

GRUPO POCHTECA REPORTS ITS RESULTS FOR THE SECOND QUARTER OF 2016

Mexico City, July 28, 2016 – Grupo Pochteca, S.A.B. de C.V. (“Pochteca” or “the Company”) (BMV: POCHTEC) announced today its unaudited results for the quarter ended June 30, 2016 (“2Q16”).

Report Highlights

- **Sales +3%** year on year to Ps 1.54 billion
- **Gross margin 17.1%**, -80 bp compared to 2Q15
- **Operating profit -61%** to Ps 23 million
- **Consolidated EBITDA -36%** to Ps 56 million
- **Consolidated EBITDA margin 3.6%**, -220 bp below that of 2Q15
- **Net income of Ps 5 million was 73% below** the level reported for 2Q15.
- **Net Debt to EBITDA of 2.1 times** was slightly above our internal policy of not surpassing 2 times.

2Q16 results came in much weaker than expected. In that regard, Armando Santacruz, Grupo Pochteca’s Chief Executive Officer commented that, “During the second quarter of 2016 we continued to encounter a highly complicated business environment. Economic activity, especially that of the industrial sector, continues to deteriorate in Brazil, adversely affecting our results. A number of industries that are vital for the products we distribute remain locked in a deflationary and recessionary environment and we are yet to perceive any sign of improvement to come. Between 2Q15 and 2Q16, the price of oil fell 19%, from USD59.47 to USD49.33 per barrel. It is important to note that the decline registered over the last 12 month period was in relation to already depressed prices as the USD59.47 per barrel price at the end of 2Q15 marked a 12 month reduction of 44% compared to the close of 2Q14.

Fallout from Pemex delaying payments to suppliers

The lack of liquidity resulting from the delays in Pemex payments to its suppliers has significantly reduced the ability of such firms to make payments on time to Pochteca. As a result, we have had to restrict sales to a significant number of customers in that sector as they are currently unable to settle accounts in a timely manner on the goods they acquire. We have decided to privilege a strategy of risk reduction and protection of working capital in response to this situation, which has negatively affected sales.

Oil industry slowdown

“In previous statements we have commented that the significant contraction in the number of active oilrigs has continued unabated in a sign of the profoundly recessive environment enveloping the oil industry. We believe it is useful to mention that we have seen no evidence pointing to a recovery. According to data published online by Baker Hughes, the number of active rigs in the United States,

Mexico and Brazil continued to fall significantly in the past 12 months with declines of 53%, 63% and 61%, respectively (see graph on page 3). Those reductions in activity came on top of the collapse experienced during 2015, when the number of active rigs fell by 61% in the United States, 42% in Mexico, and 10% in Brazil. The number of active rigs in Mexico has fallen by more than 80% from the industry peak in early 2013. The contraction in Brazil and the United States has been slightly less pronounced although in both cases the reduction in the number of active oilrigs has surpassed 70% during that same period.”

SELECTED FINANCIAL INFORMATION (MILLIONS OF PESOS)

	2Q16	2Q15	(%) 2Q16 vs 2Q15	YTD 16	YTD 15	(%) YTD 16 vs YTD 15
Sales	1,543	1,494	3%	3,026	2,966	2%
Gross Profit	265	267	-1%	536	535	0%
Gross Margin (%)	17.1%	17.9%	-80pb	17.7%	18.0%	-30pb
Operating Profit	23	60	-61%	70	114	-38%
Operating Margin (%)	1.5%	4.0%	-250pb	2.3%	3.8%	-150pb
Depreciation	32	27	20%	63	54	16%
EBITDA	56	87	-36%	133	168	-21%
EBITDA Margin (%)	3.6%	5.8%	-220pb	4.4%	5.7%	-130pb
Interest Expense	19	22	-11%	37	50	-25%
Foreign Exchange Loss	(10)	(19)	-49%	3	(34)	NC
Income Before Tax	(6)	19	NC	35	30	19%
Net Income / (Loss)	5	19	-73%	35	25	39%
Net Debt / EBITDA 12 M	2.1x	1.8x		2.1x	1.8x	
Interest Coverage	3.4x	3.0x		3.4x	3.0x	

EBITDA = operating income before depreciation and amortization; NC = non comparable

Declines of 61% in operating income and 36% in EBITDA during 2Q16

The complicated context we are experiencing in Mexico and Brazil negatively affected our results for 2Q16. During the second quarter we experienced contractions in operating profit (-61%) and EBITDA (-36%). Some of the factors that undercut our 2Q16 results were the extent to which results in Brazil proved to be much weaker than anticipated as well as some non-recurring expenses we incurred including those related to a problem of labor fraud in Cancun and to severance payments related to an expense reduction plan that we have implemented.

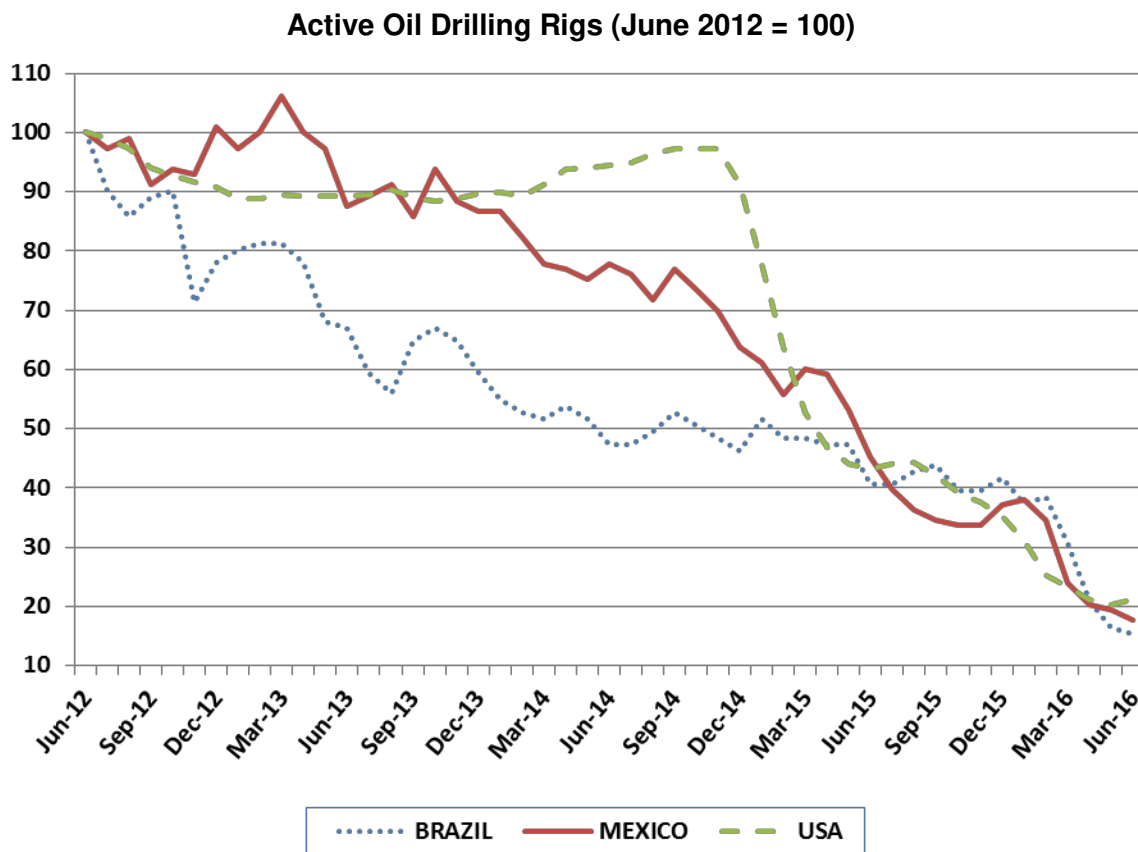
Broad diversification: touchstone of our strategy

Client and product diversification (our top five customers account for less than 6% of revenues and our top five products account for less than 7%, with no single product or client representing as much as 2% of sales) have been very valuable in a business environment marked by double-digit price deflation on several key products. In addition, some of our clients have seen a double-digit contraction in demand for their products that in some cases has exceeded 50% such as in the case of oil and gas. This diversification has allowed us to defend margins and sales by recomposing the mix of products and clients in order to keep growing our operating profit in this complex environment.

We continue to strengthen our one-stop-shop proposal and to maintain the company management model based on a broad diversification of products and clients, sales with strong technical support, as well as a growing emphasis on value added blends.

Graphs that show the deflationary and recessive environment

We include some charts that illustrate the sharp decline in the prices of oil and some metals such as copper and aluminum. We also include a graph that illustrates the sharp decrease over the past three years in the number active oilrigs including offshore platforms in Brazil, Mexico and the United States. Lastly, the contraction in Brazil's GDP has emerged as another headwind as that country's economy contracted 3.8% in 2015. Consensus estimates currently anticipate a further 3.5% decline in GDP and a 5.9% contraction in industrial activity for full year 2016.



Source: Baker Hughes (www.bakerhughes.com/rig-count)

West Texas Oil (WTI) Prices (September 2013 = 100)



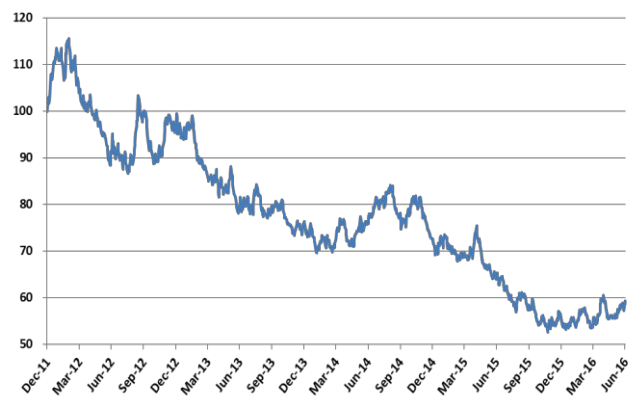
Source: Bloomberg

Copper Prices (December 2011 = 100)



Source: Bloomberg.

Aluminum Prices (December 2011 = 100)



Source: Bloomberg.

Highlights from the most recent quarter

- **Adverse environment negatively impacted our profitability**
 - In Mexico, we experienced slight declines in our operating income and EBITDA primarily as a result of the greatly reduced prices for oil and related products as well as the severe deceleration of activity experienced in the oil and gas industry. We managed to offset part of those losses with growth in other sectors.
 - Unfortunately, Brazil faced many adverse developments during 2Q16. A 3.5% decrease in GDP and a 5.9% reduction in industrial production compared to 2015 were registered following contractions in industrial output of 7.8% compared to 2014 and 3% relative to

2013. Considering that the main sales driver in Brazil is precisely industrial activity, this extended streak of declining industrial performance has severely affected sales.
- Moreover, the real's considerable revaluation against the dollar during 2Q negatively affected Brazil's gross margins, which came in 2.7% below levels of 2Q15. That contraction was the result of inventories that were acquired at exchange rates of between 4 and 4.2 reais to the dollar that were later sold at exchange rates of between 3.25 and 3.5 reais to the dollar. Should the Brazilian currency enjoy stability going forward we would expect a gradual recovery back to the gross margins that Brazil historically registered.
 - Oil and gas exploration and drilling activity, a key sector for Pochteca, remains significantly depressed. We do not foresee any recovery in the short or intermediate terms.
 - The lack of liquidity prevailing in the oil and gas industry has greatly reduced the ability of participants in that sector to meet payments as they encounter major obstacles and long delays for collecting their sales portfolios.
 - This problem has obliged us to reduce our exposure to that sector, a decision that reduced our sales to oil and gas companies by a greater degree than what was already implied by the contraction in demand.
 - We remain convinced that export oriented manufacturing and energy reform will continue to serve as growth drivers in Mexico. We see our exposure to export manufacturing as a continuing point of strength for Pochteca.
 - We remain convinced that export manufacturing in Mexico will continue to grow as the positive effects of the country's energy reform materialize although possibly at a slower pace than what we anticipated when the reform was passed in 2013.
 - We reiterate our confidence that the competitive gap with China will continue to open in Mexico's favor, thereby luring more companies to set up operations in Mexico from which to supply the US market.
 - The business climate in Brazil has grown much more complicated than previously expected and new obstacles arise from day to day.
 - One positive factor that has allowed us to partially mitigate the problems we face in Brazil is the extent to which we have been able to successfully penetrate sectors in which Coremal had lacked any participation prior to the arrival of Pochteca, such as oil exploration and drilling.
- **Sales slightly above those of 2Q15.** Consolidated sales increased 3%. Brazil suffered a contraction in sales that was offset by growth in Mexico.
 - **Gross income fell 1%, from Ps 267 million in 2Q15 to Ps 265 million in the most recent quarter** primarily as a result of the negative margin effects in Brazil described above.

- **Our gross margin narrowed 80 basis points to 17.1%** principally as a result of the Brazilian currency's revaluation. The gross margin in Brazil narrowed 270 basis points owing to the reduction in sales compared to 2Q15.

2Q15		2Q16
17.9%	Gross margin	17.1%

- **Operating income decreased 61% in 2Q16, falling from Ps 60 million in 2Q15 to Ps 23 million.** The 1.5% operating margin was 250 basis points lower than in 2Q15. The tighter margins in Brazil and the extraordinary expenses incurred during the quarter eroded operating profit.
- **EBITDA decreased 36% compared to 2Q15** at the same time as the EBITDA margin narrowed 220 basis points to 3.6%.
- **Operating expenses (excluding depreciation) increased 16% compared to 2Q15.** Expenses as a percentage of sales increased from 12.1% in 2Q15 to 13.5% in 2Q16. The main impact was generated by non-recurring expenses and inflation in Brazil as a considerable part of expenses in the Brazilian economy are indexed and, as a result, are driven higher by inflation. Unfortunately, sales in Brazil have undergone a contraction thus leading to an increase in expenses as a percentage of sales.

2Q15		2Q16
12.1%	Expenses / Sales	13.5%

- **Net interest expense decreased 11% year on year during 2Q16** in an extension of the downtrend in financial expenses from quarter to quarter that we have achieved.
- **The company recorded a Ps 5 million net profit for 2Q16, 73% below what we registered for 2Q15.** This weakening of the bottom line largely reflected the sharp reduction experienced in operating income.
- **Net debt at the end of 2Q16 was Ps 629 million, Ps 31 million or 5% more than at the end of 2Q15.** As we have previously informed the investing public, we concluded our refinancing of a Ps 610 million, syndicated credit with HSBC México, S.A., Institución de Banca Múltiple, and Grupo Financiero Inbursa, S.A. on December 4, 2014. The original credit had been scheduled to come due in June 2015. The new loan is for four years with a one-year grace period. It is

important to note that the revaluation of the Brazilian real relative to the Mexican currency contributed to the rise in our net debt, which we report in pesos:

- Between 2Q15 and 2Q16, Coremal's net debt increased 5% in reais, rising from 49.9 million to 52.2 million reais.
 - And the peso / real exchange rate depreciated 14% during the same period, from 5.06 to 5.77 pesos per real.
 - As a result, the increase in Coremal's net debt was a much more pronounced 20%
- **Working capital has sustained a positive trajectory**, an especially positive achievement given the lack of liquidity in the petroleum sector as well as the growth and solvency problems prevailing in the Brazilian economy. Consolidated accounts receivable at the end of June 2016 stood at 50 days, the same level as in June 2015, which speaks to resilience in light of the complicated prospects for recovery in Mexico and especially in Brazil. Inventories were lowered from 69 to 60 days during that same period while suppliers have remained stable by climbing from 90 to 91 days. We have privileged liquidity and risk reduction over sales, especially in Brazil, given just how complicated the economic environment remains.
 - **Net Debt to EBITDA increased from 1.8 times at the end of 2Q15 to 2.1 times in 2Q16, a level slightly above our internal policy of not surpassing 2 times.** It is important to point out that this indicator had risen from 1.8 times in 3Q13, prior to the Coremal acquisition, which concluded December 31, 2013, to a more than two year high of 2.8 times at the end of 2Q14.
 - **In 2Q16 interest coverage (EBITDA / interest) was 3.4 times.** This indicator is higher than the level of 3.0 times reported for 2Q15.

	2Q16	2Q15
Net Debt (Ps millions)	629	598
Net Debt / EBITDA 12 M	2.1x	1.8x
Interest Coverage	3.4x	3.0x
Outstanding Shares	130,522,049	130,522,049

Updating guidance on our 2016 results

The environment we faced through the first six months of 2016 has proven to be much more complicated than we had expected, principally in Brazil. This fact has been reflected in the results we have reported between January and June of 2016. For this reason, we are modifying our guidance for 2016 as follows:

Sales:	Ps 6.10 billion, practically in line with those of 2015
EBITDA:	Ps 309 million, -9% below that of 2015
EBITDA Margin:	5.1%, -50bp weaker than in 2015

Stock buyback fund

The managers of Grupo Pochteca's fund for repurchasing shares are:

- 1) Punto Casa de Bolsa, S.A. de C.V.
- 2) GBM Grupo Bursátil Mexicano, S.A. de C.V., Casa de Bolsa (GBM)

Independent analysis and brokerage coverage

Grupo Pochteca, S.A.B. de C.V., registered with the independent analysis program and the Selection Subcommittee agreed to assign the company to the firm Consultora 414, S.A. de C.V., "CONSULTORA 414", to assume responsibility for providing analysis of POCHTECA stock. At present, Casa de Bolsa Interacciones has Pochteca under coverage.

About Grupo Pochteca

Grupo Pochteca specializes in the sale and distribution of a broad array of industrial raw materials, catering to more than 40 industrial sectors including water treatment, mining, the food and automotive industries, oil exploration and drilling, personal care, cleaning and sanitation products, metalworking and dozens of other industries. In order to better attend to those industries, the company is organized into five major business segments:

1. Solvents and blends
2. Lubricants and greases
3. Chemicals for the food industry
4. Inorganic chemicals
5. Paper and board

The Company manages more than 5,500 products in its catalogue that consist of both generic and specialized products with which to cater to each segment of the industries it serves. Through our 33 distribution centers in Mexico, three in Central America, and seven in Brazil, we serve over 19,000 customers each year in more than 500 cities with support provided by specialists in each sector who in turn rely on seven quality control laboratories, and five specializing in research and application development. The company also enjoys the support of domestic and foreign suppliers that are internationally regarded as industry leaders.

GRUPO POCHTECA, S.A.B. DE C.V. BALANCE SHEET

Information in thousands of Mexican Pesos

	Jun-16	Mar-16	Jun-15	(% Mar-16 vs. Mar-16 Jun-15	
ASSETS					
CASH AND CASH EQUIVALENTS	282,866	186,509	295,798	51.7	(4.4)
TRADE ACCOUNTS RECEIVABLE	1,009,277	958,233	957,313	5.3	5.4
OTHER ACCOUNTS RECEIVABLE	214,525	116,373	106,122	84.3	102.1
INVENTORIES	854,388	852,500	925,366	0.2	(7.7)
ASSETS HELD FOR SALE	-	12,727	12,727	NC	NC
TOTAL CURRENT ASSETS	2,361,055	2,126,342	2,297,325	11.0	2.8
PROPERTY, PLANT & EQUIPMENT, NET	834,491	841,540	825,778	(0.8)	1.1
DEFERRED ASSETS	612,948	582,028	626,382	5.3	(2.1)
TOTAL ASSETS	3,808,494	3,549,910	3,749,485	7.3	1.6
LIABILITIES AND STOCKHOLDERS' EQUITY					
TRADE ACCOUNTS PAYABLE	1,286,317	993,218	1,121,584	29.5	14.7
BANK LOANS	366,404	276,331	103,636	32.6	253.6
OTHER ACCOUNTS PAYABLE	176,147	163,512	174,694	7.7	0.8
TOTAL CURRENT LIABILITIES	1,828,869	1,433,061	1,399,914	27.6	30.6
OTHER LONG-TERM ACCOUNTS PAYABLE	186,819	301,878	373,895	(38.1)	(50.0)
LONG-TERM DEBT	545,401	577,341	789,722	(5.5)	(30.9)
TOTAL LONG-TERM LIABILITIES	732,220	879,220	1,163,617	(16.7)	(37.1)
TOTAL LIABILITIES	2,561,088	2,312,280	2,563,531	10.8	(0.1)
CONTRIBUTED CAPITAL	1,178,638	1,207,468	1,214,083	(2.4)	(2.9)
PROFIT (LOSS) FOR THE PERIOD	35,283	30,291	25,301	16.5	39.5
ACCUMULATED PROFIT	74,113	44,806	11,264	NC	558.0
TRANSLATION EFFECT OF FOREIGN OPERATIONS	(40,629)	(44,935)	(64,695)	(9.6)	(37.2)
TOTAL EQUITY	1,247,405	1,237,630	1,185,954	0.8	5.2
TOTAL LIABILITIES AND EQUITY	3,808,494	3,549,910	3,749,485	7.3	1.6

NC= not comparable

GRUPO POCHTECA, S.A.B. DE C.V.
STATEMENT OF COMPREHENSIVE INCOME

Information in thousands of Mexican Pesos

	2Q16	1Q16	2Q15	2Q16 vs (%) 1Q16 2Q15		YTD 16	YTD 15	(%) YTD 16 vs. YTD 15
Sales	1,542,506	1,483,146	1,493,734	4.0	3.3	3,025,652	2,965,882	2.0
Cost of Sales	(1,277,972)	(1,211,558)	(1,226,657)	5.5	4.2	(2,489,530)	(2,430,764)	2.4
Gross profit	264,534	271,588	267,077	(2.6)	(1.0)	536,123	535,118	0.2
	17.1%	18.3%	17.9%			17.7%	18.0%	
Operating expenses	(208,826)	(194,192)	(180,439)	7.5	15.7	(403,018)	(367,155)	9.8
	-13.5%	-13.1%	-12.1%			-13.3%	-12.4%	
Depreciation	(32,403)	(30,615)	(27,096)	5.8	19.6	(63,018)	(54,407)	15.8
Operating profit	23,305	46,781	59,542	(50.2)	(60.9)	70,087	113,557	(38.3)
	1.5%	3.2%	4.0%			2.3%	3.8%	
Depreciation	32,403	30,615	27,096	5.8	19.6	63,018	54,407	15.8
EBITDA	55,708	77,396	86,638	(28.0)	(35.7)	133,104	167,963	(20.8)
	3.6%	5.2%	5.8%			4.4%	5.7%	
Interest expense	(19,191)	(17,956)	(21,627)	6.9	(11.3)	(37,147)	(49,758)	(25.3)
Foreign exchange gain (loss)	(9,716)	12,230	(19,163)	NC	(49.3)	2,514	(33,916)	NC
Financing costs	(28,906)	(5,726)	(40,791)	404.8	(29.1)	(34,632)	(83,674)	(58.6)
	-1.9%	-0.4%	-2.7%			-1.1%	-2.8%	
Income before tax	(5,601)	41,055	18,752	NC	NC	35,454	29,883	18.6
Income taxes	3,474	(11,756)	(3,768)	NC	NC	(8,281)	(14,182)	(41.6)
Deferred taxes	7,119	992	3,524	617.9	102.0	8,111	9,600	(15.5)
NET INCOME (LOSS)	4,992	30,291	18,508	(83.5)	(73.0)	35,283	25,301	39.5
NC= not comparable	0.3%	2.0%	1.2%			1.2%	0.9%	



INFORMATION FOR INVESTORS

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Note: This report may contain forward-looking statements regarding the Company's performance. They should be regarded as good-faith estimates made by the Company. These forward-looking statements reflect management's point of view and expectations and are based on information that is currently available. They suppose risks and uncertainties, including economic conditions prevailing in Mexico and abroad, as well as fluctuations in the value of the Mexican peso against other currencies and the prices of our products and inputs.

All figures contained in this report are expressed in nominal Mexican pesos and the financial results are presented in compliance with the recognition, measurement, presentation and disclosure requirements set out in IFRS.

All comparisons for 2016 contained in this report have been made against the figures for the comparable period of 2015 except where indicated.



Grupo Pochteca

Second Quarter 2016 Results Conference Call

Speaking on behalf of the company:

Armando Santacruz, CEO

Juan Carlos Mateos, CFO

Date: Friday, August 5, 2016

Time: 10:00 am Mexico City Time (CDT) / 11:00 am US EDT

Dial-in-numbers: + 1 (201) – 689 – 8471 from any part of the world
+ 1 (877) – 407 – 4018 from the US and Canada

Those who are unable to listen to the conference call as it is happening may call the numbers listed below to hear a replay that will be available from 1:00 pm, Friday, August 5 until 10:59 pm Saturday, August 6 (all times CDT, Mexico City time).

Replay: + 1 (858) – 384 – 5517 from any part of the world
+ 1 (877) – 870 – 5176 from the US and Canada

Code (PIN) for replay: 13641790