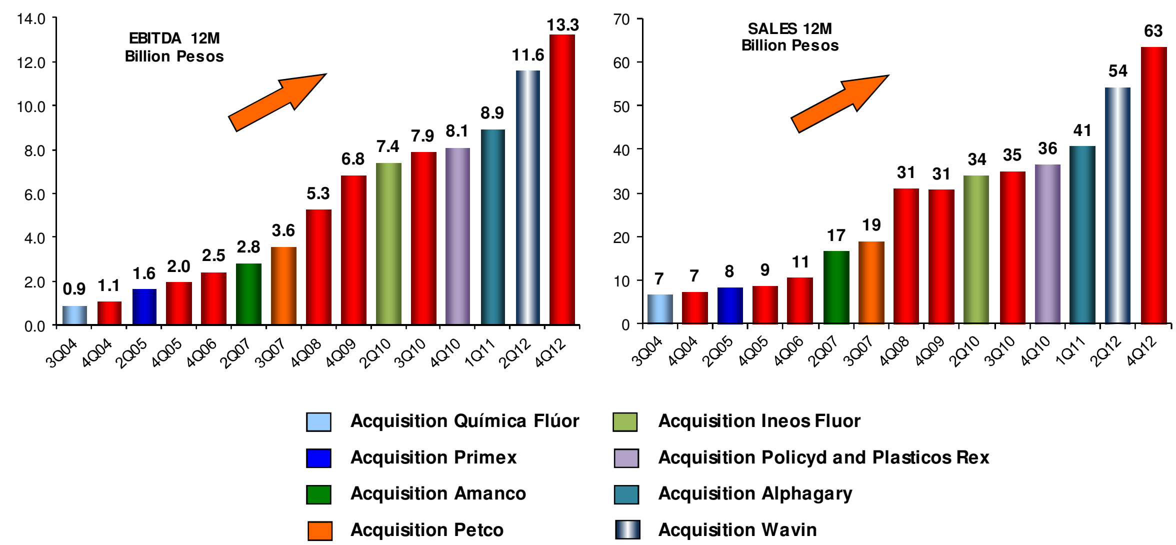
Stock information | Mexican Stock Exchange | Ticker: MEXCHEM*

Contact Investor Relations: Juan Francisco Sanchez Kramer
www.mexichem.com
jsanchezk@mexichem.com, phone: (52) 555279 8319

Consolidated Results

	Fourth Quarter			January- December		
Consolidated Million Pesos	2012	2011	% Var.	2012	2011	% Var.
Net Sales	14,424	10,474	38%	63,398	47,310	34%
Gross Profit	4,526	3,591	26%	20,515	15,913	29%
Net Income	-79	103	N/A	4,579	2,711	69%
Operating cash flow (EBITDA)	2,335	2,159	8%	13,269	10,271	29%
Free cash flow	2,841	653	335%	4,688	2,666	76%



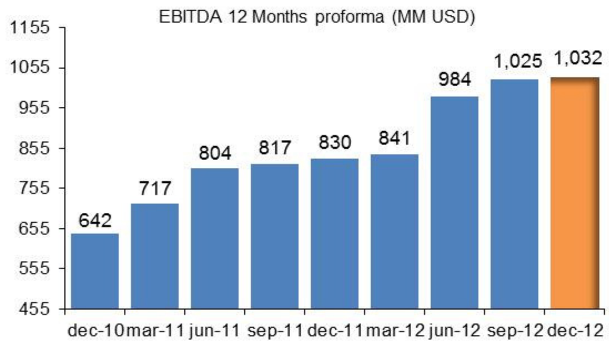
On growth

2012 consolidated sales rose 34% vs. the previous year, to $63.398 billion pesos, boosted by a 21% improvement in sales prices, and an 11% increase in volumes sold, as a result of the organic growth of the businesses, and the incorporation of Wavin in the second quarter, with $14.115 billion in revenues, representing 30% of the increase.

Consolidated sales for 4Q12 rose 38% vs. the same period of last year, to $14.424 billion pesos, boosted mainly by a 27% increase in sales prices and a 9% hike in volumes sold, due to the incorporation of Wavin, with sales of $4.616 billion.

Efficiency and productivity

Accrued EBITDA for the year totaled $13.269 billion pesos—29% higher than in 2011. This increase was due to a better sales price, as a result of investments in machinery and equipment at Mexichem's various plants to manufacture differentiated products, and the incorporation Wavin, whose EBITDA amounted to $1.110 billion.



EBITDA to sales margin for 2012 amounted to 21%, similar to the figure for 2011.

As for the fourth quarter, the $2.335 billion peso EBITDA was 8% higher YOY. This was mainly due to the additional EBITDA from Wavin in the quarter ($185 million pesos).

Financial interest and F/X gains

By December 2012, this line reported a financial cost of $1.987 billion pesos—29% lower than in 2011. The net variation is comprised as follows:

Up to December 2012, a net profit of $999 million, whereas 2011 showed an F/X loss of $1.29 billion pesos. The net exchange difference does not generate cash flow.

Net interest expenses up to December totaled $2.947 billion pesos—133% above the figure for 2011. In 2012, it includes the payment of the $877 million pesos interest premium derived from the partial anticipated cancelation of a US$350 million Bond, and the debt increase for the acquisition of Wavin.

Income tax

Accrued income tax up to December this year of $1.911 billion pesos is 13% higher YOY, as a result of better operating performance and the reported exchange gain.

Gross Generation (Net profit without non-cash-generating items)

Accrued gross generation in 2012 totaled $8.46 billion pesos, showing a 5% rise year over year, basically due to higher EBITDA.

Operating and Free Cash Flow

	Fourth Quarter			January- December		
Periods	2012	2011	% Var.	2012	2011	% Var.
EBITDA	2,335	2,159	8%	13,269	10,271	29%
Free Cash Flow	2,841	653	335%	4,688	2,666	76%

By December 2012, the company generated $4.688 billion pesos in FCF—$2.022 billion pesos more than a year earlier—mainly due to higher EBITDA. Maintenance CAPEX investments in 2012 rose by $3.323 billion pesos (55% more YOY), due to the investments to achieve organic growth in PVC resins, to the modernization and automation of equipment in various locations, and to increases in installed capacity in differentiated product lines in Latin America.

Balance Sheet

Working Capital

Working capital up to December 2012 totaled $9.991 billion pesos—11% more than at yearend 2011. Wavin's working capital totaled $2.619 billion pesos.

Net Debt

Net debt at the end of December last year settled at US$689 million in dollar terms—26% less than the net debt registered at yearend 2011—mainly due to the cash increase in capital stock.

The net debt to EBITDA ratio is 0.67x; we remain below our internal goal of 2.0x. The interest coverage ratio is 3.8x. Excluding the onetime prepayment of the Bond cost accounting $65 million dollars, the index is 5.0x

	Twelve months Pro forma	
	2012	2011
Net Debt US$ MM	689	929
Net Debt/EBITDA 12M	0.67x	1.12x
Interest coverage	3.8x	7.4x
Outstanding Shares	2,100,000,000	1,800,000,000

Operating results by Chain

Integrated Solutions Chain

	Fourth Quarter			January- December		
Integral Solutions Chain	2012	2011	% Var.	2012	2011	% Var.
Net sales	9,362	5,068	85%	33,930	18,771	81%
Operating Income	-287	433	N/A	2,377	2,049	16%
EBITDA	740	711	4%	4,500	2,996	50%
Volumes & Prices	Fourth Quarter				January- December	
Total Volume	75%				63%	
Average selling prices	6%				11%	

With regard to revenues for 2012, they totaled $33.93 billion pesos—81% higher than in the same period of 2011. Wavin's sales totaled $14.115 billion pesos, representing 75% of the advance. As for EBITDA, in this period of 2012, it totaled $4.50 billion pesos—50% more than in 2011. Wavin's EBITDA totaled $1.11 billion pesos.

Sales for the fourth quarter of 2012 amounted to $9.362 billion pesos—85% higher than in the same period of 2011—mainly because of higher volumes (75%) and better prices (6%), largely because of the incorporation of Wavin, whose sales totaled $4.615 billion pesos. As for EBITDA, it rose 4%; Wavin's EBITDA totaled $185 million.

Non-recurring effects in the chain's markets reduced the quarter's results by $31 million dollars. These effects were, among others, an adjustment of inventories and accounts receivables, as well as the devaluation of the Brazilian Real against the USD.

The synergies with Wavin, such as the consumption of resin, transfer of technology, debt restructuring with similar conditions to Mexichem's, and operating efficiencies, have generated additional EBITDA partially compensating the margin EBITDA/Revenues; however, market conditions in Europe where, in addition to the economic crisis, weather conditions were unfavorable, affected the chain's margin compared to the same quarter of the previous year. In addition to the above, the restructuring that was planned for the quarter was delayed because of legal an internal issues affecting the results in $15 million dollars in Wavin's operations, new estimate is to conclude this restructure in 3Q 2013. Additionally we faced the banckrupsy of one of our customers with an impact on the results of $3 million dollars.

Vinyl-chlorine chain

	Fourth Quarter			January- December		
Vinyl - Chlorine Chain	2012	2011	% Var.	2012	2011	% Var.
Net sales	3,843	4,156	-8%	23,507	23,015	2%
Operating Income	564	695	-19%	3,162	3,085	2%
EBITDA	841	953	-12%	4,137	3,949	5%
Volumes & Prices	Fourth Quarter			January- December		
Total Volume	4%			0%		
Average selling prices	-11%			2%		

The Vinyl-Chlorine chain reported total revenues of $23.507 billion pesos for 2012—2% higher than in the same period of 2011. Accrued EBITDA amounted to $4.137 billion pesos—5% more than in 2011—as a result of better prices, mainly in compounds and caustic soda.

Sales from October to December 2012 totaled $3.843 billion pesos, representing an 8% decrease from the same period of 2011, while EBITDA contracted 12% mainly because of Pemex's extension of the scheduled maintenance stoppage, and the force majeure declared by PPG, both of which affected VCM supply and Caustic Soda and Chlorine sales, hitting the chain's results both in terms of sales and EBITDA. The effect on EBITDA was worth $15 million dollars.

Fluorine Chain

	Fourth Quarter			January- December		
Fluorine Chain	2012	2011	% Var.	2012	2011	% Var.
Net sales	2,264	2,499	-9%	11,159	10,853	3%
Operating Income	275	596	-54%	3,418	3,190	7%
EBITDA	776	807	-4%	4,793	3,979	20%
Volumes & Prices	Fourth Quarter			January- December		
Total Volume	-10%			3%		
Average selling prices	1%			0%		

As for the Fluorine chain's accrued 2012 results, revenues amounted to $11.159 billion pesos—3% more than in 2011—as a result of a 3% increase in sales volumes. This chain's EBITDA amounted to $4.793 billion pesos in the year—20% above the same period of 2011—due to higher revenues and lower costs and operating expenses. Throughout 2012, there were price hikes in fluorite, HF, and aluminum fluoride, which somewhat compensated for the effect of the drop in refrigerant gas prices on results.

This chain achieved $2.264 billion pesos in revenues in 4Q12—9% lower than in 2011—and EBITDA of $776 million pesos—4% lower YOY—as a result of lower volumes by 10%, and the drop in refrigerant gas prices, which had a $21 million dollar effect in the quarter, partially compensated by the price increase in the other products.

Outlook

In 4Q12, negative macroeconomic factors were heightened, significantly pressuring both Mexichem's sales and its results mainly in Europe, where economic performance expectations were well below the forecasts. Expectations for 1Q13 remain low for said region in terms of overall product demand, particularly in the construction industry.

As an additional strategy, in view of the adverse conditions in Europe and the delay in the restructuring process in Wavin, the program has been reviewed and its expected to be completed by 3Q13; As part of this restructuring process, plants and production operations will be shut down in various countries; installed capacity will be relocated to mainly in Eastern Europe and Latin America; the workforce will be adjusted to operating requirements; and processes will be redesigned based on each country's competitiveness and demand, adapting it to the real conditions of demand and potential growth. The impact of the delay of the restructure program amounted $20 million dollar, of which $15 million dollar were reflected in the results of 4Q12.

Synergies worth $25 million dollars were achieved through the incorporation of Wavin's operations into the Integrated Solutions Chain, in line with expectations; the transfer of product and process technology will continue as planned; and the synergies in the supply chain, IT, and marketing have been implemented. We are maintaining our expectation of an additional $50 million dollars in synergies throughout 2013 which, due to the real circumstances of Europe that we expect will persist in the next few years and the further restructure cost, are not fully reflected in results.

In the Vinyl-Chlorine Chain, the coinvestment project with Pemex was approved both by Pemex's and Mexichem's Management Board in January 2013, thus beginning the contract part of the integration of the Pajaritos complex's operations in Mexichem. The project integrates and expands Pemex's Ethylene and VCM operations to Mexichem's Salt and Chlorine-Soda operations to achieve 400 thousand tons of VCM annually. Said expansion will be made in three stages, and we estimate it will begin early in 3Q13.

Likewise, the feasibility study for the co-investment project for the construction of an ethylene cracker in the US will be ready in the second quarter of 2013. Should the expectations be confirmed, the investment for the project to begin operations will start in 2016.

In the Fluorine Chain, coolant prices remain low as a result of the excess supply from Chinese producer; however, and in the opposite sense, Fluorite, HF, and Aluminum fluoride prices remain above historical levels; expectations for 1Q13 are that this trend will continue.

During 4Q12, the negotiations to renew the Fluorine and HF sales contracts were begun, and even though these contracts will be effective mainly in 1Q14, the negotiation of some of them has been completed, and the remainder will be ended soon, setting prices at market levels.

Vertical integration strategies in the three chains, the geographic diversity (operations in 39 countries), and a focus on results, highlighting competitive advantages, all help to mitigate the adverse macroeconomic conditions as vertical integration decreases the volatility of upstream products, and the attractive growth in developing countries.

Formulating solutions and multiplying possibilities at all the levels of what we have come to call the triple result (economic, social, and environmental), we are able to be closer to our markets and clients at the same time, go further in terms of geographic scope. Now, more than ever, we shall continue to contribute to the development and improvement of people's quality of life through growth and innovation in all the fields where Mexichem participates directly or indirectly.

Consolidated Balance sheet

	Pesos in thousands		
	dec-12	dec-11	%
Total assets	**99,733,429**	**60,456,761**	**65%**
Cash and temporary investments	21,411,114	7,675,504	179%
Receivables	12,115,691	8,990,694	35%
Inventories	9,739,137	6,657,677	46%
Others current assets	1,883,490	1,831,948	3%
Long term assets	54,583,997	35,300,938	55%
Total liabilities	**57,738,689**	**36,391,621**	**59%**
Current liabilities	19,745,179	15,885,338	24%
Long-term liabilities	37,993,510	20,506,283	85%
Consolidated shareholders'equity	**41,994,740**	**24,065,140**	75%
Minority shareholders'equity	221,921	71,980	208%
Majority shareholders'equity	**41,772,819**	**23,993,160**	**74%**

Consolidated Income Statement

Pesos in thousands	January- December			Fourth Quarter		
	2012	2011	%	2012	2011	%
Net Sales	63,397,746	47,309,622	34%	14,423,790	10,474,237	38%
Cost of Sales	42,883,227	31,396,206	37%	9,897,838	6,883,099	44%
Gross Profit	**20,514,519**	**15,913,416**	**29%**	**4,525,952**	**3,591,138**	**26%**
Operating Expenses	12,061,291	8,630,670	40%	4,048,710	2,269,996	78%
Operating Income	**8,453,228**	**7,282,746**	**16%**	**477,242**	**1,321,142**	**-64%**
Financial Cost	1,987,236	2,808,234	-29%	732,277	1,039,293	-30%
Other Expenses	(23,704)	-		(1,891)	-	
Income from continuing operations before income tax	**6,489,696**	**4,474,512**	**45%**	**(253,144)**	**281,849**	**-190%**
Income Tax	1,910,522	1,697,277	13%	(173,862)	148,798	-217%
Income from continuing operations after income tax	**4,579,174**	**2,777,235**	**65%**	**(79,282)**	**133,051**	**-160%**
Discontinued operations	-	(66,083)	-100%	-	(29,696)	-100%
Consolidated net income	**4,579,174**	**2,711,152**	**69%**	**(79,282)**	**103,355**	**-177%**
Minority Stock holders	149,941	11,887	1161%	128,129	321	39816%
Majority stock holders	**4,429,233**	**2,699,265**	**64%**	**(207,411)**	**103,034**	**-301%**
EBITDA	**13,268,658**	**10,271,276**	**29%**	**2,335,468**	**2,159,165**	**8%**