

Grupo KUO and Repsol strengthen their Dynasol JV to create one of the largest synthetic rubber companies in the world

Mexico City, April 27th, 2015 - Grupo KUO, S.A.B. de C.V. (BMV: KUO), hereinafter Grupo KUO, announces today that, together with its partner Repsol, have agreed to strengthen their existing partnership in Dynasol (solution rubber), by jointly contributing human capital, assets, experience and resources to create a new company, leader in the production of synthetic rubber and chemical accelerators.

Since 1999, Grupo KUO and Repsol have been partners in the same proportion at Dynasol, a world leader in asphalt modifiers and plastics, with production facilities located in Altamira, Mexico; Santander, Spain and Liaoning, China, production facility that will start operations at the end of the second quarter of this year.

As a result of this agreement, Grupo KUO will contribute to this Joint Venture its emulsion rubber and nitrile business located in Mexico (INSA), as well as its nitrile rubber business (INSA GPRO), whose plant in Nanjing, China, will begin operations at the end of the second quarter of this year. Repsol will contribute its chemicals accelerators business, located in Spain (General Química).

As a result of these developments, the resulting company will target the high performance tires market segment; increasing its presence in the global rubber market, participating with diverse and complementary products and technologies focusing on high value-added solutions for the European, American and Asian markets. Given the aforementioned, Dynasol will have the required scale, technology and human capital to create value derived from future growth opportunities and will rank among the major companies in the sector, globally.

The company will have its headquarters in Madrid, with operating facilities in Mexico, Spain and China, as well as a sales office in the United States.

"We are very pleased to consolidate this alliance with Repsol, our long term and strategic partner. This new company will strengthen our position as a global player in the synthetic rubber market," said Fernando Senderos Mestre, Chairman of the Board and Chief Executive Officer of Grupo KUO.

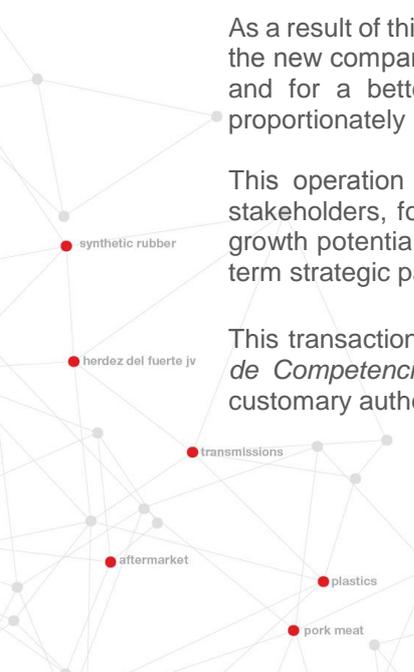
Antonio Brufau, Chairman of Repsol, said that "Through this agreement we take a qualitative leap in our alliance with Grupo KUO, to position Dynasol as a benchmark in the high performance tire market, and we will increase significantly our production capacity as well as our contribution to our chemical business".

The new entity's proforma revenues, based on 2014 figures, would reach approximately US \$700 million, with a combined production capacity of over 500,000 tons.

As a result of this operation, KUO will generate positive net cash flow, and for accounting purposes, the new company results will be recorded in KUO's financial statements under the equity method; and for a better understanding of the financial information, its results will be consolidated proportionately under pro forma basis.

This operation reflects the Group's commitment to maximize the value generation for all its stakeholders, focusing both, resources and executive talent to their businesses with the highest growth potential. Furthermore, it demonstrates the confidence and support of Grupo KUO's long-term strategic partners for the creation of this company.

This transaction is subject to the approval of the Mexican antitrust authorities (*Comisión Federal de Competencia*), the government agencies with jurisdiction on the matter, as well as other customary authorizations of these processes that may apply.



About Grupo KUO

Grupo KUO is a leading industrial conglomerate in Mexico, with annual sales amounting more than US \$2 billion as of December 31st, 2014, exports to around 70 countries and approximately 17,000 employees. Its current business portfolio includes six Strategic Business Units: Synthetic Rubber, Herdez Del Fuerte JV (brand processed foods), Plastics, Pork Meat, Aftermarket and Transmissions, organized in the Consumer, Chemical and Automotive sectors.

This press release contains forward-looking statements that reflect the current opinions of Grupo KUO's management regarding future events. The words or phrases "predict", "believe", "estimate" "expect", "have the intention of", "may", "plan" and "should" and similar expressions generally indicate comments about expectations. These comments are subject to risks, uncertainties and changing circumstances. Final results may be materially different from current expectations because of various factors, which include but are not limited to global and local changes in politics, the economy, business, competition and market and regulatory factors, cyclical trends in the automotive and chemical sectors, as well as other factors that are highlighted under the heading "Risk Factors" in the annual report submitted by Grupo KUO to the Mexican National Banking and Securities Commission (CNBV). Grupo KUO has no obligation whatsoever to update these comments on expectations. Any comment on expectation is valid only on the date on which it is made.

synthetic rubber

herdez del fuerte jv

transmissions

aftermarket

plastics

pork meat