

Orbia

Fourth Quarter and Full Year 2025 Earnings  
Results Conference Call

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**CORPORATE PARTICIPANTS**

**Sameer Bharadwaj** – *Chief Executive Officer*

**Jim Kelly** – *Chief Financial Officer*

**Diego Echave** – *VP of Investor Relations*

## PRESENTATION

### Operator

Good morning, and welcome to Orbia's Fourth Quarter and Full Year 2025 Earnings Conference Call. [Operator Instructions] Please note this event is being recorded.

I would now like to turn the conference over to Diego Echave, Orbia's Vice President of Investor Relations. Please go ahead.

### Diego Echave

Thank you, operator. Good morning, and welcome to Orbia's Fourth Quarter and Full Year 2025 Earnings Call. We appreciate your time and participation. Joining me today are Sameer Bharadwaj, CEO, and Jim Kelly, CFO. Before we continue, a friendly reminder that some of our comments today will contain forward-looking statements based on our current view of our business, and actual future results may differ materially.

Today's call should be considered in conjunction with cautionary statements contained in our earnings release and in our most recent Bolsa Mexicana de Valores report. The Company disclaims any obligation to update or revise any such forward-looking statements.

Now I would like to turn the call over to Sameer.

### Sameer Bharadwaj

Thank you, Diego, and good morning, everyone. Before we begin discussing this quarter's results, I would like to thank our global employees for their ongoing efforts through 2025 and their continued focus on solving our customers' challenges in difficult market conditions. I would also like to thank our customers for their ongoing partnership and trust.

Turning to Slide 3, I will share a high-level overview of our fourth quarter and full year 2025 performance. Full year revenues of \$7.6 billion increased 2% year-over-year and EBITDA of approximately \$1.02 billion decreased by 7% compared to the previous year. Full year EBITDA included one-time items of approximately \$90 million. Excluding these one-time items, full year adjusted EBITDA was \$1.11 billion.

Overall, global market conditions across Orbia's businesses were mixed, but remained generally challenging in 2025, particularly across construction and infrastructure-related activities and regionally in much of Europe and Mexico. We did, however, see favorable trends emerge during the year in our Fluor & Energy Materials, Connectivity Solutions and Precision Agriculture businesses.

In this environment, we remain relentlessly focused on exercising strong financial discipline. We continue to strengthen our leading market positions and to drive results through effective commercial and operational execution with a focus on both earnings and cash generation. Our cost optimization programs are on track and making important contributions as is our initiative to generate cash from non-core asset sales.

We continue to look for more opportunities to simplify our business, further strengthen our balance sheet and drive cash generation to support our long-term strategic objectives. As we begin 2026, we expect market dynamics to remain challenging in some businesses with continued improvements in others.

I will now turn the call over to Jim to go over our financial performance in further detail.

### **James Kelly**

Thank you, Sameer, and good morning, everyone. I'll start by discussing our overall fourth quarter results. Turning to Slide 4. Net revenues of \$1.9 billion increased by 5% year-over-year, with growth coming from all business groups except Polymer Solutions. The increase was led primarily by higher volumes in Connectivity Solutions and better product mix in Fluor & Energy Materials. I'll provide a more comprehensive description of these factors in the business-by-business section.

EBITDA of \$227 million for the quarter increased 2% year-over-year, primarily driven by higher volumes and lower one-time costs in Fluor & Energy Materials and in Building & Infrastructure, partially offset by a decrease in Polymer Solutions. Adjusted EBITDA of \$236 million declined 14% compared to last year, primarily driven by Polymer Solutions.

Operating cash flow of \$349 million increased by \$67 million or 23% compared to the prior year quarter, driven by efficient working capital management and the absence of last year's unfavorable currency impacts, partially offset by net interest paid and higher taxes. The operating cash flow conversion rate for the quarter was 154%. Free cash flow in the quarter was \$204 million, an increase of \$80 million year-over-year, driven by an increase in operating cash flow and a decrease in capital expenditures.

Turning to Slide 5. I'll now review our full year results for 2025. On a consolidated basis, net revenues were \$7.6 billion, an increase of 2% year-over-year. Higher revenue came from all business groups with the exception of Polymer Solutions. The increase was led primarily by higher volumes in Connectivity Solutions and better product mix in Fluor & Energy Materials.

EBITDA of \$1.02 billion decreased 7% year-over-year with an EBITDA margin of 13.4%, a decrease of 124 basis points. These decreases were primarily due to lower volumes and prices in Polymer Solutions and one-time costs for Building & Infrastructure. These were partially offset by the absence of prior year one-time costs in Fluor & Energy Materials and higher revenues in Connectivity Solutions and Precision Agriculture.

Excluding one-time items, adjusted EBITDA was \$1.11 billion for the full year, representing a 7% decrease from the prior year and an adjusted EBITDA margin of 14.6% for the year. Operating cash flow and free cash flow were \$645 million and \$111 million, respectively, reflecting strong working capital performance and lower cash impacts from accruals, partially offset by lower EBITDA and higher taxes and net interest paid.

The operating cash flow conversion rate for the full year was 63%. Free cash flow increased by \$175 million year-over-year, driven by higher operating cash flow and lower capital expenditures. Capital expenditures of \$405 million declined by approximately 15% compared to the prior year. Spending for 2025 included ongoing maintenance and investments to support the Company's targeted growth initiatives.

Orbia invested \$144 million in strategic growth primarily dedicated to expanding capacity for medical propellants and custom electrolytes within our Fluor & Energy Materials business as well as advancing high-value product initiatives in Building & Infrastructure. The remaining \$251 million was deployed to ensure operational safety and asset integrity. Net debt of \$3.78 billion included total debt of \$4.82 billion less cash of \$1.04 billion.

The net debt-to-EBITDA ratio was 3.70x at the end of the year, which decreased from 3.85x at the end of the prior quarter, driven by a decrease in total debt of \$82 million and an increase in cash and cash equivalents of \$49 million and an increase in the last 12 months EBITDA of approximately \$5 million during the quarter. The leverage ratio increased by 0.4x compared to 3.30x at the prior year-end due to an increase of \$162 million in net debt of which \$147 million was due to the appreciation of the Mexican peso against the U.S. dollar and a decrease of \$76 million in the last 12-months EBITDA, partially offset by an increase in cash and cash equivalents of \$31 million. On an adjusted basis, net debt to EBITDA at the end of 2025 was 3.40x, which was a slight reduction from the level of 3.42x at the end of the prior quarter.

For the full year, we recognized an income tax expense of \$291 million compared to an income tax benefit of \$127 million in the prior year. The change in the tax expense was primarily driven by the geographic mix of earnings, appreciation of the Mexican peso relative to the U.S. dollar, inflation-related adjustments and discrete items, including non-recurring dividend repatriation and impairment charges. Adjusted for these items, the effective tax rate for the year would have been approximately 25%.

Turning to Slide 6. I'll review our performance by business group. In Polymer Solutions, fourth quarter revenues were \$558 million, a decrease of 6% year-over-year driven by lower operating rates in derivatives and lower prices in resins. This was partially offset by higher volumes in resins and higher prices in derivatives.

Fourth quarter EBITDA was \$33 million, a decrease of 55% year-over-year with an EBITDA margin of 5.9%, driven by lower prices and higher input costs. For the full year, Polymer Solutions had revenues of \$2.4 billion, a 4% decline, driven by lower volumes in derivatives and lower prices in resins, partially offset by higher general resins volumes.

Full year EBITDA declined 30% versus the prior year to \$248 million with an EBITDA margin of 10.2%, driven primarily by lower resin prices, operational disruptions in derivatives and a key raw material supply disruption during the first half of the year. This was partially offset by lower fixed costs from cost savings initiatives. Excluding one-time items, adjusted EBITDA was \$39 million in the quarter and \$279 million for the full year, representing a decrease of 53% and 26%, respectively.

Adjusted EBITDA margin was 7% for the quarter and 11.5% for the year. In Building & Infrastructure, fourth quarter revenues were \$600 million, an increase of 4% year-over-year, driven primarily by higher volumes in Western Europe, Mexico and other portions of Latin America, favorable currency fluctuations, and better pricing. This was partially offset by the impact of divestments of the India and clay pipe businesses that were completed earlier in the year.

Fourth quarter EBITDA was \$71 million, an increase of 34% year-over-year with an EBITDA margin of 11.9%. The increase was driven by lower one-time restructuring costs, better margins, favorable product mix and continued benefits from cost-saving initiatives. For the year, Building & Infrastructure revenues were \$2.5 billion, a decline of 1% year-over-year. The decrease was driven by the impact of completed divestments and weak demand in Mexico, partially offset by growth in Brazil and EMEA.

Full year EBITDA of \$246 million declined 10% year-over-year with an EBITDA margin of 10%, driven primarily by lower results in Mexico and Western Europe, higher material costs and higher one-time restructuring costs compared to last year. This was partially offset by better performance in the U.K. and Brazil and the benefit of cost savings initiatives. Excluding one-time items,

adjusted EBITDA was \$78 million in the quarter and \$286 million for the full year, representing an increase of 20% and a decrease of 2%, respectively.

Adjusted EBITDA margin was 13.1% for the quarter and 11.6% for the year. Moving to Precision Agriculture. Fourth quarter revenues were \$279 million, an increase of 5%, driven primarily by strength in Brazil, Europe and Israel, partially offset by India and Mexico. Fourth quarter EBITDA of \$33 million was slightly lower year-over-year with an EBITDA margin of 11.8%. The slight decrease in EBITDA year-over-year was driven by lower performance in the U.S., Mexico and Central America, partially offset by better performance in EMEA, Brazil and Turkey.

For the year, Precision Agriculture reported revenue of \$1.1 billion, an increase of 6%, driven by growth in Brazil, Peru, and the U.S., partially offset by soft demand in Mexico. Full year EBITDA increased by 9% to \$136 million with an EBITDA margin of 12.4%, primarily driven by Brazil, the U.S., Turkey and Peru, partially offset by negative impacts from currency fluctuations and Mexico. Excluding one-time items, adjusted EBITDA was \$35 million in the quarter and \$142 million for the full year, representing a decrease of 3% and an increase of 7%, respectively. Adjusted EBITDA margin was 12.5% for the quarter and 12.9% for the year.

In Fluor & Energy Materials, fourth quarter revenues were \$268 million, an increase of 21% year-over-year. The increase was primarily driven by higher volumes from pharma and upstream minerals and favorable prices across most of the product portfolio, partially offset by lower volumes in refrigerants. Fourth quarter EBITDA was \$68 million, an increase of 107% year-over-year due to higher revenue in the absence of prior year one-time legal expenses, partially offset by higher raw material costs. EBITDA margin was 25.2%.

For the full year, Fluor & Energy Materials revenues were \$958 million, an increase of 11%, driven primarily by strong results across the product portfolio. EBITDA for the full year increased 14% to \$267 million and an EBITDA margin was 27.8%. The full year increase in EBITDA was primarily driven by the absence of prior year one-time legal expenses, partially offset by higher raw material costs and higher operating costs in Mexico, driven by the appreciation of the Mexican peso against the U.S. dollar.

Excluding one-time items, adjusted EBITDA was \$68 million in the quarter and \$267 million for the full year representing an increase of 3% and a decrease of 1%, respectively. Adjusted EBITDA margin was 25.2% for the quarter and 27.8% for the year.

Finally, in our Connectivity Solutions segment, fourth quarter revenues were \$226 million, an increase of 32% year-over-year. The increase in revenues for the quarter was driven by strong volume growth across all end markets and a favorable product mix, partially offset by lower prices. Fourth quarter EBITDA increased 61% year-over-year to \$21 million with an EBITDA margin of 9.5%. The increase was primarily driven by higher revenues, higher capacity utilization and continued benefits from cost reduction initiatives, partially offset by lower prices.

For the full year, Connectivity Solutions revenues were \$918 million, an increase of 9%, driven by strong volume growth and favorable product mix, partially offset by lower prices. For the full year, EBITDA of \$131 million increased 21% and EBITDA margin was 14.2%, primarily due to higher revenues, higher capacity utilization and the continued benefits from cost reduction initiatives, partially offset by lower prices.

Excluding one-time items, adjusted EBITDA was \$33 million in the quarter and \$144 million for the full year, representing an increase of 105% and 23%, respectively. Adjusted EBITDA margin was 14.8% for the quarter and 15.7% for the year.

Turning to Slide 7. I'd like to provide an update on our plan to improve operating performance, strengthen our balance sheet and reduce leverage as first outlined in our October 2024 business update. First, our cost reduction program continues on track, having delivered cumulative annual savings of approximately \$200 million by the end of 2025 relative to the end of 2023 cost base. We've achieved approximately 80% of our targeted \$250 million in savings per year by 2027.

Second, the contribution from recently completed, or close to complete, organic growth initiatives, which are primarily focused on new product launches and capacity expansions, reached approximately \$59 million of EBITDA during 2025. The goal is to achieve \$150 million in incremental EBITDA from these investments by 2027. We expect an acceleration of these benefits in 2026, especially in Building & Infrastructure.

We have signed agreements that generated proceeds of approximately \$90 million from non-core asset divestments as of the end of 2025. We anticipate reaching our targeted \$150 million or more by the end of 2026.

Finally, as we indicated in the second quarter of 2025 results presentation, we have successfully extended all material debt maturities to 2030 and beyond, raising approximately \$1.4 billion to refinance existing obligations. This proactive capital structure management enhanced our financial flexibility and helped to reduce near-term financial risk.

With that, I'll now turn the call back over to Sameer.

### **Sameer Bharadwaj**

Thank you, Jim. On Slide 8, I will cover a few key milestones regarding our efforts on sustainability. In 2025, we remain focused on expanding and delivering sustainable solutions across all our businesses, staying aligned with our long-term strategy and customer needs. In Fluor & Energy Materials, we expanded our custom electrolyte facility in the U.S. and continued growing our portfolio of low global warming potential refrigerant gases and medical propellants.

We also advanced construction of our new facility for next-generation medical propellant 152a in the U.K., which we expect to start production in early 2027. Within Building & Infrastructure, we enhanced our offering in urban water resilient solutions to address environmental challenges. We exceeded our 2025 sustainability-linked sulfur oxide emissions reduction target.

Our progress was recognized once again by leading sustainability benchmarks in 2025. We maintained our standing in the S&P Dow Jones best-in-class MILA Pacific Alliance, the S&P Sustainability Yearbook, the FTSE4Good Index and the BMV ESG Index. Finally, we will publish our 2025 impact report on March 9, where we will provide further detail on sustainability performance.

Turning to Slide 9. I will now discuss our outlook for 2026.

The outlook for the year presents two distinct dynamics. We expect continued positive market momentum in Precision Agriculture, Fluor & Energy Materials and Connectivity Solutions. Meanwhile, Polymer Solutions and Building & Infrastructure end markets are expected to remain relatively weak. We expect growth in EBITDA from these segments due to the absence of the

operational disruptions experienced in 2025 in the derivatives business as well as from commercial initiatives and new product introductions in Building & Infrastructure.

For 2026, the company expects that full year EBITDA will be in the range of \$1.1 billion and \$1.2 billion with capital expenditures expected to be approximately \$400 million. The primary focus of capital expenditures will be investments to ensure safety and operational integrity as well as selective strategic growth projects, particularly in the Fluor & Energy Materials business group.

Now looking ahead in each of our business segments for the year. Beginning with Polymer Solutions, the global PVC market is expected to experience continued excess supply. However, prices have recovered modestly compared to the trough levels seen in the second half of 2025. Recent governmental policy shifts, particularly in China and announcements of capacity rationalization in Europe and the U.S. should help support a firmer global pricing environment. The focus remains on maximizing production, maintaining strict control over fixed costs and cash and growing profitability.

In Building & Infrastructure, market conditions are expected to remain subdued in Europe and moderate growth is anticipated in Latin America. Orbia anticipates incremental growth driven by greater adoption of new products, contribution from value-added solutions and ongoing benefits from cost optimization initiatives. In Precision Agriculture, we expect continued strong momentum across key markets led by robust demand in Brazil, solid project execution in Africa and the Middle East and sustained strength in U.S. permanent crops. The business will also advance growth initiatives through its new digital farming platform and new projects while capturing additional benefits from ongoing operational efficiency efforts.

In Fluor & Energy Materials, we expect positive fluorine market trends to continue with strong demand to help offset the impact of raw material and mining cost inflation. Our operating philosophy is to ensure safe and stable mining and chemical operations and maximize the value of fluorine across minerals and chemical intermediates, refrigerants, and medical propellants. Growth investments will focus on battery materials, next-generation medical propellants, and mining infrastructure.

And finally, in Connectivity Solutions, we anticipate growing demand driven by broadband expansion, new data center investments and the modernization of the U.S. electric power grid. Profitability is projected to improve, supported by these incremental volumes, higher plant utilization, and the ongoing implementation of cost control initiatives.

Consistent with our top priority to strengthen the balance sheet and the company's Board of Directors has resolved to approve and intends to propose to shareholders at Orbia's Annual General Meeting that no ordinary dividend be declared for 2026.

In summary, our near-term priorities are to deliver on our commitments, de-lever the balance sheet, simplify operations and focus on our core business. We aim to improve EBITDA and cash flow through cost savings initiatives and growth from recently completed project investments, complemented by cash generated from non-core asset sales. These actions will enable us to improve our leverage and strengthen our balance sheet by the end of 2026 without relying on potential market recovery or further benefits from business simplification. We remain committed to meeting customer needs and generating long-term value for our shareholders.

We are aware of recent media reports and market speculation concerning a potential divestiture of our Precision Agriculture business. We continually engage in assessing opportunities to

optimize our portfolio and create value for our shareholders. As a matter of policy, we do not comment on market speculation or rumors.

We are committed to providing material information to the market in accordance with our disclosure obligations and regulatory requirements. Any official announcements regarding Orbia's strategy, operations or financial structure will be made through press releases and filings in accordance with applicable law and stock exchange rules.

Before we move to Q&A, I would like to share an important leadership update. After nearly 5 years of dedicated service as Chief Financial Officer, Jim Kelly has decided to retire from Orbia. Since joining us in 2021, Jim has reinforced financial and capital allocation discipline, enhanced reporting and internal controls and guided the company through a complex global environment with a clear focus on balance sheet strength, cash generation and long-term value creation.

Importantly, Jim also built a high-performance finance function, developing leadership depth that positions us well for the future. He has been a trusted partner to our executive team and our Board. And as many of you know, he has played an outstanding role in engaging our external stakeholders, including debt and equity investors, analysts, and rating agencies. We are truly grateful for his contributions. He will remain with us through mid-year to ensure a seamless transition internally and externally.

Following a structured Board-led succession process, I am pleased to announce that Cristian "Cape" Capellino, a senior leader within a global finance organization has been appointed Chief Financial Officer effective March 15, 2026. Cape is a seasoned executive with over 23 years of experience, spanning public accounting and finance leadership roles within global industrial and manufacturing organizations. Since joining Orbia in 2020, he has held senior leadership roles across controllership, tax, financial planning and analysis and finance transformation within the finance leadership team.

He worked in close partnership with Jim to strengthen governance, sharpen capital allocation rigor and modernize our global financial systems across more than 40 countries. Prior to Orbia, Cape spent more than a decade at Tenaris, an NYSE-listed global industrial company, where he held multiple senior finance and business leadership roles. Earlier in his career, he worked at Deloitte in audit and tax. He holds an MBA from the MIT Sloan School of Management and a public accountant degree from the National University of Cordoba.

Cape understands our portfolio, our capital framework, and our performance drivers. He is highly regarded by our global teams. His appointment ensures continuity and execution. Our strategic priorities and capital allocation plans remain unchanged. The Board and I are confident that this transition positions us well for our next phase of performance and value creation.

Operator, we are now ready to take questions.

## **QUESTION AND ANSWER**

### **Operator**

[Operator Instructions] The first question today comes from Andres Cardona with Citi. Please go ahead.

### **Andres Cardona**

Thank you. Good morning, Sameer, Jim. Before I ask my question, I want to thank Jim for the partnership over the last 5 years and wish you very good luck in your next step. Sameer, the natural question at this point is the simplification idea of the business. Could you help us to understand the reach of this program if it is limited to non-core assets, relatively small divestitures or how can we think about this concept that seems to be at the center of the strategy of Orbia for the last year or so?

**Sameer Bharadwaj**

Thank you, Andres. Let me address that question. As we've said before, our focus at Orbia, first and foremost is to deliver on our results with a focus on EBITDA and cash generation and use the proceeds to de-lever and then simplify and focus our portfolio. In that context, as we've shared before, the outcome of our strategy session late last year is that we will focus on our core value chains, okay?

And there are potentially businesses that we see may not be directly linked with our value chains or not the best strategic fit, we will look for simplification opportunities. And as I have commented earlier, we continue to explore such opportunities in earnest. And if and when there is something material to report in accordance with our disclosure obligations, we will do so.

**Andres Cardona**

Thank you, Sameer.

**Sameer Bharadwaj**

Thank you, Andres.

**Operator**

The next question comes from Joao Barichello with UBS. Please go ahead.

**Joao Barichello**

Hi, Orbia team. Thanks for taking my questions. I have two from my side here. So could you provide an update on Koura new facility in the U.K. regarding how has been the project execution timeline? What is the EBITDA contribution that you're expecting from it? And also, could you provide a little bit more of color on the main adjustments made in your adjusted EBITDA for the 4Q, but also for the full year of 2025? I mean, what were the main one-off events and how materially were they? That's it from my side. Thanks.

**Sameer Bharadwaj**

Very good, Joao. Let me take the first question, and I'll let Jim answer the second question. The investment that we are currently making in the U.K. is to build a large-scale industrial scale medical-grade 152a plant to support the commercialization of this next-generation global warming -- lower global warming potential medical propellant. As we've disclosed before, we already have a 600 ton per year pilot reactor running, supporting the industry at this time with their qualifications and their scale up.

And we have customer commitments to -- starting off early of 2027, where we will scale up this facility to 6,000 tons a year. And over time, as the industry transitions away from medical grade 134a to medical grade 152a, we have the asset required to serve the industry needs. So all the qualifications and scale-up is on track. We expect to complete construction of the facility towards the end of this year in time for the scale up at our customers. And the EBITDA contribution of this business, I do not want to talk about specific numbers right now but is expected to grow very significantly over the next 2 or 3 years.

**James Kelly**

Thank you, Joao, for the question regarding the one-time items, the non-operating items, we're strict in our definitions of what those are. And I'd say the definition really typically falls into three categories. One being particularly given the initiatives that we have on our de-levering at this point in time, the restructuring costs that we incur in order to execute on those plans then as well any legal settlement or extraordinary legal costs that we have in defending historical cases that exist around the company.

And then if there are any other true non-operating impacts in any of the businesses that occur over the course of the year from an operational perspective. So let me go through in a little bit of detail on each of those. So for the full year, first of all, the number, as you would have seen was \$90 million. So that got us from the \$1,020 to \$1,110 going from reported EBITDA to adjusted EBITDA.

The largest of the adjustments was in the restructuring area. That was about \$45 million and a lot of that was within our B&I business, where you've heard us speak about the footprint rationalization in Europe. So that -- we're in the middle of that process at this point in time. It's ongoing. And for that reason, we've incurred a number of restructuring charges there. And then smaller ones across some of the other businesses.

There was a little bit in Polymer Solutions, etc., but the vast majority in B&I. Next after that was about \$30 million of legal related. And of that about \$20 million was related to a settlement that took place during the year, and the remainder is legal costs that were incurred to address outstanding cases that generally have long histories, go back in time, and have nothing to do with what's taking place in the business right now.

So again, in total, those were about \$30 million and then on top of that, we had about \$20 million that related to operational disruptions in one of our key suppliers in the Polymer Solutions business. We reported this back in the first quarter of the year. It was a little bit in first and second quarters that we incurred this. And again, that was about \$20 million. So in total, those comprise the \$90 million. If you're asking as well about Q4, the number was about \$9 million in Q4, so not that material in the quarter. It was much more material in the earlier part of the year.

**Joao Barichello**

Great guys. Very clear. Thanks.

**Operator**

The next question comes from Hernan Kisluk with MetLife. Please go ahead.

**Hernan Kisluk**

Good morning and thank you for taking my question and congratulations to your career, Jim. So my question is on the revolving credit facility. I understand it has spring covenants that are not very far from being reached. So I'd like to understand if you are in conversations with the group of banks to amend waive or change the terms of the RCF, so you can maintain the availability?

**James Kelly**

Thank you for the question. So you're correct in terms of the commitments that we have to meet. So in terms of the net debt to EBITDA, it's 3.5x or below and then interest coverage above 3.0x. We are within those covenants at this point in time. So -- and also, remember as you said, they are springing covenants. So they don't come into effect until or unless we have two of the three

rating agencies saying that we are not investment grade. So with two of the rating agencies still supporting an investment-grade rating, the covenants are not in force.

So right now, we are in a good situation. We have ongoing discussions with the banks that are part of the RCF. And should we get to a position where there is potential risk to the investment-grade rating, we would have discussions with them as to whether they would be willing to waive these covenants or not. Keep in mind, we do not draw on the RCF. We view it as, call it, an insurance policy for liquidity if or when we need it. But at this point, and it's been a while, a couple of years now since the last time we drew on the RCF.

**Sameer Bharadwaj**

Yes. The only other thing I would add, Jim, is we have a highly focused plan to de-lever with or without portfolio simplification opportunities. And so we feel confident in our ability to do so over time. And portfolio simplification just allows us to get there sooner.

**Hernan Kisluk**

Thank you very much.

**Sameer Bharadwaj**

Thank you.

**Operator**

The next question comes from Nicolas Barros with Bank of America. Please go ahead.

**Nicolas Barros**

Hello. Thanks for this. So I have two questions, right? The first one on your projects. Could you share the latest developments regarding the PVDF project and the same for the LiPF6, right, on timeline, CapEx, and EBITDA? And secondly, on tax reconciliation, right? So I would like just to clarify here the tax line, right? So taxes paid in 2025 were roughly \$30 million, right, above 2024 despite your negative EBIT, right? So should we interpret this as taxes coming from businesses that still generate positive EBIT or I don't know, any further impact from the Mexican peso? And could you share expectations for cash taxes disbursement in 2026, please? Thank you so much.

**Sameer Bharadwaj**

Thank you, Nicolas. Let me take your first question, and I will let Jim answer the second question. Specifically with respect to the PVDF project that is in partnership with Syensqo. That project is currently on hold, subject to market conditions, and we will re-evaluate the merits of those projects as we go along. With respect to the LiPF6 project, that project continues to proceed on track. And keep in mind, this is supported by a \$100 million grant from DOE and close to \$90 million in tax incentives from the state of Louisiana and federal tax credits. The total capital investment for the project, as we have said before and disclosed in our DOE grant materials is of the range of \$400 million. And so the DOE grant as well as the tax incentive significantly reduce our upfront investment.

The EBITDA contribution of the project with conservative pricing is in the range of \$100 million to \$120 million, okay? Now the market conditions remain quite favorable. Even in the last 6 months, the market dynamics for LiPF6 have tightened and pricing has gone up significantly to the tune of \$25 per kg. Fluorine is also on the list of critical minerals. And so from a security of supply standpoint, the facility that we are working on the engineering of at this moment is going to be very well positioned to be successful when the plant is built.

The market dynamics continue to strengthen with growth in energy storage, supported by the needs for stationary storage as well as EVs and hybrids. And given the fact that the industry is moving towards LFP-based cathodes, the amount of LiPF<sub>6</sub> required for LFP-based cathodes is 50% higher than NMC-based cathodes. So all the dynamics are favorable for that project. And as I said, we are currently in the engineering phase, and this project will take about three years to execute. Jim, do you want to take the other question?

### **James Kelly**

Sure. So in terms of reconciliation of the tax rate, so as I discussed in my comments, you'd look at it on a normalized basis, you would look at a tax rate of about 25%. Now needless to say, the numbers you see are quite different from that, and there are a couple of factors that drive that. Operationally, where we earn income, so what we would call the geographic mix, of our earnings has a relatively material impact. And in fact, the issue there is that we have a lower share of our income in low tax jurisdictions. So that tends to have an upward effect on the rate.

The more dramatic impact, I would say, and you see this on a year-to-year basis is the impact of the change in the Mexican peso to the U.S. dollar. So there's an FX and inflationary impact based on that. And that is largely driven by the fact that we have a U.S. dollar debt. And when there is a change in the Mexican peso rate, the reductions or increases in the debt balance are essentially treated as being taxable in Mexico.

So with depreciation of 20% of the peso in 2024 and an appreciation of 11% in 2025, you see a dramatic swing in the effective tax rate year-to-year as a result of that. And then also internally, we had some cash movements, etc., some repatriations from other countries into Mexico, etc., that caused some rate implications as well. So that's the explanation on the rate.

You also asked about cash taxes. So I would expect that for 2026, our cash taxes wouldn't change significantly from where we were in 2025, maybe some increase as we see increases in our overall EBITDA that we mentioned. But there are a lot of factors there that one would have to forecast, whether that be the change in the Mexican peso, the geographic split of the earnings, etcetera. But I'd say I would not expect a dramatic change in the cash outflows from taxes during the year. I hope that addresses your question.

### **Nicolas Barros**

Yes, perfect. Thank you so much.

### **Conclusion**

#### **Operator**

[Operator Instructions].

### **Sameer Bharadwaj**

If there are no further questions, let me try and wrap up the key messages. So first and foremost, we ended 2025 despite being a challenging year, we ended the year on guidance. And even though we were short on EBITDA, the company did extremely well from a cash standpoint. And with all of the initiatives that we said we would deliver on from a cost reduction standpoint, realizing benefits from growth initiatives and non-core asset sales and the reduction of working capital, we were able to end the year strong from a cash standpoint.

Now looking into the year, even though Q4 was very challenging from a PVC pricing standpoint, we have seen a material change in Q1, and we will hopefully begin to see benefits in Q2 with

China's elimination of VAT on PVC exported from certain types of facilities. And we've already seen the pricing of the various indexes go up by \$60 to \$70 a ton. And eventually, that should start flowing through in our results as well.

We are also hopeful of antidumping duties being imposed in Mexico and Brazil, which should also benefit the Polymer Solutions business. The Building & Infrastructure business continues to suffer from weakness, particularly in Northern and Western Europe and in Mexico. And with the reduction in interest rates and resumption of building and construction activity, and especially infrastructure projects, the operating leverage that we have created in that business should begin to benefit us.

The other three businesses are bright spots. We are completely sold out in our Connectivity Solutions business running at very high utilization as demand from the telecom carriers as well as the growth in AI data centers and the power sector continue to drive demand growth. Fluor & Energy Materials, the supply chain is tight. The fluorine item is expected to remain tight over the course of the decade, and we are doing our best to optimize our production from the mine as well as place the fluorine into the highest value applications. And the pricing environment in that business continues to strengthen during -- over the course of the year.

And then finally, the Precision Agriculture business ended the year strong and continues to have very positive momentum, especially in areas like Brazil and many of the excellent projects that we are doing in Africa, the business is on a continued improvement trajectory and should deliver stronger earnings year-over-year as well.

So in summary, we are doing everything we can in terms of driving the top line, having strong discipline on our manufacturing costs as well as SG&A costs, driving lots of initiatives to optimize cash through working capital initiatives and non-core asset sales so that we can deliver the results, de-lever the company and then simultaneously have a continued focus on portfolio simplification so that Orbia can be more focused going forward. So with that, I'd like to wrap up the call and look forward to talking to you again on the April's earnings call.

### **Operator**

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.