



## Orbia Announces First Quarter 2022 Financial Results

Mexico City, April 27, 2022 – Orbia Advance Corporation, S.A.B. de C.V. (BMV: ORBIA\*) (“the Company” or “Orbia”) today released unaudited results for the first quarter of 2022.

Orbia had a strong start to the year, with robust performance driven by double-digit revenue growth year-over-year across all businesses. In particular, Polymer Solutions experienced strong PVC prices and sustained global demand, while Data Communications was bolstered by increased demand, favorable pricing and stabilized input costs.

### Q1 2022 Financial Highlights

*(All metrics are compared to Q1 2021 unless otherwise noted)*

- Net revenues of \$2.6 billion increased 36%, with higher sales across all businesses
- EBITDA of \$611 million increased 35%, driven by higher sales and higher profitability, particularly in Polymer Solutions and Data Communications
- Net majority income of \$250 million increased 77%, driven by higher revenue and margins
- Free cash flow of \$68 million
- Completed acquisition of majority stake in Vectus in India in Building and Infrastructure

“I am proud of our team and the results that we achieved in the first quarter. Despite uncertainty related to global events and inflationary pressures, we continued to grow the business and to earn strong returns for our shareholders,” said Sameer Bharadwaj, CEO of Orbia.

Bharadwaj continued, “In the first quarter, our markets remained robust, with strong demand across our five businesses, and we invested in initiatives supporting our growth strategy. We continued to maintain a healthy balance sheet and looking forward, we remain well-positioned to capture profitable growth opportunities across the Company in both the short and long-term.”

## Q1 2022 Consolidated Financial Information<sup>1</sup>

(All metrics are compared to Q1 2021 unless otherwise noted)

mm US\$	First Quarter		
	2022	2021	%Var.
<b>Financial Highlights</b>			
Net sales	2,596	1,914	36%
SG&A	297	277	7%
Operating income	467	305	53%
EBITDA	611	451	35%
EBITDA margin	23.5%	23.6%	-4 bps
Financial cost	42	68	-38%
EBT	426	237	80%
Income tax	143	64	125%
Consolidated net income (loss)	283	173	63%
Net majority income (loss)	250	141	77%
Operating cash flow	194	(4)	N/A
CAPEX	(101)	(53)	89%
Free cash flow	68	(85)	N/A
Net debt	2,851	2,870	-1%

**Net revenues** of \$2,596 million increased 36%.

Revenues for the quarter grew in all businesses. Primary drivers of the year-over-year increase included favorable PVC prices in Polymer Solutions, increased North America demand in Data Communications and favorable demand and pricing in Building and Infrastructure.

<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, 2022, 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 \$1,832 million increased 38%.

This increase was primarily due to higher raw material costs and higher volumes, and to a lesser extent, increased freight and labor costs across all businesses.

**SG&A** of \$297 million increased 7%. As a percentage of sales SG&A decreased approximately 300 basis points to 11.4%.

The increase in SG&A was primarily due to continued investment in executing the Company's growth strategy.

**EBITDA** of \$611 million increased 35%, while EBITDA margin was essentially flat at approximately 23.5%.

The increase in EBITDA for the quarter was driven by solid performance across all businesses, particularly Polymer Solutions and Data Communications.

**Financial costs** of \$42 million decreased 38%.

The decrease was driven primarily by FX gains related mainly to the appreciation of the Mexican Peso and the Brazilian Real, as well as a positive effect from a lower cost of debt.

**Taxes** of \$143 million increased 125%. The effective tax rate for the quarter was 33.6%, up by approximately 680 basis points compared to the same period last year.

The increase in the tax provision and rate in the quarter was driven primarily by the appreciation of the Mexican Peso.

**Net income to majority shareholders** of \$250 million increased 77%.

This change was mainly driven by the increase in profits noted above.

**Free cash flow** of \$68 million. In the quarter, strong EBITDA was partly offset by increased working capital related to higher accounts receivable related to higher sales and by higher capital expenditures.

**Net debt** of \$2,851 million was comprised of total debt of \$3,821 million, less cash and cash equivalents of \$970 million. The Company's net debt-to-EBITDA ratio decreased from 1.34x to 1.29x quarter-over-quarter due to higher EBITDA.

## Q1 2022 Revenues by Region

(All metrics are compared to Q1 2021 unless otherwise noted)

Region	First Quarter			
	2022	2021	% Var. Prev Year	% Revenue
Europe	865	668	29%	33%
North America	897	580	55%	35%
South America	542	433	25%	21%
Asia	228	187	22%	9%
Africa and others	63	46	38%	2%
<b>Total</b>	<b>2,596</b>	<b>1,914</b>	<b>36%</b>	<b>100%</b>

## Q1 2022 Financial Performance by Business Group

(All metrics are compared to Q1 2021 unless otherwise noted)

### Polymer Solutions (Vestolit and Alphagary), 38% of Revenues

Orbia's Polymer Solutions businesses Vestolit and Alphagary focus on PVC general and specialty resins and PVC and zero-halogen specialty compounds with a wide variety of applications in solutions that undergird everyday life. They supply Orbia's downstream businesses and global customers seeking applications in pipes, cables, flooring, auto parts, household appliances, clothing, packaging, health and safety and medical devices.

mm US\$	First Quarter		
	2022	2021	%Var.
<b>Polymer Solutions</b>			
Total sales*	1,065	708	50%
Operating income	242	161	50%
EBITDA	308	224	38%

\*Intercompany sales were \$78 million and \$79 million in 1Q22 and 1Q21, respectively.

Revenues of \$1,065 million increased 50% year-over-year. EBITDA of \$308 million increased 38% and EBITDA margin decreased approximately 270 basis points to 28.9%.

Strong revenue growth was driven primarily by higher PVC prices, resulting from tight supply/demand balance and robust demand in the construction industry, with key markets performing better than pre-pandemic levels. Last year, adverse weather conditions in the United States' Gulf Coast region negatively affected volumes.

EBITDA was up year-over-year driven by higher revenues, partly offset by higher feedstock and electricity costs in Europe. The margin percent was lower as these higher costs were not fully recovered through pricing.

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

Orbia's Building and Infrastructure business Wavin is redefining today's pipes and fittings industry by creating solutions that last longer and require less labor to install. Benefiting from PVC supply chain integration with the Polymer Solutions businesses and its ability to serve customers on three continents, Wavin is also developing sustainable technologies around water management and indoor climate systems for the livable, lovable and resilient cities of the future.

mm US\$	First Quarter		
	2022	2021	%Var.
<b>Building &amp; Infrastructure</b>			
Total sales	778	679	15%
Operating income	75	62	20%
EBITDA	105	95	10%

Revenues of \$778 million increased 15% year-over-year. EBITDA of \$105 million increased 10% and EBITDA margin decreased approximately 50 basis points to 13.5%.

Revenues were up year-over-year due to continued strong demand and pricing, with solid performance across Europe and Latin America. Additionally, the quarter includes the contribution of the Vectus transaction in India, which started consolidating in February of this year.

EBITDA performance also improved year-over-year, reflecting strong volumes, effective price management and a mix shift to value-added products, although input cost increases impacted the profitability of the business.

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

Orbia's Precision Agriculture 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 grow more with less, Netafim is contributing to feeding the planet more efficiently and sustainably.

mm US\$	First Quarter		
	2022	2021	%Var.
<b>Precision Agriculture</b>			
Total sales	313	275	14%
Operating income	28	29	-3%
EBITDA	53	52	0%

Revenues of \$313 million increased 14% year-over-year. EBITDA of \$53 million remained flat and EBITDA margin decreased approximately 230 basis points to 16.8%.

Precision Agriculture experienced growing demand across most markets, including some improvement in India.

EBITDA was flat year-over-year as the business continued to experience high raw material and transportation costs throughout the quarter, which have not yet been fully reflected in selling prices.

### Data Communications (Dura-Line), 13% of Revenues

Orbia's Data Communications business Dura-Line produces more than 400 million meters of essential and innovative infrastructure annually: telecommunications conduit, cable-in-conduit and other HDPE products and solutions that create physical pathways for fiber and other network technologies to connect cities, homes and people worldwide.

mm US\$	First Quarter		
	2022	2021	%Var.
<b>Data Communications</b>			
Total sales	325	184	77%
Operating income	62	21	198%
EBITDA	70	29	143%

Revenues of \$325 million increased 77% year-over-year. EBITDA of \$70 million increased 143% and EBITDA margin increased approximately 590 basis points to 21.6%.

Data Communications' strong revenue and EBITDA performance was driven by robust growth, primarily in North America, combined with more favorable pricing.

### Fluorinated Solutions (Koura), 8% of Revenues

Orbia's Fluorinated Solutions business Koura provides fluorine and downstream products that support modern living in a vast number of ways. Koura 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		
	2022	2021	%Var.
<b>Fluorinated Solutions</b>			
Total sales	204	172	19%
Operating income	62	38	62%
EBITDA	76	56	37%

Revenues of \$204 million increased 19% year-over-year. EBITDA of \$76 million increased 37% and EBITDA margin increased approximately 500 basis points to 37.4%.

Growth in revenues reflected better pricing, as well as higher demand in intermediates such as hydrofluoric acid and aluminum fluoride and downstream chemicals, including refrigerants and propellants.

The increase in EBITDA was driven by revenue growth, favorable product mix and improved pricing to offset higher input costs.

## Balance Sheet, Liquidity and Capital Allocation

Orbia continued to strengthen its balance sheet, generating free cash flow of \$68 million during the first quarter. The Company's net debt-to-EBITDA ratio decreased from 1.34x to 1.29x during the quarter.

Working capital increased by \$309 million during the quarter, primarily reflecting higher selling prices and volumes. Capital expenditures of \$101 million during the quarter increased 89% year-over-year.

During the quarter Orbia drew down \$150 million from its revolver credit facility and \$100 million from a short-term loan in Mexican Pesos, which is reflected as new debt of \$286 million in the Company's cash flow statement.

The Company paid \$108 million in mergers and acquisitions costs reflecting the closing of the Vectus transaction.

## 2022 Revised Outlook

Taking into account the strong results for the first quarter, Orbia is increasing its EBITDA guidance for 2022 to a range of \$1,750 million to \$1,900 million.

## Investor Day Details

Orbia will host an investor day on Tuesday, May 17, 2022 beginning at 9:00 a.m. Eastern Time. The live event will take place in Boston, Massachusetts, with a streamed webcast option for virtual attendees.

Sameer Bharadwaj, Chief Executive Officer and Jim Kelly, Chief Financial Officer, along with Orbia's Business Group Presidents and members of the senior leadership team will provide insight into the Company's sustainability-aligned business platform, long-term growth and value creation strategy and multi-year financial targets.

To register for the virtual webcast, please click [here](#). To register for in-person attendance, please send a message to our Investor Relations team at [investor@orbia.com](mailto:investor@orbia.com).

## Conference Call Details

Orbia will host a conference call to discuss Q1 2022 results on April 28, 2022, at 10:00 am Central Time (CT; Mexico City)/11:00 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/newsroom](http://www.orbia.com/newsroom).

## Consolidated Income Statement

mm US\$	First Quarter		
	2022	2021	%
<b>Income Statement</b>			
Net sales	2,596	1,914	36%
Cost of sales	1,832	1,332	38%
<b>Gross profit</b>	<b>763</b>	<b>582</b>	<b>31%</b>
SG&A	297	277	7%
<b>Operating income (loss)</b>	<b>467</b>	<b>305</b>	<b>53%</b>
Financial cost	42	68	-38%
Equity income (loss) from associates	2	(0)	N/A
<b>Income (loss) from continuing operations before income tax</b>	<b>426</b>	<b>237</b>	<b>80%</b>
Income tax	143	64	125%
<b>Income (loss) from continuing operations</b>	<b>283</b>	<b>173</b>	<b>63%</b>
Income (loss) from discontinued operations	(0)	(0)	N/A
<b>Consolidated net income (loss)</b>	<b>283</b>	<b>173</b>	<b>63%</b>
Minority stockholders	33	32	2%
<b>Majority net income (loss)</b>	<b>250</b>	<b>141</b>	<b>77%</b>
<b>EBITDA</b>	<b>611</b>	<b>451</b>	<b>35%</b>



## Consolidated Balance Sheet

Balance sheet	mm US\$		
	Mar 2022	Dec 2021	Mar 2021
<b>Total assets</b>	<b>11,358</b>	<b>10,587</b>	<b>10,231</b>
<b>Current assets</b>	<b>4,333</b>	<b>3,724</b>	<b>3,316</b>
Cash and temporary investments	970	782	713
Receivables	1,746	1,370	1,322
Inventories	1,382	1,292	937
Others current assets	234	282	343
<b>Non current assets</b>	<b>7,025</b>	<b>6,862</b>	<b>6,916</b>
Property, plant and equipment, net	3,076	3,051	3,108
Right of use Fixed Assets, net	347	346	311
Intangible assets and Goodwill	3,200	3,130	3,171
Long-term assets	402	335	325
<b>Total liabilities</b>	<b>7,884</b>	<b>7,182</b>	<b>7,180</b>
<b>Current liabilities</b>	<b>2,950</b>	<b>2,643</b>	<b>2,989</b>
Current portion of long-term debt	392	240	635
Suppliers	1,588	1,505	1,348
Short-term leasings	82	86	80
Other current liabilities	888	812	925
<b>Non current liabilities</b>	<b>4,934</b>	<b>4,539</b>	<b>4,192</b>
Long-term debt	3,429	3,280	2,948
Long-term employee benefits	213	221	271
Long-term deferred tax liabilities	348	318	307
Long-term leasings	284	281	251
Other long-term liabilities	660	440	415
<b>Consolidated shareholders' equity</b>	<b>3,474</b>	<b>3,404</b>	<b>3,051</b>
Minority shareholders' equity	695	668	686
<b>Majority shareholders' equity</b>	<b>2,779</b>	<b>2,737</b>	<b>2,365</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>11,358</b>	<b>10,587</b>	<b>10,231</b>

## Operating Cash Flow

mm US\$	First Quarter		
	2022	2021	%Var.
EBITDA	611	451	35%
Taxes paid, net	(69)	(77)	-10%
Net interest / bank commissions	(55)	(80)	-31%
Change in trade working capital	(309)	(257)	21%
Others (Other assets - provisions, net)	(10)	(15)	-34%
CTA and FX	27	(27)	N/A
Operating cash flow	194	(4)	N/A
CAPEX	(101)	(53)	89%
Leasing payments	(24)	(28)	-12%
Free cash flow	68	(85)	N/A
<i>FCF conversion (%)</i>	11.2%	-18.9%	N/A
Dividends to shareholders	0	(0)	N/A
Buy-back shares program	(28)	(1)	5170%
New debt (paid)	286	(40)	N/A
Minority interest payments	(31)	(31)	1%
Mergers & Acquisitions	(108)	-	
Financial instruments and others	2	(6)	N/A
Net change in cash	189	(162)	N/A
Initial cash balance	782	875	-11%
Cash balance	970	713	36%

## 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), Data Communications (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 commercial activities in more than 110 countries and operations in over 50, with global headquarters in Boston, Mexico City, Amsterdam and Tel Aviv.

## 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 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, economic factors, 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) 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 <http://www.ethics.orbia.com> or via email at [ethics@orbia.com](mailto:ethics@orbia.com). Orbia’s Audit Committee has oversight responsibility for ensuring that all such complaints are appropriately investigated and resolved.