional currency.

On a YoY basis, the cash tax for the 1H17 decreased from $92 million to $70 million mainly due to FX taxable losses in local currencies that did not affect reported net income in USD functional currency. On a YoY basis, (without PMV write-off) deferred tax increased $41 million due to the use in 2Q17 of net operating losses recognized as deferred assets that offset an FX income associated with the dollar denominated debt due to the Mexican peso revaluation, which only impacted taxes but not accounting reported EBT.

MAJORITY INCOME (LOSS)

In 2Q17, the Company reported net majority income of $67 million, compared to a net majority loss of $27 million reported in the 2Q16 when one-time charges associated with PMV's incident were recognized.

Income from continuing operations before income tax increased 13% but consolidated net income increased only 2%, due to the tax effects mentioned above. However, income from continuing operations after cash tax increased 35%, mainly due to the use of bonus depreciation in our cracker JV in Texas.

Majority net income decreased 27% from 2Q16 to 2Q17 because all the effects abovementioned.

mm US$	Second Quarter			
INCOME STATEMENT	**2017**	**2016**	**2016 w/o One time item**	**%**
Income (loss) from continuing operations before income tax	**155**	**(148)**	**137**	**13%**
Cash tax	40	52	52	-23%
Income (Loss) from continuing operations after cash tax	**115**	**(200)**	**85**	**35%**
Deferred taxes	23	(78)	(5)	N/A
Income (loss) from continuing operations	**92**	**(122)**	**90**	**2%**
Discontinued operations	-	(1)	(1)	-100%
Consolidated net income (loss)	**92**	**(123)**	**89**	**3%**
Minority stockholders	25	(96)	(2)	N/A
Net Income (loss)	**67**	**(27)**	**92**	**-27%**

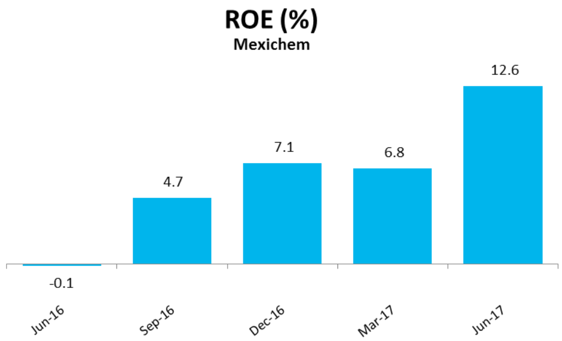
For the first half of 2017, the Company posted a $119 million net majority income, compared to $31 million reported in the same period of 2016.

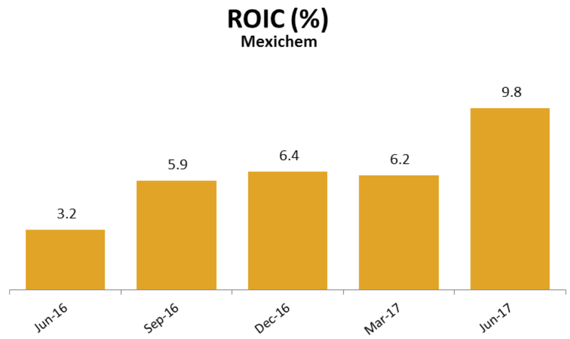
Income from continuing operations before income tax increased 8% on an adjusted basis, but consolidated income from continuing operations after taxes decreased 2% also on an adjusted basis, as a result of the tax effects mentioned above. However, income from continuing operations after cash tax increased 31%, mainly associated with the use of bonus depreciation in our cracker JV in Texas.

mm US$	January - June			
INCOME STATEMENT	**2017**	**2016**	**2016 w/o One time item**	**%**
Income (Loss) from continuing operations before income tax	**234**	**(69)**	**217**	**8%**
Cash tax	70	92	92	-24%
Income (Loss) from continuing operations after cash tax	**164**	**(161)**	**125**	**31%**
Deferred taxes	18	(96)	(23)	N/A
Income (Loss) from continuing operations	**145**	**(65)**	**148**	**-2%**
Discontinued operations	-	(1)	(1)	-100%
Consolidated net income (loss)	**145**	**(66)**	**147**	**-1%**
Minority stockholders	26	(96)	(2)	N/A
Net Income (Loss)	**119**	**31**	**149**	**-20%**

Net majority income decreased 20% from 1H16 to 1H17 because all the effects abovementioned.

ROE and ROIC:

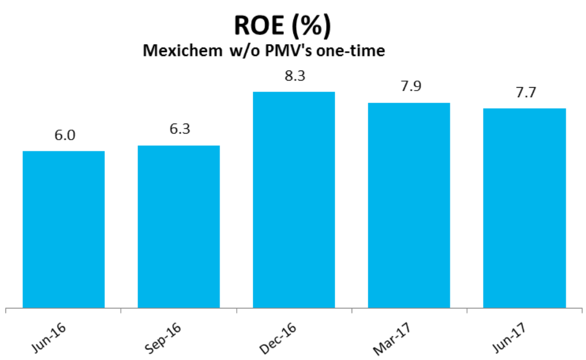


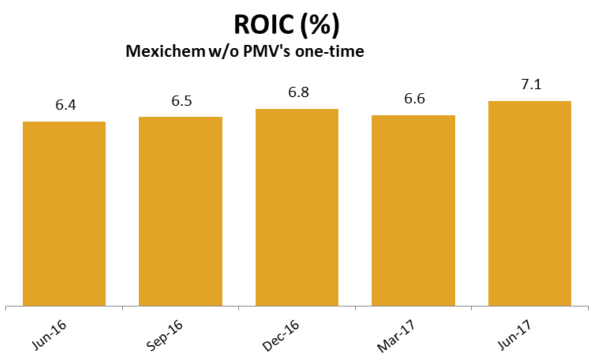


ROE: Net income / Equity average

ROIC: NOPAT/Equity + Liabilities with cost – Cash
Net income and NOPAT (EBIT-taxes) consider trailing twelve months.

Adjusted ROE and ROIC were as follows:





ROE:

Net income / Equity average:

ROIC: NOPAT/Equity + Liabilities with cost – Cash
Net income and NOPAT (EBIT-taxes) consider trailing twelve months.

OPERATING CASH FLOW HIGHLIGHTS

mm US$	Second Quarter			January - June		
	2017	2016	%Var.	2017	2016	% Var.
EBITDA	334	-27	N/A	541	175	209%
One time non-cash items	0	276	-100%	0	276	-100%
Adjusted EBITDA minus cash items*	334	249	34%	541	451	20%
Cash Tax	-40	-52	-23%	-70	-92	-24%
Net Interest	-37	-39	-5%	-73	-76	-4%
Bank Commissions	-8	-7	14%	-13	-12	8%
Exchange Rate Gains (Losses)	-16	-10	60%	-12	-14	-14%
Change in Trade Working Capital	-91	-12	658%	-233	-83	181%
Operating Cash Flow Before Capex	142	129	10%	140	174	-20%
CAPEX (Organic)	-47	-51	-8%	-95	-100	-5%
CAPEX (Total JV)	-24	-125	-81%	-86	-229	-62%
CAPEX JV (Oxy Share)	11	53	-79%	39	97	-60%
Net CAPEX(JV)	-13	-72	-82%	-47	-132	-64%
Total CAPEX (Organic & JV)	-60	-123	-51%	-142	-232	-39%
Cash Flow	82	6	1267%	-2	-58	-97%
Dividends	-26	-14	84%	-52	-28	86%
Free Cash Flow	56	-8	N/A	-54	-86	-37%

- Operating cash flow before Capex grew 10% in the quarter due the increase in EBITDA, the reduction in cash taxes and net interest, and helped offset the increase in working capital needs during the period. Working capital needs in the quarter increased vs 2Q16 due to the start-up of the cracker JV in Texas, higher PVC and refrigerant gas prices, which increased accounts receivable and inventories.

- Capital expenditures in 2Q17 decreased by 51% to $60 million, $11 million of which was invested in the ethylene cracker, $2 million as carryover in PMV, and $47 million allocated to organic projects.

As of June 30, 2017, Mexichem completed the equity investment in its JV ethylene cracker with OxyChem.

NET WORKING CAPITAL

mm US$	2017 Variation		
	Jun 2017	Dec 2016	Δ ($)
Working Capital	417	184	-233

As of June 30, 2017, working capital needs increased by $233 million compared to December 2016. This is $150 million higher than the change in working capital from June 2016 to December 2015 for the reasons described above.

FINANCIAL DEBT

	Last Twelve Months	
	Jun 2017	Dec 2016
Net Debt USD million	1,588	1,587
Net Debt / EBITDA 12 M	1.3x	1.8x
Net Debt / Adj EBITDA 12 M	1.6x	1.7x
Interest Coverage	6.5x	4.6x
Adj Interest Coverage	5.3x	4.8x
Outstanding Shares (Million)	2,100	2,100

Net debt USD includes $1.2 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.

Total financial debt as of June 30, 2017 was $2.3 billion, plus $1.2 million in letters of credit with maturities of more than 180 days for a total financial debt of $2.3 billion, while cash and cash equivalents totaled $735 million, resulting in net financial debt of $1.6 billion.

The Net Debt/EBITDA ratio was 1.3x at June 30, 2017, while Interest Coverage was 6.5x. The Net Debt /Adjusted EBITDA ratio was 1.6x and Adjusted Interest Coverage was 5.3x. Adjusted EBITDA in this case excludes the on-time charge accrued in 2Q16, the one-time benefit net of expenses accrued in 3Q16, and the benefit from our assembly insurance coverage included in the property policy at the PMV plant that was recognized in 4Q16.

CONSOLIDATED BALANCE SHEET

	mm US$	
Balance Sheet	**Jun 2017**	**Dec 2016**
Total assets	**8,836**	**8,355**
Cash and temporary investments	735	714
Receivables	1,183	848
Inventories	713	606
Others current assets	414	393
Long term assets	5,791	5,794
Total liabilities	**5,022**	**4,773**
Current portion of long-term debt	52	58
Suppliers	1,479	1,270
Other current liabilities	647	658
Long-term debt	2,270	2,241
Other long-term liabilities	574	546
Consolidated shareholders 'equity	**3,814**	**3,582**
Minority shareholders 'equity	974	904
Majority shareholders 'equity	**2,840**	**2,678**
Total liabilities & shareholders 'equity	**8,836**	**8,355**

Financial Assets

On April 20th, 2016, an explosion occurred in the VCM plant inside the Petrochemical Complex Pajaritos, where two of the three facilities of PMV are located (VCM and Ethylene). The chlorine and caustic soda plant is located on a separate site. There was no damage to the chlorine-caustic soda plant, but there was business interruption in the supply of raw material. The VCM plant (Clorados III) is the one that sustained most of the damage, the major economic impact of which was the write-off of the asset and the shutdown of that plant.

Mexichem's assets including those in PMV are adequately insured at today's replacement value, while the related non-cash charge was calculated at book value. The Company's insurance coverage includes: i) environmental responsibility, ii) damage to property, iii) damage to assets during assembly process, iv) business interruption, v) liability for damage to third parties, and vi) liability of directors and officers.

During FY16 PMV recognized charges of: i) $285 million related to asset write-off, of which $276 million were recognized in other expenses and $9 million recognized in other comprehensive income (equity), respectively; and ii) $42 million related to amounts of indemnifications, legal expenses, and other costs. Together this represented a charge in our P&L of $318 million and $9 million to our Balance Sheet. Additionally, during the 1H17 we recognized $4.5 million of other expenses related to PMV incident.

During the third quarter of 2016, PMV gathered sufficient information to decide to recognize the account receivable related to insurance coverage, which for the full year amounted to $276 million related to property damage ($220 million), assembly insurance coverage ($20 million), and third party expenses and expenses incurred under directors' and officers' coverage ($36 million). The one-time expenses were offset by the full year account receivable which generated a net expense effect of $42 million. During 1H17 we add to the account receivable we recognized during 3Q16 and 4Q16, the $4.5 million expenses mentioned in previous paragraph.

Finally, during FY16, 1Q17 and 2Q17 PMV and Resins, Compounds and Derivatives recognized income of $51 million, $17 million and $14 million, respectively, for business interruption that offset fixed costs that were not absorbed and its margin.

PMV has presented its claims to its insurance companies. During 2Q17 Mexichem received $25 million on its insurance claims, but the vast majority of them have yet to be recovered.

Contingent Asset

PMV together with its shareholders, Mexichem & Pemex, are evaluating several strategic options for the business in the future, which is why the Company adopted a conservative policy with respect to the monetary amount recognized in the account receivable, reflecting the stated cash value of the plant as of December 31st, 2015. When the business plan is finalized, the exact dollar amount of the account receivable could change.

Contingent Liability

As a result of the VCM Plant (Clorados III) incident described in the contingent asset disclosure, PMV performed an environmental assessment to determine if any pollutants were deposited in areas surrounding the facility, delivered the report to the environmental authorities and is working with them in order to determine, if any, the environmental damages. Also, PMV could be responsible for third party injuries, if any. Based on the information the Company has as of this report, there is no evidence that there are additional relevant liabilities.

As mentioned previously, depending on the decision taken by PMV and its shareholders, once the future of the business is determined PMV will evaluate the impacts on the rest of its assets in the Pajaritos Complex. The remaining fixed asset value of the PMV's plants inside Pajaritos Complex was $201 million as of June 30, 2017.

CONSOLIDATED INCOME STATEMENT

mm US$	Second Quarter			
INCOME STATEMENT	**2017**	**2016**	**2016 w/o One time item**	**%**
Net sales	1,464	1,420	1,420	3%
Cost of sales	1,083	1,060	1,060	2%
Gross profit	**381**	**360**	**360**	**6%**
Operating expenses	152	469	183	-17%
Operating income	**229**	**(109)**	**177**	**29%**
Financial cost	74	42	42	76%
Equity in income of associated entity	-	(3)	(3)	-100%
Income (loss) from continuing operations before income tax	**155**	**(148)**	**137**	**13%**
Cash tax	40	52	52	-23%
Deferred taxes	23	(78)	(5)	N/A
Income tax	**63**	**(26)**	**47**	**34%**
Income (loss) from continuing operations	**92**	**(122)**	**90**	**2%**
Discontinued operations	-	(1)	(1)	-100%
Consolidated net income (loss)	**92**	**(123)**	**89**	**3%**
Minority stockholders	25	(96)	(2)	N/A
Net Income (loss)	**67**	**(27)**	**92**	**-27%**
EBITDA	**334**	**(27)**	**259**	**29%**

mm US$	January - June			
INCOME STATEMENT	**2017**	**2016**	**2016 w/o One time item**	**%**
Net sales	2,859	2,678	2,678	7%
Cost of sales	2,180	2,021	2,021	8%
Gross profit	**679**	**657**	**657**	**3%**
Operating expenses	327	644	358	-9%
Operating income	**352**	**13**	**299**	**18%**
Financial cost	119	85	85	40%
Equity in income of associated entity	(1)	(4)	(4)	-75%
Income (Loss) from continuing operations before income tax	**234**	**(68)**	**217**	**8%**
Cash tax	70	92	92	-24%
Deferred taxes	18	(96)	(23)	N/A
Income tax	**88**	**(4)**	**69**	**28%**
Income (Loss) from continuing operations	**145**	**(64)**	**148**	**-2%**
Discontinued operations	-	(1)	(1)	-100%
Consolidated net income (loss)	**145**	**(65)**	**147**	**-1%**
Minority stockholders	26	(96)	(2)	N/A
Net Income (Loss)	**119**	**31**	**149**	**-20%**
EBITDA	**541**	**175**	**461**	**17%**

OPERATING RESULTS BY BUSINESS GROUP

VINYL Business Group (40% and 44% of Mexichem's sales (before eliminations) and EBITDA respectively, in 2017)

mm US$	Second Quarter			January - June		
Vinyl	2017	2016	%Var.	2017	2016	% Var.
Volume (K Tons)	638	626	2%	1,283	1,261	2%
Total Sales	572	500	14%	1,171	998	17%
Operating Income	93	-240	N/A	149	-194	N/A
Adjusted Operating Income**	93	46	102%	149	92	62%
EBITDA	148	-207	N/A	236	-128	N/A
Adjusted EBITDA**	148	78	90%	236	157	50%

*Intercompany sales were $52 million and $32 million in 2Q17 and 2Q16, respectively. 1H17 and 1H16 intercompany sales were $96 million and $73 million, respectively. ** Adjusted operating income and adjusted EBITDA excludes the write-off on PMV

mm US$	Second Quarter			January - June		
Resins, Compounds & Derivatives	2017	2016	%Var.	2017	2016	% Var.
Volume (K Tons)	573	539	6%	1,151	1,091	5%
Total Sales	558	486	15%	1,141	972	17%
Operating Income	86	47	83%	135	90	50%
EBITDA	135	73	85%	211	142	49%

*Intercompany sales were $59 million and $42 million in the 2Q17 and 2Q16, respectively. Of these amounts $8 million and $10 million were invoiced to PMV in 2Q17 and 2Q16, respectively. 1H17 and 1H16 intercompany sales were $110 million and $91 million, respectively; of these amounts $14 million and $18 million were invoiced to PMV.

mm US$	Second Quarter			January - June		
PMV	2017	2016	%Var.	2017	2016	% Var.
Volume (K Tons)	72	113	-36%	147	255	-42%
Total Sales	24	32	-25%	47	76	-38%
Operating Income	7	-287	N/A	14	-284	N/A
Adjusted Operating Income**	7	-1	N/A	14	2	600%
EBITDA	13	-280	N/A	25	-270	N/A
Adjusted EBITDA**	13	5	160%	25	16	56%

*Intercompany sales invoiced to Resins, Compounds and Derivatives were $1.6 million and $9 million in 2Q17 and 2Q16, respectively. And, as of 1H17 and 1H16 were $2.9 million and $31 million, respectively. ** Adjusted operating income and adjusted EBITDA exclude the write-off

In 2Q17, the Vinyl Business Group reported a 2% increase in volumes, and 14% growth in sales to $572 million. This growth was the result of improved market dynamics for PVC characterized by better PVC prices when compared to 2Q16 and higher demand that product, notably in Asia and Europe, and the integration of Vinyl Compounds to our Compounds business.

EBITDA for the Vinyl Business Group was $148 million, compared to negative $207 million in 2Q16, when one-time charges of $286 million associated to PMV incident were recognized. EBITDA increased 90%, compared to the adjusted EBITDA of 2Q16. This growth is a result of the improved trends mentioned above, a better product mix, efficiencies in our operations and the benefits of our increased vertical integration across the ethane to PVC value chain due to the start of commercial operations of our JV ethylene cracker in Texas. EBITDA margin was 25.9% in 2Q17.

In 2Q17, Resins, Compounds and Derivatives volumes, revenues and EBITDA increased 6%, 15% and 85%, respectively, to 556 million tons, $558 million and $135 million from 2Q16 levels. Revenues benefited from better PVC market conditions (demand growth and prices), the pass through on Compound prices and our strategic acquisition of Vinyl Compounds. EBITDA benefited mainly from the decrease in our PVC cost of production due to our increased vertical integration and its associated benefits in Vinyl Business Group. Operating income for Resins, Compounds and Derivatives was $86 million, an increase of 83% from the second quarter of 2016.

In 2Q17, PMV sales were $24 million, the majority of which came from our chlorine-caustic soda operations. Reported EBITDA in PMV was $13 million in 2Q17, which reflects the recognition of $14 million related to business interruption coverage.

In the 1H17, the Vinyl Business Group's sales increased 17% due to higher volumes and prices on resins, compounds and derivatives. EBITDA was $236 million, 50% higher than in 2Q16 on an adjusted basis, mainly as a consequence of better PVC trends and due to our increased vertical integration across the ethane to PVC value chain and its associated benefits, implying a 20.2% EBITDA margin, while in 2Q16 Adjusted EBITDA Margin was 15.7%

FLUENT Business Group (50% and 37% of Mexichem's sales (before eliminations) and EBITDA, respectively, in 1H2017)

mm US$	Second Quarter			January - June		
Fluent	**2017**	**2016**	**%Var.**	**2017**	**2016**	**% Var.**
Sales	770	791	-3%	1,472	1,453	1%
Fluent LatAm	267	277	-4%	539	525	3%
Fluent Europe	351	373	-6%	652	666	-2%
Fluent US /Canada	125	105	19%	225	189	19%
Fluent AMEA	37	38	-3%	74	78	-5%
Intercompany Eliminations	-10	-2	400%	-18	-5	260%
Operating Income	90	91	-1%	132	143	-8%
EBITDA	124	125	-1%	202	209	-3%

In 2Q17, the Fluent Business Group's sales were $770 million, a 3% decline compared to the $791 million reported one year ago. Sales in Fluent US/Canada, grew 19%, reflecting favorable market conditions, the growth in the Datacom industry and the integration of Gravenhurst operations. Operations in LatAm, Europe and AMEA have been impacted by several challenging economic factors in Brazil, Colombia and India and the FX impact in Europe, as well as by the $6 million reorganizational charges. The Fluent Business Group has continued to take actions to diversify its end markets.

2Q16	mm US$	2Q17		2Q17	2Q17/2Q16
Sales		Sales	FX	Total	% Var
277	Fluent LatAm	267	-13	254	-8%
373	Fluent Europe	351	20	371	-1%
105	Fluent US/Canada	125	0	125	19%
38	Fluent AMEA	37	-1	36	-5%
-2	Intercompany Eliminations	-10	0	-10	400%
791	Total	770	6	776	-2%

On a constant currency basis, total sales in the Fluent Business Group would have been $776 million, a 2% decline year-over-year, as the appreciation of the Brazilian Real helped to offset the negative impact of the depreciation of certain currencies in Europe such as the British Pound, the Euro and the Turkish Lira compared to 2Q16

Second quarter EBITDA was $124 million, a 1% decrease, in part due to $6 million in expenses related to reorganization in LatAm and Europe. EBITDA margin in Fluent Europe was 14.6% in the quarter, reaching its highest margin since the Wavin integration into Mexichem. Fluent´s Consolidated EBITDA margin was 16.1%, up 30 bps from 15.8% in 2Q16. Operating income decreased 1% to $90 million.

On a constant currency basis, EBITDA decreased 2% to $123 million, and EBITDA margin would be 15.9%, as the appreciation of the Brazilian Real helped to offset the negative impact of the depreciation of some currencies like the British Pound, Euro and Turkish Lira when compared to 2Q16

In the first six months of 2017 on a currency neutral basis, revenues grew 2%, while reported revenues increased 1%. This is mainly explained by the FX effect as follows:

1H16	mm US$	1H17		1H17	1H17/1H16
Sales		Sales	FX	Total	% Var
525	Fluent LatAm	539	-23	516	-2%
666	Fluent Europe	652	40	692	4%
189	Fluent US/Canada	225	0	225	19%
78	Fluent AMEA	74	-1	73	-6%
-5	Intercompany Eliminations	-18	0	-18	260%
1,453	Total	1,472	16	1,488	2%

EBITDA declined 3% compared to 1H16 due to the abovementioned effects and the lag time in passing through cost increases as reported in 1Q17, as well as $9 million reorganizational expenses associated with the streamlining of our structure. EBITDA margin was 13.7%.

Excluding the US dollar exchange rate effect, which totaled $2 million in 1H17, EBITDA would have decreased 2% in 2017, implying an EBITDA margin of 13.7%.

FLUOR BUSINESS GROUP (11% and 23% of Mexichem's sales (before eliminations) and EBITDA, in 2017)

	Second Quarter			January - June		
Fluor	**2017**	**2016**	**%Var.**	**2017**	**2016**	**% Var.**
Sales	179	165	8%	318	304	5%
Operating Income	59	54	9%	97	89	9%
EBITDA	73	66	11%	123	114	8%

In 2Q17, the Fluor Business Group reported an 8% increase in sales, mainly reflecting a significant increase in refrigerant gas prices as a result of the ITC resolution announced by Mexichem on March 23th, 2017. Refrigerant gas prices in Europe also show positive trends due to constraints in the market due to the F-Gas quota system.

In the upstream part of the business we continued to successfully diversify end markets.

EBITDA grew 11% year-over-year to $73 million, implying an EBITDA margin of 40.8%. Operating income was $59 million, a 9% year-over-year increase.

Revenues were up 5% in the first half of 2017 at $318 million, YTD EBITDA increased by 8% to $123 million while EBITDA margin increased 120 bps to 38.7% from 37.5% in 1H16. In the first six months of 2017, operating income has grown 9% to $97 million.

Clarifications

- As reported in 4Q16, as part of our core strategy of shifting to higher margin products in our Fluent Business Group, at the end of 1Q16 we decided to exit from our pressure pipe business in the US, which impacted our Fluent US/ AMEA Business. This decision was made in order to shift our capacity from pressure pipes, where products have low margins to Datacom, where margins are higher. As a result, our 1Q16 consolidated figures and Fluent segment figures differ from those presented in this report. This is due to the reclassification of Fluent's pressure pipe business as discontinued operations, which had a net effect of $4 million, $7 million and $7 million on revenues and $1.4 million, $2.4 million and $2.3 million on EBITDA during 1Q16, 2Q16 and 3Q16, respectively.

- In 2016, Mexichem performed an analysis to determine whether the company is the "agent" or "principal" in terms of IAS 18 Revenue, in order to determine how freight costs should be recorded and reported on our P&L. The conclusion was that the company is "principal" and that freight costs should be included in Cost of Goods Sold (COGS) instead of Sales, General and Administrative Expenses (SG&A), as it was during the first three quarters of 2016 and in previous years. Consequently, in the fourth quarter of 2016, we reclassified the FY16 freight costs from SG&A to COGS.

  The freight costs related to the 1st, 2nd, 3rd and 4th quarters of 2016 were $73 million, $79 million, $78 million and $70 million, respectively. For the 2016 1st, 2nd, and 3rd quarters freight costs impacted 4Q16 COGS. This reclassification does not have any effect on EBITDA, but it does have an effect on reported gross profit.

  The restructured figures with the abovementioned effects are shown in Appendix I.

- Effective 1Q17, management has decided to separate reporting of the Fluent Group's US and AMEA operations. From this quarter forward we will report four business regions for Fluent, namely: LatAm. Europe, US and AMEA.

- As announced in our 4Q16 earnings report, Mexichem's Audit Committee and Board of Directors have authorized a change in the Company's accounting policy related to fixed asset valuation from the revaluation method to the historical cost recognition method. Effective in 1Q17, Mexichem reduced its fixed assets by $452 million, deferred taxes by $136 million and equity value by $316 million on its balance sheet by eliminating the revaluation value that has been accrued since Mexichem adopted IFRS in 2010. For comparative purposes, starting with this quarterly report, and during 2017, Mexichem will include Appendix I and Appendix II in its quarterly information showing the 2016 changes in depreciation on the Income Statement, as well as the changes in fixed assets, deferred taxes and equity value on its Balance Sheet as if the accounting policy change would have been authorized in 1Q16. Additional details are contained on page 25.

- On February 27th, Mexichem announced that its ethylene cracker 50/50 joint venture with Occidental Chemical Corporation (OxyChem), a subsidiary of Occidental Petroleum Corporation (NYSE:OXY), which is located at OxyChem's Ingleside, Texas complex, began operations on schedule and on budget. The ethylene cracker is currently in a production stabilization phase. The cracker, which will be operated by OxyChem, has the capacity to produce 1.2 billion pounds (550,000 metric tons) of ethylene per year and provide OxyChem with an ongoing source of ethylene for manufacturing vinyl chloride monomer (VCM), which Mexichem will use to produce polyvinyl chloride (PVC resin) and PVC piping systems. The companies have a 20-year supply agreement. Due to this, all the figures in this report include the results of Ingleside Ethylene, LLC.

RECENT EVENTS

For all the news please visit the following webpage http://www.mexichem.com/news/

Conference Call Details:

Mexichem will host a conference call to discuss its 2Q17 results on July 27, 2017 at 10:00 am Mexico City /11:00 NY. To access the call, please dial 001-855-817-7630 (Mexico), or 1-888-349-0106 (United States) or 1-412-902-0131 (International). All callers should dial in a minimum of 15 minutes prior to the start time and ask for the Mexichem conference call.

The call will also be available through an audio only live webcast until October 27, 2017. A replay of the call will be available approximately two hours after the end of the call. The replay can be accessed via Mexichem's website at www.mexichem.com

RECONCILIATION SUMMARY BY BUSINESS GROUP

Second Quarter 2017 Financial and Operating Highlights

Quarter	Sales			EBITDA			EBITDA Margin			EBITDA Adjusted			EBITDA Margin Adjusted		
mm US$	2Q16	2Q17	%Var.	2Q16	2Q17	%Var.	2Q16	2Q17	pbs	2Q16	2Q17	%Var.	2Q16	2Q17	pbs
Vinyl	500	572	14%	-207	148	-171%	-41.4%	25.9%	6,730	78	148	90%	15.6%	25.9%	1,030
Fluent	791	770	-3%	125	124	-1%	15.8%	16.1%	30	125	124	-1%	15.8%	16.1%	30
Fluor	165	179	8%	66	73	11%	40.0%	40.8%	80	66	73	11%	40.0%	40.8%	80
Energy	0	0		0	0					0	0				
Eliminations/ Holding	-36	-57	58%	-11	-11	0%				-10	-11	10%			
Mexichem Consolidated	**1,420**	**1,464**	**3%**	**-27**	**334**	**N/A**	**N/A**	**22.8%**	**N/A**	**259**	**334**	**29%**	**18.2%**	**22.8%**	**460**

2Q16	mm US$	2Q17		2Q17	2Q17/2Q16
Sales		Sales	FX	Total	% Var
500	Vinyl	572	8	580	16%
791	Fluent	770	6	776	-2%
1,291	**Ethylene (Vinyl + Fluent)**	**1,342**	**14**	**1,356**	**5%**
165	Fluor	179	5	184	12%
0	Energy	0	0	-	
-36	Eliminations / Holding	-57	0	-57	58%
1,420	**Total**	**1,464**	**19**	**1,483**	**4%**

2Q16	2Q16 Adjusted	mm US$	2Q17		2Q17	2Q17/2Q16
EBITDA	EBITDA		EBITDA	FX	Total	% Var
-207	78	Vinyl	148	1	149	91%
125	125	Fluent	124	-1	123	-2%
-82	**203**	**Ethylene (Vinyl + Fluent)**	**272**	**0**	**272**	**34%**
66	66	Fluor	73	1	74	12%
0	0	Energy	0	0	-	0%
-11	-10	Eliminations / Holding	-11	0	-11	10%
-27	**259**	**Total**	**334**	**1**	**335**	**29%**

Sub=Subtotal

First Half 2017 Financial and Operating Highlights

	Sales			EBITDA			EBITDA Margin			EBITDA			EBITDA Margin		
mm US$	1H16	1H17	%Var.	1H16	1H17	%Var.	1H16	1H17	pbs	1H16	1H17	%Var.	1H16	1H17	pbs
Vinyl	998	1,171	17%	-128	236	N/A	-12.8%	20.2%	3,300	157	236	50%	15.7%	20.2%	450
Fluent	1,453	1,472	1%	209	202	-3%	14.4%	13.7%	- 70	209	202	-3%	14.4%	13.7%	- 70
Fluor	304	318	5%	114	123	8%	37.5%	38.7%	120	114	123	8%	37.5%	38.7%	120
Energy	1	0		0	0					0	0				
Eliminations / Holding	-78	-102	31%	-20	-20	0%			-	-19	-20	5%			
Mexichem Consolidated	**2,678**	**2,859**	**7%**	**175**	**541**	**209%**	**6.5%**	**18.9%**	**1,240**	**461**	**541**	**17%**	**17.2%**	**18.9%**	**170**

1H16	mm US$	1H17		1H17	1H17/1H16
Sales		Sales	FX	Total	% Var
998	Vinyl	1,171	18	1,189	19%
1,453	Fluent	1,472	16	1,488	2%
2,451	**Ethylene (Vinyl + Fluent)**	**2,643**	**34**	**2,677**	**9%**
304	Fluor	318	9	327	8%
1	Energy	1	0	1	
-78	Eliminations / Holding	-103	0	-103	32%
2,678	**Total**	**2,859**	**43**	**2,902**	**8%**

1H16	1H16 Adjusted	mm US$	1H17		1H17	1H17/1H16
EBITDA	EBITDA		EBITDA	FX	Total	% Var
-128	158	Vinyl	236	2	238	51%
209	209	Fluent	202	2	204	-2%
81	**367**	**Ethylene (Vinyl + Fluent)**	**438**	**4**	**442**	**20%**
114	114	Fluor	123	2	125	10%
0	0	Energy	0	0	-	0%
-20	-20	Eliminations / Holding	-20	0	-20	0%
175	**461**	**Total**	**541**	**6**	**547**	**19%**

About Mexichem

Mexichem is a global leader in plastic piping and one of the world's largest chemical and petrochemical companies. It has more than 50 years of experience. The Company contributes to global development by delivering an extended portfolio of products to high growth sectors such as infrastructure, housing, datacom and water management, among others. With operations in 37 countries, 120 facilities worldwide and more than 18,000 employees, Mexichem has the rights to produce fluorspar in two mines in Mexico, as well as 8 formation academies and 15 R&D lab. Operations are divided into two value chains and three business units: Ethylene Chain: Vinyl and Fluent Business and Fluor Value Chain, which includes Fluor business group. Mexichem has annual revenues of US$5.4 billion and has been traded on the Mexican Stock Exchange for more than 30 years. The company is member of the Mexican Stock Exchange Sustainability Index and the sustainability emerging markets index FTSE4Good.

Forward-looking Statements

In addition to historical information, this press release 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 unfulfilment 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.

INDEPENDENT ANALYSTS

Currently, the following investment firms have analysts who cover Mexichem:

1. -Actinver
2. -Bank of America Merrill Lynch
3. -Banorte-Ixe
4. -Barclays
5. -BBVA Bancomer
6. -Bradesco BBI
7. -BTG Pactual
8. -Citigroup
9. -Credit Suisse
10. -GBM-Grupo Bursátil Mexicano
11. -Grupo Santander
12. -HSBC
13. -Intercam
14. -Invex Casa de Bolsa
15. -Interacciones
16. -ITAU BBA
17. -JP Morgan
18. -Morgan Stanley
19. -Monex
20. -UBS
21. -Vector

INTERNAL CONTROL

Mexichem's bylaws provide the existence of the Audit and Corporate Practices Committees, intermediate corporate organs constituted in agreement with the applicable law to assist the Board of Directors to carry on their functions. Through these committees and the external auditor it is given reasonable safety that transactions and company's acts are executed and registered in accordance with the terms and parameters set by the Board and directives of Mexichem, the applicable law and different general guidelines, criterion and IFRS (International Financial Reporting Standards).

APPENDIX I: CONSOLIDATED RESTRUCTURED FIGURES OF QUARTERLY RESULTS AS A CONSEQUENCE OF FLUENT BUSINESS GROUP'S DISCONTINUED OPERATIONS, FREIGHT RECLASSIFICATIONS AND FIXED ASSET ACCOUNTING POLICY CHANGES

CHANGES 1Q16

mm US$	Changes reported in 1Q16				
INCOME STATEMENT	**1Q16 reported**	**Disc.operations and freight reclassification**	**Fixed assets**	**Disc.operations, freight reclassification and fixed assets**	**1Q16 adjusted**
Net sales	1,262	(4)	-	(4)	1,258
Cost of sales	903	67	(8)	59	962
Gross Profit	**359**	**(71)**	**8**	**(63)**	**296**
Operating expenses	250	(72)	(3)	(75)	175
Operating Income	**109**	**1**	**11**	**12**	**121**
Financial cost	43	-	-	-	43
Equity income of associated entities	(1)	-	-	-	(1)
Income from continued operations before income tax	**67**	**1**	**11**	**12**	**79**
Cash tax	40	-	-	-	40
Deferred tax	(22)	1	4	5	(17)
Income Tax	**18**	**1**	**4**	**5**	**23**
Income from continued operations	**49**	**-**	**7**	**7**	**56**
Discontinued Operations	1	-	-	-	1
Net Consolidated Income	**50**	**-**	**7**	**7**	**57**
Minority Interest	(1)	-	-	-	(1)
Net Majority Income	**51**	**-**	**7**	**7**	**58**
EBITDA	**200**	**1**	**-**	**1**	**201**

CHANGES 2Q16

mm US$	Changes reported in 2Q16				
INCOME STATEMENT	**2Q16 reported**	**Disc.operations and freight reclassification**	**Fixed assets**	**Disc.operations, freight reclassification and fixed assets**	**2Q16 adjusted**
Net sales	1,427	(7)	-	(7)	1,420
Cost of sales	998	70	(8)	62	1,060
Gross Profit	**429**	**(77)**	**8**	**(69)**	**360**
Operating expenses	549	(79)	-	(79)	470
Operating Income	**(120)**	**2**	**8**	**10**	**(110)**
Financial cost	43	-	-	-	43
Equity income of associated entities	(3)	-	-	-	(3)
Income from continued operations before income tax	**(160)**	**2**	**8**	**10**	**(150)**
Cash tax	52	-	-	-	52
Deferred tax	(82)	1	2	3	(79)
Income Tax	**(30)**	**1**	**2**	**3**	**(27)**
Income from continued operations	**(130)**	**1**	**6**	**7**	**(123)**
Discontinued Operations	1	(1)	-	(1)	-
Net Consolidated Income	**(129)**	**-**	**6**	**6**	**(123)**
Minority Interest	(96)	-	-	-	(96)
Net Majority Income	**(33)**	**-**	**6**	**6**	**(27)**
EBITDA	**(29)**	**2**	**-**	**2**	**(27)**

CHANGES 3Q16

mm US$	Changes reported in 3Q16				
INCOME STATEMENT	**3Q16 reported**	**Disc.operations and freight reclassification**	**Fixed assets**	**Disc.operations, freight reclassification and fixed assets**	**3Q16 adjusted**
Net sales	1,400	(7)	-	(7)	1,393
Cost of sales	1,012	69	(8)	61	1,073
Gross Profit	**388**	**(76)**	**8**	**(68)**	**320**
Operating expenses	14	(79)	-	(79)	(65)
Operating Income	**374**	**3**	**8**	**11**	**385**
Financial cost	50	-	-	-	50
Equity income of associated entities	-	-	-	-	-
Income from continued operations before income tax	**324**	**3**	**8**	**11**	**335**
Cash tax	36	-	-	-	36
Deferred tax	57	1	2	3	60
Income Tax	**93**	**1**	**2**	**3**	**96**
Income from continued operations	**231**	**2**	**6**	**8**	**239**
Discontinued Operations	(7)	(2)	-	(2)	(9)
Net Consolidated Income	**224**	**-**	**6**	**6**	**230**
Minority Interest	69	-	-	-	69
Net Majority Income	**155**	**-**	**6**	**6**	**161**
EBITDA	**466**	**2**	**-**	**2**	**468**

CHANGES 4Q16

mm US$	Changes reported in 4Q16				
INCOME STATEMENT	**4Q16 reported**	**Disc.operations and freight reclassification**	**Fixed assets**	**Disc.operations, freight reclassification and fixed assets**	**4Q16 adjusted**
Net sales	1,260	18	-	18	1,278
Cost of sales	1,230	(205)	(10)	(215)	1,015
Gross Profit	**30**	**223**	**10**	**233**	**263**
Operating expenses	(122)	232	(1)	231	109
Operating Income	**152**	**(9)**	**11**	**2**	**154**
Financial cost	28	-	-	-	28
Equity income of associated entities	1	-	-	-	1
Income from continued operations before income tax	**123**	**(9)**	**11**	**2**	**125**
Cash tax	62	-	-	-	62
Deferred tax	(20)	(3)	5	2	(18)
Income Tax	**42**	**(3)**	**5**	**2**	**44**
Income from continued operations	**81**	**(6)**	**6**	**-**	**81**
Discontinued Operations	(5)	6	-	6	1
Net Consolidated Income	**76**	**-**	**6**	**6**	**82**
Minority Interest	11	-	-	-	11
Net Majority Income	**65**	**-**	**6**	**6**	**71**
EBITDA	**247**	**(6)**	**-**	**(6)**	**241**

CHANGES FY16

mm US$	Changes reported in 2016				
INCOME STATEMENT	**2016 reported**	**Disc.operations and freight reclassification**	**Fixed assets**	**Disc.operations, freight reclassification and fixed assets**	**2016 adjusted**
Net sales	5,349	-	-	-	5,349
Cost of sales	4,143	1	(34)	(33)	4,110
Gross Profit	**1,206**	**(1)**	**34**	**33**	**1,239**
Operating expenses	691	2	(4)	(2)	689
Operating Income	**515**	**(3)**	**38**	**35**	**550**
Financial cost	164	-	-	-	164
Equity income of associated entities	(3)	-	-	-	(3)
Income from continued operations before income tax	**354**	**(3)**	**38**	**35**	**389**
Cash tax	190	-	-	-	190
Deferred tax	(67)	-	13	13	(54)
Income Tax	**123**	**-**	**13**	**13**	**136**
Income from continued operations	**231**	**(3)**	**25**	**22**	**253**
Discontinued Operations	(10)	3	-	3	(7)
Net Consolidated Income	**221**	**-**	**25**	**25**	**246**
Minority Interest	(17)	-	-	-	(17)
Net Majority Income	**238**	**-**	**25**	**25**	**263**
EBITDA	**884**	**-**	**-**	**-**	**884**

APPENDIX II: CONSOLIDATED RESTRUCTURED FIGURES OF BALANCE SHEET BY QUARTER AS A CONSEQUENCE OF FIXED ASSET ACCOUNTING POLICY CHANGES

mm US$	Consolidated 2015	Adjustments	Consolidated 2015 Adjusted	Consolidated March 2016	Adjustments	Consolidated March 2016 Adjusted	Consolidated June 2016	Adjustments	Consolidated June 2016 Adjusted	Consolidated September 2016	Adjustments	Consolidated September 2016 Adjusted	Consolidated December 2016	Adjustments	Consolidated December 2016 Adjusted
Current Assets															
Cash and Cash equivalents	653	-	653	586	-	586	662	-	662	651	-	651	714	-	714
Net Account Receivable	884	-	884	975	-	975	988	-	988	1,277	-	1,277	1,181	-	1,181
Other current assets	698	-	698	716	-	716	702	-	702	704	-	704	644	-	644
Assets held for sale	17	-	17	16	-	16	15	-	15	15	-	15	21	-	21
Total Current Assets	**2,252**	**-**	**2,252**	**2,293**	**-**	**2,293**	**2,367**	**-**	**2,367**	**2,647**	**-**	**2,647**	**2,560**	**-**	**2,560**
Property, plant and equipment	4,203	(471)	3,732	4,305	(462)	3,843	4,167	(456)	3,711	4,213	(450)	3,763	4,202	(452)	3,750
Net other assets	2,215	-	2,215	2,242	-	2,242	2,228	-	2,228	2,222	-	2,222	2,044	-	2,044
Total Assets	**8,670**	**(471)**	**8,199**	**8,840**	**(462)**	**8,378**	**8,762**	**(456)**	**8,306**	**9,082**	**(450)**	**8,632**	**8,806**	**(452)**	**8,354**
Current Liabilities															
Bank loans and current portion of long-term debt	44	-	44	61	-	61	62	-	62	64	-	64	58	-	58
Suppliers and letters of credit of suppliers	1,201	-	1,201	1,240	-	1,240	1,244	-	1,244	1,292	-	1,292	1,270	-	1,270
Other current liabilities	554	-	554	513	-	513	604	-	604	558	-	558	645	-	645
Liabilities associated with asset held for sale	20	-	20	16	-	16	15	-	15	18	-	18	13	-	13
Total Current Liabilities	**1,819**	**-**	**1,819**	**1,830**	**-**	**1,830**	**1,925**	**-**	**1,925**	**1,932**	**-**	**1,932**	**1,986**	**-**	**1,986**
Bank loans and long-term debt	2,291	-	2,291	2,280	-	2,280	2,264	-	2,264	2,249	-	2,249	2,241	-	2,241
Long-term other liabilities	882	(142)	740	931	(137)	794	815	(135)	680	889	(132)	757	682	(136)	546
Total Liabilities	**4,992**	**(142)**	**4,850**	**5,041**	**(137)**	**4,904**	**5,004**	**(135)**	**4,869**	**5,070**	**(132)**	**4,938**	**4,909**	**(136)**	**4,773**
Capital stock	1,755	-	1,755	1,755	-	1,755	1,755	-	1,755	1,755	-	1,755	1,755	-	1,755
Retained earnings	1,007	256	1,263	1,074	263	1,337	1,036	269	1,305	1,192	274	1,466	1,126	281	1,407
Other comprehensive income	140	(569)	(429)	154	(572)	(418)	192	(575)	(383)	176	(577)	(401)	98	(582)	(484)
Controlling interest	**2,902**	**(313)**	**2,589**	**2,983**	**(309)**	**2,674**	**2,983**	**(306)**	**2,677**	**3,123**	**(303)**	**2,820**	**2,979**	**(301)**	**2,678**
Non-controlling interest	776	(16)	760	816	(16)	800	775	(15)	760	889	(15)	874	918	(15)	903
Total stockholders' equity	**3,678**	**(329)**	**3,349**	**3,799**	**(325)**	**3,474**	**3,758**	**(321)**	**3,437**	**4,012**	**(318)**	**3,694**	**3,897**	**(316)**	**3,581**