

Orbia

Q4 2020 Earnings Call

February 25, 2021



Safe Harbor

In addition to historical information, this presentation contains "forward-looking" statements that reflect management's expectations for the future. The words "anticipate," "believe," "expect," "hope," "have the intention of," "might," "plan," "should" and similar expressions generally indicate comments on expectations. The final results may be materially different from current expectations due to several factors, which include, but are not limited to, global and local changes in politics, the economy, business, competition, market and regulatory factors, cyclical trends in relevant sectors; as well as other factors that are highlighted under the title "Risk Factors" in the annual report submitted by Orbia to the Mexican National Banking and Securities Commission (CNBV). The forward-looking statements included herein represent Orbia's views as of the date of this presentation. Orbia undertakes no obligation to revise or update publicly any forward-looking statement for any reason unless required by law."

Sameer Bharadwaj, Our Newly Appointed CEO



2021: Appointed President and CEO

2016: Joined Orbia with 20+ years of leadership experience in breakthrough innovation, operational excellence, and talent development across the advanced materials, technology, energy, and pharmaceutical industries

2016-21: Accomplishments and Contributions within Orbia

- Most recently served as President of Orbia's Fluor & Polymer Solutions business groups, where he:
 - ✓ **Instilled a value-added mindset** and led growth of downstream business to strengthen Koura's position in existing and high growth fluorochemical markets & applications
 - ✓ **Strengthened Vestolit's position** as PVC market leader in General and Specialty Resins
 - ✓ **Established industry-leading ESG standards**, tools and practices across Koura's and Vestolit's teams and sites

Background

- Leadership roles at Dow Chemical Company, Boston Consulting Group and Cabot Corporation
- MBA from Harvard Business School, a Ph.D in chemical engineering from the University of Minnesota and a bachelor's degree in chemical engineering from the University of Bombay

Strong Showing in 2020 and Well Positioned to Deliver Results in 2021

01 Adapted quickly and increased connectivity with our customers, which delivered stellar results including strong earnings recovery, margin expansion and free cash flow generation

02 Our portfolio remained resilient, especially for Wavin, Dura-Line and Vestolit, which delivered solid top-line results in the fourth quarter

03 Well positioned to deliver strong results in 2021 as recovery in our end markets continues and we execute against many strategic projects to capture growth with strong financial position

2020 Financial Performance

REVENUE

\$6.4 Billion

Decreased
8% YoY

EBITDA

\$1.3 Billion

Decreased
3% YoY

EBITDA MARGIN

20.5%

Increased
100 bps YoY

FREE CASH FLOW

\$552 Million

Increased
34% YoY

Q4 Financial Highlights: Solid Performance with Significant Margin Expansion and Robust Cash Generation

REVENUE

Better-than-expected top-line

\$1.7 Billion

Increased 6% YoY, driven by higher sales across most of our portfolio, specifically Vestolit, Wavin, and Dura-Line

EBITDA

Strong EBITDA performance

\$383 Million

Improved 30% YoY, on the back of the recovery of the construction sector; Vestolit benefitted from PVC supply imbalance while Wavin had stronger construction demand and successful product introductions

EBITDA MARGIN

Meaningful margin expansion

22.0%

Increased 401 basis points YoY primarily driven by commercial and operational excellence initiatives across businesses

FREE CASH FLOW

Delivered robust FCF

\$304 Million

Up 38% YoY driven by sound profitability and net working capital improvement initiatives

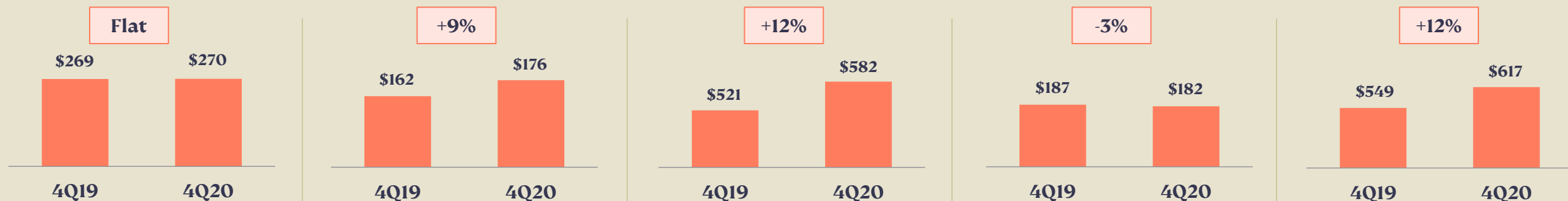
Strong Performance Underpinned by Consistent Execution Against Growth Strategy

Strong Quarterly Performance Led by Vestolit and Wavin

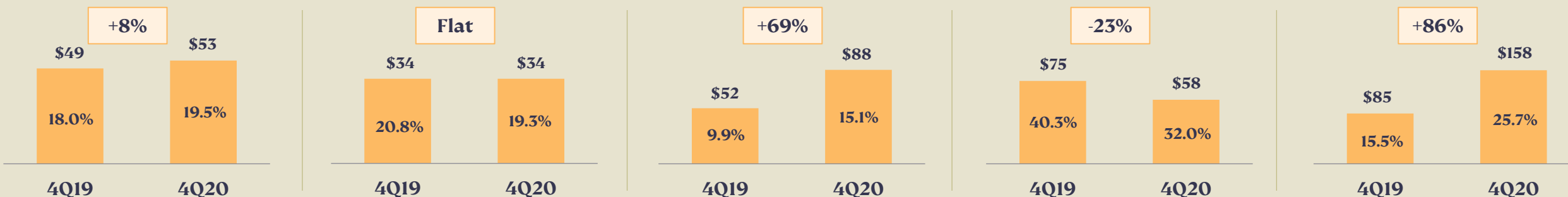
In \$Millions



Fourth Quarter Revenues



Fourth Quarter EBITDA & Margin



Rebound across most major markets – specifically North America, Europe, MEA and Asia; key agricultural prices improved during the quarter

Higher order volume in the U.S. and Canada partly offset by lower volumes in Europe, Middle East, Africa and LatAm, which have been slower to recover from COVID-related business disruptions

Continued strength in several key countries in Europe, including Germany, France and the Nordics, as well as LatAm, specifically Mexico, Ecuador, Brazil and Argentina

Continued impact of COVID on price and volume, which was somewhat offset by strong fluorspar shipments towards the end of the quarter

Historically high PVC prices driven by global supply – demand imbalance

Robust Cash Generation and Free Cash Flow

Balance Sheet (\$M, 12/31/2020)

Cash / Cash Equivalents	875
Accounts Receivable	1,093
Inventory	861
Total Assets	10,211
Accounts Payable	1,326
Total Debt	3,626
Total Liabilities	7,032
Trade Working Capital	682

Debt Profile (\$M, 12/31/2020)

Gross Debt	3,626
Less Cash	875
Net Debt	2,751
Gross Debt to EBITDA	2.75x
Net Debt to EBITDA	2.1x

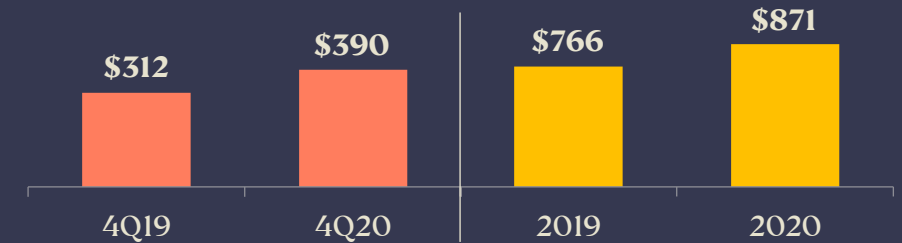
Q4 2020 Highlights

- Strong operating cash and robust free cash flow
- Strong cash conversion of 79% of EBITDA
- Effective working capital management; WC decreased ~4.5% from prior year while increasing sales by 6%

Operating Cash Flow (\$M)

Fourth Quarter

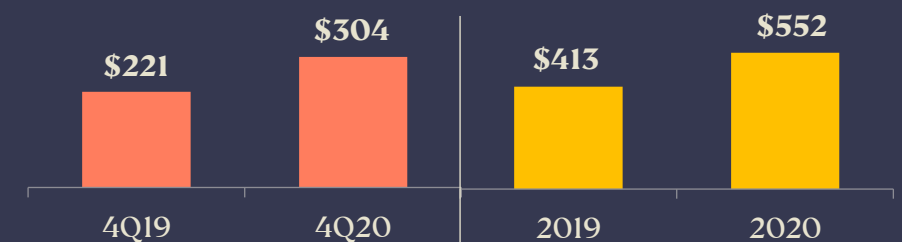
Full Year



Free Cash Flow (\$M)

Fourth Quarter

Full Year



Debt Maturity Schedule (\$M)



Strategy Update: Operating with a Common Purpose – To Advance Life Around The World

Strengthening and expanding our market leadership through innovation and initiatives that bring us closer to our customers and that result in our customers valuing us more



Continue to execute our work to fundamentally change how the agriculture industry approaches sustainable growing, crop yield and water utilization



Making significant strategic investments in Europe and Asia, building local presence in these regions



Significantly expanded our footprint and established our legal entities in India; investing in local manufacturing by taking over two former Dura-Line sites in India



Launch of a next generation medical propellant KOURA ZEPHEX® 152a and the development of multiple next gen low-GWP refrigerants; looking into opportunities to benefit from exponential growth in energy storage specifically tied to EVs



As the largest producer of specialty PVC and the fifth largest producer of PVC globally, we are well positioned to capture volume as well as margin; expect a rebound in the economy, geographic expansion and growth in our performance additives platform

Focused on Operational Excellence Across Orbia

✓ Supply Chain Management

✓ Optimizing Asset and Capacity Utilization

✓ Improving Footprint Efficiency

Multiple Catalysts for Value Creation as We Execute Our Transformation

Significant Achievements Against Our ESG Initiatives



Environmental

- Climate Change score in Carbon Disclosure Project (CDP) **improved significantly** to B (Management level)
- **Global Lifecycle Assessment approach** continued, demonstrating lower carbon footprint of drip irrigation compared to alternative irrigation methods (60% lower footprint versus flood irrigation)
- **60% increase in the use of renewable energy** vs. 2019;
- **Sulfur Oxide (SOx) emissions reduced** – 28% vs. baseline of 2018 (goal is 60% by 2025)



Social

- **Support our people and families** around the world in getting through and beyond coronavirus, from mental health programmes to mental support
- Established a new **partnership with Resilient Cities Network**
- Joined Tent Partnership for Refugees



Governance

- **Introduced a new ESG modifier** into senior management compensation
- CAPEX approval process includes **sustainability considerations**
- 2 new independent Board members, **increasing share of independent members** to 64%

Awarded for Our Focus on Sustainability

- ✓ **Dow Jones Sustainability Index** member (2nd year in a row)
- ✓ **S&P Sustainability Yearbook**
- ✓ **FTSE4Good Index** (member since 2015)
- ✓ **EcoVadis Silver Medal** (top 18%)

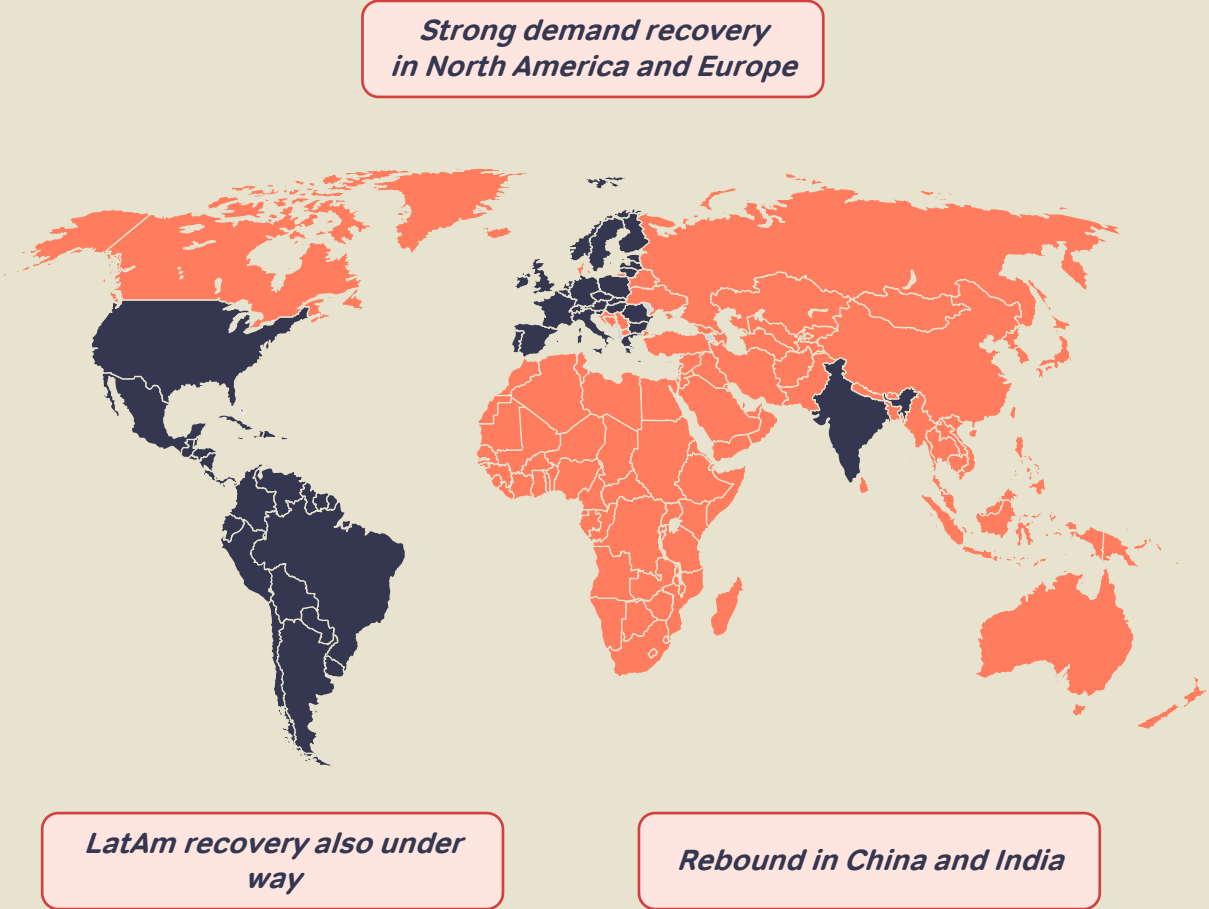


ESG is in Our DNA

Global Business Trends and Outlook

Introducing 2021 Guidance

EBITDA	4% to 7% increase compared to 2020
CAPEX	\$350 to \$400 million



Well Positioned to Benefit from Recovery in 2021

Closing Remarks

01

2020 was a year of strong execution by the businesses as we navigated the challenges associated with COVID in real-time

02

We made significant strides in positioning Orbia to capture greater success and as we enter 2021, we have an improved cost position, a demonstrated track record of shifting our mix to higher-end solutions, a stronger, more flexible financial position, and are leveraged to several secular growth trends

03

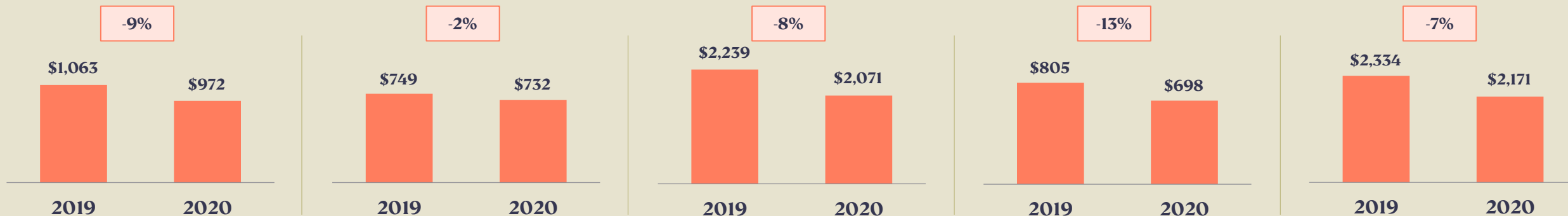
While the extent of the economic impact of COVID is still uncertain, we are at an exciting time in our multi-year transformation journey, as we are deeply committed to delivering on our promise to Advance Life Around the World and also contributing to sustainable development as we create value for all

Appendix

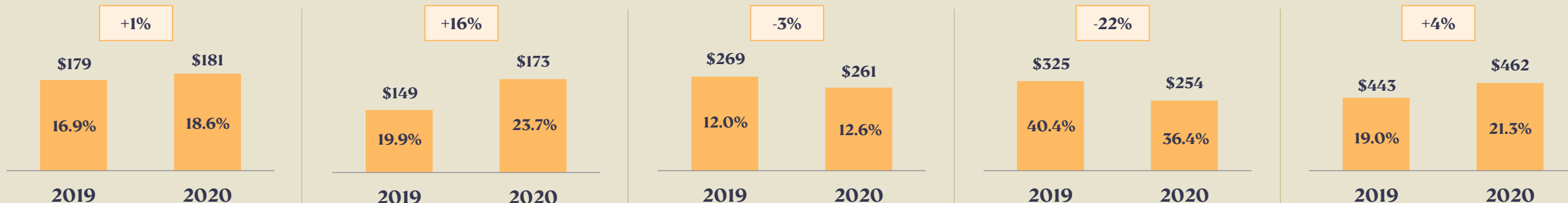
2020 Business Group Financial Results (\$M)



Full Year 2020 Revenues



Full Year 2020 EBITDA & Margin



Strong Performance and Execution Despite a Challenging Year; Well Positioned for Growth in 2021

P&L

USD in millions	Fourth Quarter			January - December		
	2020	2019	%	2020	2019	%
Income Statement						
Net sales	1,742	1,636	6%	6,420	6,987	-8%
Cost of sales	1,200	1,176	2%	4,574	5,029	-9%
Gross profit	542	460	18%	1,846	1,958	-6%
Operating expenses	342	305	12%	1,126	1,135	-1%
Operating income (loss)	201	155	30%	720	823	-13%
Net Financial Costs	34	64	-47%	242	295	-18%
Equity in income of associated entity	(0)	0	N/A	(1)	(4)	-75%
Income (loss) from continuing operations before income tax	166	91	82%	479	533	-10%
Cash tax	75	72	4%	246	171	44%
Deferred taxes	(6)	(10)	-40%	(95)	(27)	252%
Income tax	69	62	11%	151	206	-27%
Income (loss) from continuing operations	98	30	227%	328	327	0%
Discontinued operations	(1)	1	N/A	(10)	(0)	N/A
Consolidated net income (loss)	96	30	220%	319	327	-2%
Minority stockholders	30	32	-6%	124	120	3%
Majority Net income (loss)	66	(2)	N/A	195	207	-6%
EBITDA	383	294	30%	1,318	1,365	-3%

Balance Sheet

	USD in millions	
Balance sheet	2020	2019
Total assets	10,211	10,057
Current assets	3,156	2,852
Cash and temporary investments	875	586
Receivables	1,093	1,158
Inventories	861	834
Others current assets	326	274
Non current assets	7,055	7,205
Property, plant and equipment, Net	3,186	3,349
Right of use Fixed Assets, Net	323	337
Intangible assets and Goodwill	3,225	3,257
Long term assets	320	262
Total liabilities	7,032	6,963
Current liabilities	2,588	2,577
Current portion of long-term debt	495	322
Suppliers	1,326	1,264
Short-term leasings	82	78
Other current liabilities	684	913
Non current liabilities	4,444	4,386
Long-term debt	3,131	3,129
Long-term employee benefits	274	229
Long-Term deferred tax liabilities	314	335
Long-term leasings	263	267
Other long-term liabilities	463	426
Consolidated shareholders' equity	3,180	3,094
Minority shareholders' equity	687	719
Majority shareholders' equity	2,493	2,375
Total liabilities & shareholders' equity	10,211	10,057

Cash Flow Statement

mm US\$	Fourth quarter			January - December		
Cash Flow	2020	2019	%Var.	2020	2019	% Var.
EBITDA	383	294	30.3%	1,318	1,365	-3.4%
Taxes paid, net	(85)	(52)	63.5%	(263)	(233)	12.9%
Net interest / Bank commissions	(18)	(28)	-35.7%	(196)	(261)	-24.9%
Change in trade working capital	89	120	-25.8%	32	(112)	N/A
Others (Other assets - provisions, Net)	(28)	(21)	33.3%	4	36	-88.9%
CTA and FX	49	(1)	N/A	(24)	(29)	-17.2%
Cash generation	390	312	25.0%	871	766	13.7%
CapEx	(70)	(71)	-1.4%	(228)	(261)	-12.6%
Leasing payments	(16)	(19)	-15.8%	(90)	(92)	-2.2%
Free cash flow	304	221	37.6%	553	413	33.9%
<i>FCF conversion (%)</i>	<i>79.2%</i>	<i>75.2%</i>	<i>406 Pbs</i>	<i>41.9%</i>	<i>30.3%</i>	<i>1,159 bps</i>
Dividends to Shareholders	(45)	(59)	-23.7%	(230)	(218)	5.5%
Buy-back shares program	-	(1)	-100.0%	(42)	(41)	2.4%
New debt (paid)	(597)	(127)	370.1%	178	(125)	N/A
Minority interest payments	(26)	(42)	-38.1%	(141)	(151)	-6.6%
Others	(5)	-	N/A	(27)	8	N/A
Net change in cash	(369)	(8)	4512.5%	289	(114)	N/A
Initial cash balance	1,245	594	109.6%	586	700	-16.3%
Cash balance	875	586	49.3%	875	586	49.3%

Note: Change in trade working capital includes certain other receivables for proper comparison purposes

