Mexichem

Stock information	Mexican Stock Exchange	Ticker:	MEXCHEM*

MEXCHEM

Contact:

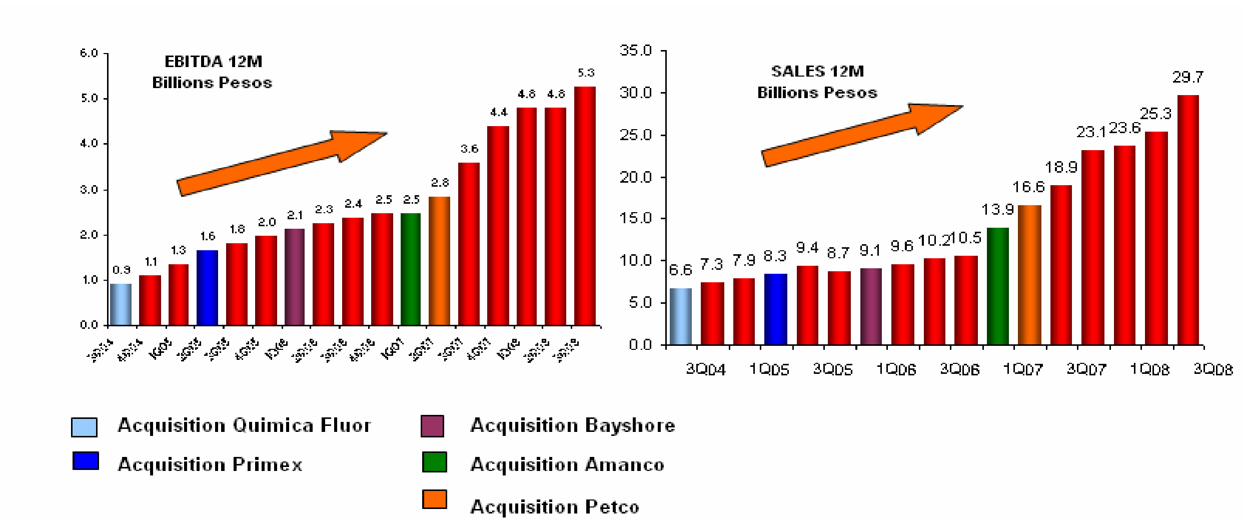
Investor Relations: Enrique D. Ortega Prieto

www.mexichem.com eortega@mexichem.com phone (52) 555366 4065

Consolidated Results

Consolidated Million Pesos	Third 2008			January-September		
	2008	2007	%Var.	2008	2007	% Var.
Net Sales	8,343.9	7,078.6	18%	22,892	16,219	41%
Gross Profit	2,545.6	2,302.8	11%	7,077	5,206	36%
Net Majority Income	224.1	609.2	-63%	1,419	1,419	0%
Operating cash flow (EBITDA)	1,431.8	1,387.3	3%	3,996	3,094	29%
Free cash flow	1,287.2	1,145.3	12%	2,990	2,376	26%

Historical performance of Sales and consolidated EBITDA shows the extraordinary growth that Mexichem is experiencing.



Volumes & Prices	Third 2008	January-September
Total Volumen	-1.5%	7.4%
Avegare selling prices	6.6%	22.1%
Others/ Acquisitions	13.0%	9.0%

Results

Accrued sales up to 3Q08 amounted to P$22.892 billion—41% above the figure for the same period in 2007. The increase is due to better volumes by 7%, higher prices by 21.7%, and acquisitions by 9%; Plastubos (PVC Pipes Brazil), Dripsa (Agricultural Solutions Argentina), Geosistemas del Peru (Geotextiles), Rio Verde (Fluorite Mine in Guanajuato), Bidim (Geotextiles Brazil), and Quimir (Phosphates Mexico). Operations carried out throughout the year.

These results were boosted by significant growth rates in infrastructure, housing, and agriculture in Latin America (mainly Brazil, Peru, and Colombia).

Third quarter sales amounted to P$8.344 billion—18% greater than in the same period of 2007.

Efficiency and productivity

Operating profit in the first nine months of 2008 amounted to P$2.961 billion—26% better year over year. Accrued EBITDA was P$3.996 billion—29% greater than in 2007. This growth is mainly due to better sales prices in Caustic Soda, Phosphates, PVC, and pipes, which significantly compensate for the hikes and volatility of energy and basic raw material prices.

All the plants in Mexico and Latin America worked at full capacity, with Brazil, Peru, Colombia, Ecuador, Central America, and Mexico standing out, with strict control of operating costs, in addition to the synergies from the consolidation process of our acquisitions made throughout the year.

In this third quarter, EBITDA totaled P$1.4318 billion—3.1% greater than in 2007 which, discounting the extraordinary income from the incorporation of 4 months of our pipes companies in Colombia and Mexico, would have risen 18.2%, due to the strategies implemented throughout the year whose effects were still visible in the first quarter.

Integrated cost of financing

In 2008, the integrated cost of financing amounts to P$543 million, that is P$314 million above the figure for 2007; real cash flow was positive at P$25 million, resulting from a net interest effect.

Income tax

Income tax for the nine months ended in September 2008 was P$685 million, including P$209 million of deferred taxes; that is, 58% higher than in 2007, also due to better operating results.

Net Profit and Gross Profit (Net profit without non-cash-generating items)

Consolidated majority net profit up to September 2008 amounted to P$1.419 billion, and Gross Profit to P$2.415 billion, with the former remaining unchanged from 2007, and the latter rising 27% YOY.

Operating and Free Cash Flow

	Third 2008			January-September		
Operating cash flow and Free cash flow	2008	2007	% Var.	2008	2007	% Var.
Operating profit	1,071	1,064	1%	2,961	2,342	26%
+ Depreciation and amortization	361	324	12%	1,036	752	38%
EBITDA	1,432	1,387	3%	3,996	3,094	29%
-Investment in fixed assets	145	242	-40%	1,006	718	40%
Free cash flow	1,287	1,145	12%	2,990	2,376	26%

Free cash flow accrued up to September 2008 is P$2.99 billion—P$614 million greater than in the same period in 2007, despite higher Capex.

Balance Sheet

Working Capital

Working capital at the end of September 2008 totaled P$3.094 billion, which translates into a P$580 million reduction vs. the same period in 2007. This cash generation resulted mainly from a strict control of our portfolio with over 38 thousand clients throughout Latin America, cutting turnover from 63 to 56 days.

Plant and Equipment

At the end of September 2008, the balance in this heading was P$10.828 billion, including investments of P$904.3 million in machinery and equipment in all our plants to increase capacity, efficiency, modernization, and environment.

Net Debt

Net debt at the end of September settled at P$7.721 billion. Compared to the same period in 2007, we have reduced it by P$937 million, notwithstanding payment for the latest 6 acquisitions worth over P$1.3 million. This is a result of anticipated amortizations of long-term debt and the payment of current debt maturities, including the syndicated loan. The Net debt/EBITDA ratio stands at 1.47 times—below the 2.41 times ratio for the same quarter in 2007.

Of this debt amounting to P$7.721 billion, 72% is dollar denominated and the remainder is in local Latin American currencies. The dollar-denominated debt has a natural hedging as the company generates sales in dollars, or denominated in dollars, amounting to USD$150 million per month and USD$1.8 billion per year throughout Latin America. The service for the next 12 months' debt, including capital and interest amortizations, amounts to USD$220 million of which, at the end of September, we had USD$108 million in cash at hand.

	Twelve months	
Debt	2008	2007
Net Debt	7,721	8,658
Net Debt/EBITDA **	1.47	2.41
Interest coverage	6.42	5.87
Outstanding Shares	1,646,400,000	1,646,400,000

Derivative Instruments

The company's policy is to use certain hedges that enable us to mitigate price volatility of certain raw materials and financial operations, all related to the business and previously approved by the Audit and Societary Practices committees, as well as by the Management Board.

To this effect, Mexichem has the following instruments:

a) Variable interest rate coverage at a fixed rate of 4.03% for a notional amount of USD$25 million for 2 years.

b) Currency Swap, dollars to euros, worth USD$200 million in order to cover the flows in euros from exports. As of August, our economic activity in Europe contracted significantly, thereby leading to the decision to liquidate this instrument on October 3, and generating a profit of USD$7 million for Mexichem, which will be reflected in fourth quarter results.

c) Gas price hedges as of July 2008 for 50% of Mexichem's total consumption at a price of USD$10.89 per MMBTU, and the rest is purchased at market prices.

Stock activity

Over the last few weeks, the stock has been severely punished without considering the company's results and fundamentals, thereby leading Mexichem to activate its Buyback Fund in order to provide investors with liquidity.

Operating Results by Chain

Vinyl-Chlorine Chain

	Third 2008			January-September		
Vinyl - chlorine	2008	2007	%Var.	2008	2007	% Var.
Net sales	4,451	3,084	44.3%	10,839	6,998	54.9%
Operating cash flow (EBITDA)	686	548	**25.3%**	1,588	1,363	**16.5%**

Volumes & Prices	Third 2008	January-September
Total Volumen	15.4%	17.3%
Avegare selling prices	25.1%	32.1%

The Vinyl-Chlorine Chain reported accrued sales of P$10.839 billion—55% higher YOY. EBITDA amounted to P$1.588 billion—16.5% greater than in 2007—as it has been possible to maintain the margins between sales price and raw material costs.

This chain's main products are: Chlorine, Caustic Soda, Sodium Hypochlorite, and PVC resins.

With regard to the performance of PEMEX, our client and supplier, its chlorine consumption in the first nine months was 17% lower YOY, due to stoppages in their Pajaritos plant for maintenance, which also affected us in the delivery of VCM for our production of PVC. Nonetheless, Mexichem managed to place its chlorine production and get a sufficient supply of VCM without hampering its operations.

Fluorine Chain

Fluorine	Third 2008 2008	Third 2008 2007	Third 2008 %Var.	January-September 2008	January-September 2007	January-September % Var.
Net sales	488	504	-3.2%	1,500	1,555	-3.5%
Operating cash flow (EBITDA)	91	199	-54.6%	455	684	-33.5%

Volumes & Prices	Third 2008	January-September
Total Volumen	0.1%	1.8%
Avegare selling prices	-3.3%	-5.3%

Accumulated sales in the fluorine chain up to September 2008 amounted to P$1.5 billion—3.5% lower than in 2007. As for EBITDA, it reported P$455 million—33.5% lower than in 2007. Although the chain is selling the same volumes as in 2007, margins have dropped mostly because of the hikes in raw materials—namely, sulfur, which is an important component in the manufacturing of hydrofluoric acid, whose price has gone from USD$45 to USD$616 per ton over the last 12 months. Currently, we are holding meetings with all our clients to transfer the cost increases; likewise, we are already developing the project to extract and produce Sulfur in our mine in Jaltipan, Veracruz, which will significantly cheapen the production costs for hydrofluoric acid. This production is estimated to begin in the first quarter of 2009.

Transformed Products Chain

Transformed Products Chain	Third 2008 2008	Third 2008 2007	Third 2008 %Var.	January-September 2008	January-September 2007	January-September % Var.
Net sales	4,535	4,334	4.6%	12,793	8,809	45.2%
Operating cash flow (EBITDA)	744	728	2.3%	2,206	1,290	71.0%

	Third 2008	January-September
Total Volumen	6.5%	22.9%
Avegare selling prices	-1.7%	18.1%

Mexichem's positive results have been largely bolstered by this chain, whose sales up to September 2008 show increases of 45.2%, going from P$8.809 billion in 2007 to P$12.793 billion in 2008. With regard to EBITDA, the increase is even greater at 71% more than in 2007, rising to P$2.206 billion in 2008 vs. the P$1.29 billion in the same period in 2007.

Outlook

Throughout the fourth quarter, both demand for products—especially Caustic Soda and pipes—and prices have remained without contractions. Brazil, Peru, and Venezuela will maintain their production levels in 4Q08, due to the backlog we have in these countries, because of fears of a rise in the price of their local currencies. Therefore, this year's sales results in pesos, should the currency depreciation levels remain, will be above our original estimate of P$30 billion, since our sales—roughly 70%—are dollar denominated.

The whole organization continues to emphasize working capital and cash positions that will enable us to maintain a sufficient liquidity to meet all our short-term obligations.
At the time of this report, the cash position stands at USD$160 million, with over 95% of it denominated in dollar.

Last, our local banks have confirmed the lines of credit for Letters of Credit and working capital needs, making over USD$183 million available.

We continue our work to obtain the authorization from COFECO for the acquisition of the companies in the transformed products and vinyl-chlorine chains.

Thus, Mexichem continues with its good results and will sustain its growth through different schemes including partnerships, consolidations, and mergers.

Financial Information

Mexichem S.A de C.V

In thousands of pesos (2007 at December 2007 pesos, and 2008 at historical values

Consolidated financial statement

	To September 30		
Balance Sheet	**2008**	**2007**	**Change**
Total assets	**28,705,452**	**23,332,581**	**23%**
Cash and temporary investments	1,191,521	1,096,991	9%
Clients	5,767,770	4,932,932	17%
Inventories	3,934,171	2,386,766	65%
Other current assets	650,547	148,220	339%
Long-term assets	17,161,443	14,767,672	16%
Total liabilities	**19,673,669**	**15,848,388**	**24%**
Current liabilities	12,996,040	7,621,802	71%
Long-term liabilities	6,677,629	8,226,586	-19%
Consolidated shareholders' equity	**9,031,783**	**7,484,193**	**21%**
Minority shareholders’ equity	104,120	51,614	**102%**
Majority shareholders’ equity	8,927,663	7,432,579	20%

Mexichem S.A.B. de C.V

In thousands of pesos (2007 at december 2007 and 2008 at historical values)

Income Statement	**January-September** 2008	2007	%	**Third Quarter** 2008	2007	%
Total Sales	22,892,060	16,218,983	41.1%	8,343,869	7,078,623	18%
Cost of Sales	15,815,531	11,013,376	43.6%	5,798,259	4,775,805	21%
Gross Profit	7,076,529	5,205,607	35.9%	2,545,610	2,302,818	11%
Operating Expenses	4,115,756	2,863,645	43.7%	1,474,899	1,239,274	19%
Operating Income	2,960,773	2,341,962	26.4%	1,070,711	1,063,544	1%
Financial Cost	543,058	228,475	137.7%	466,490	151,421	208%
Other Expenses	287,932	237,865	21.0%	175,751	217,614	-19%
Income from continuing operations before provisions	2,129,783	1,875,622	13.6%	428,470	694,509	-38%
Income Tax	685,296	432,775	58.3%	195,183	71,749	172%
Income from continuing operations before provisions	1,444,487	1,442,847	0.1%	233,287	622,760	-63%
Discontinued operations	0	-13,828		0	-3,573	
Consolidated net income	1,444,487	1,429,019	1.1%	233,287	619,187	-62%
Minority Stock holders	25,339	10,018	152.9%	9,142	10,018	-9%
Majority stock holders	1,419,148	1,419,001	0.0%	224,145	609,169	-63%
EBITDA	3,996,394	3,094,416	29.1%	1,431,770	1,387,305	3%