

CHEMICAL DIVISION



SALES DEL ISTMO, S.A. DE C.V. (SISA)

SALT

1999 Shingo Prize for Excellence in Manufacturing, ISO-9002-2000 and ISO-14001 Certified.

The 2007 plans of the Salt Business focused on strengthening its market presence, offsetting the rise in energy cost, achieving operating excellence and complying with all environmental regulations. Major results include:

- Reinforced the La Fina brand leadership status nationwide and improved the position of the Klara, Bakar, Cisne, Marfil and Gallo brands in regional markets. Participation in supermarket chains increased with new programs directed toward **promotion, advertising, logistics, customer service and end-consumer orientation.**
- Introduced the La Fina brand in the US market through a **Strategic Alliance with Morton Salt**, the industry leader in that country.
- **New product developments included Salt with Chili and Lime** as well as new packaging and sizes for La Fina salt.
- Reduced energy utilization costs by developing **electricity generating systems for peak demand hours and furnaces alternately using natural gas, fuel oil #6 and petroleum coke.** New investments **lowered steam consumption** in the evaporation and refining processes.
- Decreased fixed costs by **investing in automated packaging processes.**
- **Re-certified ISO-9002-2000 and ISO-14001 standards** and renewed the **Clean Industry Certification** granted by the Ministry for Environment and Natural Resources.



PRODUCTS

Edible and Industrial salts.

MARKETS

Domestic and exports primarily to USA and Central America.

USES

Table salt, food industry and industrial processes.

TRADEMARKS

La Fina, Klara, Bakar, Cisne, Marfil, Gallo.

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IN 2007, THE CHEMICAL DIVISION IMPLEMENTED PROGRAMS TO REDUCE THE IMPACT OF THE EXTRAORDINARY INCREASES IN ENERGY COSTS AND THE LOWER PROFIT MARGINS CAUSED BY THE BEHAVIOR OF THE INTERNATIONAL PETROCHEMICAL MARKET. THE DIVISION ALSO INTRODUCED STRATEGIES TO ENHANCE THE COMPETITIVENESS OF ITS BUSINESSES. THE SPECIFIC INITIATIVES FOLLOW.



INDUSTRIA QUIMICA DEL ISTMO, S.A. DE C.V. (IQUISA)

CHLORINE-CAUSTIC SODA

1998 Mexican National Quality Award; 1998 Shingo Prize for Excellence in Manufacturing (Coatzacoalcos Plant) and 2002 (Monterrey and Tlaxcala Plants); ISO-9002-2000 and ISO-14001 Certified.

The Chlorine-Caustic Soda Business directed activities to enhancing product mix, reducing fixed costs, more efficient energy consumption, operational excellence and environmental compliance. A summary of achievements realized during 2007 include:

- **Reduced electricity consumption** in production processes.
- New products improved sales growth through the investment and start-up of a **new Caustic Potash plant** in Monterrey.
- The Coatzacoalcos, Monterrey and Tlaxcala plants received **re-certifications for ISO-9002-2000, ISO-14001**, the **US National Sanitary Foundation** and the National Chemical Industry Association's (ANIQ) **Integral Responsibility**. The Hermosillo plant initiated the certification processes.
- The Coatzacoalcos, Monterrey and Tlaxcala plants renewed the **Clean Industry Certification** awarded by the Ministry for Environment and Natural Resources.



PRODUCTS

Chlorine, liquid and gas; caustic soda, liquid and solid; chlorine in cylinders; sodium hypochlorite: caustic potash; synthetic hydrochloric acid and muriatic acid.

USES

Chemical and petrochemical industries, textiles, cellulose, paper, pesticides, bleach, detergents and soaps, mining and extraction of metals, plastics, pigments and paints.

MARKETS

Domestic and exports primarily to Central America.

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POLICYD, S.A. DE C.V.

PVC RESINS

1996 Mexican National Quality Award (Altamira Plant); 1997 Shingo Prize for Excellence in Manufacturing (Altamira Plant) and 2000 (La Presa Plant); Environmental Excellence Award 2006 (Altamira Plant); ISO-9002-2000 and ISO-14001-2004 Certified.

In 2007 the PVC Resins Business emphasized programs for better customer relations, service improvement, cost reductions, operational excellence and environmental compliance through the following actions:

- Enhanced domestic market position by developing **strategic alliances and agreements with key customers**.
- Increased **US market share for specialty PVC resins**.
- Growth in **higher value export products**.
- **Reduced energy usage by installing more efficient equipment**.
- Renegotiated supply agreements **improving raw materials purchasing terms**.
- The Altamira and La Presa plants became **re-certified for ISO-9002-2000, ISO-14001-2004** and National Chemical Industry Association's (ANIQ) **Integral Responsibility**.
- The Altamira plant renewed the **Clean Industry Certification** granted by the Ministry for Environment and Natural Resources.
- The Altamira plant obtained the **Safe Industry Recognition Award 2007, granted by the Ministry of Labor**, for the self-administered Program promoting Work Safety and Health.



PRODUCTS

Polyvinyl chloride (PVC), suspension: homopolymer and copolymer; dispersion paste.

USES

Construction industry, footwear, toys and general plastics.

MARKETS

Domestic and exports to Central and South America, the Caribbean, USA, New Zealand, Africa, China and other Far East countries.

TRADEMARKS

Vyncel.

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PLASTICOS REX, S.A. DE C.V.

PIPES AND FITTINGS

ISO-9002-2000 Certified (Mexico City; Monterrey, Nuevo Leon; Poncitlan, Jalisco; Merida, Yucatan; and Los Mochis, Sinaloa plants).

The Pipes and Fittings Business, responding to new competitors, introduced programs to develop new products, optimize logistics, improve customer service, reduce costs, achieve operational excellence and comply with environmental standards. Main advances during 2007 include:

- **The elimination of restrictions in critical production processes** generated increased market opportunities, transportation cost reduction and customer service improvement.
- **Strengthened operations** in the manufacturing plants located in Los Mochis, Sinaloa and Merida, Yucatan.
- **New product lines** improved market share for PVC Pipes and Fittings and Irrigation Systems and initiated **the manufacture of Drip Irrigation Tape**, a first for Mexico.
- Implemented programs for **reducing electricity consumption during peak demand hours**.
- The Mexico City, Monterrey and Poncitlan plants received **re-certifications for ISO-9002-2000**.
- The Mexico City plant accumulated 1,000 days without life-threatening accidents, receiving their third consecutive **Safe Industry recognition from the Ministry of Labor**.
- The Poncitlan plant received the **State of Jalisco Award for Guidance and Training Excellence**.
- **The Ministry of Education**, through the National Council of Education for Life and Work, granted the Poncitlan plant the **Certification of Enterprise Committed with the Employees Education**.



PRODUCTS

PVC pipes and fittings, irrigation systems, polyethylene pipes.

USES

Construction industry, agriculture and water distribution systems.

MARKETS

Domestic.

TRADEMARKS

Rex, Rex-Netafin, Unicople, Rex-ac, Ecotub, Ecoplus, Insta-Rex.

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LOS MOCHIS PLANT
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QUIMOBASICOS, S.A. DE C.V.
JOINT-VENTURE WITH HONEYWELL (USA)

REFRIGERANT GASES

Environmental Excellence Award 2004, ISO-9002-2000 and ISO-14001 Certified.

Actions implemented in 2007 by the Refrigerant Gas Business focused mainly on achieving operational excellence, selling Kyoto Protocol's Carbon Certified Emission Reduction (CERs) packages and complying with environmental standards. Highlights include:

- Quimobasicos **manufactures HCFC-22 refrigerant gas, distributing this and other refrigerant, blowing and propellant gases** while complying with strict environmental standards and serving market needs.
- Strengthened its presence in the Mexican and Latin American markets through **strategic alliances with international producers and key customers and the implementation of innovative logistics and service systems.**
- Quimobasicos **completed the first year of capturing and incinerating HFC-23 gas**, an HCFC-22 refrigerant gas byproduct, in compliance with standards established by the Mexican Ministry for Environment and Natural Resources and the Kyoto Protocol authorities. The commercialization of the Carbon Certified Emission Reduction (CERs) packages emanating from the destruction of HFC-23 gas, occurred through the Clean Development Mechanism of the United Nations.
- **Re-certified for ISO-9002-2000, ISO-14001 and National Chemical Industry Association's (ANIQ) Integral Responsibility.**
- Renewed the **Clean Industry Certification** granted by the Ministry for Environment and Natural Resources.



PRODUCTS

Refrigerants, propellant and blowing gases, Carbon Certified Emission Reduction (CERs).

MARKETS

Domestic and exports primarily Latin America.

USES

Industrial, commercial and domestic refrigeration, home appliances, pharmaceutical industry.

TRADEMARKS

Genetron.

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