



## Orbia Announces First Quarter 2023 Financial Results

**Mexico City, April 26, 2023** – Orbia Advance Corporation, S.A.B. de C.V. (BMV: ORBIA\*) (“the Company” or “Orbia”) today released unaudited results for the first quarter of 2023.

Orbia delivered solid results for the first quarter of 2023 with moderate improvement in several of its end markets over the course of the quarter. Revenue and profitability both declined from the record performance achieved in the prior year quarter due to macroeconomic challenges that arose in the second half of 2022 and continued into 2023. In the quarter, Orbia generated strong operating cash flow and maintained a solid balance sheet, demonstrating the resilience of its businesses and robust long-term fundamentals.

### Q1 2023 Financial Highlights

*(All metrics are compared to Q1 2022 unless otherwise noted)*

- Net revenues of \$2.3 billion decreased 12%, with lower sales in Polymer Solutions, Building and Infrastructure and Precision Agriculture.
- EBITDA of \$469 million decreased 23%, driven by lower volumes in certain segments and currency headwinds, partially offset by higher profitability in Connectivity Solutions and Fluorinated Solutions.
- Net majority income of \$55 million decreased 78%, driven by lower EBITDA and higher financial costs.
- Free cash flow of \$1 million decreased by \$67 million, reflecting lower EBITDA and increases in capital expenditures, which more than offset effective working capital management.

“We had an encouraging start to the year, showing sequential improvement in all our businesses despite continued market volatility. I would like to thank the Orbia team for their ongoing commitment and dedication to our many stakeholders,” said Sameer Bharadwaj, CEO of Orbia.

Bharadwaj continued, “We remain cautiously optimistic about the remainder of the year and remain confident in our long-term opportunities as we execute on our organic growth plans. As we continue to focus on solving the world’s most significant challenges with our unique product portfolio and innovation capabilities, we are well-positioned to capture profitable growth opportunities across the Company in both the short and long-term.”

## Q1 2023 Consolidated Financial Information<sup>1</sup>

(All metrics are compared to Q1 2022 unless otherwise noted)

mm US\$	First Quarter		
	2023	2022	%Var.
<b>Financial Highlights</b>			
Net sales	2,280	2,596	-12%
Selling, general and administrative expenses	336	297	13%
Operating income	323	467	-31%
EBITDA	469	611	-23%
EBITDA margin	20.6%	23.5%	-295 bps
Financial cost	101	42	138%
Earnings before taxes	223	426	-48%
Income tax	143	143	0%
Consolidated net income (loss)	80	283	-72%
Net majority income	55	250	-78%
Operating cash flow	167	194	-14%
Capital expenditures	(142)	(101)	41%
Free cash flow	1	68	-99%
Net debt	3,246	2,851	14%

**Net revenues** of \$2,280 million decreased 12%.

The decrease in revenues for the quarter was driven by Polymer Solutions, Building and Infrastructure and Precision Agriculture, primarily due to a slowdown in demand from a very strong prior year period. Lower General Purpose PVC prices and weaker end markets in the context of the current macroeconomic environment were partially offset by strong demand in Connectivity Solutions and improved pricing across the Fluorinated Solutions product portfolio.

<sup>1</sup>Unless noted otherwise, all figures in this release are derived from the Consolidated Financial Statements of the Company as of March 31, 2023 and are prepared in accordance with International Accounting Standards 34 "Interim Financial Reporting" of the International Financial Reporting Standards (IFRS), which have been published in the Bolsa Mexicana de Valores (BMV). [See Notes and Definitions at the end of this release for further explanation of terms used herein.](#)

**Cost of goods sold** of \$1,620 million decreased 12%.

The decrease in cost of goods sold for the quarter was driven primarily by lower volumes as well as lower raw material and input costs.

**Selling, general and administrative expenses** of \$336 million increased 13%. As a percentage of sales, SG&A increased approximately 333 basis points to 14.8%.

The increase in selling, general and administrative expenses was primarily due to inflation, restructuring costs to streamline our operations and continued investment in executing the Company's growth strategy.

**EBITDA** of \$469 million in the quarter decreased 23% from a very strong prior year level, while EBITDA margin decreased approximately 295 basis points to 20.6%.

The decrease in EBITDA and EBITDA margin was due to softer demand across certain markets, particularly in Polymer Solutions, Building and Infrastructure, and Precision Agriculture. The decrease was partially offset by higher profitability in Connectivity Solutions and Fluorinated Solutions.

**Financial costs** of \$101 million increased 138%.

The increase in financial costs was largely driven by a foreign exchange loss due to the appreciation of the Mexican Peso and higher interest expense due to an increase in debt. These factors were partially offset by higher interest income from an increase in short-term rates.

**Taxes** of \$143 million were flat. The effective tax rate for the quarter was 64.0%, which is an increase from 33.6% in the same period last year.

The increase in the effective tax rate was primarily due to the strengthening of the Mexican Peso against the US Dollar and inflation.

**Net income to majority shareholders** of \$55 million decreased 78%, largely due to the decrease in EBITDA and higher financial costs.

**Operating cash flow** of \$167 million decreased 14% while **free cash flow** of \$1 million decreased by \$67 million.

The decrease in operating cash flow was due to lower EBITDA, which was partially offset by a lower consumption of cash from changes in working capital. In addition, the decrease in free cash flow was driven by higher capital expenditures.

**Net debt** of \$3,245 million was comprised of total debt of \$4,629 million, less cash and cash equivalents of \$1,384 million. The Company's net debt-to-EBITDA ratio increased from 1.29x to 1.84x year-over-year, driven by an increase in debt during the year, as well as the decrease in EBITDA year-over-year.

## Q1 2023 Revenues by Region

(All metrics are compared to Q1 2022 unless otherwise noted)

mm US\$ Region	First Quarter			
	2023	2022	% Var. Prev Year	% Revenue
North America	869	897	-3%	38%
Europe	749	865	-13%	33%
South America	381	542	-30%	17%
Asia	223	228	-2%	10%
Africa and others	58	63	-9%	3%
<b>Total</b>	<b>2,280</b>	<b>2,596</b>	<b>-12%</b>	<b>100%</b>

## Q1 2023 Financial Performance by Business Group

(All metrics are compared to Q1 2022 unless otherwise noted)

### Polymer Solutions (Vestolit and Alphagary), 32% of Revenues

Orbia's Polymer Solutions business group and businesses Vestolit and Alphagary focus on General Purpose and Specialty PVC resins (polyvinyl chloride) and PVC and zero-halogen specialty compounds with a wide variety of applications in everyday products for everyday life, from pipes and cables to household appliances to medical devices. The business group supplies Orbia's downstream businesses and a global customer base.

mm US\$	First Quarter		
	2023	2022	%Var.
<b>Polymer Solutions</b>			
Total sales*	770	1,065	-28%
Operating income	83	242	-66%
EBITDA	147	308	-52%

\*Intercompany sales were \$38 million and \$78 million in 1Q23 and 1Q22, respectively.

Revenues of \$770 million decreased 28% year-over-year. EBITDA of \$147 million decreased 52% and EBITDA margin decreased approximately 980 basis points to 19.1%

The decrease in revenues was driven primarily by lower prices in General Purpose PVC due to increased product availability due to high industry operating rates to capture profitability in the Chlor-Alkali segment, and lower volumes, reflecting softer demand.

EBITDA decreased year-over-year primarily in General Purpose PVC resins, due to lower prices and volumes, partly offset by lower raw material costs and improved results year-over-year in Specialty Resins and the derivatives business.

### Building and Infrastructure (Wavin), 30% of Revenues

Orbia's Building and Infrastructure business group and business Wavin is redefining today's pipes and fittings industry by creating solutions that last longer and perform better, all with less installation labor required. The business group benefits from supply chain integration with the Polymer Solutions business group, a customer base spanning three continents, and investments in sustainable, resilient technologies for water and indoor climate management.

mm US\$	First Quarter		
	2023	2022	%Var.
<b>Building &amp; Infrastructure</b>			
Total sales	694	778	-11%
Operating income	39	75	-48%
EBITDA	70	105	-33%

Revenues of \$694 million decreased 11% year-over-year. EBITDA of \$70 million decreased 33% and EBITDA margin decreased approximately 341 basis points to 10.1%.

The decrease in revenues was mainly driven by lower volumes, particularly in Europe and Asia, due to the continued volatile environment, as well as lower prices in certain Latin American and Asian markets.

EBITDA declined year-over-year primarily reflecting a contraction in Europe as well as the decrease in volumes and prices mentioned above.

### Precision Agriculture (Netafim), 12% of Revenues

Orbia's Precision Agriculture business group and business Netafim's leading-edge irrigation systems, services and digital farming technologies enable stakeholders to achieve significantly higher and better-quality yields while using less water, fertilizer and other inputs. By helping farmers worldwide grow more with less, the business group is contributing to feeding the planet efficiently and sustainably.

mm US\$	First Quarter		
	2023	2022	%Var.
<b>Precision Agriculture</b>			
Total sales	275	313	-12%
Operating income	3	28	-90%
EBITDA	28	53	-46%

Revenues of \$275 million decreased 12% year-over-year. EBITDA of \$28 million decreased 46% and EBITDA margin decreased approximately 644 basis points to 10.3%.

The decrease in revenues was driven by a slowdown in demand, particularly in US, Europe and Africa, driven by macroeconomic and climate conditions, partially offset by strength in Latin America and China. Revenues in Turkey also increased year-over-year, although the recent earthquakes have caused a delay in some shipments to subsequent quarters.

EBITDA decreased year-over-year, reflecting lower demand as explained above.

### Connectivity Solutions (Dura-Line), 15% of Revenues

Orbia's Connectivity Solutions business group, Dura-Line, produces more than 500 million meters of essential and innovative infrastructure per year to bring a world's worth of information everywhere. The business group produces telecommunications conduit, cable-in-conduit and other HDPE products and solutions that create physical pathways for fiber and other network technologies connecting cities, homes and people.

mm US\$	First Quarter		
	2023	2022	%Var.
<b>Connectivity Solutions</b>			
Total sales	345	325	6%
Operating income	104	62	67%
EBITDA	114	70	62%

Revenues of \$345 million increased 6% year-over-year. EBITDA of \$114 million increased 62% and EBITDA margin increased approximately 1,135 basis points to 33.0%.

Revenues increased year-over-year supported by investments in production capacity along with higher demand for fiber infrastructure.

EBITDA also increased year-over-year driven by higher revenues combined with a stabilization of material costs.

### Fluorinated Solutions (Koura), 11% of Revenues

Orbia's Fluorinated Solutions business group and business Koura provides fluorine and downstream products that support modern, efficient living. The business group operates the world's largest fluorspar mine and produces intermediates, refrigerants and propellants used in automotive, infrastructure, semiconductor, health, medicine, climate control, food cold chain, energy storage, computing and telecommunications applications.

mm US\$	First Quarter		
	2023	2022	%Var.
<b>Fluorinated Solutions</b>			
Total sales	242	204	19%
Operating income	87	62	40%
EBITDA	102	76	33%

Revenues of \$242 million increased 19% year-over-year. EBITDA of \$102 million increased 33% and EBITDA margin increased approximately 451 basis points to 41.9%.

Revenues increased year-over-year reflecting strong pricing across the product portfolio, particularly in refrigerants, combined with higher volumes, following supply disruptions during the first half of 2022.

EBITDA also increased year-over-year due to strong pricing across the product portfolio, which more than offset higher input costs and investments in strategic growth initiatives.

## Balance Sheet, Liquidity and Capital Allocation

Orbia continued to maintain a strong balance sheet. The net debt-to-EBITDA ratio increased from 1.29x to 1.84x year-over-year due to an increase in borrowings during the year and the reduction in EBITDA.

During the quarter, Orbia paid down approximately \$150 million of short-term debt, reflecting a net change in debt of \$128 million on the cash flow statement.

Working capital increased by \$181 million, as compared to an increase of \$309 million in the previous year. The increase in the current quarter was primarily due to an increase in accounts receivable partly offset by improvements in inventory and accounts payable. Capital expenditures of \$142 million increased 41% year-over-year, including ongoing maintenance spending and investments to support the Company's growth initiatives.

During the quarter Orbia did not pay any dividends, as the first and second of four equal dividend payments will both be made during the second quarter of the year.

## 2023 Outlook

During the first quarter of 2023, Orbia had a good start to the year across all businesses, with several of the Company's end markets improving compared to the end of 2022. However, the Company remains cautious under the current macroeconomic conditions and market uncertainty, including uncertain ongoing impacts of monetary tightening, exchange rate volatility, inflationary challenges and the war in Ukraine. Therefore, Orbia reaffirms its EBITDA guidance of \$1.65 billion or higher for 2023 and will continue to refine its guidance as the year progresses. The Company also reaffirms its capital expenditure guidance in the range of \$600 million to \$700 million for 2023, which includes maintenance spending and growth-related investments.

## Strategy Update Webcast Details

Orbia will host a Strategy Update webcast on Tuesday, June 6th, 2023, via a live stream webcast. Sameer Bharadwaj, Chief Executive Officer and Jim Kelly, Chief Financial Officer will provide an update on the Company's execution of its sustainability-aligned business platform, long-term growth and value creation strategy and multi-year financial targets.

Further details to access the webcast will be announced soon.

## Conference Call Details

Orbia will host a conference call to discuss Q1 2023 results on April 27, 2023, at 9:00 am Central Time (CT; Mexico City)/10:00 am Eastern Time (ET; New York). To access the call, please dial 001-855-817-7630 (Mexico), 1-888-339-0721 (United States) or 1-412-317-5247 (International).

Participants may pre-register for the conference call [here](#).

The live webcast can be accessed [here](#).

A recording of the webcast will be posted several hours after the call is completed on Orbia's [website](#).

For all company news, please visit [www.orbia.com/this-is-orbia/newsroom](http://www.orbia.com/this-is-orbia/newsroom).

## Consolidated Income Statement

mm US\$	First Quarter		
	2023	2022	%
<b>Income Statement</b>			
Net sales	2,280	2,596	-12%
Cost of sales	1,620	1,832	-12%
<b>Gross profit</b>	<b>660</b>	<b>763</b>	<b>-14%</b>
Selling, general and administrative expenses	336	297	13%
<b>Operating income (loss)</b>	<b>323</b>	<b>467</b>	<b>-31%</b>
Financial cost	101	42	138%
Equity in income of associated entity	1	2	-75%
Impairment expense	-	-	N/A
<b>Income (loss) from continuing operations before income tax</b>	<b>223</b>	<b>426</b>	<b>-48%</b>
Income tax	143	143	0%
<b>Income (loss) from continuing operations</b>	<b>80</b>	<b>283</b>	<b>-72%</b>
Discontinued operations	-	(0)	-100%
<b>Consolidated net income (loss)</b>	<b>80</b>	<b>283</b>	<b>-72%</b>
Minority stockholders	25	33	-22%
<b>Majority Net income (loss)</b>	<b>55</b>	<b>250</b>	<b>-78%</b>
<b>EBITDA</b>	<b>469</b>	<b>611</b>	<b>-23%</b>



## Consolidated Balance Sheet

Balance sheet	mm US\$		
	Mar 2023	Dec 2022	Mar 2022
<b>Total assets</b>	<b>11,777</b>	<b>11,624</b>	<b>11,358</b>
<b>Current assets</b>	<b>4,649</b>	<b>4,584</b>	<b>4,333</b>
Cash and temporary investments	1,384	1,546	970
Receivables	1,528	1,229	1,746
Inventories	1,279	1,320	1,382
Others current assets	458	489	234
<b>Non current assets</b>	<b>7,128</b>	<b>7,040</b>	<b>7,025</b>
Property, plant and equipment, net	3,199	3,170	3,076
Right of use fixed assets, net	361	358	347
Intangible assets and goodwill	3,134	3,105	3,200
Long-term assets	434	408	402
<b>Total liabilities</b>	<b>8,603</b>	<b>8,301</b>	<b>7,884</b>
<b>Current liabilities</b>	<b>3,330</b>	<b>3,045</b>	<b>2,950</b>
Current portion of long-term debt	691	760	392
Suppliers	1,311	1,279	1,588
Short-term leasings	90	84	82
Other current liabilities	1,238	923	888
<b>Non current liabilities</b>	<b>5,273</b>	<b>5,256</b>	<b>4,934</b>
Long-term debt	3,938	3,936	3,429
Long-term employee benefits	137	137	213
Long-term deferred tax liabilities	388	373	348
Long-term leasings	281	285	284
Other long-term liabilities	530	525	660
<b>Consolidated shareholders' equity</b>	<b>3,174</b>	<b>3,324</b>	<b>3,474</b>
Minority shareholders' equity	657	655	695
<b>Majority shareholders' equity</b>	<b>2,517</b>	<b>2,668</b>	<b>2,779</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>11,777</b>	<b>11,624</b>	<b>11,358</b>

## Cash Flow Statement

mm US\$	First Quarter		
	2023	2022	%Var.
EBITDA	469	611	-23%
Taxes paid, net	(64)	(69)	-8%
Net interest / bank commissions	(74)	(55)	34%
Change in trade working capital	(181)	(309)	-41%
Others (other assets - provisions, Net)	(19)	(10)	92%
CTA and FX	36	27	34%
<b>Operating cash flow</b>	<b>167</b>	<b>194</b>	<b>-14%</b>
Capital expenditures	(142)	(101)	41%
Leasing payments	(24)	(24)	-1%
<b>Free cash flow</b>	<b>1</b>	<b>68</b>	<b>-99%</b>
<i>FCF conversion (%)</i>	<i>0.2%</i>	<i>11.2%</i>	
Dividends to shareholders	-	0	-100%
Buy-back shares program	2	(28)	N/A
Debt	(128)	286	N/A
Minority interest payments	(31)	(31)	0%
Mergers & acquisitions	-	(108)	-100%
Financial instruments and others	(7)	2	N/A
<b>Net change in cash</b>	<b>(163)</b>	<b>189</b>	<b>N/A</b>
Initial cash balance	1,546	782	98%
<b>Cash balance</b>	<b>1,384</b>	<b>970</b>	<b>43%</b>

## Notes and Definitions

The results contained in this release have been prepared in accordance with International Financial Reporting Standards (“NIIF” or “IFRS”) with U.S. Dollars as the reporting currency. Figures are presented in millions, unless specified otherwise.

Figures and percentages have been rounded and may not add up.

## About Orbia

Orbia is a company driven by a shared purpose: to advance life around the world. Orbia operates in the Polymer Solutions (Vestolit and Alphagary), Building and Infrastructure (Wavin), Precision Agriculture (Netafim), Connectivity Solutions (Dura-Line) and Fluorinated Solutions (Koura) sectors. The five Orbia business groups have a collective focus on expanding access to health and wellness, reinventing the future of cities and homes, ensuring food and water security, connecting communities to information and accelerating a circular economy with basic and advanced materials, specialty products and innovative solutions. Orbia has a global team of over 23,000 employees, commercial activities in more than 110 countries and operations in over 50, with global headquarters in Boston, Mexico City, Amsterdam and Tel Aviv. The company generated \$8.8 billion in revenue in 2021. To learn more, visit: [orbia.com](https://www.orbia.com).

## Prospective Information

In addition to historical information, this press release 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 forward-looking statements included in this press release are subject to a number of material risks and uncertainties, and our results may be materially different from current expectations due to factors, which include, but are not limited to, global and local changes in politics, economic factors, business, competition, market and regulatory factors, cyclical trends in relevant sectors as well as other factors affecting our operations, markets, products, services and prices that are highlighted under the title “Risk Factors” in the annual report submitted by Orbia to the Mexican National Banking and Securities Commission (CNBV) and available on our website at <https://www.orbia.com/investor-relations/financial-reports/annual-reports-and-filings/>. The forward-looking statements included herein represent Orbia’s views as of the date of this press release. Orbia undertakes no obligation to revise or update publicly any forward-looking statement for any reason unless required by law.”

Orbia has implemented a Code of Ethics that helps define our obligations to and relationships with our employees, clients, suppliers, and others. Orbia’s Code of Ethics is available for consultation at the following link: [http://www.Orbia.com/Codigo\\_de\\_etica.html](http://www.Orbia.com/Codigo_de_etica.html). Additionally, according to the terms contained in the Mexican Securities Exchange Act No 42, the Orbia Audit Committee has established a “hotline” system permitting any person who is aware of a failure to adhere to applicable operational and accounting records guidelines, internal controls or the Code of Ethics, whether by the Company itself or any of its controlled subsidiaries, to file a complaint (including anonymously). This system is operated by an independent third-party service provider. The system may be accessed via telephone in Mexico, via internet at [www.ethics.orbia.com](http://www.ethics.orbia.com) or via email at [ethics@orbias.com](mailto:ethics@orbias.com). Orbia’s Audit Committee has oversight responsibility for ensuring that all such complaints are appropriately investigated and resolved.