Stock Information
Mexican Stock Exchange
Ticker: Orbia*

Orbia Announces Second Quarter 2021 Financial Results

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

Q2 2021 Financial Highlights

(All metrics are compared to Q2 2020 unless otherwise noted)

Strong quarterly results driven by continued momentum in Polymer Solutions and Wavin, with solid top-line performance from Koura, Netafim and Dura-Line. Sequential growth in revenue and profitability driven by continued recovery in key markets, disciplined expense control and opportunities from achieving synergies across Orbia's businesses.

- Net revenues of $2.2 billion increased 59%, mainly driven by Polymer Solutions and Wavin; sequentially, net revenues increased 17%;
- EBITDA of $560 million increased 113% and sequentially 24% with an EBITDA margin of 25.0%, an increase of 629 basis points, sequentially improved 140 basis points;
- Net majority income of $193 million;
- Free cash flow of $264 million, representing 47.3% of EBITDA;
- Leverage ratio (Net Debt to EBITDA) decreased to 1.56x, supported by $137 million net debt reduction and sustained EBITDA growth;
- 2021 EBITDA growth guidance raised to 32 - 35% above prior year.

"I would like to thank our team for staying laser-focused on delivering value for our shareholders and customers around the world. The result is another strong quarter and promising momentum," said Sameer Bharadwaj, CEO of Orbia. "We continued leveraging the resilience of our business groups and synergies between them to drive revenue and EBITDA expansion, as we transform basic and advanced materials into essential compounds, building and infrastructure products, modern irrigation systems and connection technologies. Our respective business groups' performance combined with further developing areas of integration are opening up a future of organic growth opportunities which will be enhanced with selective acquisitions."

Added Bharadwaj, "This quarter, we executed on our strategy, approved investments to increase capacity in Netafim and Dura-Line to meet growing demand and completed the acquisition of a majority ownership in Shakun Polymers Private Limited to expand Polymer Solutions' presence in Asia. As always, sustainability remains at the top of our agenda--we are investing in processes, solutions and services that reduce our carbon footprint, water usage and waste-to-landfill to advance life around a cleaner, greener world."

Q2 2021 Consolidated Financial Information[1]

(All metrics are compared to Q2 2020 unless otherwise noted)

mm US$	Second Quarter		
Financial Highlights	2021	2020	%Var.
Net sales	2,243	1,412	59%
SG&A	296	228	30%
Operating income	410	126	225%
EBITDA	560	263	113%
EBITDA margin	25.0%	18.7%	629 bps
Financial Cost	72	64	13%
EBT	339	63	438%
Income tax	116	15	673%
Consolidated net income (loss)	222	42	429%
Net majority income	193	10	1830%
Cash generation	352	100	252%
CapEx	63	54	17%
Free cash flow	264	19	1289%
Net debt	2,733	2,970	-8%

Net revenues of $2,243 million increased 59%, driven by higher PVC prices in Polymer Solutions, while Wavin benefitted from improved pricing and higher volumes in both EMEA and LatAm supported by its ability to obtain dependable supplies of PVC from the Polymer Solutions business. Koura, Netafim and Dura-Line also experienced revenue growth due to strong market demand in North America, and Europe.

Cost of goods sold of $1,536 million increased 45%, mainly due to increased volumes as well as increases in raw materials costs and freight expenses for Dura-Line, Netafim and Wavin.

[1] Unless noted otherwise, all figures in this release are derived from the Interim Consolidated Financial Statements of the Company as of June 30, 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.

SG&A of $296 million increased 30% following a very strong recovery in activity levels, primarily due to higher personnel expenses and strong local currencies vis-a-vis our functional currency (U.S. Dollar). SG&A as a percentage of sales decreased 297 basis points to 13.2% in the quarter.

EBITDA of $560 million increased 113%, due to higher PVC prices in Polymer Solutions and strong business activity and prices in Wavin. EBITDA margin was 25.0%, an expansion of 629 basis points, despite margin pressures in Dura-Line and Netafim triggered by raw material and freight cost increases.

Financial costs were $72 million in the quarter, a 13% increase, driven primarily by an additional $12.2 million net expense related to the new bonds issuance as well as a subsequent tender offer and make-whole provision, which were partially offset by a lower total debt notional and FX gain.

Taxes were $116 million, up from $15 million in 2020 as a result of significantly higher profits in the quarter and the appreciation of local currencies and inflation adjustments, particularly in Mexico. The tax rate reached 34.2% in the quarter.

Net income to majority shareholders was $193 million in the quarter, an increase of 1,830%, driven by strong profitability in several of Orbia's businesses.

Free cash flow of $264 million, representing 47.3% of EBITDA. Orbia increased working capital by $130 million, reflecting increased business activity and robust sequential sales growth of $329 million, as well as higher raw material costs in our inventories.

Net debt of $2,733 million, comprising total debt of $3,792 million, less cash and cash equivalents of $1,059 million. A reduction of $137 million in net debt together with significant growth in profitability has contributed to a sequential reduction in our leverage ratio by 0.41x to reach 1.56x.

Q2 2021 Revenues by Region

(All metrics are compared to Q2 2020 unless otherwise noted)

Second Quarter				
Region	2021	2020	% Var. Prev Year	% Revenue
Europe	827	528	57%	37%
North America	725	485	49%	32%
South America	464	198	134%	21%
Asia	171	148	16%	8%
Africa and others	56	53	6%	2%
Total	**2,243**	**1,412**	**59%**	**100%**

Q2 2021 Financial Performance by Business Group

(All metrics are compared to Q2 2020 unless otherwise noted)

Netafim (Precision Agriculture, 13% of Revenues)

Netafim is the world leader in the production and sale of intelligent precision agriculture solutions. Netafim's irrigation systems, services and digital farming technologies enable farmers and stakeholders to achieve significantly higher and better-quality yields while using less water, fertilizer and other inputs, helping to feed the planet more efficiently and sustainably.

mm US$	Second Quarter		
Netafim	2021	2020	%Var.
Total sales	313	247	27%
Operating income	26	29	-10%
EBITDA	50	52	-4%

Revenue of $313 million increased 27% year-over-year, driven by strong market demand particularly in the U.S., Europe, South Africa and Turkey, which offset continued market weakness in India and parts of LatAm due to COVID-19. Commencing in this quarter, Gakon Horticultural Projects is consolidated in Netafim's accounts.

EBITDA of $50 million decreased 4% as compared to the prior year. EBITDA margin was 16.1%, a decrease of 492 basis points mainly due to the increase in raw material costs and transportation expenses that have yet to be reflected in pricing levels.

Dura-Line (Data Communications, 10% of Revenues)

Dura-Line is the leading global producer of conduits and a global leader in HDPE products for cable and fiber optics. The company annually produces more than 1,312 million feet of essential infrastructure, including conduit, cable-in-conduit and accessories that create physical pathways for fiber and network technologies that connect cities, homes and people.

mm US$	Second Quarter		
Dura-Line	2021	2020	%Var.
Total sales	239	193	24%
Operating income	23	47	-51%
EBITDA	31	55	-44%

Revenue of $239 million increased 24% year-over-year, driven by continued strong demand in North America and Europe as a result of geographic expansion, accelerated growth in value-added products and new fiber deployment projects.

EBITDA of $31 million decreased 44% as compared to the prior year. EBITDA margin was 13.0%, compared to 28.7% last year, as prior year margins were positively impacted from historically low raw material costs. EBITDA and EBITDA margin decline were primarily due to raw material cost increases, higher freight expenses and conversion costs from limited availability of labor resources in North America and Europe that have yet to be reflected in pricing levels. As a result of this, Dura-Line also experienced extended lead times and delays in shipments of higher-priced orders.

Wavin (Building & Infrastructure, 33% of Revenues)

Wavin is a leading producer of above- and below-ground solutions in LatAm and Europe, redefining today's pipes and fittings industry by creating innovative solutions that last longer and require less labor to install. Benefitting from PVC supply chain integration with Orbia's Polymer Solutions businesses and serving customers in three continents, Wavin is also developing sustainable technologies around water management and indoor climate systems.

mm US$	Second Quarter		
Wavin	2021	2020	%Var.
Total sales	788	409	93%
Operating income	104	(3)	N/A
EBITDA	140	27	419%

Revenue of $788 million increased 93% year-over-year, driven by an improved product mix, strong pricing management and increased sales volume in both EMEA and LatAm.

EBITDA of $140 million increased 419% as compared to the prior year. EBITDA margin was 17.8%, an expansion of 1,116 basis points mainly due to Wavin's higher operating volumes, continued transition to value-added products, an effective commercial strategy and operational efficiencies. In addition, Wavin effectively responded to raw material shortages and price surges by executing price management and cost initiatives which resulted in top line and profitability expansion.

Koura (Fluorinated Solutions, 9% of Revenues)

Koura is the leading global producer of fluorspar and the world's largest producer of integrated hydrofluoric acid. Koura operates the world's largest fluorspar mine and provides fluorine and downstream products that support modern living. The company's intermediates, refrigerants and propellants are used in numerous automotive, infrastructure, semiconductor, health, climate control, food cold chain, energy storage, computing and telecommunications applications.

mm US$	Second Quarter		
Koura	2021	2020	%Var.
Total sales	202	167	21%
Operating income	53	52	2%
EBITDA	70	66	6%

Revenue of $202 million increased 21% year-over-year, driven by improving performance across key product lines including HF and refrigerants while fluorspars and AlF3 sales remained relatively flat, maintaining low levels.

EBITDA of $70 million increased 6% as compared to the prior year. EBITDA margin was 34.4%, a decrease of 496 basis points mainly due to lower acidspar and AlF3 prices in an environment of rising raw material costs and freight expenses.

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

The Polymer Solutions businesses are leading global vinyl players, with strong positions in the Americas and Europe. Vestolit and Alphagary focus on PVC general and specialty resins and zero-halogen specialty compounds that supply Orbia's downstream businesses and have a wide variety of applications in solutions for life, including pipes, cables, flooring, auto parts, household appliances, clothing, packaging and medical devices.

mm US$	Second Quarter		
Polymer Solutions	2021	2020	%Var.
Total sales*	822	427	93%
Operating income	223	3	7333%
EBITDA	287	64	348%

*Intercompany sales were $86 million and $20 million in 2Q21 and 2Q20, respectively.

Revenue of $822 million increased 93% year-over-year, driven primarily by higher PVC prices resulting from the global supply and demand imbalance. Robust PVC demand from the building and construction industries worldwide and force majeures among PVC suppliers continued into the second quarter, complemented by strong demand in compounds—especially plasticizers—and demand in the LatAm region.

EBITDA of $287 million increased 348% as compared to the prior year. EBITDA margin was 34.9%, an expansion of 1,998 basis points mainly due to historically high PVC prices (which peaked globally in May) and higher volumes driven by gradual supply recovery. Europe continues to experience a tight market while Brazil and India are experiencing demand curtailment to varying degrees due to COVID-19.

Balance Sheet, Liquidity and Capital Allocation

In the quarter, Orbia continued to strengthen its balance sheet, generating a free cash flow of $264 million, representing 47.3% of EBITDA, and reaching one of the lowest leverage ratios (1.56x) seen by the Company in recent years. Orbia increased working capital by $130 million, reflecting increased business activity and robust sequential sales growth of $329 million, as well as higher raw material costs in inventory. Capital expenditures of $63 million increased 17% year-over-year.

During the quarter, Netafim closed the acquisition of Gakon Horticultural Projects, which will enable the Company to expand its offerings in the production and supply of top-tier greenhouse projects. Polymer Solutions also announced the acquisition of a majority ownership in Shakun Polymers Private Limited, a market leader in the production of compounds for the wire and cable markets in India, the Middle East, Southeast Asia and Africa, to expand the Company's presence in those regions.

On May 6, 2021, Orbia issued two sustainability-linked senior notes: a 5-year $600 million note and a 10-year $500 million note at an annual cost of 1.875% and 2.875%, respectively. Orbia used proceeds to repay its £300 million UK commercial paper program, completed a partial tender for $328 million from its $750 million 2022 senior note and exercised the make-whole provision of the Mexican Peso denominated bond (MXN Certificado Bursátil) for MXN 3,000 million.

Orbia also completed its first European Commercial paper program for up to €750 million. As of the end of Q2 2021, Orbia has no issuances under this program.

The Company has announced its intention to execute the make-whole provision on the remainder of its former $750 million 2022 senior note. Once the liquidation of these notes is completed, Orbia will have extended its debt average maturity from 12.6 to 14.1 years while reducing its average cost of debt from 4.6% to 4.1%. Consequently, Orbia's next relevant maturity has been extended to 2026.

During the quarter, the Company completed $31 million in share buybacks as part of its repurchase program and paid $50 million as the first installment of the dividend approved at the Shareholders Meeting held on March 30, 2021.

The Company convened a Special Meeting of Shareholders on July 21, 2021 during which -among other matters- the Company's shareholders approved a proposal to cancel up to 90 million shares of Orbia stock repurchased by the Company and held in treasury.

2021 Revised Outlook

The Company now expects EBITDA growth for the full year of 2021, to be in the range of 32 - 35% above 2020 EBITDA. This revised guidance reflects the strong performance observed in 1H 2021, mainly in Polymer Solutions and Wavin, and expected continued momentum, although to a lesser extent, during the 2H of 2021. CAPEX guidance remains unchanged for the year in the range of $350 - $400 million.

Looking forward, the Company's management is confident in the continued execution of Orbia's strategic plans driven by organic growth and selective acquisitions that will generate sustainable and profitable growth. 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 Q2 2021 results on July 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 Statement

USD in millions	Second Quarter			January - June		
Income Statement	2021	2020	%	2021	2020	%
Net sales	2,243	1,412	59%	4,157	3,039	37%
Cost of sales	1,536	1,058	45%	2,868	2,257	27%
Gross profit	**706**	**355**	**99%**	**1,289**	**782**	**65%**
SG&A	296	228	30%	573	484	18%
Operating income (loss)	**410**	**126**	**225%**	**715**	**298**	**140%**
Financial Costs	72	64	13%	140	149	-6%
Equity in income of associated entity	(0)	(1)	-100%	0	(1)	N/A
Income (loss) from continuing operations before income tax	**339**	**63**	**438%**	**576**	**150**	**284%**
Income tax	116	15	673%	180	25	620%
Income (loss) from continuing operations	**222**	**48**	**363%**	**396**	**125**	**217%**
Discontinued operations	(0)	(5)	-100%	(0)	(5)	-100%
Consolidated net income (loss)	**222**	**42**	**429%**	**395**	**119**	**232%**
Minority stockholders	29	32	-9%	61	65	-6%
Majority Net income (loss)	**193**	**10**	**1830%**	**334**	**55**	**507%**
EBITDA	560	263	113%	1,011	573	76%

Note: During 2021 the Company performed a reclassification of criteria from SG&A to cost of goods sold in relation to Direct Storage & Dispatch for approximately $20 million ad $15 million for Q120 and Q220 respectively, in order to fully align criteria among all segments.

Consolidated Balance Sheet

	USD in millions		
Balance sheet	June 2021	Dec 2020	June 2020
Total assets	**10,900**	**10,211**	**10,421**
Current assets	**3,982**	**3,156**	**3,360**
Cash and temporary investments	1,059	875	1,238
Receivables	1,537	1,093	1,130
Inventories	1,110	861	773
Others current assets	276	326	219
Non current assets	**6,918**	**7,055**	**7,061**
Property, plant and equipment, Net	3,097	3,186	3,207
Right of use Fixed Assets, Net	308	323	332
Intangible assets and Goodwill	3,194	3,225	3,200
Long term assets	319	320	321
Total liabilities	**7,660**	**7,032**	**7,413**
Current liabilities	**2,686**	**2,588**	**2,075**
Current portion of long-term debt	96	495	81
Suppliers	1,546	1,326	1,182
Short-term leasings	80	82	78
Other current liabilities	965	684	733
Non current liabilities	**4,974**	**4,444**	**5,338**
Long-term debt	3,696	3,131	4,127
Long-term employee benefits	274	274	222
Long-Term deferred tax liabilities	318	314	319
Long-term leasings	246	263	261
Other long-term liabilities	441	463	409
Consolidated shareholders'equity	**3,240**	**3,180**	**3,008**
Minority shareholders' equity	698	687	704
Majority shareholders' equity	**2,542**	**2,493**	**2,304**
Total liabilities & shareholders' equity	**10,900**	**10,211**	**10,421**

Operating Cash Flow

mm US$	Second Quarter			January - June		
	2021	2020	%Var.	2021	2020	% Var.
EBITDA	560	263	113%	1,011	573	76%
Taxes paid, net	(43)	(78)	-45%	(120)	(108)	11%
Net interest / Bank commissions	(55)	(15)	267%	(135)	(104)	30%
Change in trade working capital	(130)	(0)		(386)	7	N/A
Others (Other assets - provisions, Net)	6	(69)	N/A	(9)	(22)	-59%
CTA and FX	14	(1)	N/A	(13)	(58)	-78%
Cash generation	352	100	252%	348	288	21%
CapEx	(63)	(54)	17%	(117)	(115)	2%
Leasing payments	(24)	(27)	-11%	(52)	(51)	2%
Free cash flow	264	19	1289%	179	123	44%
(% EBITDA)	*47.3%*	*7.0%*		*17.7%*	*21.4%*	
Dividends to Shareholders	(50)	(45)	11%	(50)	(140)	-64%
Buy-back shares program	(31)	(8)	288%	(32)	(42)	-24%
New debt (paid)	198	(124)	N/A	158	805	-80%
Minority interest payments	(27)	(39)	-31%	(58)	(78)	-26%
Mergers & Acquisitions	(37)	-		(37)	-	
Financial instruments and others	27	(16)	N/A	23	(16)	N/A
Net change in cash	346	(214)	N/A	184	652	-72%
Initial cash balance	713	1,452	-51%	875	586	49%
Cash balance	1,059	1,238	-14%	1,059	1,238	-14%

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 basic and 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.