

Alpek reports another solid quarter

- 2Q12 Revenues of U.S. \$1,913 million and EBITDA of U.S. \$201 million

Monterrey, N.L., México. July 16, 2012.-ALPEK, S.A.B. de C.V. (Alpek), the leading Mexican petrochemical company, announced today unaudited results for the second quarter of 2012 (2Q12). Revenues amounted to U.S. \$1,913 million, up 1% year-on-year. EBITDA reached \$201 million in line with company guidance. On a cumulative basis, Revenues grew 7% and EBITDA 3%. 2Q12 Majority Net Income was U.S. \$82 million, which compares to U.S. \$95 million during 2Q11, mainly as a result of higher Comprehensive Financial Expense (CFE).

“This is the first time we report quarterly results since our company became public,” said José de Jesús Valdez, Alpek’s CEO. “The confidence our investors deposited in us motivates us to work hard to meet their expectations. Thus, during 2Q12 we were able to report a solid performance, resulting from a 5% increase in sales volume vis-à-vis 2Q11. Our polyester business remained strong due to its ties to the food and beverage industries in North America. The plastics and chemicals segment reported good results, with the exception of Caprolactam which depends more on exports to Asia,” he added.

“The proceeds Alpek received from the IPO will be used to finance our growth in the near future and repay some outstanding debts. For instance, we have already started to debottleneck the Columbia and Pearl River plants with marginal investments. Likewise, we have begun the construction of the first of three cogeneration plants we will build in Mexico, which will allow us to achieve important savings in energy costs,” Mr. Valdez concluded.

The IPO strengthen Alpek’s financial condition. Accordingly, Net Debt decreased by U.S. \$564 million during 2Q12, for a balance of U.S. \$645 million. Financial ratios also improved: Net Debt to LTM EBITDA was 0.8 times, while Interest Coverage was 7.8 times.

Selected Financial Information (U.S. \$ Millions)

	(%) 2Q12 vs.					YTD'12	YTD'11	Ch.%
	2Q12	1Q12	2Q11	1Q12	2Q11			
Total Volume (k tons)	1,041	1,021	994	2	5	2,062	1,924	7
Consolidated Revenues	1,913	1,896	1,887	1	1	3,809	3,560	7
Polyester and polyester products	1,496	1,496	1,423	(0)	5	2,991	2,705	11
Plastics and chemicals	417	400	464	4	(10)	817	855	(4)
Consolidated EBITDA	201	195	208	3	(3)	396	386	3
Polyester and polyester products	144	139	146	4	(1)	283	275	3
Plastics and chemicals	57	56	61	2	(6)	114	111	3
Majority Net Income	82	78	95	5	(14)	160	199	(20)
Capex and Acquisitions	27	12	-2	129	(1,879)	39	619	(94)
Net Debt	645	1,209	1,062	(47)	(39)	645	1,062	(39)
Net Debt/LTM EBITDA*	0.82	1.54	1.26			0.82	1.36	
Interest Coverage*	7.8	8.1	9.7			7.8	9.7	

* LTM: last 12 months for 2Q12 and 1Q12. Annualized basis for 2Q11.

CONTENTS

Industry Comments.....	2
Operations.....	2
Financial Results.....	3
Capital Expenditures & Net Debt.....	5
Tables and Financial Statements.....	6

This release contains forward-looking information based on numerous variables and assumptions that are inherently uncertain. They involve judgments with respect to, among other things, future economic, competitive and financial market conditions and future business decisions, all of which are difficult or impossible to predict accurately. Accordingly, results could vary from those set forth in this release. The report presents unaudited financial information based on International Financial Reporting Standards (IFRS) in effect in Mexico beginning January 2012. The data for 2Q11 are combined numbers. For comparison purposes, 2011 financial figures in this report have been adjusted according to IFRS. Figures are stated in nominal Mexican pesos (\$) and in current U.S. Dollars (U.S. \$), as indicated. Where applicable, peso amounts were translated into U.S. Dollars using the average exchange rate of the months during which operations were recorded. Financial ratios are calculated in U.S. Dollars. Due to the rounding up of figures, small differences may occur when calculating percent changes from one period to the other.

Industry comments

During 2Q12, reduced oil prices triggered a decline in prices of petrochemical products. As a result, in some cases demand was temporarily affected, as customers reduced inventories in anticipation of lower prices. Oil prices seem to be more stable at present. Therefore, industry experts expect demand and inventory levels will normalize soon.

On the other hand, the polyester markets in North America entered the high sales season with great strength, allowing demand to grow at an estimated annual rate of 3% in the first half of the year.

Demand in the plastics and chemicals industry in North America was particularly strong in sectors serving the food, consumer products, construction and automotive industries. Prices follow the global downward trend of crude oil and petrochemical feedstocks, but margins remain stable. On the other hand, sectors serving Asian markets, particularly China, observed reductions in sales volume and margins.

Operations

Polyester and Polyester products

(PTA, PET, polyester fibers – 78% of Alpek's total revenues in 2Q12)

Alpek's polyester value chain business had a strong performance during 2Q12 and sales volume grew 7% compared to 2Q11. This achievement is explained by the strength of demand in North America, plus additional output at the PET plant in Columbia and the contribution of the PET facility in Pearl River, which was acquired last August. On a cumulative basis, sales volumes grew 9% in 1H12 as compared to 1H11, for the same reasons. Due to the strength of demand, Alpek has been able to keep its PET and PTA plants running close to and above 90% rate, respectively.

The price of the polyester chain products declined 2% year-on-year due to lower raw material prices. As explained in past reports, Alpek sells most of its polyester products following cost-plus formulas, so changes in the cost of raw materials are passed through to customers without a major impact on profitability. On a cumulative basis, 1H12 prices were 1% above last year's.

Plastics and Chemicals

(Expandable Polystyrene (EPS), Polypropylene (PP), Caprolactam (CPL), other products – 22% of Alpek's total revenues in 2Q12)

Sales volumes declined by 5% year-on-year, with the decrease coming from lower volumes in Alpek's trading business of commodity chemicals and also lower exports of caprolactam to China. On the contrary, the polypropylene business was able to sell 31% more product than the year before, on account of a better supply of propylene from PEMEX refineries, plus higher imports of propylene, leveraging Alpek's specialized Altamira port facilities. However, the increase in polypropylene sales volume was not enough to offset the decline produced by traded commodity chemicals and caprolactam. On a cumulative basis, this business segment remained at the same volume level than the year before.

Regarding prices, a 10% decline was observed in 2Q12 vis-à-vis 2Q11, which is the effect of lower raw material prices, triggered by the declining oil prices and petrochemical feedstocks already explained. On a cumulative basis, prices declined 6% for the same reasons, with caprolactam being the product most affected by this reduction.

Financial Results

Alpek's 2Q12 revenues amounted to U.S. \$1,913 million, up 1 % from 2Q11. While the polyester value chain reported higher sales volumes, it was not enough to offset the effect of lower prices and volumes at the plastics and chemicals segment. On a cumulative basis, Alpek sold U.S. \$3,809 million in 1H12, up 7% from 1H11 due to the strength of the polyester chain.

2Q12 EBITDA reached U.S. \$201 million, 3% lower than 2Q11 but in line with company guidance. The year-on-year decrease in EBITDA is the result of lower caprolactam sale volumes and margins, plus the fact that 2Q11 EBITDA reflected extraordinary gains in the polyester business (see below). On a cumulative basis, Alpek's 1H12 EBITDA amounted to U.S. \$396 million, 3% higher than 1H11.

During 2Q12, Alpek obtained majority net income in the amount of U.S. \$82 million, 14% lower than 2Q11. Below the operating income line, Alpek reported a negative CFE, which reduced the net result. CFE increased due to the 15% peso depreciation and on account of lower commodity prices that support the hedging strategy. On a cumulative basis, Alpek's majority net income was U.S. \$160 million 1H12, a 20% reduction when compared to 1H11, for the same reasons.

Financial Results by Business Segment

Polyester and Polyester products:

2Q12 Revenues amounted to U.S. \$1,496 million, up 5% from 2Q11 mainly reflecting higher sales volumes. For the first half of the year revenues amounted to U.S. \$ 2,991 million, which represented an 11% gain over 1H11, for the same reason, and also higher prices.

EBITDA for the quarter was U.S. \$144 million, down 1% year-on-year. The year-on-year comparison is more difficult as Alpek's 2Q11 results carried extraordinary revenues brought about by a force majeure problem faced by a competitor that lasted until the end of 3Q11. Also, at the beginning of 2012 the PTA industry adjusted prices downwards to keep the North American market in line with global market dynamics. The above notwithstanding, 2Q12 EBITDA remained at the same level year-on-year, clearly showing the favorable impact of higher volumes and lower costs. Year-to-date, this segment's EBITDA amounted to U.S. \$283 million, up 3% from 1H11, basically for the same reasons.

Plastics and Chemicals:

This business segment reported 2Q12 revenues in the amount of U.S. \$417 million, a 10% decrease year-on-year, due to the changes in volumes and prices already explained. For the first half of the year, revenues amounted to U.S. \$817 million, down 4% when compared to 1H11, for the same reasons.

2Q12 EBITDA was U.S. \$57 million, down 6% when compared to 2Q11. The decrease in EBITDA is basically explained by lower caprolactam margins and exports to China. On a cumulative basis, 1H2 EBITDA was U.S. \$114 million, up 3% when compared to 1H11. Chemical products margins were higher during 1H12 than in 1H11, helping EBITDA.

Capital Expenditures and Net Debt

During 2Q12, Alpek invested U.S. \$27 million in capital expenditures (Capex). Half of the funds were used for strategic growth projects and the other half for mandatory Capex. Alpek continued with the construction of a cogeneration plant in the PTA/PET complex in Cosoleacaque, Veracruz, Mexico. It will start up at the beginning of 2014. This project involves an estimated Capex of U.S. \$130 million. Once in operation, it will bring significant benefits to the company in terms of savings in energy costs and revenues from the sale of the electricity surplus generated in the process. Also, resources were used to start capacity expansions in the Columbia and Pearl River sites with marginal investments. These debottlenecking projects will start up in 4Q12.

This quarter, Alpek reinforced its financial condition with the proceeds of the placement of its shares in the Mexican Stock Exchange and international markets under Rule 144A and regulation S. It raised the equivalent of U.S. \$795 million, of which U.S. \$ 219 million were used to repay an outstanding debt to Alfa that resulted from Alpek's corporate reorganization prior to its IPO. Also, Grupo Petrotemex, Alpek's largest subsidiary, has initiated a tender offer to repurchase its 2014 Unsecured Senior Notes. The remaining funds will be used to finance several investments projects the company is currently contemplating. Financial ratios at the end of 2Q12 were: Net Debt to LTM EBITDA of 0.8 times and Interest coverage of 7.8 times.

FINANCIAL INFORMATION

- CONSOLIDATED AND GROUP TABLES
- CONSOLIDATED BALANCE SHEET
- CONSOLIDATED STATEMENT OF INCOME

FOR MORE INFORMATION AND THE SPANISH VERSION OF THIS REPORT, VISIT ALPEK'S WEBPAGE AT

RAÚL MILLARES N.
+52 (81) 8748 1395
RMILLARES@ALPEK.COM

SABINO PARRA B.
+52 (81) 8748 1358
FSPARRA@ALPEK.COM



ALPEK

TABLE 1 | VOLUME (KTONS)

	2Q12	1Q12	2Q11	2Q12 vs.		YTD'12 vs.
				1Q12	2Q11	YTD'11 vs.
Volume	1,041	1,021	994	2	5	7
Polyester and polyester products	846	817	788	4	7	9
Plastics and Chemicals	195	205	206	(5)	(5)	(0)

TABLE 2 | PRICE CHANGES (%)

	2Q12 vs.		YTD'12 vs.
	1Q12	2Q11	YTD'11 vs.
Polyester and polyester products			
Avg. Ps. Prices	(1)	13	13
Avg. U.S. \$ Prices	(3)	(2)	1
Plastics and Chemicals			
Avg. Ps. Prices	4	4	5
Avg. U.S. \$ Prices	1	(10)	(6)
Total			
Avg. Ps. Prices	2	11	11
Avg. U.S. \$ Prices	(1)	(3)	(0)

TABLE 3 | REVENUES

	2Q12	1Q12	2Q11	(%) 2Q12 vs.		YTD'12	YTD'11	Ch. %
				1Q12	2Q11			
Total Revenues								
Ps. Millions	25,729	24,829	22,062	4	17	50,558	42,381	19
U.S. \$ Millions	1,913	1,896	1,887	1	1	3,809	3,560	7
Domestic Revenues								
Ps. Millions	9,231	8,815	8,855	5	4	18,046	17,162	5
U.S. \$ Millions	687	674	757	2	(9)	1,361	1,442	(6)
Foreign Revenues								
Ps. Millions	16,498	16,014	13,207	3	25	32,512	25,219	29
U.S. \$ Millions	1,226	1,222	1,130	0	9	2,448	2,118	16
Foreign / Total (%)	64	64	60			64	60	

TABLE 4 | OPERATING INCOME AND EBITDA

	2Q12	1Q12	2Q11	(%) 2Q12 vs.		YTD'12	YTD'11	Ch. %
				1Q12	2Q11			
Operating Income								
Ps. Millions	2,166	2,037	2,021	6	7	4,203	3,787	11
U.S. \$ Millions	161	156	173	3	(7)	317	318	(0)
EBITDA								
Ps. Millions	2,707	2,550	2,424	6	12	5,257	4,582	15
U.S. \$ Millions	201	195	208	3	(3)	396	386	3

TABLE 5 | COMPREHENSIVE FINANCING (EXPENSE) / INCOME (CF(E)/I) (U.S. \$ MILLIONS)

	2Q12	1Q12	2Q11	(%) 2Q12 vs.		YTD'12	YTD'11	Ch. %
				1Q12	2Q11			
Financial Expenses	(32)	(31)	(26)	(4)	(23)	(63)	(47)	(34)
Financial Income	7	5	4	48	65	12	7	66
Net Financial Expenses	(25)	(26)	(22)	4	(14)	(51)	(40)	(28)
Fx Gains (Losses)	2	13	10	(85)	(81)	15	22	(33)
Interest Rate Swaps	(0)	0	(1)	0	100	(0)	(2)	100
Gas & Comm. Derivatives	(19)	15	(3)	(226)	(528)	(4)	12	(132)
CF(E)/I	(42)	2	(16)	(2,189)	(154)	(40)	(8)	(370)

TABLE 6 | MAJORITY NET INCOME (U.S \$ MILLIONS)

	2Q12	1Q12	2Q11	(%) 2Q12 vs.		YTD'12	YTD'11	Ch. %
				1Q12	2Q11			
Consolidated Net Income	91	96	107	(5)	(15)	187	211	(11)
Minority Interest	9	18	12	(49)	(23)	27	12	128
Majority Net Income	82	78	95	5	(14)	160	199	(20)
Earnings per Share (U.S. Dollars)	0.04	0.06	0.06	(19)	(28)	0.10	0.12	(19)
Avg. Outstanding Shares (Millions)*	2,039	1,738	1,738			1,889	1,738	

*For comparability are considered the same number of equivalent shares in the periods presented.

TABLE 7 | CASH FLOW (U.S. \$ MILLIONS)

	2Q12	1Q12	2Q11	(%) 2Q12 vs.		YTD'12	YTD'11	Ch. %
				1Q12	2Q11			
EBITDA	201	195	208	3	(3)	396	386	3
Net Working Capital & Others	(63)	(77)	(20)	18	(220)	(140)	(87)	(62)
Capital Expenditures & Acq.	(27)	(12)	2	(129)	(1,879)	(39)	(619)	94
Net Financial Expenses	(23)	(22)	(17)	(6)	(38)	(45)	(35)	(30)
Income tax	(50)	386	(62)	(57)	18	(82)	(101)	18
Dividends	0	(82)	(89)	100	100	(82)	(99)	17
Increase in stockholder's equity	749	0	0	100	100	749	0	100
Payment affiliated companies	(219)	0	0	100	100	(219)	0	100
Other Sources / Uses	(4)	9	(36)	143	89	5	(26)	120
Decrease (Increase) in Net Debt	564	(21)	(14)	2,781	4,099	542	(581)	193

TABLE 8 | STATEMENT OF FINANCIAL POSITION & FINANCIAL RATIOS (U.S. \$ MILLIONS)

	2Q12	1Q12	2Q11	YTF'12	YTF'11
Assets	5,014	4,560	4,494	5,014	4,494
Liabilities	2,821	3,183	3,195	2,821	3,195
Stockholders' Equity	2,193	1,377	1,299	2,193	1,299
Net Debt	645	1,209	1,062	645	1,062
Net Debt/LTM EBITDA*	0.82	1.54	1.26	0.82	1.36
Interest Coverage*	7.8	8.1	9.7	7.8	9.7

* LTM: last 12 months for 2Q12 and 1Q12. Annualized basis for 2Q11.

Polyester and polyester products

TABLE 9 | REVENUES

	2Q12	1Q12	2Q11	(%) 2Q12 vs.		YTD'12	YTD'11	Ch. %
				1Q12	2Q11			
Total Revenues								
Ps. Millions	20,110	19,593	16,641	3	21	39,703	32,199	23
U.S. \$ Millions	1,496	1,496	1,423	(0)	5	2,991	2,705	11
Domestic Revenues								
Ps. Millions	4,972	5,377	5,157	(8)	(4)	10,349	10,210	1
U.S. \$ Millions	371	411	441	(10)	(16)	782	858	(9)
Foreign Revenues								
Ps. Millions	15,138	14,216	11,484	6	32	29,354	21,989	33
U.S. \$ Millions	1,125	1,085	982	4	15	2,210	1,847	20
Foreign / Total (%)	75	73	69			74	68	

TABLE 10 | OPERATING INCOME AND EBITDA

	2Q12	1Q12	2Q11	(%) 2Q12 vs.		YTD'12	YTD'11	Ch. %
				1Q12	2Q11			
Operating Income								
P.s. Millions	1,509	1,404	1,406	7	7	2,913	2,677	9
U.S. \$ Millions	112	107	120	4	(7)	220	225	(2)
EBITDA								
P.s. Millions	1,933	1,813	1,706	7	13	3,746	3,260	15
U.S. \$ Millions	144	139	146	4	(1)	283	275	3

Plastics and Chemicals

TABLE 11 | REVENUES

	2Q12	1Q12	2Q11	(%) 2Q12 vs.		YTD'12	YTD'11	Ch. %
				1Q12	2Q11			
Total Revenues								
P.s. Millions	5,619	5,236	5,421	7	4	10,855	10,182	7
U.S. \$ Millions	417	400	464	4	(10)	817	855	(4)
Domestic Revenues								
P.s. Millions	4,259	3,438	3,698	24	15	7,697	6,952	11
U.S. \$ Millions	316	263	316	20	(0)	579	584	(1)
Foreign Revenues								
P.s. Millions	1,360	1,798	1,723	(24)	(21)	3,158	3,230	(2)
U.S. \$ Millions	101	137	147	(27)	(32)	238	271	(12)
Foreign / Total (%)	24	34	32			29	32	

TABLE 12 | OPERATING INCOME AND EBITDA

	2Q12	1Q12	2Q11	(%) 2Q12 vs.		YTD'12	YTD'11	Ch. %
				1Q12	2Q11			
Operating Income								
P.s. Millions	657	633	616	4	7	1,289	1,110	16
U.S. \$ Millions	49	49	53	0	(8)	97	93	4
EBITDA								
P.s. Millions	775	737	718	5	8	1,511	1,322	14
U.S. \$ Millions	57	56	61	2	(6)	114	111	3

Appendix A

ALPEK, S.A.B DE C.V. and Subsidiaries

BALANCE SHEET

Information in millions of Mexican Pesos

	jun-12	mar-12	jun-11	(% Jun 12 vs.	
				Mar 12	Jun 11
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	9,759	2,940	3,285	232	197
Trade accounts receivable	11,526	11,612	10,470	(1)	10
Other accounts and notes receivable	1,413	990	941	43	50
Inventories	12,808	11,708	9,991	9	28
Other current assets	1,719	1,807	1,845	(5)	(7)
Total current assets	37,225	29,057	26,532	28	40
INVESTMENT IN SHARES IN ASSOCIATES	121	98	94	24	28
PROPERTY, PLANT AND EQUIPMENT	27,688	26,236	24,323	6	14
OTHER INTANGIBLE ASSETS	2,213	2,340	1,591	(5)	39
OTHER NON-CURRENT ASSETS	1,208	868	664	39	82
Total assets	68,455	58,599	53,204	17	29
LIABILITIES AND STOCKHOLDER'S EQUITY					
CURRENT LIABILITIES:					
Current portion of long-term debt	1,326	802	895	65	48
Bank loans and notes payable	1,067	1,637	463	(35)	131
Suppliers	10,987	10,736	10,860	2	1
Other accounts payable and accrued expenses	3,066	5,740	6,302	(47)	(51)
Total current liabilities	16,446	18,915	18,520	(13)	(11)
LONG-TERM LIABILITIES:					
Long-term debt	15,730	15,689	14,117	0	11
Deferred income taxes	4,908	4,617	4,041	6	21
Other liabilities	316	609	720	(48)	(56)
Estimated liabilities for employee benefits	1,115	1,067	422	4	164
Total liabilities	38,515	40,897	37,820	(6)	2

STOCKHOLDERS' EQUITY:					
Majority interest:					
Nominal capital stock	6,052	4,968	4,968	22	22
Restatement of capital stock					
<hr/>					
Contributed capital	6,052	4,968	4,968	22	22
Earned surplus	20,306	9,475	7,461	114	172
<hr/>					
Total majority interest	26,358	14,443	12,429	82	112
Minority interest	3,582	3,259	2,956	10	21
<hr/>					
Total stockholders' equity	29,940	17,702	15,384	69	95
<hr/>					
Total liabilities and stockholders' equity	68,455	58,599	53,204	17	29
<hr/>					
Current ratio	2.26	1.54	1.43		
Debt to stockholders' equity	1.29	2.31	2.46		

Appendix B
ALPEK, S.A.B DE C.V. and Subsidiaries

STATEMENT OF INCOME

Information in millions of Mexican Pesos

	2Q12	1Q12	2Q11	YTD '12	YTD '11	2Q12 vs. (%)	
						1Q12	2Q11
Net sales	25,729	24,829	22,062	50,558	42,381	4	17
Domestic	9,230	8,815	8,855	18,046	17,162	5	4
Export	16,499	16,014	13,207	32,512	25,219	3	25
Cost of sales	(23,186)	(22,236)	(19,574)	(45,422)	(37,720)	(4)	(18)
Gross profit	2,543	2,593	2,488	5,136	4,661	(2)	2
Operating expenses and others	(377)	(556)	(467)	(934)	(875)	32	19
Operating income	2,166	2,037	2,021	4,202	3,786	6	7
Comprehensive financing expense, net	(562)	36	(190)	(525)	(92)	(1,661)	(196)
Equity in income (loss) of associates	(7)	(8)	(1)	(15)	(4)	10	(420)
Income before the following provision	1,597	2,065	1,830	3,662	3,690	(23)	(13)
Provisions for:							
Income tax	(371)	(813)	(576)	(1,184)	(1,170)	54	36
Consolidated net income	1,226	1,252	1,254	2,478	2,520	(2)	(2)
Income corresponding to minority interest	123	240	139	363	298	(49)	(12)
Net income corresponding to majority interest	1,103	1,012	1,115	2,115	2,222	9	(1)
EBITDA	2,707	2,550	2,424	5,257	4,582	6	12
Interest coverage*	7.8	8.0	9.7	7.8	9.7		

* LTM for 2Q12 and 1Q12. For 2Q11 on annualized basis.