Stock Information
Mexican Stock Exchange
Ticker: MEXCHEM*

Mexichem Reports Second Quarter and First Half Results 2015

Tlalnepantla, State of Mexico, July 20, 2015 - Mexichem, S.A.B. de C.V. (BMV: MEXCHEM*) ("the Company" or "Mexichem") today announced its unaudited results for the 2Q15 and First Half of 2015. 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.

Second Quarter 2015 Financial and Operating Highlights

- Revenues increased 4% to $1.5 billion
- EBITDA was $266 million, up 3%; EBITDA excluding PMV and Venezuela, increased 8% to $250 million
- EBITDA margin expanded in the Chlorine Vinyl and Integral Solutions Chains and remained stable in Fluorine Chain
- Net majority income increased 29% to $64 million
- Net debt to Proforma EBITDA was 2.1x a sequential improvement of 20 bps compared to 2.3x in 1Q15
- Effective in 2Q15, Mexichem has applied the exchange rate of 198 bolivars per dollar to its Venezuelan operations. This translation resulted in a charge to EBITDA of $9.8 million. Consequently, Mexichem's Venezuelan operation represented 0.1% of total EBITDA, which will make it non-significant to future results
- On a constant currency basis, excluding PMV, Venezuela, and restructuring charges:
    - Revenues and EBITDA would have increased 17%

CONSOLIDATED SELECTED FINANCIAL RESULTS

	Second Quarter			January - June		
Consolidated (mm US$)	**2015**	**2014**	**%Var.**	**2015**	**2014**	**% Var.**
Net Sales	1,519	1,455	4%	2,961	2,783	6%
Operating Income	173	158	10%	263	259	2%
Net Maj. Income	64	50	29%	83	99	-16%
EBITDA	266	257	3%	464	454	2%
Operating cash flow before Capex	246	54	355%	218	9	2364%
Total CAPEX (organic & JV)	-140	-74	89%	-251	-191	31%
Net Sales w/o Venezuela and PMV	1,507	1,417	6%	2,926	2,712	8%
EBITDA w/o Venezuela and PMV	250	232	8%	446	408	9%

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SUMMARY BY CHAIN

Second Quarter 2015 Financial and Operating Highlights

	Revenues			EBITDA			Revenues without PMV & Venezuela			EBITDA without PMV & Venezuela		
In million dollars	2Q15	2Q14	%Var.	2Q15	2Q14	%Var.	2Q15	2Q14	%Var.	2Q15	2Q14	%Var.
Chlorine-Vinyl	559	511	9%	92	80	14%	535	495	8%	74	63	18%
Integral Solutions	830	825	1%	123	112	10%	842	802	5%	125	106	19%
Fluorine	177	181	-2%	65	67	-3%	177	181	-2%	65	67	-3%
Eliminations / Holding	-47	-62	-24%	-14	-3	398%	-47	-62	-24%	-14	-3	398%
Mexichem Consolidated	1,519	1,455	4%	266	257	3%	1,507	1,417	6%	250	232	8%

First Half 2015 Financial and Operating Highlights

- Revenues increased 6% to $2.9 billion
- EBITDA was $464 million, up 2%; EBITDA excluding Venezuela and PMV increased 9% to $446 million
- On a constant currency basis, and excluding PMV, Venezuela, restructuring and non-recurring charges, first half of 2015 revenues and EBITDA would have increased 19%

KEY INFORMATION IN A COMPARABLE BASIS

2Q14	in million dollars	2Q15	YoY		Restr.	Sub	Sub15/1Q14			TotQ5/1Q14
EBITDA*		EBITDA *	% Chg	FX	Costs	Total	% Var Comp	M&A	Total	% Var Comp
168	Chlorine-Vinyl + Integral Solutions	199	19%	19	2	221	31%	-34	187	11%
67	Fluorine	65	-3%	0	0	65	-2%	0	65	-2%
232	Total	250	8%	20	2	272	17%	-34	238	2%

EBITDA* excludes Venezuela and PMV for the same comparable basis.

IH14	in million dollars	1H15	YoY		Restr.	Sub	Sub15/1H14			TotQ5/1H14
EBITDA*		EBITDA *	% Chg	FX	Costs	Total	% Var Comp	M&A	Total	% Var Comp
303	Chlorine-Vinyl + Integral Solutions	343	13%	29	11	384	27%	-59	325	7%
112	Fluorine	122	9%	1	0	123	10%	0	123	10%
408	Total	446	9%	30	11	487	19%	-59	428	5%

EBITDA* excludes Venezuela and PMV for the same comparable basis. Restr costs include non-recurring expenses

MANAGEMENT COMMENTARY

Performance and Outlook

"We are pleased to report that second quarter operating results met our expectations and demonstrated improvements across the organization, in line with our long term strategy of increasing vertical integration, emphasizing specialty products, diversifying end markets and broadening our geographical reach. In the second quarter, we succeeded in posting EBITDA growth, excluding PMV and Venezuela, that outpaced revenue growth by a factor of 1.3x reflecting a more favorable product and geographical mix, the contributions from our recent acquisitions and ongoing operating efficiencies associated with our significantly increased scale. This growth is noteworthy considering the currency headwinds, restructuring costs that affected year-on-year comparisons, as well as the impact of difficult conditions on volumes and pricing in certain end markets.

"In the Chlorine-Vinyl Chain, EBITDA increased 14% and EBITDA margin expanded by 71 basis points, reflecting recovery in PVC margins, lower input and electricity costs compared to last year's second quarter and the consolidation of Vestolit acquisition. Within this Chain, we experienced stable results from the PMV joint venture, leading to a 13% increase in production in the first half 2015 compared to first half 2014 levels.

"The Fluorine Chain's sales and EBITDA declined modestly, but EBITDA margins remained stable. Results reflected the impact of a significant reduction in metallurgic fluorspar volumes to steel industry customers. In Integral Solutions, our EBITDA performance remained strong, increasing 10% while EBITDA margin expanded by 123 basis points. These results were achieved despite a muted 1% sales increase that reflected that impact the revaluation of our Venezuelan operations at 198 bolivars per dollar and the general appreciation of the U.S. dollar, which significantly reduced our reported sales from Latin America and Europe. On a constant currency basis, excluding Venezuela and restructuring expenses, the Integral Solutions Chain's sales would have increased 23% and EBITDA would have increased 39%, implying an EBITDA margin of 14.8%, a 168 basis point year-on-year improvement.

"In the second quarter, we continued to improve Mexichem's financial position while investing for future growth. We reduced our net working capital requirements by $175 million compared to last year's second quarter. Our Net debt to EBITDA ratio improved by 20 basis points to 2.1, and we expect it to be close to 2.0 by the end of this year, ahead of our previous forecasts. Also, we have maintained discipline in our investment spending, with over 70% of our capital expenditure cash out budget earmarked to increase vertical integration and most of the remainder allocated to fast-return, capacity expansion projects.

"Looking ahead, we are confident in Mexichem's growth prospects for the second half of 2015. Thanks to recent organic and acquisition initiatives, we believe that Mexichem is more resilient to challenging industry conditions than it was even one year ago. We are offering a more comprehensive portfolio of products across more diversified end markets; volumes and pricing are increasing in several product categories, with the exception of metallurgic fluorspar, where demand remains soft; and, we have significantly expanded our geographic footprint. At the same time, we remain focused on driving margin expansion by improving our product mix and achieving further operating leverage, enabling us to maintain our expectations of double-digit growth in EBITDA, which excludes Venezuela and PMV, for full year 2015."

REVENUES

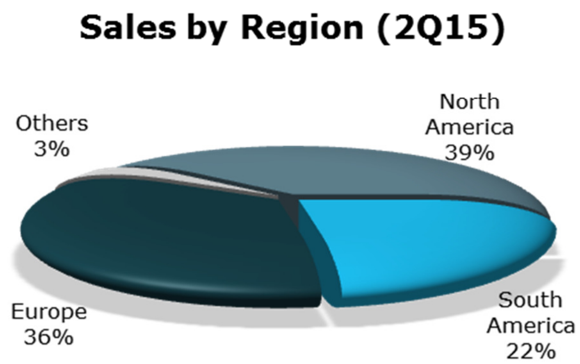
Revenues in 2Q15 increased $64 million, or 4%, year-on-year to $1.5 billion, due to a combination of acquisition and organic growth. Specifically, the 2Q15 year-on-year growth in revenues resulted from:

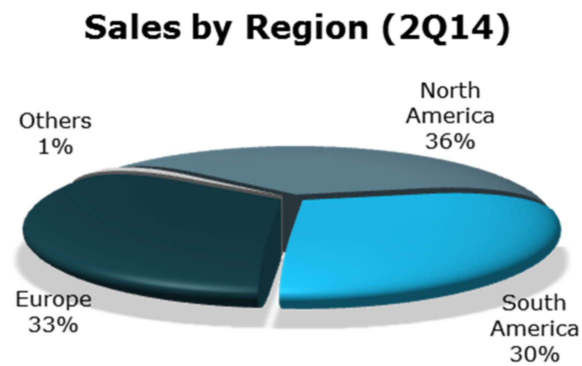
- An increase of $48 million, or 9%, in the Chlorine-Vinyl Chain due to the consolidation of Vestolit.
- An increase of $5 million, or 1%, in Integral Solutions revenues, mainly due to the consolidation of Dura-Line.

On a constant currency basis and excluding PMV and Venezuela, total sales would have increased 17% year-on-year. Foreign currency translations reduced total sales by $156 million, impacting reported sales in the Integral Solutions, Chlorine-Vinyl, and Fluor Chains by $148 million, $2 million, and $6 million, respectively.

Revenues in 1H15 increased $178 million, or 6%, year-on-year to $2.9 billion, due to a combination of acquisition and organic growth. On a constant currency basis and excluding PMV and Venezuela, total sales would have increased 19% year-on-year. Foreign currency translations reduced total sales by $291 million, impacting reported sales in the Integral Solutions, Chlorine-Vinyl, and Fluor Chains by $250 million, $30 million, and $11 million, respectively.

SALES BY REGION





Mexichem´s presence in the United States has significantly increased following the Dura-Line acquisition, representing 17% of sales in 2Q15 compared to 10% in 2Q14.

EBITDA

EBITDA for 2Q15 was $266 million, up 3% compared to 2Q14. Exclusive of PMV and Venezuelan operations, EBITDA increased 8% to $250 million, and would have increased 17% to $272 million, after further adjustments for foreign exchange translations and restructuring costs. Factors that contributed to improved EBITDA performance in the second quarter included:

(i) The consolidation of Dura-Line and Vestolit, which contributed $34 million in EBITDA.

(ii) Besides PVC resins, the positive impact of lower cost raw materials on compounds, the lower cost of electricity benefiting our derivatives operation, and lower VCM prices for the production of PVC resins, along with higher volume export to Europe together with the inclusion of Vestolit, resulted in an EBITDA margin expansion of 71 bps in the Chlorine Vinyl Chain to 16.4%.

Factors that negatively impacted our EBITDA included:

(iii) Restructuring costs of $2.2 million in the Integral Solutions Chain, compared with $0.4 million in 2Q14.

(iv) An impact of $20 million from the appreciation of the U.S. dollar against global currencies which mainly affected European and LatAm operations ($19 million in Integral Solutions).

(v) A reduction of $9.8 million in reported EBITDA from Venezuela following changes in the law, as we included the total effect of recognizing $198 bolivars per US dollar from the first and second quarter in this quarter.

(vi) An increase of $11 million of losses at the holding and eliminations, mainly explained by the losses the company has under the fluorspar mine Mexican peso denominated cost hedging strategy, which is accounted for in the holding company. Our fluorine mine's personnel and administrative expenses are in Mexican pesos while sales in dollars; thus, since 2014, we have hedged this mismatch by selling USD forward at an average of

MXN13.80 pesos per dollar. Therefore, if the Mexican peso depreciates, fluorine mine costs are lower in dollar terms, but as Mexichem is selling dollars "forward" at MXN13.80, Mexichem is selling at a lower FX rate against pesos than the market price. In 2Q14 Mexichem gained $2 million with this hedging strategy while in 2Q15, Mexichem lost $4 million, resulting in a $6 million swing in 2Q15.

For the first half of 2015, EBITDA was $464 million, 2% higher from $454 million in the first half of 2014. The increase is explained by: improved performance in the Fluorine Chain with better pricing that led to a 276 bp increase in EBITDA margin to 36%, and a 29 bp increase in the Integral Solutions Chain's EBITDA margin to 12.5% from 12.2%. On a constant currency basis, and excluding restructuring and non-recurring charges, first half of 2015 EBITDA would have increased 19% (ex. PMV and Venezuela).

OPERATING INCOME

Operating income for the second quarter was $173 million, 10% higher than in 2Q14. This was due to the factors mentioned above and to lower depreciation and amortization costs as a result of the FX conversion in those operations where our functional currency is local as MSI Europe and MSI Brazil, among others, and lower depreciation & amortization cost in PMV due to the changes in the useful life of the assets as a consequence of the revamping process of the Pajaritos plants.

2015 YTD operating profit was $263 million, up 2% from $259 million.

FINANCIAL COSTS

In 2Q15, financial costs decreased 16%, or $12 million to $62 million mainly due to:

- A lower FX loss of $10 million, $24 million less than from the $34 million recorded in 2Q14. As previously reported, in 2Q14 we recorded a loss of $32.8 million dollars related to foreign exchange operations in Venezuela.
- The aforementioned factor offset the increase in interest expense of $12 million due to the issuance of the $750 million bond in the international markets in September 2014.
- A $3 million reduction in interest income as a result of lower cash balances after the acquisitions of Dura-Line and Vestolit in the second half of 2014.

For the first half of 2015, financial costs increased by 26% mainly related to the issuance of the $750 million bond in the international markets in September 2014, and a 49% decline in interest income, principally as a consequence of lower cash balances after the Dura-Line and Vestolit acquisitions. This led to total financial costs of $130 million compared with $103 million in 1H14.

INCOME TAXES

The effective tax rate for the quarter was 38%, similar to the rate in 2Q14. For 1H15, the effective tax rate was 38% compared to 34% in 1H14. This is mainly due to:

- Income from Continuing Operations before Income Tax declined by $26 million or 16% in the quarter while cash taxes increased $20 million or 33%. This implies an increase from 39% in the cash tax rate to 62% due to higher tax loss positions of certain subsidiaries mainly as a consequence of the appreciation of the US dollar against other global currencies and a taxable dividend received by foreign operations.

- The increase in the cash tax rate mentioned above was offset by the benefit of a deferred tax recognized by the subsidiaries with those increases in tax loss positions, leading back to a 38% effective tax rate.

NET MAJORITY INCOME

In 2Q15, the Company reported net majority income of $64 million compared to net majority income of $50 million in 2Q14, an increase of 29%, as a result of the previously mentioned.

YTD 2015 net majority income was $83 million, down from $99 million in 1H14.

CASH FLOW HIGHLIGHTS

	Second Quarter			January - June		
	2015	**2014**	**%Var.**	**2015**	**2014**	**% Var.**
EBITDA	266	257	3%	464	454	2%
Cash Tax	-46	-35	-30%	-83	-62	-33%
Net Interest	-46	-32	-43%	-89	-62	-42%
Bank Commissions	-5	-4	-18%	-9	-9	-4%
Foreign Exchange Expense (Venezuela)	0	-33	100%	0	-33	100%
Dual Terms Notes	0	0	100%	0	3	100%
Change in Working Capital	77	-98	179%	-65	-283	77%
Operating cash flow before Capex	246	54	355%	218	9	2,364%
CAPEX (organic)	-59	-42	-40%	-108	-96	-13%
CAPEX (Total JV)	-146	-52	-180%	-254	-175	-45%
CAPEX JV (OXY SHARE)	65	20	225%	112	80	40%
NET CAPEX JV	-81	-32	-152%	-142	-95	-50%
Total CAPEX (organic & JV)	-140	-74	-89%	-251	-191	-31%
Cash Flow	106	-20	630%	-32	-182	82%
Dividends	-17	0		-34	0	
Free Cash Flow	89	-20	546%	-66	-182	64%

Operating cash flow before capital expenditures was $246 million in 2Q15, a significant increase of $192 million from the $54 million reported in 2Q14. 2Q15 net interest expense added to bank commissions increased by $15 million and taxes were up $11 million. Working capital management improved by $175 million inclusive of the Dura-Line and Vestolit acquisitions. Capital expenditures in 2Q15 totaled $140 million, of which $65 million was invested in the ethylene cracker, $16 million in PMV, and $59 million was allocated to organic projects.

Capital expenditures for YTD 2015 totaled $251 million, of which $112 million was invested in the ethylene cracker, $30 million in PMV and $108 million in organic expenditures.

NET WORKING CAPITAL

	2015 Variation			2014 Variation		
	jun-15	dec-14	Δ ($)	jun-14	dec-13	Δ ($)
Net Working Capital	631	566*	-65	955	672	-283
Dura-Line's net working capital	94	83	-11	0	0	0
Vestolit's net working capital	5	7	2	0	0	0
Proforma Net Working Capital	533	477	-56	955	672	-283

* Venezuela's figures were modified for comparable basis

Pro forma Net working capital (comparable) as of June 30, 2015 declined by $422 million or 44% compared to June 30, 2014, while sales remained stable.

FINANCIAL DEBT

	Last Twelve Months	
	Jun 2015	Dec 2014
Net Debt USD*	1,806	1,809
Net Debt/EBITDA 12 M Proforma	2.1x	2.0x
Interest Coverage	3.9x	4.5x
Outstanding Shares	2,100,000,000	2,100,000,000

Net debt USD* includes $18 million of letters of credit of more than 180 days that for covenant effects is considered gross debt, although it is not booked in the accounting debt.

Financial debt as of June 30, 2015 was $2.4 billion, while cash and cash equivalents totaled $604 million, resulting in net financial debt of $1.8 billion. Financial debt as of June 30, 2014 was $2.2 billion, while cash and cash equivalents totaled $1.0 billion, resulting in net financial debt of $1.2 billion. The year-over-year increase was primarily due to the acquisitions of Dura-

Line and Vestolit during the 2H14 as well as the $750 million bond issuance in September 2014.

The Net Debt / pro forma EBITDA ratio was 2.1x at June 30, 2015, based on pro forma EBITDA of $855 million for the last twelve months (including Dura-Line´s and Vestolit's LTM pro forma EBITDA). The Interest Coverage / pro forma EBITDA ratio was 3.9x at the end of 2Q15.

CONSOLIDATED BALANCE SHEET

	USD in thousands	
Balance Sheet	**Jun 2015**	**Dec 2014**
Total assets	**8,638,263**	**8,726,245**
Cash and temporary investments	604,024	619,525
Receivables	1,044,564	920,122
Inventories	715,711	775,219
Others current assets	159,002	268,608
Long term assets	6,114,962	6,142,771
Total liabilities	**5,102,898**	**5,236,506**
Current portion of long-term debt	35,782	61,736
Suppliers	1,129,036	1,130,280
Other current liabilities	596,701	624,415
Long-term debt	2,355,705	2,366,457
Other long-term liabilities	985,674	1,053,618
Consolidated shareholders'equity	**3,535,365**	**3,489,739**
Minority shareholders'equity	601,672	443,708
Majority shareholders'equity	**2,933,693**	**3,046,031**
Total liabilities & shareholders' equity	**8,638,263**	**8,726,245**

CONSOLIDATED STATEMENT OF RESULTS

USD in thousands	Second Quarter			January - June		
INCOME STATEMENT	**2015**	**2014**	**%**	**2015**	**2014**	**%**
Net sales	1,519,291	1,455,028	4%	2,961,469	2,782,557	6%
Cost of sales	1,086,299	1,052,259	3%	2,161,913	2,037,111	6%
Gross profit	**432,992**	**402,769**	**8%**	**799,556**	**745,446**	**7%**
Operating expenses	259,825	245,198	6%	536,230	486,055	10%
Operating income	**173,167**	**157,571**	**10%**	**263,326**	**259,391**	**2%**
Financial cost	61,584	73,719	-16%	129,509	102,583	26%
Equity in income of associated entity	(222)	(2,272)	-90%	505	(2,172)	N/A
Income from continuing operations before income tax	**111,805**	**86,124**	**30%**	**133,312**	**158,980**	**-16%**
Cash tax	46,168	35,454	30%	82,755	62,422	33%
Deferred taxes	(2,956)	(2,681)	10%	(31,600)	(8,165)	287%
Income tax	43,212	32,773	32%	51,155	54,257	-6%
Income from continuing operations	**68,593**	**53,351**	**29%**	**82,157**	**104,723**	**-22%**
Discontinued operations	(629)	(1,057)	-40%	(61)	(615)	-90%
Consolidated net income	**67,964**	**52,294**	**30%**	**82,096**	**104,108**	**-21%**
Minority stockholders	3,571	2,540	41%	(1,266)	5,144	N/A
Net income	**64,393**	**49,754**	**29%**	**83,362**	**98,964**	**-16%**
EBITDA	**265,656**	**256,710**	**3%**	**463,737**	**454,393**	**2%**

OPERATING RESULTS BY CHAIN

CHLORINE-VINYL CHAIN (36% and 33% of Mexichem's sales and EBITDA in 1H15 before eliminations)

	Second Quarter			January - June		
Chlorine - Vinyl Chain	**2015**	**2014**	**%Var.**	**2015**	**2014**	**% Var.**
Total Sales*	559	511	9%	1,099	999	10%
Operating Income**	59	49	21%	86	96	-11%
EBITDA**	92	80	14%	160	159	0%

*Intercompany sales were $45 million and $62 million in 2Q15 and 2Q14, respectively. YTD June 2015 and 2014 intercompany sales were $97 million and $125 million, respectively. **Includes Ingleside expenses of $1.4 million (YTD 2015).

	Second Quarter			January - June		
Resins, Compounds & Derivatives	**2015**	**2014**	**%Var.**	**2015**	**2014**	**% Var.**
Total Sales*	535	495	8%	1,066	973	10%
Operating Income**	45	43	3%	83	88	-6%
EBITDA**	74	63	18%	143	129	11%

*Intercompany sales were $59 million and $80 million in the 2Q15 and 2Q14, respectively. YTD June 2015 and 2014 intercompany sales were $125 million and $157 million, respectively. Of these amounts $14 million and $19 million were invoiced to PMV in 2Q15 and 2Q14, respectively and $28 million and $33 million in first half ended June 2015 and 2014. **Includes Ingleside LLC expenses of $1.4 million (YTD 2015).

	Second Quarter			January - June		
PMV	**2015**	**2014**	**%Var.**	**2015**	**2014**	**% Var.**
Total Sales*	60	69	-12%	108	124	-13%
Operating Income	14	6	150%	2	7	-67%
EBITDA	18	18	1%	17	31	-43%

*Intercompany sales invoiced to Resins, Compounds and Derivatives were $23 million and $34 million in 2Q15 and 2Q14, respectively, and in first half ended June 2015 and 2014 were $47 million and $65 million, respectively.

In 2Q15, the Chlorine-Vinyl Chain reported double-digit growth in EBIT and EBITDA.

Revenues increased 9% to $559 million in 2Q15, up from $511 million in 2Q14. EBITDA for the Chlorine Vinyl Chain increased 14%, or $12 million, to $92 million. This implies an EBITDA margin expansion of 71 bps from 15.7% to 16.4%.

In 2Q15, Resins, Compounds and Derivatives' revenues increased 8% mainly due to the consolidation of Vestolit, and to higher volume exports to Europe given the reduced supply situation in this region as many crackers experienced outages.

2Q15 EBITDA for Resins, Compounds and Derivatives increased 18% to $74 million, reflecting the consolidation of Vestolit, the decline in VCM prices due to the decline in oil prices, and lower electricity costs. This resulted in an EBITDA margin expansion of 120 bps, to 13.8% from 12.6%

In Resins, Compounds and Derivatives, 2Q15 operating income was $45 million compared to $43 million in 2Q14.

In 2Q15, PMV sales declined 12% mainly as a consequence of lower VCM and caustic soda selling prices. There was stable production at PMV during 1H15 where the annual production increased 13% compared 1H14 levels. In 2Q15, EBIT increased by 150% when compared to 2Q14 as a result of changes in the useful life of the assets as a consequence of the revamping process of the Pajaritos plant, and the appreciation of the USD against Mexican Pesos which reduces the depreciation and amortization value in dollar terms in 2Q15 vs 2Q14.

In the first half of 2015, the Chlorine-Vinyl Chain reported an increase of 10% in sales due primarily to the inclusion of Vestolit's operations.

In PMV, first half of 2015 revenues were 13% lower as a result of lower caustic soda and VCM prices, and the extension of the VCM facility shut down in January. This was offset by more stable VCM production in the first half, contributing to the continuous operation of the chlor-alkali plant.

INTEGRAL SOLUTIONS CHAIN (53% and 42% of Mexichem's sales and EBITDA in 1H15 before eliminations)

	Second Quarter			January - June		
Integral Solutions Chain	**2015**	**2014**	**%Var.**	**2015**	**2014**	**% Var.**
Sales	830	825	1%	1,618	1,569	3%
Operating Income	85	67	27%	122	102	19%
EBITDA	123	112	10%	202	191	6%

In 2Q15, Integral Solutions Chain's performance was affected mainly by:

i) FX law changes in Venezuela that reduced EBITDA by $9.8 million,
ii) an increase of $2.2 million in restructuring costs and
iii) a $19 million reduction in EBITDA resulting from the effect of the general appreciation of the US dollar against almost all other global currencies.

Second quarter sales for the Integral Solutions chain rose 1% to $830 million mainly due to the consolidation of Dura-Line, which offset by declines of 21% and 17%, respectively, in LatAm and European sales as a consequence of the appreciation of the US dollar against almost all other currencies globally. Sales in Europe and in LatAm declined $148 million, directly related to the general USD revaluation effect which affects our operations that do not have the USD as their functional currency (Europe and Brazil mainly).

Second quarter sales in Latin America (excluding Venezuela) decreased 13% or $47 million dollars to $317 million (including the impact of exchange rate effect of $70 million). Thus, on a constant currency basis, LatAm sales (excluding Venezuela) would have increased 6% to $387 million. European sales declined 17% or $77 million to $362 million (including the impact of the exchange rate effect of $78 million). Thus, on a constant currency basis, Europe sales would have been flat at $440 million.

All in all, exclusive of Venezuela and the FX impact, sales in the Integral Solutions Chain would have increased $187 million or 23%.

Second quarter EBITDA increased 10% compared to 2Q14 mainly due to the consolidation of Dura-Line, and resulted in an EBITDA margin of 14.9%, or 123 bps higher than the similar period last year.

Excluding Venezuela, 2Q15 EBITDA increased 19% or $20 million. Exclusive of the US dollar exchange rate effect in Europe and LatAm, which totaled $19 million, and the restructuring cost in Europe of $2.2 million, , EBITDA would have increased 39% in 2Q15, implying an EBITDA margin expansion of 168 bps to 14.8% compared to 13.1% in 2Q14.

Operating income for the quarter increased 27% mainly due to the EBITDA increase noted above and by the exchange rate impact on depreciation and amortization in Europe and in Brazil where the functional currency is not the USD.

Venezuelan 2Q15 reported EBITDA was a loss of $1.7 million, compared to a $6.8 million gain in 2Q14. In 2Q15 we recognized the total exchange rate adjustment related with the FX law changes that occurred in February 2015. The total impact of $9.8 million at the EBITDA level was booked in 2Q15.

In the first half of 2015 on a currency neutral basis, total revenues increased by 23%, while reported revenues increased 3%.

FLUORINE CHAIN (11% and 25% of Mexichem's sales and EBITDA in 1H15 before eliminations)

	Second Quarter			January - June		
Fluorine Chain	**2015**	**2014**	**%Var.**	**2015**	**2014**	**% Var.**
Sales	177	181	-2%	342	340	0%
Operating Income	48	49	-3%	87	79	11%
EBITDA	65	67	-3%	122	112	9%

2Q15 revenues decreased 2%, or $4 million, to $177 million from $181 million in 2Q14. A reduction in volumes of metallurgic fluorspar was offset by better performance in acid grade fluorspar and hydrofluoric acid.

Operating income for 2Q15 was $48 million, a decrease of 3% mainly due to the decline in volumes and revenues explained above.

Revenues were flat in the first half of 2015, at $342 million mainly due to weaker metallurgic fluorspar performance in the first half of the year. YTD 2015 EBITDA increased 9%, or $10 million, to $122 million. This resulted in an EBITDA margin expansion of 276 bps to 35.7% from 33.0% in 1H14.

1H15 operating income increased 11%, or $8 million, to $87 million.

RECENT EVENTS

- The American Hydrofluorocarbon ("HFC") Coalition and its members, including Mexichem Fluor Inc., filed an antidumping duty petition charging that unfairly traded imports of certain HFC blends and components from China are causing material injury to the U.S. domestic fluoro-chemicals industry. The petition seeks the imposition of antidumping duties to level the playing field. As Mexichem is a minor player in these refrigerant gases, we do not expect a significant impact.

- Dura-Line Corporation commenced production at a new plant in Hyderabad, India. The new plant will produce cable ducts and pressure pipes for the water, datacom and gas markets. The new plant is Mexichem's fourth plant in India. The location of the Hyderabad plant in South India will strategically position Mexichem for exports to Southeast Asia, to serve customers in South India and to capture new business opportunities in the region.

Conference Call Details:

Mexichem will host a conference call to discuss its 2Q15 results on Tuesday July 21, 2015 at 13:00 Mexico City / 14:00 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 at http://services.choruscall.com/links/mexichem150722.html. 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.

ABOUT MEXICHEM

Mexichem is a worldwide leader in plastic pipes, and one of the largest chemical and petrochemical companies, with more than 50 years of experience in LatAm. The Company contributes to the development of the countries by delivering an extended portfolio of products used in high growth sectors such as infrastructure, housing, telecommunications, drinking and potable water in Mexico, the USA, Europe, Asia, Africa (South Africa), Middle East (Oman), and LatAm. The Company has annual revenues of US$5.6 billion, and has been traded on the Mexican Securities 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 new 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.

Mexichem.

INDEPENDENT ANALYSTS

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

-Actinver

-Bank of America Merrill Lynch

-Banorte-Ixe

-BBVA Bancomer

-BTG Pactual

-Citigroup

-Credit Suisse

-GBM-Grupo Bursátil Mexicano

-Grupo Santander

-HSBC

-Interacciones

-Intercam

-Invex Casa de Bolsa

-ITAU BBA

-JP Morgan

-Monex

-Morgan Stanley

-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).