

Alpek reports 1Q12 13% revenue gain and 10% EBITDA increase year-on-year.

Monterrey, N.L., México. May 30, 2012.-ALPEK, S.A.B. de C.V. (Alpek), the leader petrochemical company in Mexico, announced today unaudited results for the three-month period ended March 31, 2012. Revenue and EBITDA showed year-on-year gains reflecting the favorable industry conditions and operating improvements in its two business segments.

“In an international environment of heightened uncertainty and volatility, Alpek achieved positive results during the first quarter of 2012. In the polyester business, the benefit of the quick and successful integration of the businesses acquired last year continued to show. Also, sales improved over the previous quarter, reflecting the seasonal recovery in demand. Alpek’s margins were stable in all product lines. The Plastics and Chemicals business also continued to show good performance by improving sales volumes in the most important products”, said José de Jesús Valdez, Alpek’s CEO.

During 1Q12, Alpek invested U.S. \$12 million in capital expenditures. In addition, the company paid cash dividends in the amount of U.S. \$82 million in the period, and invested in working capital. However, net debt increased only U.S. \$21 million. At the end of 1Q12, Alpek’s financial ratios were: Net Debt to LTM EBITDA of 1.5 times, and Interest Coverage of 8.1 times.

Alpek reported Majority Net Income of U.S. \$78 million in 1Q12, up from U.S. \$71 million in 4Q11. The increase in Net Income reflected both operating improvements, plus exchange gains that reduced its comprehensive financing expense.

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

	1Q12	4Q11	1Q11	(% 1Q12 vs.)	
				4Q11	1Q11
Consolidated Revenues	1,896	1,724	1,678	10	13
Polyester and polyester products	1,496	1,359	1,285	10	16
Plastics and chemicals	400	365	393	10	2
Consolidated EBITDA	195	160	178	22	10
Polyester and polyester products	139	105	128	32	8
Plastics and chemicals	56	54	50	4	13
Majority Net Income	78	71	104	9	-26
Capex and Acquisitions	-12	-21	-621	-43	-98
Net Debt	1,209	1,188	1,072	1,209	1,072
Net Debt/EBITDA*	1.54	1.54	1.51	1.54	1.51
Interest Coverage*	8.1	8.6	10.2	8.1	10.2

* Times: last 12 months for 1Q12 & 4Q11. Annualized basis for 1Q11.

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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 1Q11 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.

CONSOLIDATED SECTION

Industry comments

Demand for polyester products in North America picked up this quarter after the seasonal decline in 4Q11. This increase was mainly supported by the strong relationship between polyester products, particularly packaging, and the food and beverage industry. The increase was also observed in the prices of the raw materials, although they stabilized late in the quarter. Caprolactam margins were lower after the extraordinary increases seen in early 2011.

Operations

Alpek reported revenues of U.S. \$1,896 million and EBITDA of U.S. 195 million in 1Q12, representing an increase of 13% and 10% year-on-year gains, respectively. This was the result of the strength of demand in its markets, particularly in North America. In addition, the Columbia and Pearl River plants, acquired in 2011, have been integrated into the system and are contributing positively to results. On a sequential basis, revenues grew 10% and EBITDA 22% reflecting improvements in demand after the seasonally low fourth-quarter.

During 1Q12, Alpek invested U.S \$12 million in capital expenditures. Net Debt increased by U.S. \$21 million ending the quarter with a balance of U.S. \$1,209 million. Alpek's financial condition remained strong, with Net Debt to LTM EBITDA of 1.5 times, while Interest Coverage was 8.1 times.

Consolidated Financial Results

Revenues in 1Q12 amounted to U.S. \$1,896 million, up 13% from 1Q11 reflecting higher sales, particularly in the polyester chain. On a sequential basis, revenues grew 10% for the same reasons.

Operating income for the quarter rose to U.S. \$156 million, representing a 7% year-on-year increase. Alpek's performance was driven by higher revenues, synergies from the successful integration of acquired assets and lower natural gas prices. In addition, high utilization rates for the sector overall due to positive industry dynamics, resulted in healthy margins. On a sequential basis, operating income increased by 35% as a result of higher revenues.

EBITDA for the quarter increased 10% year-on-year to U.S \$195 million, and was 22% higher on a sequential basis.

Capital Expenditures and Net Debt

During 1Q12, Alpek invested U.S. \$12 million in capital expenditures. Resources were used to marginally expand production capacity, debottleneck and modernize some assets and start a cogeneration project in the PTA and PET site in Cosoleacaque, Veracruz, México. This project will be developed over the next two years with an investment of approximately U.S. \$130 million. It will produce the steam needed to cover requirements of the plants at the site, as well as 95 megawatts of electricity per year. It will also supply power to other companies outside Cosoleacaque.

Net debt at the end of the quarter was U.S. \$1,209 million, a slight increase as compared to 4Q11. Financial ratios were: Net Debt to LTM EBITDA of 1.5 times and Interest coverage of 8.1 times.

(See Tables 1 to 8 in the Appendix for more detailed information on Alpek)

Polyester and polyester products

(PTA, PET, polyester fibers – 79% of Alpek’s total revenues in 1Q12)

Operations

Sales volumes rose 11% year-on-year driven by the strength in demand already explained. The plants acquired in 2011 also contributed to volume growth (Columbia was consolidated in February, 2011; Pearl River in September, 2011). On a sequential basis, after the fourth quarter seasonal slowdown, operations picked up again and volume grew 12%. In South America, the summer season drove PET sales up.

The price of polyester chain products increased by 5% year-on-year due to higher raw material costs. On a sequential basis, however, prices declined 1%.

Financial Results

1Q12 Revenues amounted to U.S. \$1,496 million, up 16% from 1Q11 reflecting higher sales volumes and prices. On a sequential basis, revenues grew 10% due to higher sales volume.

Operating income for the quarter rose to U.S. \$107 million, representing a 2% year-on-year increase. On a sequential basis, operating income increased by 57% as a result of higher revenues.

EBITDA for the quarter increased 8% year-on-year to U.S. \$139 million, and was 32% higher on a sequential basis. The division’s performance was driven by higher revenues, synergies from the successful integration of acquired assets and lower natural gas prices. This offset the adjustment in the price formula of the PTA business in the region. On a sequential basis, the improvement is due to the seasonal recovery in sales.

Capital Expenditures

During 1Q12, Alpek invested U.S. \$12 million in capital expenditures. Resources were used to marginally expand production capacity, debottleneck and modernize some assets and start a cogeneration project in the PTA and PET site in Cosoleacaque, Veracruz, México.

(See Tables 9-10 in the Appendix for more detailed information on Polyester and polyester products)

Plastics and Chemicals

(Expandable Polystyrene (EPS), Polypropylene (PP), Caprolactam (CPL), other products – 21% of Alpek's total revenues in 1Q12)

Operations

Sales volume increased 5% year-on-year. The main reason was an increase in PP sales achieved due to an improvement in the supply of propylene, with this the plant operated at 70% capacity. In addition, there was a 13% increase in CPL sales volume, mainly to China, operating at 95% capacity. On a sequential basis, sales volumes grew 11%, for the same reasons. Average selling prices for the plastics and specialty chemicals business declined 3% year-on-year. There were price reductions for both CPL and PP products, while EPS prices increased. On a sequential basis average prices declined by 2%, driven by lower CPL prices.

Financial Results

1Q12 Revenues amounted to U.S. \$400 million, up 2% from 1Q11 reflecting higher sales volumes. On a sequential basis, revenues grew 10% due to higher sales volume.

Operating income for the quarter rose to U.S. \$49 million, representing a 19% year-on-year increase and 3% on a sequential basis.

EBITDA for the quarter increased 13% year-on-year to U.S \$56 million, and was 4% higher on a sequential basis. All of this as a result of higher sales volumes, improved margins in EPS and PP, and lower energy costs.

(See Tables 11-12 in the Appendix for more detailed information on Plastics and Chemicals)

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 [HTTP://WWW.ALPEK.COM](http://www.alpek.com)

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TABLE 1 | VOLUME (KTONS)

	1Q12	4Q11	1Q11	1Q12 vs.		YTD'12 vs.
				4Q11	1Q11	YTD'11 vs.
Volume	1,021	915	930	12	10	10
Polyester and polyester products	817	731	735	12	11	11
Plastics and Chemicals	205	184	195	11	5	5

TABLE 2 | PRICE CHANGES (%YTD)

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

TABLE 3 | REVENUES

	1Q12	4Q11	1Q11	(%) 1Q12 vs.		YTD'12	YTD'11	Ch.%
				4Q11	1Q11			
Total Revenues								
Ps. Millions	24,829	23,538	20,319	5	22	24,829	20,319	22
U.S. \$ Millions	1,896	1,724	1,678	10	13	1,896	1,678	13
Domestic Revenues								
Ps. Millions	8,815	8,275	8,307	7	6	8,815	8,307	6
U.S. \$ Millions	674	607	686	11	-2	674	686	-2
Foreign Revenues								
Ps. Millions	16,014	15,263	12,012	5	33	16,014	12,012	33
U.S. \$ Millions	1,222	1117	992	9	23	1,222	992	23
Foreign / Total (%)	64	65	59			64	59	

TABLE 4 | OPERATING INCOME AND EBITDA

	1Q12	4Q11	1Q11	(% 1Q12 vs.)		YTD'12	YTD'11	Ch.%
				4Q11	1Q11			
Operating Income								
Ps. Millions	2,037	1,573	1,765	29	15	2,037	1,765	15
U.S. \$ Millions	156	115	146	35	7	156	146	7
EBITDA								
Ps. Millions	2,550	2,175	2,158	17	18	2,550	2,158	18
U.S. \$ Millions	195	160	178	22	10	195	178	10

TABLE 5 | COMPREHENSIVE FINANCING EXPENSE (CFE)/ INCOME (CFI) (U.S. \$ MILLIONS)

	1Q12	4Q11	1Q11	(% 1Q12 vs.)		YTD'12	YTD'11	Ch.%
				4Q11	1Q11			
Financial Expenses	-31	-30	-21	1	46	-31	-21	32
Financial Income	5	5	3	-9	33	5	3	25
Net Financial Expenses	-26	-25	-18	3	49	-26	-18	33
Fx Gains (Losses)	13	22	12	-39	11	13	12	10
Interest Rate Swaps	0	0	-1		-100	0	-1	
Gas & Comm. Hedges	15	5	15	200	0	15	15	0
CFE	2	2	8	-5	-69	2	8	-220

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

	1Q12	4Q11	1Q11	(% 1Q12 vs.)		YTD'12	YTD'11	Ch.%
				4Q11	1Q11			
Consolidated Net Income (Loss)	96	84	104	14	-8	96	104	-8
Minority Interest	18	13	0	39		18	0	-50
Majority Net Income (Loss)	78	71	104	9	-26	78	104	25
Per Share (U.S. Dollars)	0.19	0.17	0.21	14	-8	0.19	0.21	31
Avg. Outstanding Shares (Millions)	497	497	497			497	497	

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

	1Q12	4Q11	(% 1Q12 vs.)			YTD'12	YTD'11	Ch.%
			1Q11	4Q11	1Q11			
EBITDA	195	159	178	22	10	195	178	15
Net Working Capital & Others	-70	-33	-67	112	4	-70	-67	-46
Capital Expenditures & Acq.	-12	-21	-621	-43	-98	-12	-621	82
Net Financial Expenses	-22	-22	-18	0	22	-22	-18	-2
Taxes, Profit Sharing	-39	-37	-39	6	-1	-39	-39	174
Dividends	-82	-9	-10	811	712	-82	-10	
Other Sources / Uses	9	-17	10	-153	-10	9	10	-5
Decrease (Increase) in Net Debt	-21	20	-568	-203	-96	-21	-568	99

TABLE 8 | SELECTED BALANCE SHEET INFORMATION & FINANCIAL RATIOS (U.S. \$ MILLIONS)

	1Q12	4Q11	1Q11	YTD'12	YTD'11
Assets	4,560	4,441	4,399	4,559	4,399
Liabilities	3,183	3,100	2,864	3,181	2,864
Stockholders' Equity	1,377	1,341	1,534	1,378	1,535
Net Debt	1,209	1,188	1,072	1,209	1,072
Net Debt/EBITDA*	1.54	1.54	1.51	1.54	1.51
Interest Coverage*	8.1	8.6	10.2	8.1	10.2

* Times: last 12 months for 1Q12 & 4Q11. Annualized basis for 1Q11.

Polyester and polyester products

TABLE 9 | REVENUES

	1Q12	4Q11	(% 1Q12 vs.)			YTD'12	YTD'11	Ch.%
			1Q11	4Q11	1Q11			
Total Revenues								
Ps. Millions	19,593	18,566	15,558	6	26	19,593	15,558	26
U.S. \$ Millions	1,496	1,359	1,285	10	16	1,496	1,285	16
Domestic Revenues								
Ps. Millions	5,377	4,894	5,053	10	6	5,377	5,053	6
U.S. \$ Millions	411	359	418	15	-2	411	418	-2
Foreign Revenues								
Ps. Millions	14,216	13,672	10,505	4	35	14,216	10,505	35
U.S. \$ Millions	1,085	1,000	867	8	25	1,085	867	25
Foreign / Total (%)	73	74	68			73	68	

TABLE 10 | OPERATING INCOME AND EBITDA

	1Q12	4Q11	1Q11	(% 1Q12 vs.)		YTD'12	YTD'11	Ch.%
				4Q11	1Q11			
Operating Income								
Ps. Millions	1,404	932	1,272	51	10	1,404	1,272	10
U.S. \$ Millions	107	68	105	57	2	107	105	2
EBITDA								
Ps. Millions	1,813	1,436	1,554	26	17	1,813	1,554	17
U.S. \$ Millions	139	105	128	32	8	139	128	8

Plastics and Chemicals

TABLE 11 | REVENUES

	1Q12	4Q11	1Q11	(% 1Q12 vs.)		YTD'12	YTD'11	Ch.%
				4Q11	1Q11			
Total Revenues								
Ps. Millions	5,236	4,972	4,761	5	10	5,236	4,761	10
U.S. \$ Millions	400	365	393	10	2	400	393	2
Domestic Revenues								
Ps. Millions	3,438	3,380	3,254	2	6	3,438	3,254	6
U.S. \$ Millions	263	248	268	6	-2	263	268	-2
Foreign Revenues								
Ps. Millions	1,798	1,591	1,507	13	19	1,798	1,507	19
U.S. \$ Millions	137	116.8535	124	18	10	137	124	10
Foreign / Total (%)	34	32	32			34	32	

TABLE 12 | OPERATING INCOME AND EBITDA

	1Q12	4Q11	1Q11	(% 1Q12 vs.)		YTD'12	YTD'11	Ch.%
				4Q11	1Q11			
Operating Income								
Ps. Millions	633	642	494	-1	28	633	494	28
U.S. \$ Millions	49	47	41	3	19	49	41	19
EBITDA								
Ps. Millions	737	739	604	0	22	737	604	22
U.S. \$ Millions	56	54	50	4	13	56	50	13

Appendix A

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

BALANCE SHEET

Information in millions of Nominal Mexican Pesos

	mar-12	dic-11	mar-11	<i>(%) Mar 12 vs.</i>	
				<i>Dec 11</i>	<i>Mar 11</i>
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	2,940	3,584	3,139	(18)	(6)
Trade accounts receivable	11,612	10,794	11,167	8	4
Other accounts and notes receivable	990	701	1,090	41	(9)
Inventories	11,708	12,320	7,914	(5)	48
Other assets	1,807	1,835	2,134	(2)	(15)
Total current assets	29,057	29,234	25,444	(1)	14
INVESTMENT IN SHARES IN ASSOCIATES	98	83	96	18	2
PROPERTY, PLANT AND EQUIPMENT	26,236	28,606	24,775	(8)	6
DEFERRED CHARGES & OTHER INTANGIBLE ASSETS	2,340	2,549	1,611	(8)	45
OTHER ASSET	868	1,184	726	(27)	20
Total assets	58,599	61,656	52,652	(5)	11
LIABILITIES AND STOCKHOLDER'S EQUITY					
CURRENT LIABILITIES:					
Current portion of long-term debt	802	491	1,419	63	(44)
Bank loans and notes payable	1,637	1,651	239	(1)	584
Suppliers	10,736	9,613	9,588	12	12
Other accounts payable and accrued expenses	5,740	6,582	3,395	(13)	69
Total current liabilities	18,915	18,337	14,641	3	29
LONG-TERM LIABILITIES:					
Long-term debt	15,689	17,545	14,071	(11)	11
Deferred income taxes	4,617	5,055	4,249	(9)	9
Other liabilities	609	743	887	(18)	(31)
Estimated liabilities for seniority premiums and pension plans	1,067	1,230	431	(13)	148
Total liabilities	40,897	42,910	34,279	(5)	19

STOCKHOLDERS' EQUITY:					
Majority interest:					
Nominal capital stock	4,968	4,968	3,908	-	27
Restatement of capital stock					
<hr/>					
Contributed capital	4,968	4,968	3,908	-	27
Earned surplus	9,475	10,190	11,338	(7)	(16)
<hr/>					
Total majority interest	14,443	15,158	15,245	(5)	(5)
Minority interest	3,259	3,588	3,129	(9)	4
<hr/>					
Total stockholders' equity	17,702	18,746	18,373	(6)	(4)
<hr/>					
Total liabilities and stockholders' equity	58,599	61,656	52,652	(5)	11
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Current ratio	1.54	1.59	1.74		
Debt to equity	2.31	2.29	1.87		

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

STATEMENT OF INCOME

Information in millions of Nominal Mexican Pesos

	1Q12	4Q11	1Q11	YTD '12	YTD '11	1Q12 vs. (%)	
						4Q11	1Q11
Net sales	24,829	23,538	20,319	24,829	20,319	5	22
Domestic	8,815	8,275	8,307	8,815	8,307	7	6
Export	16,014	15,263	12,012	16,014	12,012	5	33
Cost of sales	(22,236)	(21,083)	(18,146)	(22,236)	(18,146)	5	23
Gross profit	2,593	2,455	2,173	2,593	2,173	6	19
Operating expenses and others	(556)	(882)	(408)	(556)	(408)	(37)	36
Operating income	2,037	1,573	1,765	2,037	1,765	29	15
Comprehensive financing expense, net	36	16	98	36	98	124	(64)
Equity in income (loss) of associates	(8)	1	(3)	(8)	(3)	(1,298)	128
Income before the following provision	2,065	1,590	1,860	2,065	1,860	30	11
Provisions for:							
Income tax	(813)	(449)	(594)	(813)	(594)	81	37
Consolidated net income	1,252	1,141	1,266	1,252	1,266	10	(1)
Income (loss) corresponding to minority interest	240	97	159	240	159	146	51
Net income (loss) corresponding to majority interest	1,012	1,044	1,107	1,012	1,107	(3)	(9)
EBITDA	2,550	2,175	2,158	2,550	2,158	17	18
Interest coverage*	8.0	6.3	10.1	8.0	10.1		

* LTM for 1Q12. For 1Q11 & 4Q11 on annualized basis.