Stock Information
Mexican Stock Exchange
Ticker: MEXCHEM*

Mexichem Reports 2015 First Quarter Results

Tlalnepantla, State of Mexico, April 21, 2015 - Mexichem, S.A.B. de C.V. (BMV: MEXCHEM*) ("the Company" or "Mexichem") today announced its unaudited results for the first quarter 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.

First Quarter 2015 Financial and Operating Highlights

- Revenues increased 9% to $1.4 billion
- Reported EBITDA was $198 million, up 0.2%; EBITDA without Venezuela and PMV increased 11% to $196 million
- EBITDA margin improvement achieved across key product categories, led by the Fluorine Chain
- On a constant currency basis, and excluding restructuring charges and nonrecurring expenses, first quarter revenues would have increased 19% and EBITDA (ex. PMV and Venezuela) would have increased 22%

SUMMARY

In million dollars	Revenues			EBITDA			Revenues without PMV & Venezuela			EBITDA without PMV & Venezuela		
	1Q15	1Q14	YoY	1Q15	1Q14	YoY	1Q15	1Q14	YoY	1Q15	1Q14	YoY
Chlorine-Vinyl	540	488	11%	68	79	-14%	531	477	11%	69	66	4%
Integral Solutions	788	744	6%	78	79	0%	775	722	7%	76	70	8%
Fluorine	164	159	3%	57	45	27%	164	159	3%	57	45	27%
Eliminations/ Holding	-50	-63	-21%	-6	-5	10%	-50	-63	-21%	-6	-5	10%
Total	**1,442**	**1,328**	**9%**	**198**	**198**	**0.2%**	**1,419**	**1,295**	**10%**	**196**	**176**	**11%**

Conference Call

Mexichem will host a conference call to discuss its 1Q15 results on Wednesday April 22, 2015 at 12:00 Mexico City / 13:00 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/mexichem150423.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.

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CONSOLIDATED RESULTS

Consolidated (mm US$)	First Quarter 2015	2014	% Var.
Net Sales	1,442	1,328	9%
Operating Income	90	102	-11%
Net Maj. Income	19	49	-61%
Net Income from continuing operations	14	51	-74%
EBITDA	198	198	0%
Cash Flow	-144	-161	-11%
Dividends	-17	0	
Free Cash Flow	-161	-161	0%

KEY INFORMATION IN A COMPARABLE BASIS

1Q14	in million dollars	1Q15	YoY		Restr.		Sub	Sub15/1Q14			TotQ15/1Q14
EBITDA*		EBITDA *	% Chg	FX	Costs	NR	Total	% Var Comp	M&A	Total	% Var Comp
136	Chlorine-Vinyl + Integral Solutions	144	6%	10	7	2	163	20%	-25	138	2%
45	Fluorine	57	27%	0	0	0	57	28%		57	28%
176	Total	196	11%	10	7	2	215	22%	-25	190	8%

EBITDA* excludes Venezuela and PMV for the same comparable basis. NR- nonrecurring expenses

MANAGEMENT COMMENTARY

Performance and Outlook

"First quarter results represent a strong start to 2015. We achieved positive year-on-year comparisons aligned with our longer term strategy that is focused on expanding our portfolio of specialty products, increasing our vertical integration, and broadening our end markets and geographic reach. Adjusting our reported results to exclude the impact of currency variations, restructuring and nonrecurring expenses, and excluding PMV and Venezuela, our first quarter performance was even stronger, with revenues up 19% and EBITDA increasing 22%. This demonstrates our companywide commitment to achieving margin expansion through innovation and ongoing operating efficiencies. Mexichem's increased scale, resulting from a combination of organic initiatives and recent acquisitions enabled us to successfully maintain this discipline, despite the economic headwinds that we faced in a number of markets," said Antonio Carrillo, Chief Executive Officer.

"As anticipated, a major driver of double-digit first quarter EBITDA growth (excl. PMV and Venezuela) was the recovery in our Fluorine Chain, where we experienced year-on-year improvement in both our upstream and downstream operations. Fluorine Chain margins rebounded to 35% from 28% in last year's first quarter thanks primarily to re-negotiated fluorspar contracts that began to benefit our results in mid-2Q14. In the Chlorine Vinyl Chain, excluding PMV, the addition of Vestolit as well as lower input and electricity costs enabled us to post mid-single-digit EBITDA growth despite a significant decline in product pricing. Although PMV's results were lower in the first quarter due to a combination of lower output prices and the facility shut-down that extended through January, we were pleased to see stable performance in both February and March.

"Integral Solutions reported solid operating performance. EBITDA, adjusted for currency translations, Venezuela, restructuring costs and nonrecurring expenses, increased 32%, benefitting from the addition of Dura-Line, positive comparisons in Latin America, led by Mexico and the relatively stable results from Europe.

"Financial discipline is a key element of our growth strategy, and we are pleased to have achieved a 20% reduction in the normal seasonal change in working capital requirements in the first quarter, despite the increased scope of our operations. We continue to direct our capital expenditures to projects that will support the Company's long term, sustainable growth; over 70% of this year's Capex cash out budget is earmarked for our two JVs, PMV and the construction of the ethylene cracker in Texas, which form the core of our vertical integration strategy. Additional spending has been allocated to capacity expansion in key markets and maintenance.

"Macroeconomic conditions remain challenging, but we believe that Mexichem is well positioned to continue to drive double-digit EBITDA growth (exclusive of PMV and Venezuela results) in 2015 and to take advantage of revenue synergies through cross selling an expanded product portfolio to a significantly increased customer base."

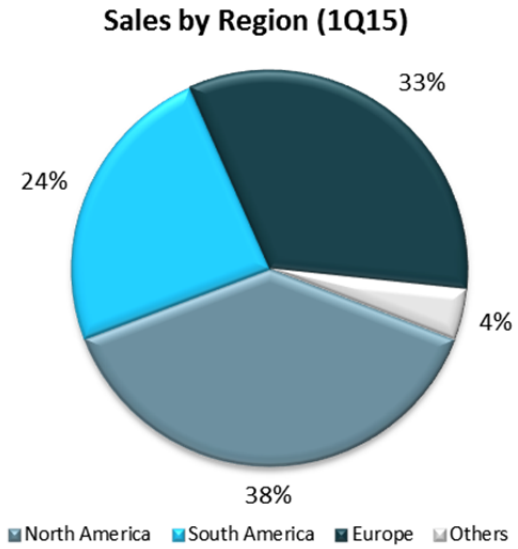
SALES

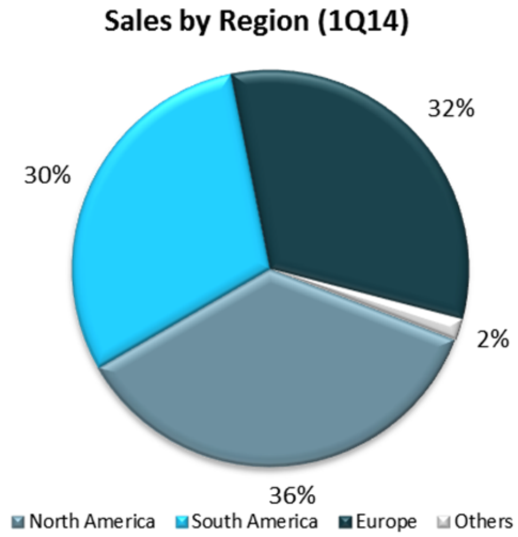
Sales in 1Q15 increased $115 million, or 9%, year-on-year to $1.4 billion, due to a combination of acquisition and organic growth. Specifically, the 1Q15 year-on-year growth in revenues resulted from:

- An increase of $52 million, or 11%, in the Chlorine-Vinyl Chain due to the consolidation of Vestolit.
- An increase of $44 million, or 6%, in Integral Solutions revenues, mainly due to the consolidation of Dura-Line.
- An increase of $5 million, or 3%, in Fluorine Chain sales due to higher prices for acid grade fluorspar resulting from new contracts that became effective in 2Q14.

On a constant currency basis, total sales would have increased 19% year-on-year. Foreign currency translations reduced reported sales by $135 million, impacting reported sales in the Integral Solutions, Chlorine-Vinyl, and Fluor Chains by $102 million, $28 million, and $5 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 1Q15 compared to 10% in 1Q14.

EBITDA

Reported EBITDA for 1Q15, was $198 million, up 0.2% compared to 1Q14. Exclusive of PMV and Venezuelan operations, EBITDA increased 11% to $196 million, and would have increased by 22% to $215 million, after adjusting for foreign exchange translations, restructuring costs and nonrecurring expenses. Factors affecting EBITDA performance in the 2015 first quarter included:

(i) Improved performance in the Fluorine Chain with better pricing that led to a more than 600bps increase in EBITDA margin to 35%.

(ii) The consolidation of Dura-Line and Vestolit, which contributed $25 million in EBITDA.

(iii) The positive impact of cheaper raw materials on the compounds and the lower cost of electricity on the derivatives operation of the Chlorine Vinyl Chain, together with the inclusion of Vestolit from December 1, 2014 increased EBITDA by $15 million, resulting in an EBITDA margin expansion of more than 68 bps to 13%.

(iv) Restructuring costs of $7 million and nonrecurring expenses of $2 million in the Integral Solutions Chain

(v) An impact of $10.4 million from the appreciation of the U.S. dollar against global currencies which mainly affected European and LatAm operations ($7.5 million in Integral Solutions and $2.9 million in Chlorine-Vinyl).

(vi) A reduction of $6 million in reported EBITDA from Venezuela following changes in the law.

OPERATING INCOME

Operating income for the first quarter was $90 million, 11% lower than in 1Q14. This was due to the factors mentioned above and to higher depreciation and amortization costs as a result of an expanded asset base following investments in PMV, the acquisitions of Vestolit and Dura-Line, and the capacity expansion in Mexico and Colombia in the Chlorine-Vinyl Chain.

FINANCIAL COSTS

In 1Q15, financial costs increased $39 million to $68 million mainly due to:

- The appreciation of the US dollar against Latin American currencies, which led to a $22 million loss from the revaluation of local-currency denominated debt, compared with a $7 million loss in first quarter of 2014.
- A $10 million increase in interest expense partially due to the issuance of the $750 million bond in the international markets in September 2014, and partially due to the expensing of interest costs related to the expansion of capacity in the Chlorine Vinyl Chain in Mexico and Colombia. Subsequent to the start-up of operations of these plants in 2Q14, interest that was previously capitalized during the construction phase in accordance with IAS16 “Property, Plant and Equipment” was accrued as an expense, which amounted to $4 million in 1Q15.
- A $6 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.

INCOME TAXES

The effective tax rate was 36% in 1Q15 as compared to 29% in 1Q14. This is mainly explained as follows:

- Income from Continuing Operations before Income Tax declined by $51 million or 70% in the quarter while cash taxes increased $10 million or 36%. This implies an increase from 37% to 170% in the cash tax rate due to higher tax loss positions of certain subsidiaries mainly as a consequence of the appreciation of the US dollar against other global currencies.
- The abovementioned increase in the cash tax rate was offset by the benefit of deferred tax recognized by the subsidiaries with those increases in tax loss positions, leading back to a 36% effective tax rate.

NET MAJORITY INCOME

In 1Q15, the Company reported net majority income of $19 million compared to net majority income of $49 million in 1Q14. This reduction is mainly explained by the factors mentioned above.

CASH FLOW HIGHLIGHTS

	First Quarter		
	2015	2014	% Var.
EBITDA	198	198	0%
Cash Tax	-37	-27	36%
Net Interest	-42	-26	63%
Bank Commissions	-4	-5	-9%
Change in Working Capital	-148	-184	-20%
Operating cash flow before Capex	-33	-44	-25%
CAPEX (organic)	-50	-54	-8%
CAPEX (Total JV)	-108	-123	-12%
CAPEX JV (OXY SHARE)	47	60	-22%
NET CAPEX JV	-61	-63	-3%
TOTAL CAPEX (organic & JV)	-111	-117	-5%
Cash Flow	-144	-161	-11%
Dividends	-17	0	
Free Cash Flow	-161	-161	0%

Operating cash flow before capital expenditures was negative $33 million in 1Q15, lower than the negative $44 million reported in 1Q14. 1Q15 net interest expense increased by $16 million and taxes were up $10 million; however, working capital management improved by $36 million inclusive of the Dura-Line and Vestolit acquisitions. Capital expenditures in 1Q15 totaled $111 million, of which $47 million was invested in the ethylene cracker, $14 million in PMV, and $50 million was allocated to organic projects.

NET WORKING CAPITAL

	2015 Variation			2014 Variation		
	mar-15	dec-14	Δ ($)	mar-14	dec-13	Δ ($)
Net Working Capital	713	565	-148	857	672	-184
Dura-Line's net working capital	97	83	-14	0	0	0
Vestolit's net working capital	-2	7	9	0	0	0
Proforma Net Working Capital	619	476	-143	857	672	-184

Proforma Net working capital (comparable) as of March 31, 2015 was $238 million or 28% lower compared to the same month of 2014, while sales remained stable in a constant currency basis, excluding PMV and Venezuela.

FINANCIAL DEBT

	Last Twelve Months	
	Mar 2015	Dec 2014
Net Debt USD	2,005	1,809
Net Debt / EBITDA 12 M Proforma	2.3x	2.0x
Interest Coverage	4.2x	4.5x
Outstanding Shares	2,100,000,000	2,100,000,000

Financial debt as of March 31, 2015 was $2.4 billion, while cash and cash equivalents totaled $404 million, resulting in net financial debt of $2 billion. The year-over-year increase was primarily due to the $750 million bond issuance in September 2014 and the acquisitions of Dura-Line and Vestolit.

The Net Debt / proforma EBITDA ratio was 2.3x at March 31st, 2015, based on proforma EBITDA of $869 million for the last twelve months (including Dura-Line´s and Vestolit's LTM proforma EBITDA). The Interest Coverage / proforma EBITDA ratio was 4.2x at the end of 1Q15.

CONSOLIDATED BALANCE SHEET

	USD in thousands		
Balance Sheet	**Mar 2015**	**Dec 2014**	**%**
Total assets	**8,334,565**	**8,726,245**	**-4%**
Cash and temporary investments	404,273	619,525	-35%
Receivables	1,023,116	920,122	11%
Inventories	719,566	775,219	-7%
Others current assets	208,262	268,608	-22%
Long term assets	5,979,348	6,142,771	-3%
Total liabilities	**4,928,944**	**5,236,506**	**-6%**
Current portion of long-term debt	55,414	61,736	-10%
Suppliers	1,029,568	1,130,280	-9%
Other current liabilities	561,656	624,415	-10%
Long-term debt	2,354,173	2,366,457	-1%
Other long-term liabilities	928,133	1,053,618	-12%
Consolidated shareholders'equity	**3,405,621**	**3,489,739**	**-2%**
Minority shareholders'equity	499,457	443,708	13%
Majority shareholders'equity	**2,906,164**	**3,046,031**	**-5%**
Total liabilities & shareholders' equity	**8,334,565**	**8,726,245**	**-4%**

CONSOLIDATED STATEMENT OF RESULTS

USD in thousands	First Quarter		
INCOME STATEMENT	**2015**	**2014**	**%**
Net sales	1,442,178	1,327,529	9%
Cost of sales	1,075,614	984,852	9%
Gross profit	**366,564**	**342,677**	**7%**
Operating expenses	276,405	240,857	15%
Operating income	**90,159**	**101,820**	**-11%**
Financial cost	67,925	28,864	135%
Equity in income of associated entity	727	100	627%
Income from continuing operations before income tax	**21,507**	**72,856**	**-70%**
Cash tax	36,587	26,968	36%
Deferred taxes	(28,644)	(5,484)	422%
Income tax	7,943	21,484	-63%
Income from continuing operations	**13,564**	**51,372**	**-74%**
Discontinued operations	568	442	29%
Consolidated net income	**14,132**	**51,814**	**-73%**
Minority stockholders	(4,837)	2,604	N/A
Net income	**18,969**	**49,210**	**-61%**
EBITDA	**198,081**	**197,683**	**0%**

OPERATING RESULTS BY CHAIN

INTEGRAL SOLUTIONS CHAIN

	First Quarter		
Integral Solutions Chain	**2015**	**2014**	**% Var.**
Sales	788	744	6%
Operating Income	36	35	3%
EBITDA	78	79	0%
	First Quarter		
Volume (Var. %)	23%		

In 1Q15, the Integral Solutions Chain's performance was affected mainly by:

i) A high base of comparison due to law changes in Venezuela that reduced EBITDA by $6 million,

ii) $9 million of restructuring costs and nonrecurring expenses and

iii) a $7.5 million reduction in EBITDA from the effect of the appreciation of the US dollar.

First quarter sales for the Integral Solutions chain rose 6% to $788 million mainly due to the consolidation of Dura-Line , offset by declines of 20% and 11%, respectively, in European and LatAm sales as a consequence of the appreciation of the US dollar against almost all other currencies globally. Sales in Europe and in LatAm declined by $115 million of which $102 was directly related to the exchange rate effect (excluding the Venezuelan revaluation impact).

First quarter sales in Latin America (excluding Venezuela) decreased 9.5% or $32 million dollars to $308 million, while the exchange rate effect was $43 million. Thus, on a constant currency basis, sales in LatAm operations would have increased 3.1% to $351 million. European sales declined 19% or $73 million to $309 million for two primary reasons: 1) an exchange rate impact of $59 million, and 2) reduction of products offered to the market that have low margins. Thus, on a constant currency basis, revenues in Europe would have declined only 4% to $366 million. All in all, exclusive of Venezuela and the FX impact, sales in the Integral Solutions Chain would have increased $155 million or 21% instead of 6%.

First quarter EBITDA was flat with the year-ago period, resulting in an EBITDA margin of 10%.

Excluding Venezuela, 1Q15 EBITDA increased 8% or $6 million. Exclusive of the US dollar exchange rate effect in Europe and LatAm, which totaled $7.5 million, the restructuring cost in Europe of $7 million and the nonrecurring expenses of $2 million to the 1Q15 EBITDA, EBITDA would have increased 32% in 1Q15, implying an EBITDA margin expansion of 85 bps to 10.5% compared to 1Q14.

Operating income for the quarter was flat with the comparable period last year.

1Q15 EBITDA from Venezuelan operations was $2 million, compared with $9 million in 1Q14.

CHLORINE VINYL CHAIN

Chlorine - Vinyl Chain	First Quarter 2015	First Quarter 2014	% Var.
Total Sales*	540	488	11%
Operating Income**	27	47	-43%
EBITDA**	68	79	-14%

	First Quarter
Volume (Var. %)	32%

*Intercompany sales were $52 million and $63 million for 1Q 2015 and 2014, respectively.

**Includes Ingleside expenses of $1.3 million in 1Q 15

Resins, Compounds & Derivatives	First Quarter 2015	First Quarter 2014	% Var.
Total Sales*	531	477	11%
Operating Income**	39	45	-15%
EBITDA**	69	66	4%

	First Quarter
Volume (Var. %)	36%

**Intercompany sales were $66 million and $77 million for 1Q 2015 and 2014, respectively.

**Includes Ingleside expenses of $1.3 million for 1Q 15

PMV	First Quarter 2015	First Quarter 2014	% Var.
Total Sales*	48	55	-13%
Operating Income	-12	2	N/A
EBITDA	0	13	N/A

	First Quarter
Volume (Var. %)	5%

**Intercompany sales were $24 million and $30 million for 1Q 2015 and 2014, respectively.

In 1Q15, the Chlorine-Vinyl Chain reported mixed results.

Revenues increased 11% to $540 million in 1Q15, up from $488 million in 1Q14.

Reported EBITDA for the Chlorine Vinyl Chain declined 14%, or $11 million, to $68 million. On a constant currency levels, adjusted by the exchange rate effect of $2.9 million, EBITDA would have declined 10% to $71 million.

In 1Q15, Resins, Compounds and Derivatives revenues increased 11% mainly due to the consolidation of Vestolit.

1Q15 EBITDA for Resins, Compounds and Derivatives increased 4% to $69 million, reflecting the EBITDA benefit of lower raw material costs, including electricity.

In Resins, Compounds and Derivatives, 1Q15 operating income was $39 million compared to $45 million in 1Q14.

In 1Q15, PMV sales declined 13% as a consequence of 1) lower VCM, chlorine and caustic soda prices, and 2) the extension of the VCM facility shut down to January. There was stable production at PMV in February and production in March reached the highest level since we reached the JV agreement with Pemex. Volumes increased by 5% in the quarter but this growth was offset by 30% decline in VCM and Chlorine prices fell and 7% decline in caustic soda prices.

FLUORINE CHAIN

Fluorine Chain	First Quarter 2015	First Quarter 2014	% Var.
Sales	164	159	3%
Operating Income	40	29	35%
EBITDA	57	45	27%

	First Quarter
Volume (Var. %)	-25%

The Fluorine Chain posted double digit EBITDA growth, resulting from improved pricing conditions.

1Q15 revenues increased 3%, or $5 million, to $164 million. A reduction in upstream volumes was offset by higher prices of acid grade fluorspar and hydrofluoric acid due to new contracts that came into effect in 2Q14, as well as higher prices and volumes for refrigerant gases.

1Q15 EBITDA increased $12 million, or 27%, to $57 million, reflecting the pricing increases in fluorspar contracts and its direct impact on prices for hydrofluoric acid. EBITDA margin expanded by more than 6 percentage points to 35%.

Operating income for 1Q15 was $40 million, an increase of 35%.

RECENT EVENTS

- During the Company's Annual Shareholders' Meeting held on November 28, 2014, a cash dividend of MXN0.50 (fifty Mexican cents) per share outstanding was declared, based on the financial statements as of December 31, 2014. This dividend will be paid in four quarterly installments of MXN0.125 (twelve point five Mexican cents) per share as of the record date of each installment, according to the following payment dates: February 27 (paid), **May 27**, August 27, November 27, all in 2015.

- In 1Q15 we opened a new extrusion plant in Palin, Guatemala to ramp up our PVC production for export across the region, and we began operations of a new production line in Argentina to manufacture polypropylene pipes for cold and hot water piping.

- There have been recent changes in the exchange rate regime in Venezuela, but to date there has been no official accounting opinions rendered on which exchange rate should be used to convert the results of our Venezuelan operations into our reporting currency. Mexichem is reviewing its options with a view toward adopting the most conservative policy with respect to its Venezuelan operations, effective in the 2015 second quarter. In FY2014 and in the 1Q15, at an exchange rate of $12 bolivars per US dollar, Mexichem's Venezuelan operations represented 1.1% and 1.0% of total Company sales and 2.1% and 1.2% of total EBITDA.

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.

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).