

GRUPO POCHTECA REPORTS ITS RESULTS FOR THE FIRST QUARTER OF 2018

Mexico City, April 24, 2018 – Grupo Pochteca, S.A.B. de C.V. (“Pochteca” or “the Company”) (BMV: POCHTEC) announced today its unaudited results for the quarter ended March 31, 2018 ("1Q18").

Highlights of 1Q18

- **Sales in line** year on year during 1Q18 at Ps 1,601 million.
- **Gross margin 18.0% in 1Q18**, +30 bp compared to 1Q17.
- **Operating profit +12.3%** in 1Q18 to Ps 55 million.
- **Consolidated EBITDA +0.8%** to Ps 85 million in 1Q18.
- **Consolidated EBITDA margin 5.3%** as percentage of sales.
- **Net profit Ps 16 million in 1Q18**, primarily affected by Ps 5 million forex loss of our Brazilian operation during the period.
- **Net Debt to EBITDA of 1.98 times in 1Q18**, a result in line with our internal policy of no more than 2.0 times.

Grupo Pochteca Chief Executive Officer Armando Santacruz commented in relation to 1Q18 results: “1Q18 performance reaffirmed Grupo Pochteca’ profitability growth trend that starts in 1Q17. For a fifth consecutive quarter we achieved satisfactory growth in operating profit and EBITDA, as the following table shows. Operating profit and EBITDA results for 1Q18 were satisfactory and in line with our projections.

	Year-on-Year change													1Q18
	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	
Sales	33%	-1%	0%	1%	2%	1%	3%	-1%	2%	8%	-2%	0%	7%	0%
Operating Profit	86%	27%	25%	39%	-27%	-13%	-61%	-49%	-73%	6%	119%	24%	713%	12%
EBITDA	80%	22%	17%	23%	-8%	-5%	-36%	-27%	-41%	9%	46%	6%	167%	1%

The Brazilian economy experienced a recovery during 3Q17 and 4Q17 as GDP closed the year +1.0% compared to 2016 year. The results of our operations in Brazil also showed a positive trend change in those two quarters that extended through 1Q18. In 1Q18, our Brazilian EBITDA grew 29% year on year.

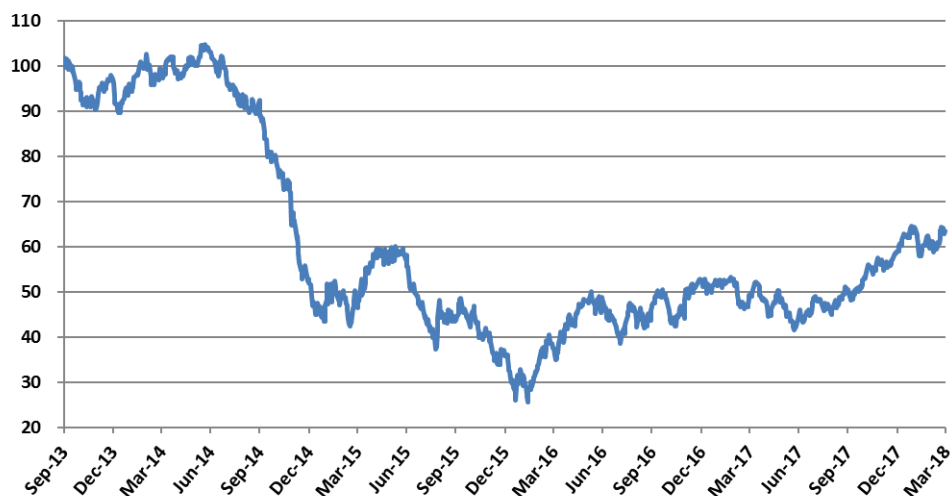
SELECTED FINANCIAL INFORMATION (MILLIONS OF PESOS)

	1Q18	1Q17	(%) 1Q18 vs 1Q17
Sales	1,601	1,604	-0.2%
Gross Profit	288	284	1.3%
Gross Margin (%)	18.0%	17.7%	30bp
Operating Profit	55	49	12.3%
Operating Margin (%)	3.5%	3.1%	40bp
Depreciation	30	35	-15.4%
EBITDA	85	84	0.8%
EBITDA Margin (%)	5.3%	5.3%	0bp
Interest Expense	(32)	(29)	8.1%
Foreign Exchange Loss	8	22	-63.3%
Income Before Tax	32	42	-24.4%
Net Income / (Loss)	16	16	-5.3%
Net Debt / EBITDA 12 M	1.98x	2.96x	
Interest Coverage	2.65x	2.75x	

EBITDA = operating earnings before interests, taxes depreciation and amortization

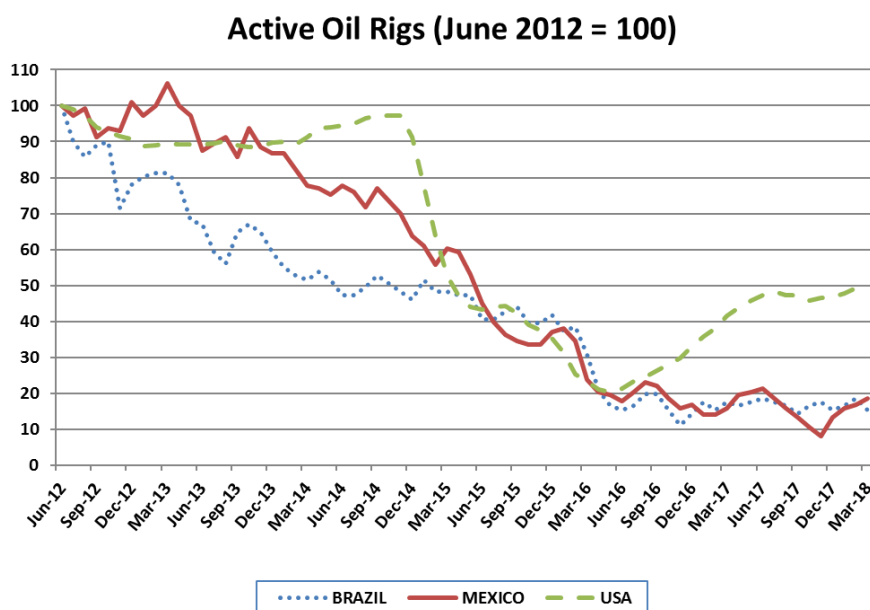
The 28% recovery in oil prices between 1Q17 and 1Q18, from USD 50.60 to USD 64.94 per barrel (see the following graph), is a positive driver within the complicated environment that we face in the oil and gas sector. We are confident that this trend, combined with the success of the oil and gas tenders of Mexico's energy reform, will lead to a reactivation of exploration and drilling activity.

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



Quarterly highlights

- **1Q18 marked the fifth consecutive quarter of growth year on year in our EBITDA and operating profit, confirming a trend change started in 1Q17. That recovery has been supported by GDP and industrial growth in both Mexico and Brazil.**
 - After 5 consecutive quarters of pronounced declines in operating profit (of between -13% and -73%) and EBITDA (between -5% and -41%), we achieved renewed growth in both indicators beginning in 1Q17.
 - We have observed a recovery in Mexico key sectors for Pochteca such as: mining, automotive vehicles and auto parts, chemicals, food and agriculture.
 - We look for a recovery in oil exploration and drilling over the long term, especially as the success of Mexico's 1, 2 and 3 E&P bid rounds. Pochteca is well positioned to attend the demand generated by rigs as results of such investments.
 - During 1Q18, Mexico's GDP grew 0.8%. Industrial activity expanded 1.2% compared to 1Q17.
 - Brazil industrial production showed growth in 1Q18 in a sign that the country's economy continues to recover after its recession of 2015 and 2016.
- **The oil industry in Mexico or Brazil still no shows signs of recovery**
 - There has been a reactivation of the oil industry in the United States alongside slight growth in Mexico, In Brazil the sector remains locked in a deep recession according to data published online by Baker Hughes (see following graph).
 - The number of active rigs in the United States grew 21% between 1Q17 and 1Q18.
 - The number of active rigs in Mexico increased 17% compared to 1Q17. In Brazil rigs count fell 13% during the same period.
 - The 21 rigs Mexico reported for the end of 1Q18 marked an 83% reduction from the 2013 industry peak of 120 rigs. During that same period, the rig count is off by 81% in Brazil and 44% in the United States
 - Despite the weakness of this industry, Pochteca achieved grow sales and profitability in 1Q18.



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

- **Sales in line with 1Q17.** Consolidated sales were similar to those of a year earlier despite the adverse calendar effect of the Holy Week vacation period taking place in March of 2018 as opposed to April in 2017. The Mexican peso's 2% revaluation against the dollar at March 2018 led to a reduction in the unit prices of products that we sell in dollars (more than 70% of our portfolio) and, to a lesser level, of products of domestic origin, which are priced in pesos but are affected by international prices. During 1Q18, sales at our Brazil-based Coremal subsidiary declined 14% in pesos and in reals 3% compared to 1Q17, mainly by the 11% year on year revaluation of the Mexican peso relative to the Brazilian real, firming from 6.46 pesos to 5.78 pesos (quarterly average) per real.
- **Gross profit grew 1.3%,** from Ps 284 million in 1Q17 to Ps 288 million in 1Q18.
- **Our gross margin expanded 30bp to 18.0% in 1Q18 on the strength of our commercial strategy in Mexico and Brazil.** The gross margin in Brazil expanded 50bp as percentage of sales. As a result of our constant efforts to prioritize sales of higher margin and unit value products with a value-added service and quality component it was possible to partially mitigate the margin pressures that the peso revaluation generated in 1Q18. The peso's revaluation relative to the dollar adversely impacted the value of inventories acquired at a higher exchange rate.

1Q17		1Q18
17.7%	Gross margin	18.0%

- **Operating profit expanded 12.3%, rising from Ps 49 million in 1Q17 to Ps 55 million.** Operating margin was 3.5% greater (+40bp) compared to 1Q17.
- **EBITDA grew 0.8% compared to 1Q17.** EBITDA margin was unchanged from a year earlier at 5.3%.
- **Operating expenses (excluding depreciation) increased 1.5% compared to 1Q17.** Operating expenses as a percentage of sales grew from 12.5% in 1Q17 to 12.7% in 1Q18 (only 20 bp). We consider this increase acceptable and reflects a continue efforts to control operating expenses despite inflation rises in Mexico and Brazil. In Brazil, a considerable part of expenses are indexed and impulsed as a result of the country's annual, federally mandated wages and salaries adjustments known as the "dissídio salarial".

1Q17		1Q18
12.5%	Expenses/ Sales	12.7%

- **Net interest expense was 8% greater year on year in 4Q18** due to a rise in the interest rates paid:
 - Our effective interest rate in 1Q17 was 9.19%: 6.19% TIIE plus a spread of 300bp.
 - We paid an effective interest rate in 1Q18 of 9.67%: 7.67% TIIE plus a spread of 200bp.
 - The variable spread decreased as result of our best Net Debt/EBITDA ratio. Considering that our Net Debt/EBITDA ratio ended 1Q18 below 2.0x, and that we expect its will continue to lower financial leverage we consider the spread to remain below 2017 levels throughout 2018.
- **Net profit of Ps 16 million in 1Q18 in line with the Ps 16 net income of 1Q17.** The profit was achieved despite the increase in financial expense and reduction in forex gains, primarily reflecting the Ps 5 million loss in Brazil during the period.
- **Net consolidated debt ended 1Q18 at Ps 717 million, which was Ps 37 million (or 5%) less than in 1Q17.** The reduction in net debt at the end of 2018 was mainly supported by cash generation.
- **Net Debt / EBITDA ratio decreased from 2.96 times in 1Q17 to 1.98 times in 1Q18.** This is below our target of no more than 2.0 times, and was a result of our strong performance in EBITDA and cash flow generation.

- **In 1Q18 interest coverage (EBITDA / interest) was 2.65 times, which is below the 2.75 times level of 1Q17** due to the substantial increase in interest rates over the course of 2017 and the first quarter of 2018.
- **Cash flow generation and EBITDA conversion to cash.** In 1Q18, the company generated cash flow after taxes and CAPEX, and before interest, debt amortization, acquisitions, and contributions to the stock repurchase fund of Ps 77 million: practically a 1.0 to 0.9 conversion of EBITDA to cash. The cash position increased by Ps 22 million from 1Q17 to 1Q18.
 - Working capital improved substantially in relation to 1Q17, decreasing from 33 to 15 days working capital. That was achieved mainly by a reduction in inventories and suppliers days. Account receivables days remained in line with 1Q17.
- **Pochteca remains focused in cash flow generation** through an optimal management of working capital, and cost and expenses control to achieve a higher EBITDA.

	1Q18	1Q17
Gross Debt (Ps millions)	952	967
Net Debt (Ps millions)	717	754
Net Debt / EBITDA 12 M	1.98x	2.96x
Interest Coverage	2.65x	2.75x
Outstanding Shares	130,522,049	130,522,049

Stock buyback fund

The managers of Grupo Pochteca's fund for repurchasing shares are the brokers listed below:

- 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 and Signum Research have 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 sanitization products, metalworking and dozens of other industries. In order to better attend to those industries, the company is organized into 6 major business segments:

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

The Company includes more than 7,300 products in its catalogue that consist of both generic and specialized products with which to cater to each segment of the industries it serves. From our 32 distribution centers in Mexico, 3 in Central America, and 6 in Brazil, we serve over 20,500 customers each year in more than 500 cities with support of specialists in each sector who in turn rely on 10 quality control laboratories, and 10 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

	Mar-18	Dec-17	Mar-17	(%) Mar-18 vs. Dec-17 Mar-17	
ASSETS					
CASH AND CASH EQUIVALENTS	234,820	254,628	212,961	(7.8)	10.3
TRADE ACCOUNTS RECEIVABLE	933,939	986,919	916,381	(5.4)	1.9
OTHER ACCOUNTS RECEIVABLE	211,693	186,407	212,033	13.6	(0.2)
INVENTORIES	868,274	888,009	929,861	(2.2)	(6.6)
TOTAL CURRENT ASSETS	2,248,724	2,315,963	2,271,236	(2.9)	(1.0)
PROPERTY, PLANT & EQUIPMENT, NET	723,992	755,597	768,285	(4.2)	(5.8)
DEFERRED ASSETS	770,230	761,791	559,428	1.1	37.7
TOTAL ASSETS	3,742,947	3,833,351	3,598,950	(2.4)	4.0
LIABILITIES AND STOCKHOLDERS' EQUITY					
TRADE ACCOUNTS PAYABLE	1,333,445	1,321,997	1,090,301	0.9	22.3
BANK LOANS	365,323	300,292	262,459	21.7	39.2
OTHER ACCOUNTS PAYABLE	218,539	220,838	150,163	(1.0)	45.5
TOTAL CURRENT LIABILITIES	1,917,308	1,843,127	1,502,923	4.0	27.6
OTHER LONG-TERM ACCOUNTS PAYABLE	147,072	170,816	160,753	(13.9)	(8.5)
LONG-TERM DEBT	586,857	666,250	704,184	(11.9)	(16.7)
TOTAL LONG-TERM LIABILITIES	733,929	837,066	864,937	(12.3)	(15.1)
TOTAL LIABILITIES	2,651,237	2,680,193	2,367,860	(1.1)	12.0
CONTRIBUTED CAPITAL	1,127,066	1,158,270	1,177,502	(2.7)	(4.3)
PROFIT (LOSS) FOR THE PERIOD	15,508	(53,806)	16,376	NC	(5.3)
ACCUMULATED PROFIT	17,611	71,417	65,806	(75.3)	(73.2)
TRANSLATION EFFECT OF FOREIGN OPERATIONS	(68,475)	(22,723)	(28,595)	201.3	139.5
TOTAL EQUITY	1,091,710	1,153,158	1,231,089	(5.3)	(11.3)
TOTAL LIABILITIES AND EQUITY	3,742,947	3,833,351	3,598,950	(2.4)	4.0

NC= not comparable

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

Information in thousands of Mexican Pesos

	Dec-17	Sep-17	Dec-16	(%) Dec-17 vs. Sep-17 Dec-16	
ASSETS					
CASH AND CASH EQUIVALENTS	254,628	243,026	144,799	4.8	75.8
TRADE ACCOUNTS RECEIVABLE	991,308	923,764	939,350	7.3	5.5
OTHER ACCOUNTS RECEIVABLE	227,335	233,887	262,522	(2.8)	(13.4)
INVENTORIES	894,086	871,452	855,304	2.6	4.5
TOTAL CURRENT ASSETS	2,367,358	2,272,129	2,201,974	4.2	7.5
PROPERTY, PLANT & EQUIPMENT, NET	754,434	758,114	813,247	(0.5)	(7.2)
DEFERRED ASSETS	708,921	697,293	576,587	1.7	23.0
TOTAL ASSETS	3,830,712	3,727,537	3,591,808	2.8	6.7
LIABILITIES AND STOCKHOLDERS' EQUITY					
TRADE ACCOUNTS PAYABLE	1,323,266	1,228,124	1,107,512	7.7	19.5
BANK LOANS	293,683	233,967	500,911	25.5	(41.4)
OTHER ACCOUNTS PAYABLE	199,671	170,575	213,815	17.1	(6.6)
TOTAL CURRENT LIABILITIES	1,816,620	1,632,666	1,822,238	11.3	(0.3)
OTHER LONG-TERM ACCOUNTS PAYABLE	172,000	152,699	166,457	12.6	3.3
LONG-TERM DEBT	660,376	729,977	371,975	(9.5)	77.5
TOTAL LONG-TERM LIABILITIES	832,375	882,676	538,432	(5.7)	54.6
TOTAL LIABILITIES	2,648,995	2,515,342	2,360,670	5.3	12.2
CONTRIBUTED CAPITAL	1,160,758	1,177,502	1,177,502	(1.4)	(1.4)
PROFIT (LOSS) FOR THE PERIOD	(25,247)	14,542	(5,673)	NC	345.0
ACCUMULATED PROFIT	68,929	68,297	71,480	0.9	(3.6)
TRANSLATION EFFECT OF FOREIGN OPERATIONS	(22,723)	(48,146)	(12,170)	(52.8)	86.7
TOTAL EQUITY	1,181,717	1,212,195	1,231,138	(2.5)	(4.0)
TOTAL LIABILITIES AND EQUITY	3,830,712	3,727,537	3,591,808	2.8	6.7

NC= not comparable



INFORMATION FOR INVESTORS

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Note: This report may contain forward-looking statements regarding the Company's performance. They must be seen as good faith estimations 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 under IFRS.

All comparisons for 2018 contained in this report have been made against the figures for the comparable period of 2017 except where indicated.