Mexichem

Stock Information	Mexichan Stock Exchange	Ticker:	MEXCHEM*

MEXCHEM

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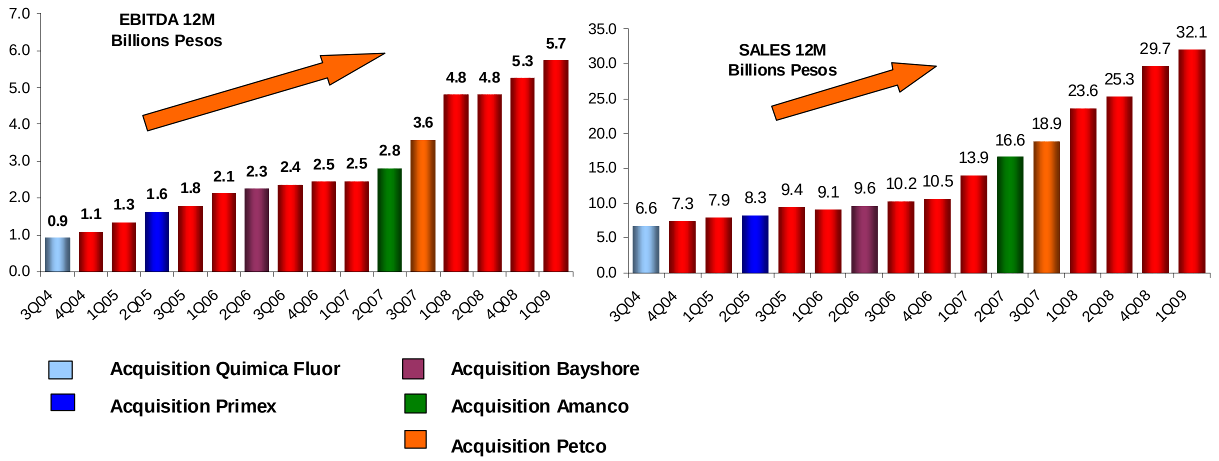
Consolidated Results

	First Quarter			January-March		
Consolidated Million Pesos	2009	2008	%Var.	2009	2008	% Var.
Net Sales	7,738	7,020	10%	7,738	7,020	10%
Gross Profit	2,729	2,187	25%	2,729	2,187	25%
Net Majority Income	400	442	-9%	400	442	-9%
Operating cash flow (EBITDA)	1,691	1,188	42%	1,691	1,188	42%
Free cash flow	1,123	835	35%	1,123	835	35%

Historical 12-month performance for revenues and consolidated EBITDA, where we can note the extraordinary growth the company has experienced, thanks to the acquisitions and, specifically, to the synergies obtained from their integration into Mexichem.



Volumes & Prices	First Quarter	January-March
Total Volumen	-8%	-8%
Avegare selling prices	19%	19%

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Mexichem Highlights

On Growth

Mexichem keeps up its growth despite a recessive environment; for the first quarter of 2009, its consolidated sales rose 10% YOY to $7.738 billion pesos, boosted by a better sales price by 19%, which makes up for the 8% drop in volumes.

These results are influenced by the consolidation of the operations of the acquisitions made throughout 2008, and part of the foreign exchange effect that it was possible to pass through to the market.

Efficiency and Productivity

Operating profit in 2009 amounted to $1.291 billion pesos—52% better than the figure reported in the first quarter of 2008. Accrued EBITDA totaled $1.691 billion pesos—42% higher than in 2008; in dollar terms, this growth translates into 8%. The increase is a result of better sales prices for caustic soda, phosphates, and pipes, as well as the reduction in costs of energy, gas, and some raw materials (VCM, sulfur).

Integrated Cost of Financing

At the end of the first quarter of 2009, the integrated cost of financing amounts to $540 million pesos—$340 million pesos greater than in 1Q08—mainly due to an F/X loss from the devaluation effect felt in the quarter.

Income Tax

Income tax in 1Q09 amounted to $185 million pesos, which is 21% greater than in 2008; nonetheless, the effective rate is practically the same this quarter.

Gross Cash Flow Generation (Net Profit without non-cash-generating items)

Gross cash flow generation for 2009 was $1.114 billion pesos—73% higher than in 2008—thanks to better operating results.

Operating and Free Cash Flow

	First Quarter			January-March		
Operating cash flow and Free cash flow	2009	2008	% Var.	2009	2008	% Var.
Operating profit	1,291	852	52%	1,291	852	52%
+ Depreciation and amortization	400	336	19%	400	336	19%
EBITDA	1,691	1,188	42%	1,691	1,188	42%
-Investment in fixed assets	568	353	61%	568	353	61%
Free cash flow	1,123	835	35%	1,123	835	35%

Free cash flow for 1Q09 was $1.123 billion pesos—35% higher than in 2008. It is important to note greater maintenance CAPEX investments in 2009 by 61% for improvement of the environment, efficiency, automation, and modernization.

Balance sheet

Working Capital

Working capital at the close of March 2009 was $3.585 billion pesos, which is practically flat YOY, despite greater sales. This is a result of the strict control over the portfolio and inventories of each of the businesses.

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Plant and Equipment

At the close of March 2009, the balance in this line was $13.019 billion pesos, which is greater than the $2.796 billion pesos resulting from investments in machinery and equipment in all our plants for taking care of the environment, increasing capacity and efficiency, and modernization; the goal is to keep our operations in optimal conditions, improving their productive capacities and thus, reducing operating costs, enabling Mexichem to remain among one of the lowest-cost producers worldwide.

Net Debt

Net debt at the close of March 2009 settled at US$759.6 million in dollar terms; compared to the same period in 2008, this translates into an increase of US$44 million. However, eight acquisitions were made in this period (Tuflex being the most recent).

In this quarter, amortizations on the bank loans for US$75 million were made, as was a restructuring of short- and long-term debt with Banco Inbursa for US$226 million; this restructure has a 3-year maturity and improves the structure of the balance sheet. The net debt to EBITDA ratio stands at 1.56x—below the 2.0x limit established by Mexichem.

	Twelve months	
Debt	2009	2008
Net Debt	760	715
Net Debt/EBITDA **	1.56	1.63
Interest coverage	7.81	5.20
Outstanding Shares	1,646,400,000	1,646,400,000

Dividends

In our General Ordinary Shareholders' Meeting held on December 5, 2008, a dividend of a total $296 million pesos was approved, to be applied to the Net Tax Profit Account (CUFIN in Spanish), equivalent to P$0.18 per share. This dividend will be paid in four installments of P$0.045 per share, each, throughout 2009.

Other Relevant Events

On March 31, 2009, Mexichem completed the acquisition of Tubos Flexibles—a Mexican company purchased from Industrias Nacobre. Tubos Flexibles is a company that has been in the market for over 50 years; it has four plants that produce and market PVC, CPVC, Polyethylene, and Polypropylene pipes and connections. Likewise, Mexichem decided to sell to Mexalit S.A. de C.V. its subsidiary by the name of Mexichem Estireno, in order to focus its businesses on the line of higher value added products.

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Operating Results by Chain

Transformed Products Chain

Transformed Products Chain	First Quarter 2009	First Quarter 2008	First Quarter %Var.	January-March 2009	January-March 2008	January-March % Var.
Net sales	4,125	3,715	11.0%	4,125	3,715	11.0%
Operating cash flow (EBITDA)	893	613	45.8%	893	613	45.8%

Volumes & Prices	First Quarter	January-March
Total Volumen	1.6%	1.6%
Avegare selling prices	9.3%	9.3%

Sales in the quarter amounted to $4.125 billion pesos—11% higher YOY thanks to better sales prices. With regard to EBITDA, it managed to reach $893 million pesos in the quarter, which translates into a 46% hike, showing a significant improvement in sales margin which went from 16% to 22%. This was due to an improvement in sales prices and reductions in the cost of raw materials (PVC), which further bolsters our strategy of vertical integration, since roughly 50% of the production of PVC resins is consumed by our own transformed products chain, turning the reduction in PVC sales into an improvement in margins in the next link in the chain which, in this case, means pipes and compounds.

Vinyl-Chlorine Chain

Vinyl - chlorine	First Quarter 2009	First Quarter 2008	First Quarter %Var.	January-March 2009	January-March 2008	January-March % Var.
Net sales	3,730	3,407	9.5%	3,730	3,407	9.5%
Operating cash flow (EBITDA)	806	497	62.1%	806	497	62.1%

Volumes & Prices	First Quarter	January-March
Total Volumen	3.6%	3.6%
Avegare selling prices	5.7%	5.7%

The Vinyl-Chlorine chain reported sales for 1Q09 worth $3.73 billion pesos—9.5% above the figure for 2008, due to higher volumes and better sales prices for soda and phosphates, mainly. EBITDA totaled $806 million pesos—62% better than in 2008—significantly improving the sales margin from 15% to 22%.

With regard to the performance of PEMEX, our client and supplier, its chlorine consumption in the period was 66% greater YOY since, during the quarter, PEMEX didn't stop its Pajaritos plant as happened in the same quarter of 2008.

By way of summarizing, the following table presents each of the links in the Vinyl-Chlorine and Transformed Products chains, the positives and negatives we experienced in the quarter, and the outlook for the coming quarter.

Factors	Alkali Chlorine	PVC	Tubería
Positives	Sales in dollars; expenses in pesos	Volume like in 2008 despite recession	Positive net volume by 12%, due to country diversity
	Better priced Soda	Lower VCM price, drop in gas prices	Constant pipe prices in local currencies
	Lower energy and gas costs		Lower raw material prices, maintaining sales prices
	Phosphates integration		
Negatives	Lower soda volumes	Reduction in sales price due to drops in raw material costs	Aggressive devaluation process with threats in Ecuador and Venezuela
Outlook	PEMEX stoppage	Price hike in raw materials and increase in PVC sales prices	Prices remain unchanged
	Soda price reduction	Volume similar to 2008	Volume sustained by support to infrastructure
	Lower chlorine and soda volumes		

Fluorine Chain

Fluorine	First Quarter 2009	First Quarter 2008	First Quarter %Var.	January-March 2009	January-March 2008	January-March % Var.
Net sales	638	491	30.1%	638	491	30.1%
Operating cash flow (EBITDA)	307	202	51.7%	307	202	51.7%

Volumes & Prices	First Quarter	January-March
Total Volumen	-23.2%	-23.2%
Avegare selling prices	69.4%	69.4%

Revenues in the first quarter amounted to $638 million pesos—30% better than in 2008—as a result of the combination of better sales prices by 69%, compensating for the 23% volume decrease, mainly in metallurgical grade, due to the reduction in demand from the steel industry. EBITDA totaled $307 million pesos—51.7% higher than in 2008—going from a sales margin of 41% to 48%. These significant advances are a result of the improvement in sales prices, higher self-consumption of fluorite, and the cost reductions in the main raw materials, such as sulfur.

Outlook

In view of the global recessive environment, the challenges we face grow larger. The reduction of credit from banks continues to be a restrictive factor for economic growth and reactivation; the contraction in demand, together with price volatility in raw materials and Latin American currencies, keeps painting a scenario which requires efficient strategies and continuous follow-up on them. The results of the first quarter showed that the strategy chosen was adequate; that the vertical integration and geographical diversification we have are significant strengths for Mexichem, causing value to remain within the company. Thus, the transformed products chain becomes the engine that drives all the other links in the chains and determines their degree of operation, setting the pace for both growth and profitability.

In this second quarter, the drop in prices and volumes of soda and chlorine in the Chlor-alkali division, within the Vinyl-Chlorine chain, represents a significant challenge; thanks to the integration we have, it will be largely compensated for by the expected price hikes in PVC where, as we have mentioned before, keeping the spread between the price of PVC and VCM is fundamental. This spike in prices will enable the Vinyl-Chlorine chain to sustain its growth. This growth will arrive since we find that demand remains in pipes thanks to the infrastructure projects in various Latin American countries, together with the outlook of stable prices, and with spikes in some regions due to the increase in PVC prices.

The consolidation of Tuflex into Mexichem's results as of 2Q09, as well as the synergies that this acquisition will bring—together with the operating efficiencies in all our divisions, where we have continued to prepare and thus, in the first quarter, invested slightly over US$40 million in CAPEX for modernization, automation, and efficiency in all our operations in Latin America—will represent an improvement in the results of the whole organization.

Financial Information

	To march 31		
Balance sheet	**2009**	**2008**	**%**
Total assets	**32,407,053**	**26,473,659**	**22%**
Cash and temporary investments	2,715,257	1,129,103	140%
Receivables	5,828,066	5,345,829	9%
Inventories	3,399,365	3,196,793	6%
Others current assets	785,626	482,699	63%
Long term assets	19,678,739	16,319,235	21%
Total liabilities	23,954,982	17,642,553	**36%**
Current liabilities	12,720,730	9,365,902	36%
Long-term liabilities	11,234,252	8,276,651	36%
Consolidated shareholders'equity	8,452,071	8,831,106	**-4%**
Minority shareholders'equity	113,606	142,459	**-20%**
Majority shareholders'equity	8,338,465	8,688,647	-4%

Consolidated Income Statement

Mexichem S.A.B. de C.V

In thousands of pesos (2009 and 2008 at historical values)

	January-March		
Income Statement	**2009**	**2008**	**%**
Total Sales	7,738,266	7,020,127	10.2%
Cost of Sales	5,009,659	4,833,267	3.6%
Gross Profit	2,728,607	2,186,860	24.8%
Operating Expenses	1,437,281	1,335,043	7.7%
Operating Income	1,291,326	851,817	51.6%
Financial Cost	540,330	189,383	185.3%
Other Expenses	155,951	55,757	179.7%
Income from continuing operations before provisions	595,045	606,677	-1.9%
Income Tax	184,917	152,390	21.3%
Income from continuing operations before provisions	410,128	454,287	-9.7%
Discontinued operations	0	0	
Consolidated net income	410,128	454,287	-9.7%
Minority Stock holders	9,729	12,675	-23.2%
Majority stock holders	400,399	441,612	-9.3%
EBITDA	1,691,301	1,187,611	42.4%