

Orbia Announces First Quarter 2021 Financial Results

Mexico City, April 28, 2021 – Orbia Advance Corporation, S.A.B. de C.V. (BMV: ORBIA*) (“the Company” or “Orbia”) today released unaudited results for the first quarter of 2021.

Q1 2021 Financial Highlights

(All metrics are compared to Q1 2020 unless otherwise noted)

Strong start to the year with double-digit growth in revenue and EBITDA, primarily from continued momentum in Polymer Solutions and Wavin, with solid performance from Netafim.

- Net revenues of \$1.9 billion increased 18%, driven by a tight PVC environment for Polymer Solutions, as well as strong demand across markets for Wavin and Netafim;
- EBITDA of \$451 million increased 46%, with an EBITDA margin of 23.6%, an increase of 455 basis points;
- Net majority income of \$141 million increased 213%;
- Negative free cash flow of \$85 million, mainly driven by an increase in working capital with higher sales activity;
- Leverage ratio (Net Debt to EBITDA) improved to 1.97x;
- Increased 2021 EBITDA guidance.

“Orbia continued to meet our customers’ needs and saw strong quarterly financial performance despite the lingering impacts of the global pandemic, challenges resulting from extreme weather conditions in the United States’ Gulf Coast region and raw material shortages,” said Sameer Bharadwaj, CEO of Orbia. “We kept up our momentum in executing our growth strategy, focusing on offering value-added products, achieving operational efficiencies and pursuing geographic expansion to drive meaningful revenue and margin growth. We remain optimistic about the opportunities ahead and look forward to providing solutions that are essential to advancing life around the world. I would like to personally thank our over 21,500 associates who worked tirelessly to make these results possible,” added Bharadwaj.

Q1 2021 Consolidated Financial Information¹

(All metrics are compared to Q1 2020 unless otherwise noted)

mm US\$	First Quarter		
	2021	2020	%Var.
Consolidated Financial Highlights			
Net revenue	1,914	1,626	18%
SG&A	277	256	8%
Operating income	305	172	77%
EBITDA	451	309	46%
EBITDA margin	23.6%	19.0%	455 bps
Financial Costs	68	85	-20%
EBT	237	87	172%
Income tax	64	10	540%
Consolidated net income (loss)	173	77	125%
Net majority income	141	45	213%
Cash generation	(4)	189	N/A
CapEx	(53)	(60)	-12%
Free cash flow	(85)	105	N/A
Net debt	2,870	2,916	-2%

Net revenues of \$1,914 million increased 18%, driven by higher sales in the Polymer Solutions, Wavin and Netafim businesses. Polymer Solutions continues to experience a strong pricing environment for its products as extreme weather events in the U.S. Gulf Coast region have constrained PVC supply. Wavin met strong demand in LatAm and EMEA. Netafim reported solid growth in all key markets.

SG&A of \$277 million increased 8%, primarily due to an increase in deferred compensation provisioning.

¹ Unless noted otherwise, all figures in this release are derived from the Interim Consolidated Financial Statements of the Company as of March 31, 2021 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.

EBITDA of \$451 million increased 46%, due to higher PVC margins in Polymer Solutions; a better product mix from Wavin and robust sales performance from Netafim. EBITDA margin was 23.6%, an expansion of 455 basis points.

Financial costs were \$68 million in the quarter, a decline of 20%. The decrease in financial costs was mainly driven by a lower LIBOR rate environment, a one-time cost associated with Orbia's revolving credit facility in the prior year and a reduction in FX devaluation in most of Orbia's main currencies, including the Mexican Peso and the Brazilian Real.

Taxes were \$64 million, up from \$10 million in 2020 as a result of significantly higher profits in the quarter and lower impact of a tax shield from the severe devaluation of the Mexican Peso in Q1 2020 with the onset of COVID-19.

Net income to majority shareholders was \$141 million in the quarter, an increase of 213%, mainly driven by strong profitability in most of Orbia's segments.

Negative free cash flow of \$85 million despite the strong EBITDA. Given robust sequential growth in sales, Orbia increased working capital by \$257 million, reflecting a higher level of accounts receivable with a strong concentration of sales in March, rising raw material costs and inventory build-up to support higher activity levels.

Net debt of \$2,870 million, comprising total debt of \$3,583 million, less cash and cash equivalents of \$713 million.

Q1 2021 Revenues by Region

(All metrics are compared to Q1 2020 unless otherwise noted)

First Quarter 2021				
Region	2021	2020	% Var. A/A	% Revenue
Europe	668	561	19%	35%
North America	580	536	8%	30%
South America	433	295	47%	23%
Asia	187	178	5%	10%
Africa & others	46	56	-18%	2%
Total	1,914	1,626	18%	100%

Q1 2021 Financial Performance by Business Group

(All metrics are compared to Q1 2020 unless otherwise noted)

Netafim (Precision Agriculture, 14% of Revenues)

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. Netafim is the world leader in the production and sale of intelligent precision agriculture solutions.

mm US\$	First Quarter		
	2021	2020	%Var.
Netafim			
Total revenue	275	232	19%
Operating income	29	15	93%
EBITDA	52	37	41%

Revenue of \$275 million increased 19%, attributable to strong sales performance in most regions, particularly the U.S., Europe, Israel, Turkey and China. Higher commodity crop prices also supported continued strong market demand.

EBITDA of \$52 million increased 41%. EBITDA margin was 19.1%, an improvement of 318 basis points, due to operational efficiencies and lower expenses, partially offset by rising raw material costs.

Dura-Line (Data Communications, 9% of Revenues)

Dura-Line believes that every organization, every community, and every person around the world deserves a chance to make the most of modern technology. The company annually produces more than 400 million meters of essential and innovative infrastructure—conduit, cable-in-conduit and accessories that create physical pathways for fiber and other network technologies that connect cities, homes, and people. Dura-Line is the leading global producer of conduits and a global leader in HDPE products for cable and fiber optics, as well as natural gas pressurized piping and solutions.

mm US\$	First Quarter		
	2021	2020	%Var.
Dura-Line			
Total revenue	184	170	8%
Operating income	21	21	0%
EBITDA	29	29	0%

Revenue of \$184 million increased 8%, mainly driven by continued strong demand in North America and Europe. Results were impacted by unfavorable weather conditions in the U.S., particularly in the Midwest and Texas, that limited availability of resin as well as constrained regional fiber deployment projects.

EBITDA of \$29 million was essentially flat. EBITDA margin was 15.8%, a decrease of 126 basis points, due to a significant spike in raw material costs in North America and Europe.

Wavin (Building & Infrastructure, 34% of Revenues)

Wavin is redefining today's pipes and fittings industry by creating innovative solutions that last longer and require less labor to install. Serving customers in three continents, Wavin is also developing sustainable technologies around water management and indoor climate systems. Wavin is a leading producer of above- and below-ground solutions in LatAm and Europe.

mm US\$	First Quarter		
	2021	2020	%Var.
Wavin			
Total revenue	679	512	33%
Operating income	62	20	210%
EBITDA	95	51	86%

Revenue of \$679 million increased 33% from continued strong demand in both EMEA and LatAm. Raw material scarcity and associated steep increases in prices triggered some inventory build-ups in March. However, Wavin was able to meet customer demand despite raw material shortages.

EBITDA of \$95 million increased 86% due to the continued transition to value-added products, effective execution of commercial strategy and operational efficiencies. Significant momentum in Germany and the UK in EMEA as well as Brazil, Mexico, and Colombia in LatAm contributed to EBITDA growth. EBITDA margin was 14.0%, an expansion of 418 basis points.

In both EMEA and LatAm, Wavin achieved a more favorable product mix with sales growth in the value-added, above-ground solutions segment.

Koura (Fluorinated Solutions, 9% of Revenues)

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. Koura is the leading global producer of fluorspar and the world's largest producer of integrated hydrofluoric acid.

mm US\$	First Quarter		
	2021	2020	%Var.
Koura			
Total revenue	172	182	-5%
Operating income	38	52	-27%
EBITDA	56	68	-18%

Revenue of \$172 million decreased 5%, mainly due to COVID-19 related market challenges as well as raw material supply disruptions expected to be confined to the first quarter. Metspar sales remained resilient during the quarter, as they have throughout the pandemic, while refrigerants pricing improved in Europe, Japan and North America. Recovery in acidspar and aluminum fluoride markets is anticipated later this year and into 2022, as aluminum capacity in Europe and the Americas resumes production, which is expected to bolster demand for Koura’s products.

The illegal importation of refrigerants into Europe continues to have an impact on Koura’s business. However, Koura is encouraged that in the most recent National Trade Estimate Report, the Office of the U. S. Trade Representative identified illegal refrigerant importation as a challenge to be addressed.

EBITDA was \$56 million, a decrease of 18%. EBITDA margin was 32.4%, a reduction of 476 basis points, due to market weakness.

Polymer Solutions (Vestolit & Alphagary, 35% of Revenues)

Polymer Solutions focuses on PVC general and specialty resins and zero-halogen specialty compounds with a wide variety of applications in solutions that undergird everyday life, including pipes, cables, flooring, auto parts, household appliances, clothing, packaging, and medical devices. The Polymer Solutions businesses are leading global vinyl players, with strong positions in the Americas and Europe.

mm US\$	First Quarter		
	2021	2020	%Var.
Polymer Solutions			
Total revenue*	708	583	21%
Operating income	161	62	160%
EBITDA	224	121	85%

*Intercompany sales were \$79 million and \$43 million in 1Q21 and 1Q20, respectively.

Revenue of \$708 million increased 21%, driven by a tight PVC market environment. Due to strong global building and construction demand as well as constrained PVC and ethylene supplies triggered by adverse weather conditions in the United States’ Gulf Coast region during the first quarter, PVC pricing has reached historic highs in several key markets. Strong demand in compounds was constrained by raw material availability and supply chain disruptions, including those due to the recent temporary blockage of the Suez Canal.

EBITDA of \$224 million increased 85%. EBITDA margin was 31.6%, an expansion of 1,077 basis points due to higher PVC margins.

The businesses achieved these strong results despite challenging conditions due to extreme weather.

Balance Sheet, Liquidity and Capital Allocation

Orbia generated a negative free cash flow of \$85 million, despite the strong EBITDA growth in the quarter. Following robust sequential sales growth of \$172 million, Orbia increased working capital by \$257 million reflecting a higher level of accounts receivable with a strong concentration of sales in March, rising raw material costs and inventory build-up to support higher levels of activity.

As of quarter end, net debt was \$2,870 million, comprising total debt of \$3,583 million less cash and cash equivalents of \$713 million. The net debt-to-EBITDA ratio was 1.97x, while the interest coverage ratio was 6.99x.

Capital expenditures of \$53 million were down 12%; however, Orbia expects to reach its CapEx guidance for the full year.

At the March 30, 2021 Annual General Ordinary Shareholders Meeting, Orbia shareholders approved an ordinary dividend of \$0.10 per share to be paid in four installments in 2021, of which the first payment of \$0.025 per share posted on April 14, 2021.

The Orbia Board of Directors has resolved to place before its Shareholders a proposal to cancel substantially all the Company shares held in treasury during the second quarter of this year.

2021 Full Year Outlook

As global economies continue to recover, we anticipate continued strong sales of our products and services as a result of consumer demand and significant government investments in infrastructure and societal needs. Accordingly, following Orbia's stronger than expected performance during the first quarter, the Company is increasing its prior 2021 guidance on EBITDA growth from 4%-7% to 15%, with potential further upside if strong market demand and pricing conditions continue in 2021. This revised outlook assumes no pandemic-related or other material disruptions to Orbia's businesses.

Conference Call Details

Orbia will host a conference call to discuss Q1 2021 results on April 29, 2021 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 [Orbia's newsroom](#).

Consolidated Income Statement²

USD in millions	First Quarter		
	2021	2020	%
Income Statement			
Total Revenue	1,914	1,626	18%
Cost of sales	1,332	1,199	11%
Gross profit	582	428	36%
SG&A	277	256	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%

² **Note:** During 2021 the Company performed a reclassification of criteria from SG&A to cost of goods sold for Q120 in relation to Direct Storage & Dispatch for approximately \$20 million, in order to fully align criteria among all segments.

Consolidated 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 leasings	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 leasings	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

Operating Cash Flow

	mm US\$	First Quarter		
		2021	2020	%Var.
Cash flow				
EBITDA		451	309	46%
Taxes paid, net		(77)	(30)	157%
Net interest / Bank commissions		(80)	(89)	-10%
Change in trade working capital		(257)	45	N/A
Others (Other assets - provisions, Net)		(15)	10	N/A
CTA and FX		(27)	(57)	-53%
Cash generation		(4)	189	N/A
CapEx		(53)	(60)	-12%
Leasing payments		(28)	(24)	17%
Free cash flow		(85)	105	N/A
<i>FCF conversion (%)</i>		<i>-18.9%</i>	<i>33.9%</i>	<i>N/A</i>
Dividends to Shareholders		(0)	(95)	-100%
Buy-back shares program		(1)	(34)	-97%
New debt (paid)		(40)	929	N/A
Minority interest payments		(31)	(39)	-21%
Others		(6)	-	N/A
Net change in cash		(162)	866	N/A
Initial cash balance		875	586	49%
Cash balance		713	1,452	-51%

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 functional and reporting currency. Figures are presented in millions, unless specified otherwise.

Since Q1 2019, Business Group level EBITDA figures include corporate charges; comparable prior year figures have been adjusted accordingly.

Reflective of Orbia’s continuous efforts to better inform the market and become a more customer-centric organization, beginning in Q1 2020, the Company is presenting the revenues, operating incomes and EBITDAs of each of its five businesses as such: Netafim (Precision Agriculture), Dura-Line (Data Communications), Wavin (Building & Infrastructure)—all of which previously were combined and presented as “Fluent” for reporting purposes only—Koura (Fluorinated Solutions) and Vestolit & Alphagary (Polymer Solutions).

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

About Orbia

Orbia is a community of companies united by a shared purpose: to advance life around the world. The Orbia companies have a collective focus on ensuring food security, reducing water scarcity, reinventing the future of cities and homes, connecting communities to data infrastructure, and expanding access to health and wellness with advanced materials. Orbia operates in the Precision Agriculture, Data Communications, Building and Infrastructure, Fluorinated Solutions and Polymer Solutions sectors. The Company has commercial activities in more than 110 countries and operations in over 50, with global headquarters in Mexico City, Boston, Amsterdam and Tel Aviv. To learn more, please visit 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 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 consulting in the following link: 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, at <http://www.ethic-line.com/Orbia> or via e-mailing Orbia@ethic-line.com. Orbia’s Audit Committee has oversight responsibility for ensuring that all such complaints are appropriately investigated and resolved.