

Orbia

Q1 2021 Earnings Call

April 29, 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.

Solid Start to the Year with Double-Digit Growth in Revenue and EBITDA

- 01** Strong quarter and better than expected results; our businesses experienced robust end market demand, which was somewhat offset by rising raw material costs, supply chain disruptions and adverse weather in the U.S.
- 02** Delivered double-digit revenue and EBITDA growth with meaningful margin expansion; executed with agility and continued to closely manage costs
- 03** Higher working capital due to increased level of account receivables with strong concentration of sales in March as well as rising raw material costs and inventory build up to support higher activity levels; FCF generation will return to recent levels as the year progresses

Q1 2021 Financial Highlights

REVENUE

\$1.9 Billion

Up **18% YoY**, driven by a tight PVC market for Polymer Solutions and strong demand across Wavin and Netafim markets.

EBITDA

\$451 Million

Up **46% YoY**, due to higher PVC margins in Polymer Solutions, strong sales recovery, and better product mix in Wavin as well as robust sales in Netafim.

EBITDA MARGIN

23.6%

Up **455 basis points YoY**, primarily driven by strong PVC margins in addition to commercial excellence initiatives across businesses.

FREE CASH FLOW

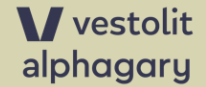
(\$85) Million

Down, primarily as a result of an **increase in working capital** to support higher levels of sales activity and inventory growth associated with rising raw material costs.

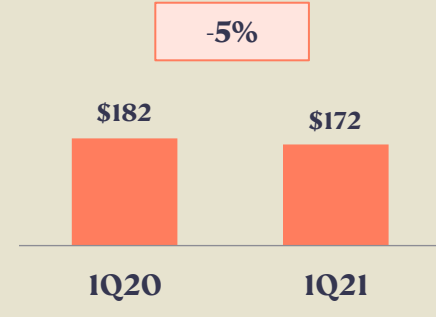
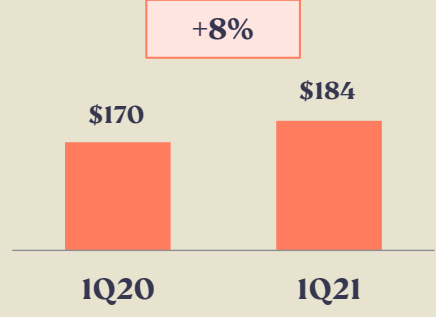
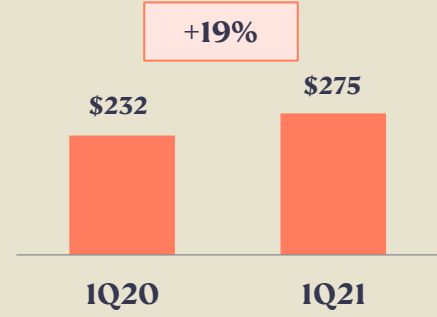
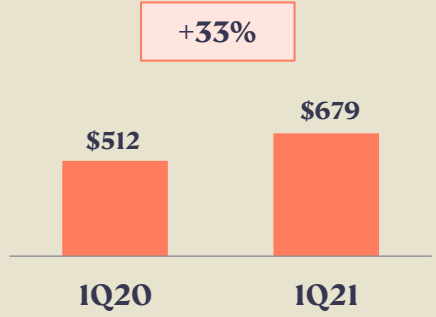
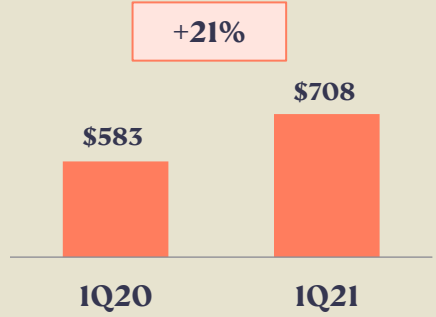
Strong Performance Underpinned by Consistent Execution Against Growth Strategy

Strong Quarterly EBITDA Performance Led by Vestolit, Wavin and Netafim

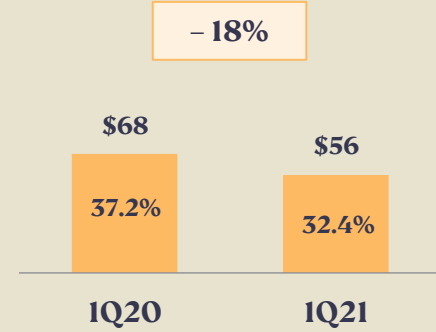
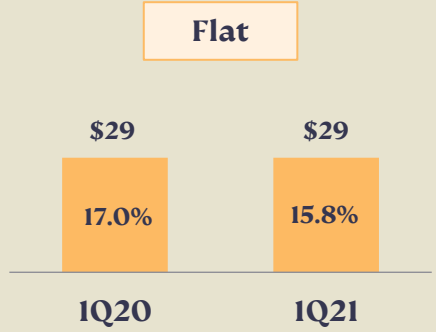
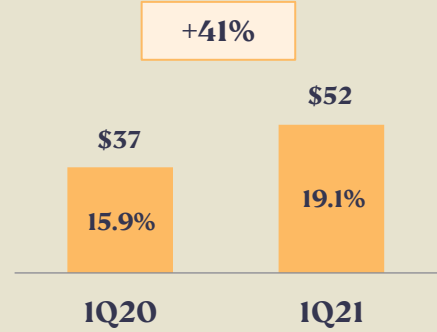
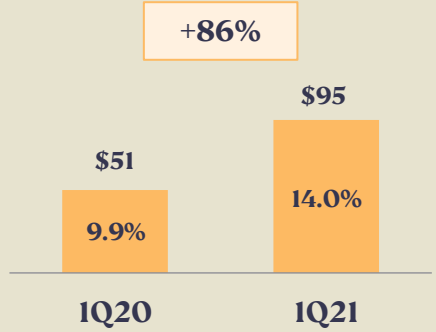
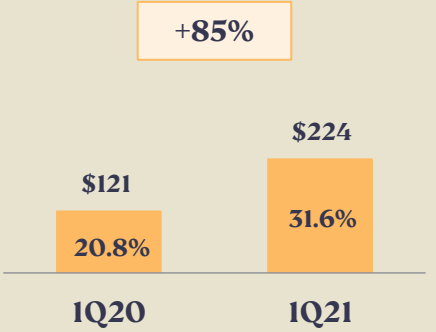
In \$Millions



First Quarter Revenues



First Quarter EBITDA & Margin



- Stronger PVC pricing from supply constraints driven by U.S. weather disruptions, consistently high demand in the building and construction markets
- PVC pricing continues at historical levels

- Higher volume primarily in LatAm amid increasing demand for building materials
- Demand expected to remain strong

- Growth driven by operational efficiencies, higher volume, and lower expenses, partially offset by higher raw material costs
- Expect demand to remain robust, depending on region, vaccine roll-outs

- Strong demand in N. America and Europe
- Results impacted by supply chain shortages and customer delays of fiber deployment due to adverse weather in the U.S.

- Performance affected by continuing COVID-related market impacts in acidspare and aluminum fluoride, as well as some supply chain disruptions
- Expect demand to improve as the aluminum sector outlook improves



Strong Balance Sheet to Support Growth

Balance Sheet (\$M, 3/31/2021)

Cash / Cash Equivalents	713
Accounts Receivable	1,322
Inventory	937
Total Assets	10,231
Accounts Payable	1,348
Total Debt	3,583
Total Liabilities	7,180

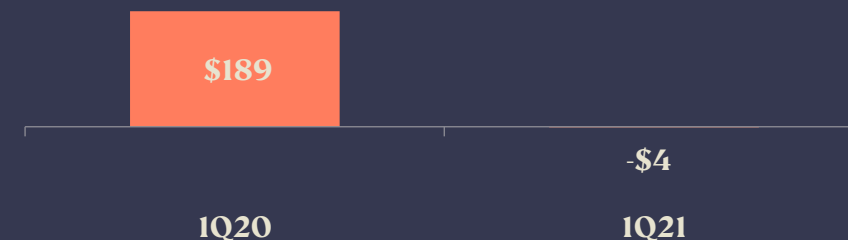
Debt Profile (\$M, 3/31/2021)

Gross Debt	3,583
Less Cash	713
Net Debt	2,870
Gross Debt to EBITDA	2.45x
Net Debt to EBITDA	1.97x

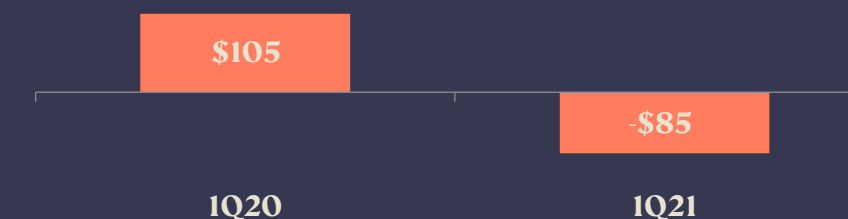
Q1 2021 Highlights

- Cash usage driven by timing of working capital; **expect operating and free cash flow generation to return to more recent levels** as we progress through the year
- **Net debt of \$2.9 billion**, representing a 1.97x ratio to EBITDA; **Capex of \$53 million**, down 12%

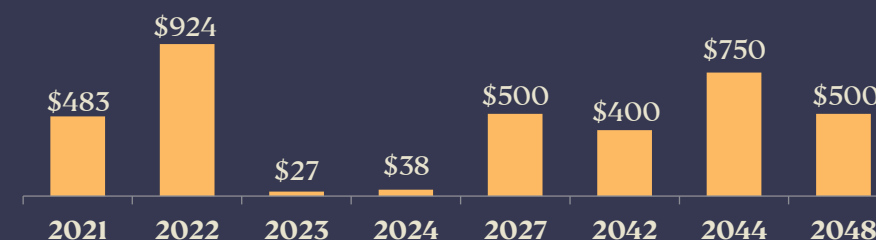
Operating Cash Flow (\$M)



Free Cash Flow (\$M)



Debt Maturity Schedule (\$M)



Disciplined Capital Allocation Strategy: Focused on Investing for Growth

3 Focus Areas

1) Reinvestment

To support day-to-day operations and incorporate more sustainable practices throughout our organization

Focus

- ✓ Asset integrity
- ✓ Compliance
- ✓ Digital & Technology
- ✓ Talent

2) Growth

With an emphasis on organic opportunities, complemented by tuck-in acquisitions

Investment Areas

- ✓ Expanding downstream within our value chain
- ✓ Services, after market
- ✓ New geographies
- ✓ New technologies

3) Cash Returns

In the form of healthy dividends and opportunistic buybacks

Commitments

- ✓ 2021 ordinary dividend of \$0.10 per share; paid first of four installments of \$0.025 per share on April 14; equated to over 4% yield

Our Philosophy

- ✓ Evaluate performance based on total shareholder returns
- ✓ Compelling project funding with no Business Group bias
- ✓ Continuous risk assessment and mitigation
- ✓ Target IRR > WACC
- ✓ All investment decisions tied to long-term sustainability targets
- ✓ Strong balance sheet focus to support growth

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



Completed Gakon acquisition; aspire to become the leading player in greenhouse market

Continue developing our service business model as enabler for drip adoption (incl. extensive crops)



Continued to grow geographic footprint, while executing more favorable mix shift toward higher-margin advanced products and accessories



Continued transition to value-added products

Built new product lines and services to support organic growth

Repurposing facilities in India for Wavin production, which are expected to be operational in early 2022



Announced an investment in a lithium-ion battery recycling operation - Battery Resourcers

Continue to invest and develop long-term strategic initiatives and growth engines (eco-friendly gases, energy storage, etc.)



Continuing to experience healthy PVC demand from the building and construction industries worldwide

Well positioned to leverage our resources and expertise

Strategic investments to achieve growth in Asia

Focused on Operational Excellence Across Orbia

✓ Cost actions to mitigate inflation

✓ Proactive steps to address supply change disruption

✓ Disciplined expense management

Positioning Orbia to Continue to Capture Global Growth While Addressing Short-term Macro Challenges

Significant Achievements On Our ESG Initiatives

Recent Milestones

- ✓ Led and announced a \$4 million venture capital investment in **Battery Resourcers** to develop a commercial processing facility for used batteries
- ✓ In Koura, several initiatives focused on enhancing lithium-ion battery performance with fluorinated additives
- ✓ Inaugurated the first **PlasticRoad pilot in Mexico City**; climate-adaptive bicycle path made from over 2,200 pounds of plastic waste
 - ✓ Reduces road's carbon footprint by 72% versus traditional materials and helps improve Mexico city's water challenges

Up Next

- Publication of our **Task Force on Climate Related Financial Disclosures** and **2020 Sustainability Report**

Awarded for Our Achievements 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%)



Delivering on Our Commitment to Sustainability

Full Year 2021 Outlook and Global Business Trends

Full Year 2021 Guidance		
	Prior (as of 2/24/21)	Current (as of 4/29/21)
EBITDA Growth	4% – 7%	~15% with potential upside, if strong conditions prevail in 2021 and there are no further COVID-19 or other material disruptions.
CAPEX	\$350M – \$400M	Unchanged

Trends Across Our Global Businesses



Demand expected to continue the positive trend during the year despite the usual low seasonality of Q3. Raw materials cost increase could challenge margins

Strong demand in North America and Europe driven by customer ramp-up of fiber deployment, offset by the continued rise in raw material costs

Strong demand from the construction sector expected to continue in the year, although at a lower pace; margin pressure likely as raw material costs increase

Rising aluminum prices shall drive the recovery in acidspar and aluminum fluoride from Q2 / Q3

Demand is expected to remain strong throughout the year despite PVC prices starting to ease toward the end of Q2 as supply increases

Well Positioned to Benefit from Continued Recovery and Strong Demand in 2021

Closing Remarks

01

Optimistic about Orbia's resilience as a business, our performance this year and the future opportunities in front of us

02

Disciplined and focused on successfully navigating the short-term market dynamics while accelerating our strategy to deliver profitable growth

03

Our businesses are well positioned to benefit from favorable global growth trends with multi-year tailwinds to drive shareholder value

Appendix

P&L

	USD in millions		First Quarter	
	2021	2020	%	
Income Statement				
Net sales	1,914	1,626	18%	
Cost of sales	1,332	1,198	11%	
Gross profit	582	429	36%	
Operating expenses	277	257	8%	
Operating income (loss)	305	172	77%	
Financial Costs	68	85	-20%	
Equity in income of associated entity	0	0	0%	
Income (loss) from continuing operations before income tax	237	87	172%	
Income tax	64	10	540%	
Income (loss) from continuing operations	173	77	125%	
Discontinued operations	(0)	(0)	0%	
Consolidated net income (loss)	173	77	125%	
Minority stockholders	32	32	0%	
Majority Net income (loss)	141	45	213%	
EBITDA	451	309	46%	

Balance Sheet

Balance sheet	USD in millions		
	'Mar 2021	'Dec 2020	'Mar 2020
Total assets	10,231	10,211	10,775
Current assets	3,316	3,156	3,694
Cash and temporary investments	713	875	1,452
Receivables	1,322	1,093	1,212
Inventories	937	861	819
Others current assets	343	326	212
Non current assets	6,916	7,055	7,081
Property, plant and equipment, Net	3,108	3,186	3,238
Right of use Fixed Assets, Net	311	323	332
Intangible assets and Goodwill	3,171	3,225	3,198
Long term assets	325	320	312
Total liabilities	7,180	7,032	7,781
Current liabilities	2,989	2,588	2,507
Current portion of long-term debt	635	495	294
Suppliers	1,348	1,326	1,306
Short-term leaseings	80	82	75
Other current liabilities	925	684	831
Non current liabilities	4,192	4,444	5,274
Long-term debt	2,948	3,131	4,074
Long-term employee benefits	271	274	221
Long-Term deferred tax liabilities	307	314	326
Long-term leaseings	251	263	262
Other long-term liabilities	415	463	390
Consolidated shareholders' equity	3,051	3,180	2,994
Minority shareholders' equity	686	687	710
Majority shareholders' equity	2,365	2,493	2,284
Total liabilities & shareholders' equity	10,231	10,211	10,775

Cash Flow Statement

	mm US\$	First Quarter		
		2021	2020	%Var.
Cash flow				
EBITDA		451	309	46.0%
Taxes paid, net		(77)	(30)	156.7%
Net interest / Bank commissions		(80)	(88)	-9.1%
Change in trade working capital		(257)	7	N/A
Others (Other assets - provisions, Net)		(15)	47	N/A
CTA and FX		(27)	(57)	-52.6%
Cash generation		(4)	188	N/A
CapEx		(53)	(60)	-11.7%
Leasing payments		(28)	(24)	16.7%
Free cash flow		(85)	105	N/A
<i>FCF conversion (%)</i>		<i>-18.9%</i>	<i>33.8%</i>	<i>N/A</i>
Dividends to Shareholders		(0)	(95)	-100.0%
Buy-back shares program		(1)	(34)	-97.1%
New debt (paid)		(40)	929	N/A
Minority interest payments		(31)	(39)	-20.5%
Others		(6)	-	N/A
Net change in cash		(162)	866	N/A
Initial cash balance		875	586	49.3%
Cash balance		713	1,452	-50.9%

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