Mexichem

Stock Information	Mexichan Stock Exchange	Ticker:	MEXCHEM*

MEXCHEM

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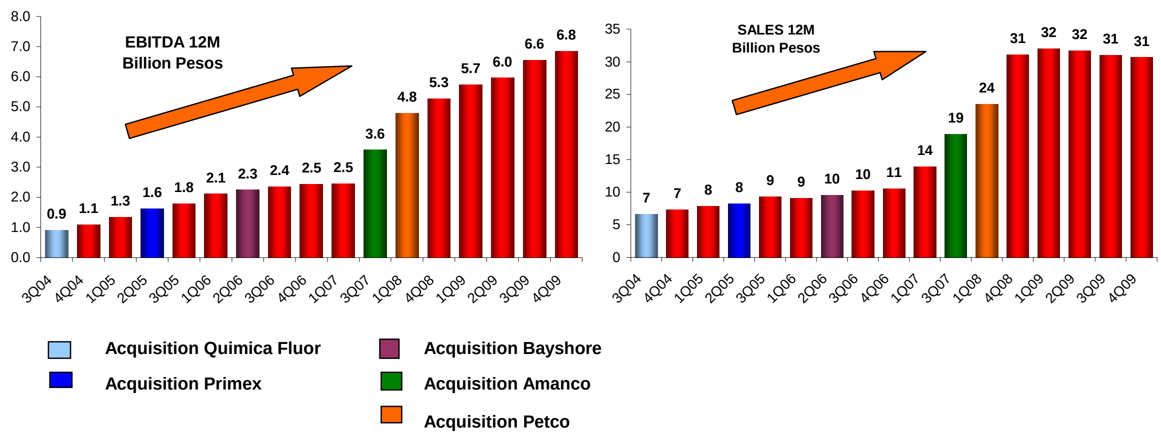
Consolidated Results

Consolidated Million Pesos	Fourth Quarter 2009	Fourth Quarter 2008	%Var.	January-December 2009	January-December 2008	% Var.
Net Sales	8,076	8,385	-3.7%	30,699	31,072	-1%
Gross Profit	2,818	2,280	24%	11,178	9,316	20%
Net Majority Income	662	-1,304	151%	2,758	115	2290%
Operating cash flow (EBITDA)	1,600	1,269	26%	6,847	5,236	31%
Free cash flow	1,283	914	40%	5,172	3,443	50%



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.

Mexichem Highlights

On Growth

By the end of December 2009, Mexichem reports positive figures despite a recessive environment, as it managed to keep its consolidated sales at the same level as in 2008 with a total sum of $30.699 billion pesos, thanks to a 7.9% improvement in sales price, which compensates for the 8.5% reduction in volumes of mainly chlorine, soda, and phosphates.

With regard to fourth quarter results, sales totaled $8.076 billion pesos—3.7% lower than in the same period of 2008.

Volumes & Prices	Fourth Quarter	January-December
Total Volume	5.3%	-8.5%
Average selling prices	-8.5%	7.9%

Efficiency and productivity

Operating profit for the 2009 period amounted to $4.997 billion pesos—33% better than in the same period of 2008. Accrued EBITDA totaled $6.847 billion pesos—31% higher than in 2008. This increase is the result of: i) Managing to sustain sales in all the businesses, ii) the vertical integration strategy, synergies, and greater auto-consumption of raw materials (soda, fluorite, PVC), and iii) reductions in the cost of raw materials and energy. The above helped Mexichem to improve its sales margin significantly, going from 16.9% in 2008 to 22.3% in 2009.

EBITDA for the fourth quarter added up to $1.60 billion pesos—26% higher than in 2008.

Integrated Cost of Financing

At the close of December 2009, the integrated cost of financing was $641.6 million pesos—$2.44 billion less than in 2008—mainly as a result of an exchange loss.

Income tax

The income tax for the fourth quarter of 2009 amounted to $1.019 billion pesos, which is $820 million pesos higher than in 2008, due to better operating results and a positive effect on the ICF by having an F/X gain in 2009 vs. a sharp loss in 2008.

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

Gross generation for 2009 amounted to $4.462 billion pesos—17.6% higher than in 2008—due to better operating results.

Operating and Free Cash Flow

	Fourth Quarter			January-December		
Operating cash flow and Free cash flow	2009	2008	% Var.	2009	2008	% Var.
Operating profit	1,013	814	24%	4,997	3,754	33%
+ Depreciation and amortization	587	455	29%	1,850	1,482	25%
EBITDA	1,600	1,269	26%	6,847	5,236	31%
-Investment in fixed assets	317	355	-11%	1,675	1,792	-7%
Free cash flow	1,283	914	40%	5,172	3,443	50%

Free cash flow for 2009 is $5.172 billion pesos—50% higher than in 2008—due to better EBITDA in each of the group's different chains.

Balance sheet

Working Capital

Working capital at the end of 2009 is US$239 million in dollar terms, which is higher than the figure for 2008 of US$140 million; this was a result of the increase in raw material prices at the end of the year, and of the reduction in the supplier balance, as a result of payments because of a cash surplus.

Plant and Equipment

At the close of December del 2009, the balance in this line was $14.534 billion pesos, which is $1.622 billion pesos (net of depreciation) higher than in 2008. This is due to investments in machinery and equipment in all our plants to care for the environment, expand capacity, efficiency, and modernization, all in order to keep our operations in optimal conditions by improving their productive capacities and thus, reduce operating costs, which enables Mexichem to remain among the lowest cost producers worldwide.

Net Debt

Net debt at the end of 4Q09 in US dollar terms settled at US$476.6 million which, compared to the same period of 2008, translates into a reduction of US$114 million as a result of: i) a Capital increase worth US$173 million, and ii) current and long-term debt amortization payments. It is important to highlight that the short- and long-term debt structure improved, with only 14.6% left in the short-term segment vs. last year's 25.4%.

The net debt to EBITDA ratio stands at 0.9x in US dollar terms—below the 2.0x target established internally.

	Twelve months	
	2009	2008
Net Debt US$ MM	476.6	590.9
Net Debt/EBITDA **	0.94	1.23
Interest coverage	7.8	6.6
Outstanding Shares	1,800,000,000	1,800,000,000

Dividends

In our General Ordinary Shareholders' Meeting held on December 3, 2009, a dividend of a total $396 million pesos was approved, to be applied to the Net Tax Profit Account (CUFIN in Spanish), equivalent to P$0.22 per share. This dividend will be paid in four installments of P$0.055 per share, each, throughout 2009 on January 29, April 30, July 30, and October 29. At the close of 2009, the dividend set for 2008 had been paid on time.

Operating Results by Chain

Transformed Products Chain

Transformed Products Chain	Fourth Quarter 2009	Fourth Quarter 2008	%Var.	January-December 2009	January-December 2008	% Var.
Net sales	4,606	4,754	-3.1%	17,643	17,342	1.7%
Operating cash flow (EBITDA)	571	419	36.3%	3,179	2,595	22.5%

Volumes & Prices	Fourth Quarter	January-December
Total Volume	10.1%	2.2%
Average selling prices	-12.0%	-0.5%

2009 sales totaled $17.643 billion pesos—1.7% higher than in 2008—as we have managed to maintain our critical mass and our sales prices. As for 2009 EBITDA, it amounted to $3.179 billion pesos, translating into 22.5% growth vs. the same period of 2008, improving the sales margin from 15% to 18%, thanks to cost reductions in raw materials (PVC), which in turn confirms our vertical integration strategy, as roughly 50% of PVC resin production is for our own consumption through the transformed products chain.

Vinyl-Chlorine Chain

Vinyl - chlorine Chain	Fourth Quarter 2009	Fourth Quarter 2008	%Var.	January-December 2009	January-December 2008	% Var.
Net sales	3,551	3,725	-4.7%	13,726	14,564	-5.8%
Operating cash flow (EBITDA)	648	662	-2.1%	2,834	2,250	26.0%

Volumes & Prices	Fourth Quarter	January-December
Total Volume	12.1%	-2.7%
Average selling prices	-14.9%	-3.2%

The Vinyl-Chlorine chain reported total revenues of $13.726 billion pesos at the close of December 2009—5.8% lower than in 2008—due to a decrease in soda, chlorine, and phosphates volumes, and 2.7% lower sales prices. EBITDA amounted to $2,834 billion pesos—a 26% improvement from 2008—as a result of the achievement of synergies such as greater auto-consumption of soda and lower energy costs, raising the revenue margin substantially from 15.5% in 2008 to 20.6% in 2009.

With regard to the performance of PEMEX, our client and supplier, its chlorine consumption in 2009 was only 2% lower than in the same period of 2008, although PEMEX's performance continues to be irregular.

Fluorine Chain

Fluorine	Fourth Quarter 2009	Fourth Quarter 2008	%Var.	January-December 2009	January-December 2008	% Var.
Net sales	799	653	22.2%	2,531	2,154	17.5%
Operating cash flow (EBITDA)	416	169	146.4%	1,209	624	93.8%

Volumes & Prices	Fourth Quarter	January-December
Total Volume	0.6%	-16.9%
Average selling prices	21.5%	41.3%

Accrued sales in 2009 amounted to $2.531 billion pesos—17.5% better than in 2008—as a result of the combination of better sales prices by 41%, which compensates for the 17% volume drop, mainly in metallurgical grade, due to a reduced demand in the steel industry. EBITDA totaled $1.209 billion pesos—practically double the figure for in 2008—due to i) better sales prices, and ii) a higher auto-consumption of fluorite and the cost reductions on some raw materials such as sulfur. Profitability and sales margins rose considerably form 29% in 2008 to 48% in 2009.

Outlook

For Mexichem, 2009 turned out to be a better year than expected; it was possible to mitigate the negative circumstances of the economic environment through the company's vertical integration and geographic diversification strategies. An example of this is the recent acquisition of Ineos Fluor, which leads the Flúor division to become vertically integrated in the production of coolants, as it is the only worldwide producer integrated in its most important raw material (Fluorite). The acquisition of Policyd and Plasticos REX are still pending authorization; once it is granted, they will then help consolidate the Mexican pipe and PVC market.

These acquisitions were accompanied by a very diversified financing strategy which strengthened the balance structure; this strategy included a Capital Increase by shareholders, the issuance of debt on the Mexican market, and the issuance of an International Bond, which were in high demand by investors. As mentioned above, the net debt to EIBTDA ratio closed at under 1 time, and interest rate hedges were nearly 8x; this enables Mexichem to be prepared to continue with its growth strategy.

For 2010, Mexichem's strategy will be to sustain its growth and consolidate its businesses, showing increases in revenues and EBITDA, as was established in its 20/20/20 vision, and giving better returns to its shareholders.

Mexichem

Financial Information

Balance sheet In thousands of pesos (2009 and 2008 at historical values)	To December 31 2009	 2008	 %
Total assets	**40,521,407**	**33,286,448**	22%
Cash and temporary investments	10,366,525	4,007,435	159%
Receivables	5,460,664	5,258,019	4%
Inventories	2,988,151	3,962,483	-25%
Others current assets	748,117	962,386	-22%
Long term assets	20,957,950	19,096,125	10%
Total liabilities	**27,285,846**	**24,806,873**	10%
Current liabilities	10,384,627	13,764,171	-25%
Long-term liabilities	16,901,219	11,042,702	53%
Consolidated shareholders'equity	**13,235,561**	**8,479,575**	56%
Minority shareholders'equity	60,645	110,046	-45%
Majority shareholders'equity	13,174,916	8,369,529	57%

Consolidated Income Statement

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

	January-December			Fourth Quarter		
Income Statement	**2009**	**2008**	**%**	**2009**	**2008**	**%**
Net Sales	30,698,869	31,071,524	-1.2%	8,075,668	8,385,052	-4%
Cost of Sales	19,521,328	21,755,079	-10%	5,257,718	6,104,666	-14%
Gross Profit	**11,177,541**	**9,316,445**	20%	**2,817,950**	**2,280,386**	24%
Operating Expenses	6,180,557	5,562,246	11%	1,804,504	1,466,006	23%
Operating Income	4,996,984	3,754,199	33%	1,013,446	814,380	24%
Financial Cost	641,615	3,082,485	-79%	37,789	2,457,268	-98%
Other Expenses	652,207	322,498	102%	210,855	126,149	67%
Income from continuing operations before income tax	**3,703,162**	**349,216**	960%	**764,802**	**(1,769,037)**	-143%
Income Tax	1,019,076	198,111	414%	113,400	(481,199)	-124%
Income from continuing operations after income tax	**2,684,086**	**151,105**	1676%	**651,403**	**(1,287,838)**	-151%
Discontinued operations	89,049	(11,429)	0%	11,892	(16,973)	0%
Consolidated net income	2,773,135	139,676	1885%	663,295	(1,304,811)	-151%
Minority Stock holders	15,520	24,309	-36%	1,365	(1,030)	-233%
Majority stock holders	**2,757,615**	**115,367**	2290%	**661,930**	**(1,303,781)**	-151%
EBITDA	**6,846,918**	**5,235,727**	31%	**1,600,109**	**1,269,277**	26%