Mexichem Reports 2016 Third Quarter and Nine Month Results

Tlalnepantla de Baz, State of Mexico, October 26, 2016 - Mexichem, S.A.B. de C.V. (BMV: MEXCHEM*) ("the Company" or "Mexichem") today announced its unaudited results for 3Q16. The figures have been prepared in accordance with International Financial Reporting Standards ("NIIF" or "IFRS"), IAS 34, interim financial reporting though the accounting policies and methods are consistent with the annual consolidated financial statements as of December 31st, 2015, 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.

Given that Mexichem's reported earnings results (including the impact of the incident at PMV's VCM plant) differ substantially from its reported operating results (without the impact), for clarification purposes this report contains reported EBIT, EBITDA and net income including the one-time net benefit related to PMV´s VCM plant, as well as *Adjusted EBIT, EBITDA and net income which exclude that effect. Additional details are contained on page 9.

.Third Quarter 2016 Financial and Operating Highlights

- **Reported EBITDA including $224 million in one-time net benefit related to PMV´s VCM plant, was $466 million. Adjusted EBITDA which excludes this effect was $242 million**
- **Consolidated Adjusted EBITDA margin expanded over 111 bps to 17.3%, reflecting higher margins across all key business units**
- **Reported net majority income was $155 million; adjusted net majority income increased 25% to $68 million,**
- **Reported revenue and EBITDA were $1.4 billion and $466 million respectively, and adjusted on a constant currency basis were $1.42 billion and $470 million, respectively. See more p 14**

Establishes Canadian Presence through Acquisition of Gravenhurst Plastics

Company on Track to Reach Guidance of Approximately $900 Million in Adj EBITDA for 2016

CONSOLIDATED SELECTED FINANCIAL RESULTS

	Third Quarter			January - September		
Consolidated (mm US$)	**2016**	**2015**	**%Var.**	**2016**	**2015**	**% Var.**
Net Sales	1,400	1,446	-3%	4,090	4,408	-7%
Operating Income	374	138	172%	363	401	-10%
EBITDA	466	234	99%	637	698	-9%
EBITDA margin	33.3%	16.2%	1,709	15.6%	15.8%	- 26
Net Majority Income	155	54	187%	173	137	26%
Operating cash flow before Capex	170	217	-22%	308	417	-26%
Total CAPEX (organic & JV)	-87	-216	-60%	-320	-467	-32%
Free Cash Flow*	70	-14	N/A	-53	-99	-46%
Adjusted Operating Income*	150	138	9%	424	401	6%
Adjusted EBITDA*	242	234	3%	699	698	0%
Adjusted EBITDA Margin*	17.3%	16.2%	111	17.1%	15.8%	125
Adjusted Net Maj Income*	68	54	25%	204	137	49%

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Nine Month 2016 Financial and Operating Highlights

- **Reported EBITDA including $224 million in one-time benefit related to PMV´s VCM plant was $637 million; Adjusted EBITDA was $699 million**
- **Consolidated Adjusted EBITDA margin expanded over 125 bps to 17.1%, reflecting higher margins across key business units**
- **Reported net majority income was $173 million, and adjusted net majority income increased by 49% to $204 million y-o-y.**
- **LTM ROE and ROIC were 3.7% and 5.1% while adjusted LTM ROE and ROIC was 5.1% and 5.7% respectively.**
- **Reported sales and EBITDA were $4.1 billion, and $637 million respectively, and adjusted on a constant currency basis were $4.3 million and $746 million, respectively. See more p 14.**

MANAGEMENT COMMENTARY

Mexichem continued to perform well in the third quarter, demonstrating the ability to expand EBITDA margins and profitability levels within a period of challenging market conditions. The accomplishments of the third quarter and first nine months of this year underscore the strength of our strategic initiatives to expand Mexichem's portfolio of specialty products, diversify our end-markets and geographic footprint, and develop profitable cross-sell opportunities, all with a view toward increasing companywide returns.

Results by Business Group were in line with our expectations and reflected the resilience and stability that has characterized Mexichem throughout 2016. Each of our key operating segments posted improved EBITDA margin performance. Resins, Compounds and Derivatives, which accounted for 97% of our Vinyl unit's sales, benefited from higher volumes this quarter particularly in Europe. Successful end market diversification in our Fluor Group and higher pricing for certain upstream products enabled us to expand margins despite volume declines. In Fluent, a more favorable product mix resulted in higher margins, overcoming a sales decline that was primarily due to currency fluctuations.

In sum, Mexichem's third quarter results put us on track to reach our full year EBITDA guidance of approximately $900 million, an important achievement given the difficult industry conditions we faced, the loss of VCM and ethylene production at PMV and the effect of the U.S. dollar appreciation, which significantly reduced our reported revenues and EBITDA in the first nine months of this year. Additionally, our financial metrics and ratios continue to improve. Capital expenditures have declined substantially. Our equity contribution in our Texas- based ethylene cracker at the end of 3Q16 was 87%. Our free cash flow almost doubled in the third quarter and will continue to increase; and our net debt/adjusted EBITDA improved to 1.8x.

Today, we announced an acquisition of Gravenhurst Plastics Ltd. (GPL), a privately- held Canadian plastic pipe manufacturer company based in Gravenhurst, Ontario (outside Toronto) with a secondary location in Temiskaming. This transaction is emblematic of our strategy to expand our portfolio of value-added specialty products for the datacom industry and to enter new markets through strategic initiatives.

Based on our current visibility, we believe that Mexichem is positioned for significant revenue growth in 2017. The key contributor will be our ethylene cracker, which is scheduled to come on line in the first quarter and to continue to ramp throughout the year. Other organic growth initiatives include expanding our compounds business, moving forward with pilot programs in Fluor, creating sales synergies amongst our business units and innovating and expanding our product portfolios. Additionally, with the major capital expenditure program behind us, we will consider bolt-on acquisitions, similar to the one announced today that will serve as a platform for Mexichem products in new geographies and with new customers and end markets. The contribution from revenue growth, as well as favorable product mix and ongoing operating efficiencies are expected to result in strong EBITDA performance and higher returns in 2017.

Clarifications

In the fourth quarter of 2015 the Company completed a restructuring process in its Fluor Business Group resulting in a total of $49.9 million being reported as "discontinued operations" in full year 2015 results, in accordance with the IFRS regulations. Year-on-year figures in this report are not comparable given that results reported in the 1st, 2nd, and 3th quarters of 2015 include the operations that were discontinued in 4Q15; Appendix I attached to this report contains comparable figures for each quarter of 2016 vs 2015.

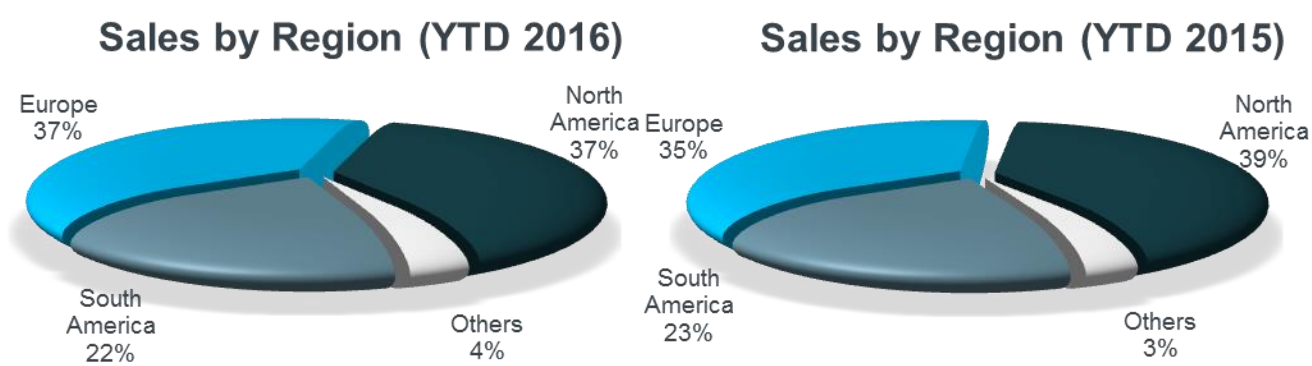
During the first nine months of 2016 we performed an analysis which has led us to present the elimination of investment in subsidiaries under the heading "Other Asset" by Business Group instead of "Consolidated Eliminations". The comparative information by segment following this reclassification is included in Appendix II.

REVENUES

Third quarter 2016 reported revenues were $1.4 billion, $46 million or 3% below last year's levels. Approximately one-half of the decline or $24 million was due to the appreciation of the U.S. dollar against most of our other operating currencies The remainder was due to the net effect of lower sales volumes in Fluor and weaker U.S. demand for Fluent's oil and gas pressure pipes, partially offset by the slightly higher revenues in our Vinyl Group mainly in Europe, which experienced strong and consistent demand.
On a constant currency basis, total sales would have decreased 2% year-on-year.

Revenues for 9M16 were $4 billion, or 7% below 2015 levels. Foreign currency translations accounted for 60.4% of the decline. On a constant currency basis, total sales would have decreased 3% year-on-year.

SALES BY REGION



The United States represented 17% of total sales for the first nine months of 2016, Brazil accounted for 6%, and the UK and Germany represented 8% and 13%, respectively.

EBITDA AND ADJUSTED EBITDA

Reported EBITDA for 3Q16 was $466 million inclusive of PMV's one-time benefit of $224 million, compared to $234 million in 3Q15, and Adjusted EBITDA for the quarter was $242 million, an increase of 3% y-o-y, primarily reflecting the strong performance in our Resins, Compounds and Derivatives business within our Vinyl Business Group and the absence of the hedging strategy loss that impacted last year's third quarter.

These positive factors were offset the strength of the U.S. dollar globally. On a constant currency basis Adjusted EBITDA would have increased 5% to $247 million. Adjusted EBITDA margin expanded by 111 bps to 17.3%

from 16.2%, benefitting from a combination of the previously mentioned factors, and lower input costs for certain products in our Vinyl Group and a more favorable product mix in Fluent.

For the first nine months of 2016, Adjusted EBITDA was $699 million, flat with the $698 million reported in 9M15, despite a $48 million negative foreign exchange impact in the 2016 period. On a constant currency basis, nine month 2016 Adjusted EBITDA would have increased 7% to $746 million.

OPERATING INCOME AND ADJUSTED OPERATING INCOME

Including the one-time benefit related to PMV´s VCM plant, the Company reported operating income for the third quarter of $374 million. Adjusted operating income was $150 million, 9% higher than in 3Q15, and adjusted operating margin expanded 123 bps to 10.7%. These results were due to the above-mentioned factors. See additional details on page 9.

FINANCIAL COSTS

In 3Q16, financial costs decreased 9% to $50 million from $55 million in 3Q15 which included $14 million in losses related to a Euro-denominated intercompany loan, which the company did not have in 3Q16 as the position was hedged in 4Q15. The 27% decline in nine month 2016 financial costs reflected this impact as well as lower FX losses.

TAXES

Cash tax in 3Q16 was 21% lower compared to 3Q15 mainly due to a 10% reduction in fluorspar volume lowered the mining tax.

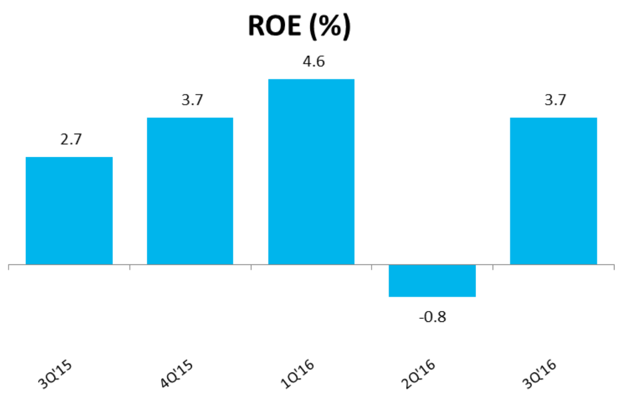
Reported deferred taxes increased $73 million mainly as a consequence of the recognition of the $252 million account receivable net of $28 million in expenses for the 3Q16 related to the insurance claim associated with the PMV incident.

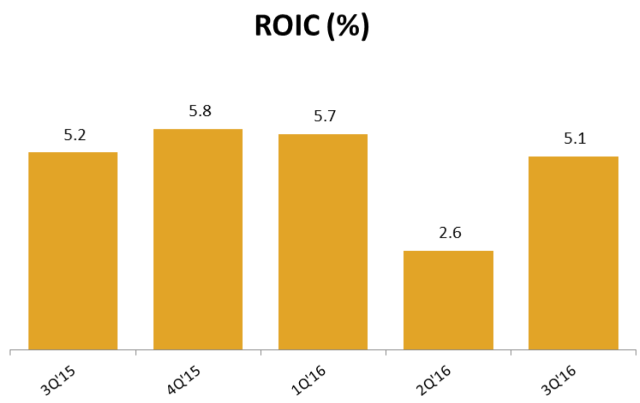
The Company's reported effective tax rates for the third quarter and first nine months of 2016 were 29% and 35%, respectively; adjusted for the PMV´s one-time benefit the effective tax rates were 26% and 29%, respectively.

MAJORITY INCOME (LOSS)

In 3Q16, the Company reported net majority income of $155 million compared to a profit of $54 million in 3Q15, while adjusted net majority income was $68 million, an increase of 25%. For the first nine months of 2016, the Company reported net majority income of $173 million inclusive of the related PMV one-time benefit; adjusted net majority income was $204 million or an increase of 49% compared to $137 million in 9M15.

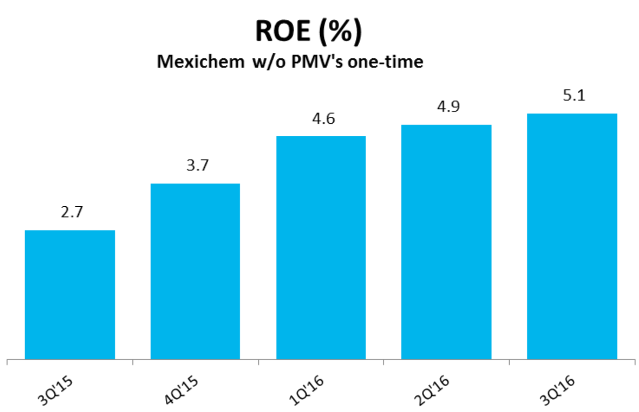
ROE and ROIC 3Q16 were as follows:

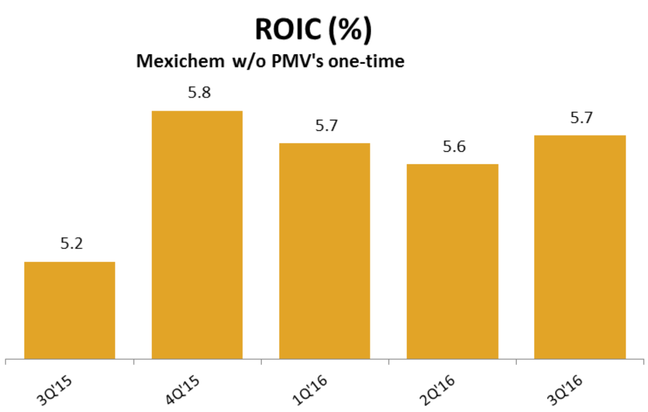




ROE: Net income / equity average: ROIC: NOPAT/Equity + Liabilities with cost – cash
Net income and NOPAT (EBIT-taxes) consider trailing twelve months.

Adjusted ROE and ROIC 3Q16 are 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 –

	Third Quarter			January - September		
	2016	2015	%Var.	2016	2015	% Var.
EBITDA	466	234	99%	637	698	-9%
One time non-cash Items	-220	0		25	0	
Cash Tax	-36	-46	-21%	-128	-128	0%
Net Interest	-43	-45	-6%	-125	-134	-6%
Bank Commissions	-3	-4	-12%	-9	-13	-34%
Monetary position and Exchange loss	-4	-28	-87%	-18	-47	-61%
Change in Trade Working Capital	10	106	-91%	-74	41	N/A
Operating cash flow before Capex	170	217	-22%	308	417	-26%
CAPEX (organic)	-50	-72	-31%	-150	-180	-17%
CAPEX (Total JV)	-70	-272	-74%	-299	-526	-43%
CAPEX JV (OXY SHARE)	32	128	-75%	129	240	-46%
NET CAPEX JV	-37	-144	-74%	-170	-286	-41%
Total CAPEX (organic & JV)	-87	-216	-60%	-320	-467	-32%
Cash Flow	84	1	7354%	-11	-50	-78%
Dividends	-14	-15	-6%	-42	-49	-14%
Free Cash Flow	70	-14	N/A	-53	-99	-46%

- The decline in operating cash flow before capital expenditures was mainly due to working capital management. In 3Q15, Mexichem reduced its working capital needs by $106 million compared to 3Q14, and in the 3Q16 working capital needs were reduced by an additional $10 million from 3Q15 levels, demonstrating Mexichem's continued ability to operate with significantly reduced working capital requirements. The increase in working capital requirements in the first nine months of this year compared to the similar period last year reflects the seasonality of our business, particularly relating to Fluent's USA/Canada and European operations, where working capital requirements are higher in the first half of the year and decline in the second half.

Capital expenditures in 3Q16 decreased 60% to $87 million, $32 million of which was invested in the ethylene cracker, $6 million as carry over in PMV, and $50 million allocated to organic projects.

As of September 30, 2016, Mexichem's equity investment in the ethylene cracker reached $657 million. This amount represents 87% of the total equity investment that Mexichem contracted for with OxyChem to gain a 50% stake in the joint venture.

NET WORKING CAPITAL

	2016 Variation			2015 Variation		
	sep-16	dec-15	Δ ($)	sep-15	dec-14	Δ ($)
Net Working Capital	319	246	-74	526	566	41

The Net Working Capital balance as of September 30, 2016 when compared to the same period last year reflected a $207 million decline in working capital requirements.

FINANCIAL DEBT

	Last Twelve Months	
	Sep 2016	Dec 2015
Net Debt USD	1,664	1,703
Net Debt/EBITDA 12 M	2.0x	1.9x
Net Debt/Adj EBITDA 12 M	1.8x	1.9x
Interest Coverage	4.2x	4.3x
Adj Interest Coverage	4.5x	4.3x
Outstanding Shares	2,100,000,000	2,100,000,000

Total financial debt as of September 30, 2016 was $2.3 billion plus $1.8 million in letters of credit with maturities of more than 180 days, while cash and cash equivalents totaled $651 million, resulting in net financial debt of $1.66 billion.

The Net Debt / EBITDA ratio was 2.0x at September 30, 2016, while the Interest Coverage was 4.2x.The Net Debt /Adjusted EBITDA ratio was 1.8x and Adjusted Interest Coverage was 4.5x. Adjusted EBITDA in this case excludes the on-time charge accrued in 2Q16 and the one-time benefit net of expenses accrued in 3Q16.

CONSOLIDATED BALANCE SHEET

Balance Sheet	USD in thousands	
	Sep 2016	Dec 2015
Total assets	**9,081,770**	**8,669,676**
Cash and temporary investments	651,027	653,274
Receivables	963,233	798,779
Inventories	648,302	647,984
Others current assets	384,732	151,816
Long term assets	6,434,476	6,417,823
Total liabilities	**5,070,110**	**4,990,895**
Current portion of long-term debt	64,328	43,653
Suppliers	1,292,090	1,201,021
Other current liabilities	576,014	573,887
Long-term debt	2,249,154	2,291,422
Other long-term liabilities	888,524	880,912
Consolidated shareholders'equity	**4,011,660**	**3,678,781**
Minority shareholders'equity	888,819	776,419
Majority shareholders'equity	**3,122,841**	**2,902,362**
Total liabilities & shareholders' equity	**9,081,770**	**8,669,676**

Contingent Asset

On April 20th, 2016, an explosion occurred in Pajaritos, where two out of three of PMV's facilities are located; these two facilities are the VCM and Ethylene plants. There was no damage to the chlorine-caustic soda plant, which is located at another site. The ethylene plant is under a mechanical integrity evaluation, but it appears that no damage has occurred. 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) business interruption, iv) liability for damage to third parties, and v) liability of directors and officers.

During the third quarter PMV gathered sufficient information to decide to recognize the account receivable related to insurance coverage of $252 million, therefore PMV recognized $252 million as other income net of $28 million of other expenses totaling $224 million, related to property damage, third party expenses, and expenses incurred under directors' and officers' coverage. PMV and Resins, Compounds and Derivatives recognized income of $14 million for business interruption that offset fixed costs that were not absorbed.

PMV has presented its claims to its insurance companies.

PMV together with its shareholders, Mexichem & Pemex, are evaluating several strategic options for the business in the future and depending on the decisions then taken, PMV will evaluate the impacts on the rest of its assets in Pajaritos Complex, reason why the Company adopted a conservative policy with respect to the dollar amount recognized, reflecting the stated cash value (net book value) of the plant as of December 31st 2015 and the business interruption that was accrued as a recovery of fixed costs, even though the insurance policies covers the current replacement value of the plant and in the case of business interruption insurance, the fixed cost plus margin. When the business plan is finalized the exact dollar amount of the account receivable could change.

Contingent Liability

As a consequence of the VCM Plant (Clorados III) incident described in the contingent asset disclosure, PMV is performing an environmental assessment to determine if any pollutants were deposited in areas in or surrounding the facility. Also PMV could be responsible for third party injuries, if any. Based on the information the Company has to date, there is no evidence that there are additional relevant liabilities.

As mention previously, depending on the decision taken by PMV and its shareholders, once the business future is decided, PMV will evaluate the impacts in the rest of its assets in Pajaritos Complex.

CONSOLIDATED INCOME STATEMENT

USD mm	Third Quarter					January- September				
INCOME STATEMENT	**2016**	**PMV one time event**	**2016 w/o one time event**	**2015**	**%**	**2016**	**PMV one time event**	**2016 w/o one time event**	**2015**	**%**
Net sales	1,400,267	-	1,400,267	1,446,397	-3%	4,089,655	-	4,089,655	4,407,866	-7%
Cost of sales	1,011,919	-	1,011,919	1,049,061	-4%	2,913,342	-	2,913,342	3,210,974	-9%
Gross Profit	**388,348**	**-**	**388,348**	**397,336**	**-2%**	**1,176,313**	**-**	**1,176,313**	**1,196,892**	**-2%**
Operating expenses	14,228	(223,694)	237,922	259,771	-8%	813,651	61,831	751,820	796,001	-6%
Operating Income	**374,120**	**223,694**	**150,426**	**137,565**	**9%**	**362,662**	**(61,831)**	**424,493**	**400,891**	**6%**
Financial cost	50,491	-	50,491	55,306	-9%	135,418	-	135,418	184,815	-27%
Equity income of associated entities	131	-	131	(1,378)	N/A	(3,484)	-	(3,484) -	873	299%
Income from continued operations before income tax	**323,498**	**223,694**	**99,804**	**83,637**	**19%**	**230,728**	**(61,831)**	**292,559**	**216,949**	**35%**
Cash tax	35,906	-	35,906	45,508	-21%	127,717	-	127,717	128,263	0%
Deferred tax	57,179	67,108	(9,929)	(16,261)	-39%	(47,337)	(5,647)	(41,690)	(47,861)	-13%
Income Tax	93,085	67,108	25,977	29,247	-11%	80,380	(5,647)	86,027	80,402	7%
Income from continued operations	**230,413**	**156,586**	**73,827**	**54,390**	**36%**	**150,348**	**(56,184)**	**206,532**	**136,547**	**51%**
Discontinued Operations	(6,573)	-	(6,573)	43	N/A	(5,391)	-	(5,391)	(18)	29850%
Net Consolidated Income	**223,840**	**156,586**	**67,254**	**54,433**	**24%**	**144,957**	**(56,184)**	**201,141**	**136,529**	**47%**
Minority Interest	68,551	69,039	(488)	413	N/A	(28,126)	(24,772)	(3,354)	(853)	293%
Net Majority Income	**155,289**	**87,547**	**67,742**	**54,020**	**25%**	**173,083**	**(31,413)**	**204,496**	**137,382**	**49%**
EBITDA	**465,881**	**223,694**	**242,187**	**234,041**	**3%**	**636,898**	**(61,831)**	**698,729**	**697,778**	**0%**

OPERATING RESULTS BY BUSINESS GROUP

VINYL Business Group (37% and 31% of Mexichem's sales (before eliminations) and Adjusted EBITDA, respectively, in 3Q16)

	Third Quarter			January - September		
Vinyl	**2016**	**2015**	**%Var.**	**2016**	**2015**	**% Var.**
Volume (K Tons)	633	647	-2%	1,894	1,886	0%
Total Sales*	537	535	0%	1,535	1,634	-6%
Operating Income**	263	42	532%	61	127	-52%
Adjusted Operating Income	40	42	-5%	123	127	-4%
EBITDA**	299	79	277%	171	239	-29%
Adjusted EBITDA	75	79	-5%	233	239	-3%

*Intercompany sales were $38 million and $33 million in 3Q16 and 3Q15, respectively. 9M16 and 9M15 intercompany sales were $111 million and $130 million, respectively.

**Includes Ingleside expenses of $6.9 million (YTD 2016) and $2.6 million (YTD 2015). Adjusted operating income and adjusted EBITDA excludes one-time net benefit from PMV of $224 million in 3Q16.

	Third Quarter			January - September		
Resins, Compounds & Derivatives	**2016**	**2015**	**%Var.**	**2016**	**2015**	**% Var.**
Volume (K Tons)	562	535	5%	1,653	1,578	5%
Total Sales*	523	513	2%	1,495	1,579	-5%
Operating Income**	40	32	23%	123	116	6%
EBITDA**	69	63	10%	211	206	3%

*Intercompany sales were $45 million and $46 million in 3Q16 and 3Q15, respectively. Of these amounts $7 million and $13 million were invoiced to PMV in 3Q16 and 3Q15. 9M16 and 9M15 intercompany sales were $136 million and $171 million, respectively; of these amounts $25 million and $41 million were invoiced to PMV.

**Includes Ingleside expenses of $6.9 million (YTD 2016) and $2.6 million (YTD 2015).

	Third Quarter			January - September		
PMV	**2016**	**2015**	**%Var.**	**2016**	**2015**	**% Var.**
Total Sales*	22	62	-65%	98	170	-43%
Operating Income	224	9	2314%	-62	12	N/A
Adjusted Operating Income**	0	9	N/A	0	12	N/A
EBITDA	230	16	1298%	-40	34	N/A
Adjusted EBITDA**	6	16	-63%	22	34	-35%

* Intercompany sales invoiced to Resins, Compounds and Derivatives were $1 million and $27 million in 3Q16 and 3Q15, respectively. And, as of September 2016 and 2015 were $32 million and $74 million, respectively.

** Adjusted operating income and adjusted EBITDA excludes a net benefit of $224 million in 3Q16.

In 3Q16, the Vinyl Business Group reported a 2% decline in volumes, and slightly above in sales.

Revenues increased by 0.3% to $537 million in 3Q16, slightly above the $535 million reported in 3Q15, driven mainly by higher volumes and slight recovery selling prices.

EBITDA for the Vinyl Business Group was positive $299 million due to the one-time benefit of $224 million in PMV (revenue of $252 million net of $28 million in expenses for the 3Q16). Adjusted EBITDA (excluding PMV's one-time benefits) decreased 5% to $75 million from $79 million. Adjusted EBITDA margin was 14.0%.

In 3Q16, Resins, Compounds and Derivatives revenues increased 2%, driven by volume which raised 5% YoY mainly due to higher resin demand which included double digit growth in European volumes.

3Q16 EBITDA for Resins, Compounds and Derivatives was $69 million, 10% higher 3Q15, reflecting a resilient operating performance, generating an expansion in EBITDA margin of 98 bps to 12.3% from 13.3%.

In Resins, Compounds and Derivatives, 3Q16 operating income was $40 million (this included one-time benefit of $4.6 million from the recognition of business interruption as a consequence of PMV incident) higher than $32 million reported in 3Q15.

In 3Q16, PMV sales were $22 million, including $21 million from chlorine-caustic soda operations.

In 3Q16, our Vinyl Group reported a one-time benefit of $224 million related to the account receivable accrued of $252 million net of cash expenses of $28 million, that resulted in reported operating income of $224 million compared to operating income of $9 million in the similar year-ago period. The one- time benefit is related to the incident which resulted in a 2Q16 one-time charge of $286 million ($244 million was non-cash charges related to the asset write off of Clorados III (VCM plant), and the rest $42 million were related to other cash expenses). The company adopted a conservative policy with respect to the amount of the benefit, as PMV together with its shareholders, Mexichem & Pemex, are in the process of evaluating several strategic options for the future of this business, and depending on the decisions then taken, PMV will evaluate the impacts on the rest of its assets in Pajaritos Complex. When the business plan is finalized the exact dollar amount of the account receivable could change.

Reported EBITDA in PMV was $230 million in 3Q16 while adjusted EBITDA totaled $6 million, of which $3.4 million came from the chlorine-caustic soda plant.

In the first nine months of 2016, the Vinyl Business Group's sales were flat YoY even PMV incident. Reported EBITDA was $171 million, while adjusted EBITDA was $233 million implying an expansion of 51 bps to 15.2% margin.

FLUENT Business Group (53% and 48% of Mexichem's sales (before eliminations) and Adjusted EBITDA, respectively, in 3Q16)

	Third Quarter			January - September		
Fluent	**2016**	**2015**	**%Var.**	**2016**	**2015**	**% Var.**
Sales	756	793	-5%	2,221	2,412	-8%
Fluent LatAm	276	279	-1%	789	906	-13%
Fluent Europe	324	342	-5%	988	1,013	-2%
Fluent US/AMEA	158	175	-10%	449	500	-10%
Intercompany Eliminations	(2)	(3)	-17%	(5)	(7)	-24%
Operating Income	78	81	-3%	210	202	4%
EBITDA	117	119	-2%	322	321	0%

In 3Q16, the Fluent Business Group's reported sales declined by $37 million, of which $20 million or 54% represented the appreciation of the U.S. dollar against almost all other global currencies. The remainder was primarily due to lower demand in the U.S. for pressure pipes used in the energy sector. Fluent US has taken actions to diversify its end markets, and its more favorable product mix in the third quarter resulted in higher EBITDA margins, despite lower sales.

3Q15 Revenues	In million dollars	3Q16 Revenues	3Q16/3Q15 % Var Comp	FX	Sub16 Total	Sub16/3Q15 % Var Comp
279	Fluent LatAm	276	-1%	5	282	1%
342	Fluent Europe	324	-5%	13	337	-1%
175	Fluent US/AMEA	158	-10%	2	160	-9%
-3	Intercompany Eliminations	-2	-17%		- 2	-17%
793	**Total**	**756**	**-5%**	**20**	776	-2%

On a constant currency base total sales in the Fluent Business Group would have been 2% lower or $776 million from $793 million.

Third quarter reported EBITDA was 2% lower y-o-y mainly due to an EBITDA decline in Europe offset by positive operating performance in our LatAm and US AMEA regions despite lower sales, benefitting from a more favorable mix of higher margin datacom products, and lower raw material costs. Fluent Business Group EBITDA margin expanded 43 bps to 15.4%.

On a constant currency basis, EBITDA increased 2% in 3Q16, implying an EBITDA margin expansion of 60 bps to 15.6% from 15.0% in 3Q15.

In the first nine months of 2016 total reported revenues decreased 8% while on a constant currency basis, revenues were almost flat. This is mainly explained as follows:

9M15	In million dollars	9M16	9M16/ 9M15		Sub16	Sub16/9M15
Revenues		Revenues	% Var Comp	FX	Total	% Var Comp
906	Fluent LatAm	789	-13%	143	932	3%
1,013	Fluent Europe	988	-2%	30	1,019	1%
500	Fluent US/AMEA	449	-10%	9	458	-8%
-7	Intercompany Eliminations	-5	-24%	0	- 5	-24%
2,412	**Total**	**2,221**	-8%	**183**	**2,404**	**0%**

Reported EBITDA was flat compared to 9M15 despite a $191 million decline in sales, mainly due to the increased profitability of all the three regional operations, and EBITDA margin was 14.5%, an increase of 119 bps year-on-year.

Exclusive of the US dollar exchange rate effect in Fluent Europe, US/AMEA and LatAm, which totaled $47 million in 9M16, EBITDA would have increased 15% in 2016, implying an EBITDA margin expansion of 204 bps to 15.3% compared to 13.3% in 9M15.

FLUOR BUSINESS GROUP (10% and 25% of Mexichem's sales (before eliminations) and Adjusted EBITDA, respectively, in 3Q16)

	Third Quarter			January - September		
Fluor	**2016**	**2015**	**%Var.**	**2016**	**2015**	**% Var.**
Sales	145	151	-4%	449	493	-9%
Operating Income	44	44	1%	129	131	-2%
EBITDA	59	60	-1%	174	182	-5%

In 3Q16 the Fluor Group posted a 4% sales decline, reflecting a 10% decrease in volumes, partially offset by slightly improved prices in our upstream business. We continued to successfully diversify end markets, with cement industry customers accounting for an average of 30% of our metspar volumes in the 3Q16.

The Fluor Business Group's reported EBITDA margin reached 40.8%, 120 bps higher when compared to 39.6% in 3Q15, and despite lower sales, and operating income was $44 million, an increase of 1%.

Nine month 2016 revenues were $449 million, down 9%, mainly due to weaker pricing of fluorspar together with lower volumes in the first nine months of the year. YTD 2016 EBITDA declined by 5%, or $8 million, to $174 million; however, EBITDA margin expanded 171 bps to 38.7% from 36.9% in 9M15.

RECENT EVENTS

- Today, Mexichem announced that it acquired Gravenhurst Plastics Ltd. (GPL), a Canadian, privately held pipe and plastics manufacturer which in 2015 generated revenues of $15 million. Established in 1968, GPL supplies High Density Polyethylene (HDPE) conduit and inner duct for fiber optics, and building supply products to the Canadian market. Mexichem will consolidate GPL under its Dura-Line brand in the Fluent Business Group.

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 3Q16 results on October 27, 2016 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 January 27th, 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

Third Quarter 2016 Financial and Operating Highlights

	Revenues			EBITDA			EBITDA Margin			Adjusted EBITDA			Adj. EBITDA Margin		
In million dollars	3Q15	3Q16	%Var.	3Q15	3Q16	%Var.	3Q15	3Q16	Var.	3Q15	3Q16	%Var.	3Q15	3Q16	Var.
Vinyl	535	537	0%	79	299	277%	14.8%	55.7%	4,086	79	75	-5%	14.8%	14.0%	- 79
Fluent	793	756	-5%	119	117	-2%	15.0%	15.4%	43	119	117	-2%	15.0%	15.4%	43
Fluor	151	145	-4%	60	59	-1%	39.6%	40.8%	120	60	59	-1%	39.6%	40.8%	120
Energy	0	0		0	0					0	0				
Eliminations / Holding	-33	-39	17%	-24	-10	-61%				-24	-10	-61%			
Mexichem Consolidated	**1,446**	**1,400**	**-3%**	**234**	**466**	**99%**	**16.2%**	**33.3%**	**106%**	**234**	**242**	**3%**	**16.2%**	**17.3%**	**111**

3Q15	In million dollars	3Q16		Sub16	Sub16/3Q15
Revenues		Revenues	FX	Total	% Var Comp
535	Vinyl	537	2	539	1%
793	Fluent	756	20	776	-2%
1,329	**Ethylene (Vinyl + Fluent)**	**1,294**	**22**	**1,316**	**-1%**
151	Fluor	145	2	147	-3%
0	Energy	0	0	0	
-33	Eliminations/ Holding	-39	0	- 39	17%
1,446	**Total**	**1,400**	**24**	**1,424**	**-2%**

3Q15	In million dollars	3Q16	3Q16		Sub16	Sub Adj 16	Sub16/2Q15	SubAdj16/2Q15
EBITDA		EBITDA	Adj. EBITDA	FX	Total	Total	% Var Comp	% Var Comp
79	Vinyl	299	75	0	299	76	277%	-5%
119	Fluent	117	117	4	121	121	2%	2%
198	**Ethylene (Vinyl + Fluent)**	**416**	**192**	**5**	**420**	**197**	**112%**	-1%
60	Fluor	59	59	0	59	59	-1%	-1%
0	Energy	0	0	0	0	0		0%
-24	Eliminations/ Holding	-10	-10	0	- 10	- 10	-61%	-61%
234	**Total**	**466**	**242**	**4**	**470**	**247**	**101%**	**5%**

First Nine Months 2016 Financial and Operating Highlights

	Revenues			EBITDA			EBITDA Margin			Adjusted EBITDA			Adj. EBITDA Margin		
In million dollars	9M15	9M16	%Var.	9M15	9M16	%Var.	9M15	9M16	Var.	9M15	9M16	%Var.	9M15	9M16	Var.
Vinyl	1,634	1,535	-6%	239	171	-29%	14.6%	11.1%	-24%	239	233	-3%	14.6%	15.2%	51
Fluent	2,412	2,221	-8%	321	322	0%	13.3%	14.5%	119	321	322	0%	13.3%	14.5%	119
Fluor	493	449	-9%	182	174	-5%	36.9%	38.7%	171	182	174	-5%	36.9%	38.7%	171
Energy	0	1		0	1					0	1				
Eliminations / Holding	-130	-117	-10%	-44	-30	-32%				-44	-30	-32%			
Mexichem Consolidated	**4,408**	**4,090**	**-7%**	**698**	**637**	**-9%**	**15.8%**	**15.6%**	**-26**	**698**	**699**	**0%**	**15.8%**	**17.1%**	**125**

9M15	In million dollars	9M16		Sub16	Sub16/9M15
Revenues		Revenues	FX	Total	% Var Comp
1,634	Vinyl	1,535	6	1,541	-6%
2,412	Fluent	2,221	183	2,404	0%
4,046	**Ethylene (Vinyl + Fluent)**	**3,756**	**188**	**3,945**	**-2%**
493	Fluor	449	3	453	-8%
0	Energy	1	0	1	
-130	Eliminations/ Holding	-117	0	- 117	-10%
4,408	**Total**	**4,090**	**192**	**4,282**	**-3%**

9M15	In million dollars	9M16	9M16		Sub16	Sub Adj 16	Sub16/9M15	SubAdj16/9M15
EBITDA		EBITDA	Adj. EBITDA	FX	Total	Total	% Var Comp	% Var Comp
239	Vinyl	171	233	1	172	233	-28%	-2%
321	Fluent	322	322	47	369	369	15%	15%
560	**Ethylene (Vinyl + Fluent)**	**492**	**554**	**48**	**540**	**602**	**-3%**	8%
182	Fluor	174	174	0	173	173	-5%	-5%
0	Energy	1	1		1	1		
-44	Eliminations/ Holding	-30	-30		- 30	- 30	-32%	-32%
698	**Total**	**637**	**699**	**48**	**685**	**746**	**-2%**	**7%**

ABOUT MEXICHEM

Mexichem is one of the world's largest chemical and petrochemical companies. A leader in the manufacture and supply of plastic piping, it contributes to global development by delivering an extended portfolio of products to high growth sectors such as infrastructure, housing, datacom and water cycle management. With operations in over 30 countries worldwide and more than 18,000 employees, Mexichem has annual revenues of US$5.7 billion and has been traded on the Mexican Stock Exchange for more than 30 years.

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. -BTG Pactual
7. -Citigroup
8. -Credit Suisse
9. -GBM-Grupo Bursátil Mexicano
10. -Grupo Santander
11. -HSBC
12. -Intercam
13. -Invex Casa de Bolsa
14. -Interacciones
15. -ITAU BBA
16. -JP Morgan
17. -Morgan Stanley
18. -Monex
19. -UBS
20. -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 1: RECONCILIATION SUMMARY OF QUARTERLY RESULTS 3Q16/3Q15 RELATED TO THE RESTRUCTURING PROCESS IN THE FLUOR BUSINESS GROUP

USD in thousands	First Quarter		Second Quarter		Third Quarter		
	2016	2015	2016	2015	2016	2015	Var
Net Sales	1,262,383	1,437,475	1,427,005	1,516,719	1,400,267	1,442,937	-3%
Cost of Sales	903,023	1,068,626	998,400	1,081,297	1,011,919	1,042,481	-3%
Gross Profit	**359,360**	**368,849**	**428,605**	**435,422**	**388,348**	**400,456**	**-3%**
Operating Expenses	250,088	276,452	549,336	260,445	14,228	259,605	-95%
Operating Income	**109,272**	**92,397**	**(120,731)**	**174,977**	**374,120**	**140,851**	**166%**
Financial Cost	43,411	67,932	41,516	61,575	50,491	55,307	-9%
Equity in income of associated companies	(927)	727	(2,688)	(222)	131	(1,378)	-110%
Income from continuing operations before income tax	**66,788**	**23,738**	**(159,559)**	**113,624**	**323,498**	**86,922**	**272%**
Income tax	17,388	7,943	(30,093)	43,211	93,085	29,248	218%
Income from continuing operations after incor	**49,400**	**15,795**	**(129,466)**	**70,413**	**230,413**	**57,674**	**300%**
Discontinued operations	583	(1,662)	599	(2,446)	(6,573)	(3,241)	103%
Consolidated net income	**49,983**	**14,133**	**(128,867)**	**67,967**	**223,840**	**54,433**	**311%**
Minority Stock holders	(610)	(4,837)	(96,067)	3,571	68,551	413	16498%
Majority stock holders	**50,593**	**18,970**	**(32,800)**	**64,396**	**155,289**	**54,020**	**187%**
EBITDA	**200,418**	**199,007**	**(29,401)**	**266,320**	**465,881**	**235,883**	**98%**

FLUOR BUSINESS GROUP
INCOME STATEMENT
USD in thousands

	First Quarter			Second Quarter			Third Quarter		
	2016	2015	Var	2016	2015	Var	2016	2015	Var
Net Sales	139,376	160,548	-13%	164,829	173,684	-5%	145,251	147,537	-2%
Operating Income	33,375	41,550	-20%	51,399	49,853	3%	44,368	47,332	-6%
EBITDA	48,562	57,924	-16%	65,903	65,796	0%	59,283	61,662	-4%

CONSOLIDATED BALANCE SHEET

	March		June		September	
USD in thousands	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Total Assets	**8,840,462**	**8,334,563**	**8,762,034**	**8,638,262**	**9,081,771**	**8,545,695**
Cash and temporary investments	586,462	403,207	661,521	603,331	651,027	537,252
Receivables	896,554	1,018,378	928,719	1,041,746	963,233	972,386
Inventories	660,804	716,009	644,683	713,823	648,302	673,696
Others current assets	150,362	254,480	131,690	202,305	547,257	195,956
Long term assets	6,546,280	5,942,489	6,395,421	6,077,057	6,434,477	6,166,405
Total liabilities	**5,040,949**	**4,928,943**	**5,004,523**	**5,102,899**	**5,070,110**	**4,952,846**
Current liabilities	1,829,931	1,646,637	1,925,826	1,761,521	1,932,432	1,703,869
Long term liabilities	3,211,018	3,282,306	3,078,697	3,341,378	3,137,678	3,248,977
Consolidated shareholders'equity	**3,799,513**	**3,405,620**	**3,757,511**	**3,535,363**	**4,011,660**	**3,592,849**
Minority shareholders'equity	816,343	499,457	775,063	601,672	888,819	688,791
Majority shareholders'equity	**2,983,170**	**2,906,163**	**2,982,448**	**2,933,691**	**3,122,841**	**2,904,058**

ANNEX 2: SUMMARY RECONCILIATION OF INFORMATION BY SEGMENT

Reclassifications - Comparative information by segment reported in Q3 2016 interim financial notes (Note 12) for the year ended December 31, 2015, has been reclassified retrospectively to conform with the presentation used as of September 30 2016, to present the elimination of investment in subsidiaries by business group under the heading of other assets, which were previously presented under the heading of consolidated eliminations column. This reclassification does not impact the consolidated assets amount.

	As of September 30, 2016						
	Vinyl	**Energy**	**Fluor**	**Fluent**	**Holding**	**Eliminations**	**Consolidated**
Current Assets							
Cash and Cash equivalents	98,624	93	86,344	335,830	130,136	-	651,027
Net Account Receivable	550,812	23	100,427	623,009	2,575	-	1,276,846
Other current assets	257,490	1,684	332,164	526,615	450,091	(863,897)	704,147
Assets held for sale			10,887	4,387	-	-	15,274
Total Current Assets	**906,926**	**1,800**	**529,822**	**1,489,841**	**582,802**	**(863,897)**	**2,647,294**
Property, plant and equipment	2,644,612	4,304	395,568	1,166,623	1,594	·	4,212,701
Net other assets	606,068		168,451	1,436,539	773,796	(763,079)	2,221,775
Total Assets	**4,157,606**	**6,104**	**1,093,841**	**4,093,003**	**1,358,192**	**(1,626,976)**	**9,081,770**
Current Liabilities							
Bank loans and current portion of long-term debt	20,415		26,429	17,484		·	64,328
Suppliers and letters of credit of suppliers	752,369		33,672	502,785	3,264	·	1,292,090
Other current liabilities	521,999	858	22,178	469,742	410,817	(867,183)	558,411
Liabilities associated with asset held for sale			17,603			·	17,603
Total Current Liabilities	**1,294,783**	**858**	**99,882**	**990,011**	**414,081**	**(867,183)**	**1,932,432**
Bank loans and long-term debt	91,784		54,735	3,510	2,099,125	·	2,249,154
Long-term other liabilities	503,080	129	204,974	662,645	160,510	(642,814)	888,524
Total Liabilities	**1,889,647**	**987**	**359,591**	**1,656,166**	**2,673,716**	**(1,509,997)**	**5,070,110**

	December 31st, 2015						
	Vinyl	**Energy**	**Fluor**	**Fluent**	**Holding**	**Eliminations**	**Consolidated**
Current Assets							
Cash and Cash equivalents	128,778	77	98,071	254,181	172,167	-	653,274
Net Account Receivable	283,084	(5)	125,863	484,233	(8,831)	-	884,344
Other current assets	269,751	307	349,241	423,497	444,090	(789,156)	697,730
Assets held for sale	-	-	11,533	4,972	-	-	16,505
Total Current Assets	**681,613**	**379**	**584,708**	**1,166,883**	**607,426**	**(789,156)**	**2,251,853**
Property, plant and equipment	2,620,435	5,078	420,104	1,157,053	257	-	4,202,927
Net other assets	620,781	-	179,868	1,440,082	637,391	(663,226)	2,214,896
Total Assets	**3,922,829**	**5,457**	**1,184,680**	**3,764,018**	**1,245,074**	**(1,452,382)**	**8,669,676**
Elimination reclasification	(1,779,917)	(4,802)	(129,858)	(268,442)	(3,329,714)	5,512,733	-
Total Assets	**2,142,912**	**655**	**1,054,822**	**3,495,576**	**(2,084,640)**	**4,060,351**	**8,669,676**
Current Liabilities							
Bank loans and current portion of long-term debt	16,103	-	17,879	9,671	-	-	43,653
Suppliers and letters of credit of suppliers	709,595	1	38,957	451,244	1,224	-	1,201,021
Other current liabilities	490,786	156	67,111	374,147	449,357	(827,287)	554,270
Liabilities associated with asset held for sale	-	-	19,617	-	-	-	19,617
Total Current Liabilities	**1,216,484**	**157**	**143,564**	**835,062**	**450,581**	**(827,287)**	**1,818,561**
Bank loans and long-term debt	83,445	-	84,320	5,771	2,117,886	-	2,291,422
Long-term other liabilities	496,332	91	209,364	750,607	71,596	(647,078)	880,912
Total Liabilities	**1,796,261**	**248**	**437,248**	**1,591,440**	**2,640,063**	**(1,474,365)**	**4,990,895**