

Alpek halts PTA supply to M&G as a result of overdue payments

Monterrey, Mexico. September 12, 2017 – Alpek, S.A.B. de C.V. (“Alpek”) announced today that several subsidiaries of M&G Chemicals, S.A. (“M&G”) passed due on a number of payments associated with the supply of purified terephthalic acid (PTA).

As of today, M&G’s consolidated past due balance with Alpek amounts to US\$ 49 million, approximately 40% of its total balance.

Consequently, Alpek is halting its PTA supply to the PET plants operated by M&G in Altamira, Mexico and Suape, Brazil. Alpek may resume PTA supply upon payment of delinquent invoices or once alternative mechanisms are set forth to support M&G’s operations.

Alpek has engaged other creditors to assess the situation and determine the appropriate individual or joint course of action.

Regarding the start-up of the integrated PTA-PET plant that is being constructed by M&G in Corpus Christi, Texas and from which Alpek acquired supply rights for 500,000 tons per year of PET, Alpek anticipates difficulties for M&G to conclude the project. Alpek will heighten its continued assessment and monitoring of the project’s status and act accordingly.

So far, the information provided by M&G is limited and insufficient to determine its current situation and its potential impact to Alpek’s operations and results.

About Alpek:

Alpek is a leading petrochemical company operating two business segments: “Polyester” (PTA, PET and polyester fibers), and “Plastics & Chemicals” (polypropylene, expandable polystyrene, caprolactam, and other specialty and industrial chemicals). Alpek is an integrated producer of PTA and PET in North America, the largest expandable polystyrene manufacturer in the Americas, and the only producer of caprolactam in Mexico. Alpek also operates one of the largest polypropylene facilities in North America. In 2016, Alpek reported revenues of U.S. \$4.8 billion and EBITDA of U.S. \$669 million. The Company operates 23 plants in the United States, Mexico, Canada, Brazil, Argentina and Chile, and employs more than 5,200 people. Alpek is a publicly traded company listed on the Mexican Stock Exchange.

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