



Message from our CEO

At Orbia, resilience has played a central role in our transformation over the past two years. Our aim is to provide innovative solutions that help us fulfill our purpose to advance life around the world.

We could not imagine the disruption we would face with COVID-19. But the most difficult times can be the ones in which the true bravery and grit of people emerges. In 2020, we saw both as we became more resilient in going the extra mile for our stakeholders.

Looking back on 2020, governance and leadership have been crucial in helping us steer through unprecedented challenges. I thank our Board of Directors for their dedicated guidance to ensure our business continuity, rigorous management of risk and their trust in me on Orbia's transformation journey. I also thank my predecessor Daniel Martínez-Valle for his contributions to establish Orbia as a purpose-driven, values-led, global company that shows up in the best and worst of times alike.

Most importantly, I must thank and pay tribute to Orbia's 21,000+ employees who have worked hard to keep our operations running smoothly, our customers served and to meet demand for essentials in the health care sector. Everyone has given their all. We have focused on ensuring the health, safety and well-being of our team by applying COVID-19 protocols. We introduced teleworking for nearly half of our workforce and provided support to employees and their families in the communities in which we operate. Despite our efforts, we tragically lost 30 of our own: our heartfelt condolences and prayers go out to their families and loved ones. The safety of our people and stakeholders has been, is and will continue to be the number one priority. In 2020, our total recordable incident rate (TRIR) was 0.75. While this is flat relative to 2019, we fell short of our target of 0.6. Getting to a zero-accident future takes a steadfast commitment to cultural transformation. I am engaging with our business group leaders to accelerate this journey.

Although full year revenues of \$6,420M were 8% lower than 2019, we closed the year at \$1,318M in EBITDA, just 3.4% below our 2019 earnings in the context of a [global economic contraction of 4.3 percent](#).





Our EBITDA margins improved to 20.5%, marking a 100 basis point uptick as compared to 2019. Effective cash management throughout the year resulted in free cash flow of \$551M and a conversion rate of 42%. Dura-Line posted significant earnings growth, Netafim ended flat with the prior year, Wavin experienced faster recovery than expected and Vestolit strengthened significantly in the second half due to global demand-supply imbalance. The combination of Orbia’s diversified portfolio, vertical integration and rigorous cost containment contributed to our strong showing. With a solid balance sheet, positive pricing trends for many key products heading into 2021 and our investment in higher-end solutions that target some of the world’s most pressing challenges, we are positioned to support global economic recovery in the near term and expansion in the longer term, targeting a 4 to 7% increase in EBITDA in 2021.

As a few examples of shifting our mix, in 2020, Wavin delivered new stormwater and indoor climate control solutions to improve resilience in cities. Koura launched a refrigerant with cross-industry applications and significantly lower global warming potential than previous materials. Netafim expanded into precision

agriculture services to improve outputs while reducing water consumption. Dura-Line kept the remote economy connected by meeting the demand surge for broadband. Vestolit operated at maximum utilization to keep the world supplied with key materials needed for water, infrastructure and building safety amid significant supply shortages. Alphagary led in developing new polymer compounds to drive superior performance in customer applications with an eye on a cleaner, greener future.

Our mandate now is to accelerate sustained earnings growth through cultivating each of our businesses for profitability, executing with discipline on organic and inorganic growth initiatives and looking at opportunities to unlock our valuation potential on our journey. Innovation, operational excellence and commercial excellence are key to gaining traction.

The theme that runs through it all is sustainability. We seek to make an impact on material topics. To see progress on the key ESG performance indicators that make up our ImpactMark, we have focused first on fortifying our most valuable capital: our people. In moving forward to support employee development

and foster a diverse community, we brought on board a new global Chief People Officer, harmonized our global compensation practices and have remained focused on attracting, developing and retaining the best talent through implementing a people-centric management strategy and expanding our learning and training resources. We have been working towards ambitious environmental goals including net zero carbon emissions by 2050 with midway science-based targets, zero waste to landfill by 2025 and wider adoption of renewables and material recycling in our plants. On the strength of our climate commitments, understanding our footprint and tightening our governance, we are one of the first companies in our industry to align to TCFD and we significantly improved our climate change score in the Carbon Disclosure Project to a B (management level). For the second year in a row, we were selected as a Dow Jones Sustainability Index member with an 11% increase in our rating.





We have introduced sustainability considerations into our capital expenditure approval process and have made ESG performance metrics part of our leaders' compensation and evaluations. Crucial to continuity, we have maintained our ethical foundation of conducting business in full compliance with applicable laws and our Code of Ethics. In 2020, we added to our ethics & compliance bench and rebranded our Ethics Helpline during a communication and training campaign. And to bring us forward into the future, we welcomed a new Chief Information Officer and a team who is leading the charge to modernize our enterprise systems, improve cybersecurity and bring the best of digital transformation tools into our ways of doing business.

We are walking the talk on sustainability and we will walk further and faster. But we can also pick up the pace. Whether through scaling our successful LaunchPad intrapreneurship program beyond our 2020 reach of 4,300 employees or continuing to invest in strategic partnerships to develop decarbonization, circular and clean technologies as through Orbia Ventures' first investments in SeeTree, Silvec Biologics, Battery Resourcers and StormSensor, fueling our innovation engine will help us support better lives for present and future generations.

The extent of the economic impact of COVID-19 is still uncertain. But by staying true to our purpose in working bravely, responsibly and inclusively to meet global needs, we can keep contributing to sustainable development as we create value for all.

The opportunities in this for us are huge. And so is our resolve.

Sincerely,

Sameer S. Bharadwaj

Chief Executive Officer