Stock Information
Mexican Stock Exchange
Ticker: Orbia*

Orbia Announces Third Quarter 2019 Financial Results

Mexico City, October 23, 2019 – Orbia Advance Corporation, S.A.B. de C.V. (BMV: ORBIA*) ("the Company" or "Orbia") today released unaudited results for the third quarter of 2019.

3Q19 Financial Highlights[1]

- Reported EBITDA reached $381 million, reflecting a 21.8% margin; EBITDA (excluding the impact of IFRS 16) decreased 4%, yielding a margin of 20.6%;
- Solid performance in our Vestolit (Polymer Solutions) business, with a third consecutive quarterly improvement in EBITDA;
- Our Netafim (Precision Agriculture) business continued its strong financial performance, with sales increasing by 10%;
- Improvement in working capital drove higher cash generation of $262 million, with strong free cash flow conversion of 39.5% in the quarter;
- Revenues decreased 2% to $1.7 billion, mainly driven by lower Wavin (Building & Infrastructure) sales in Europe and Latin America (LatAm);

Third quarter 2019 financial highlights

mm US$	Third Quarter			January - September		
Financial Highlights	**2019**	**2018**	**% Var.**	**2019**	**2018**	**% Var.**
Net sales	1,747	1,785	-2%	5,351	5,509	-3%
Operating income	245	270	-9%	668	813	-18%
EBITDA	381	375	2%	1,071	1,128	-5%
EBITDA margin	21.8%	21.0%	80 bps	20.0%	20.5%	-46 bps
EBITDA wo IFRS 16 effect	360	375	-4%	1,013	1,128	-10%
EBT	165	183	-10%	441	607	-27%
Consolidated net income (loss)	107	120	-11%	297	437	-32%
Net majority income	76	82	-7%	208	323	-36%
Cash generation	262	150	75%	454	452	0%
CapEx	(73)	(63)	16%	(190)	(199)	-5%
Free cash flow	151	77	96%	192	219	-12%

Unless noted otherwise, all figures in this release are derived from the Interim Consolidated Financial Statements of the Company as of September 30, 2019 and are prepared in accordance with International Accounting Standard 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.

[1] Q3 2019 Financial Highlights are compared to Q3 2018

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"This quarter marked a major milestone in our corporate transformation journey to become a purpose-led, future-fit, customer centric organization," said Daniel Martínez-Valle, Orbia CEO. "When appointed CEO of Mexichem last year, I recognized that this company with its rich history, huge aspirations and global reach was one of the few global companies able to effectively address the world's most pressing challenges. Our name change from Mexichem to Orbia reflects a broader, more inclusive expression of our businesses and global impact. This is not a cosmetic makeover. Our commitment to our transformation will be reflected in everything we do, and through our actions our community of companies is poised to make a meaningful impact on profit, people and the planet.

Martínez-Valle added, "As we have mentioned, we remain focused on, and excited, about the company's strategy. Our unique asset base, strong balance sheet, and talented global team makes me feel confident in the growth prospects of all our business groups. We believe that as we continue to evolve our company, we will create value for our investors, our customers, and the communities around us."

Outlook

As mentioned, in the previous quarter earnings, we saw again some sequential improvement going into the third quarter. We have continued working on improving operational efficiencies and controlling costs in all our businesses, focusing on optimizing capital allocation and working capital management, while emphasizing safety and security.

In this context, and notwithstanding continued headwinds (such as illegal imports of refrigerant gases into the European Union (EU), sluggish market conditions associated with the business cycle, and overall macroeconomic uncertainty), the Company is maintaining its full-year guidance.

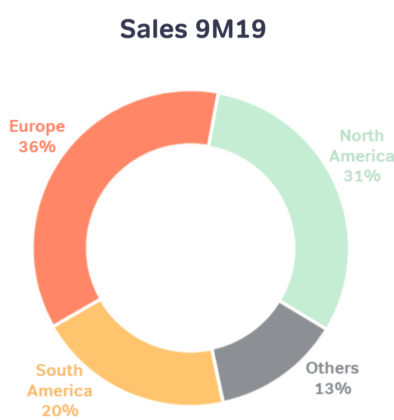
Consolidated financial information

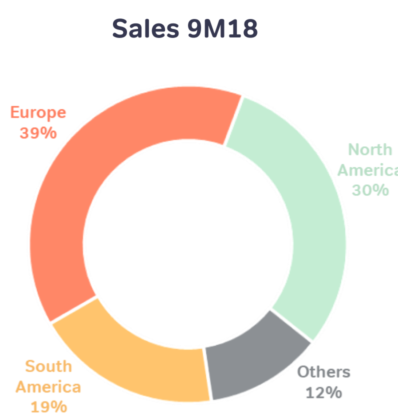
Revenues

For Q3 2019, revenues totaled $1.7 billion, down $38 million, or 2% from Q3 2018, mainly driven by lower sales in Wavin (Building & Infrastructure) and Dura-Line (Data Communication) businesses.

During the first nine months of the year, revenues decreased to $5.4 billion, a decline of 3% year-on-year, due to lower sales in our Wavin (Building & Infrastructure) and Vestolit (Polymer Solutions) businesses.

Sales by region (9M19) compared to (9M18):





EBITDA

Consolidated Q3 2019 EBITDA was $381 million, an increase of 2% above the $375 million reported in the same quarter last year. Reported EBITDA margin for the quarter was 21.8%. EBITDA was positively impacted by lower cost of raw materials in Dura-Line (Data Communication) and better business performance in Netafim (Precision Agriculture).

mm US$	3Q19	3Q18	3Q18/3Q19
	EBITDA		% Var
Vestolit (Polymer Solutions)	137	138	-1%
Fluent	147	135	9%
Koura (Fluor)	86	89	-3%
Eliminations / Holding	11	13	-15%
Total	**381**	**375**	**2%**

For the first nine months of 2019, reported EBITDA was $1.1 billion, a decrease of 5% compared with the same period last year, mainly due to lower profits in Vestolit (Polymer Solutions) and Koura (Fluor), which was affected by illegal imports of refrigerants in Europe. EBITDA margin during the period was 20.0%.

Financial costs

Q3 2019 financial costs decreased $9 million or 10% compared to Q3 2018. The decrease was mainly due to a loss in the monetary position in the same period of last year, related to the devaluation of the Venezuelan Bolivar.

Financial costs for the first nine months of 2019 increased $21 million, or 10% above same period of 2018. The increase was mainly due to a mark-to-market valuation of the Put Option granted to Netafim's minority shareholder in connection with the Netafim acquisition; higher bank commissions related to the renewal of our $1.5 billion Revolving Credit Facility and Netafim's refinancing of its bank loan facilities. These increased costs were partially offset by the devaluation of the monetary position in our Venezuelan and Argentinean operations.

Taxes

In Q3 2019, income tax charge decreased 6%, from $62 million in Q3 2018 to $58 million; however, the effective tax rate increased from 33.9% to 35.2% due primarily to taxes incurred in connection with the repatriation of dividends.

Consolidated net majority income (loss)

Mainly as a result of the above factors, net majority income decreased 7%, from $82 million in Q3 2018 to $76 million. During the first nine months of 2019, the Company posted $208 million in net majority income, compared to $323 million reported in the same period of 2018, resulting primarily from lower operating income.

Financial Performance by Business Group

Fluent Business Group:

mm US$	Third Quarter			January - September		
Fluent	**2019**	**2018**	**% Var.**	**2019**	**2018**	**% Var.**
Sales	969	1,003	-3%	3,060	3,093	-1%
Fluent LatAm	260	270	-4%	785	816	-4%
Fluent Europe	332	349	-5%	1,018	1,086	-6%
Fluent USA & Canada	149	152	-2%	420	415	1%
Fluent AMEA	23	35	-34%	96	118	-19%
Netafim	226	206	10%	794	669	19%
Intercompany eliminations	(22)	(8)	175%	(53)	(11)	382%
Operating income	84	90	-7%	270	282	-4%
EBITDA	147	135	9%	455	408	12%
EBITDA wo IFRS	136	135	1%	425	408	4%

Fluent Business Group reported revenues of $969 million in Q3 2019, a decrease of 3% compared to the same quarter last year. The decline was mainly due to a mid-single digit decline in Wavin (Building & Infrastructure) sales in Europe primarily as a result of lower revenues in the UK during the period, and 4% decrease in Wavin (Building & Infrastructure) sales in LatAm, mainly as a result of lower sales in Mexico, Ecuador and Colombia. These declines were partly offset by a 10% increase in sales from Netafim (Precision Agriculture) during the period.

During the first nine months of the year, Fluent revenues decreased 1% to $3.1 billion compared with the same period of 2018, mainly driven by lower sales in Wavin (Building & Infrastructure Europe and LatAm).

mm US$	Third Quarter			January - September		
Fluent	**2019**	**2018**	**% Var.**	**2019**	**2018**	**% Var.**
Sales	969	1,003	-3%	3,060	3,093	-1%
Wavin (B&I)	589	615	-4%	1,794	1,890	-5%
Dura-Line (Datacom)	176	191	-8%	527	550	-4%
Netafim (Precision Agriculture)	226	206	10%	794	669	19%
Intercompany eliminations	(22)	(9)	144%	(56)	(16)	250%
Operating income	84	90	-7%	270	282	-4%
EBITDA	147	135	9%	455	408	12%
EBITDA wo IFRS	136	135	1%	425	408	4%

During Q3 2019, EBITDA reported by our Fluent Business Group (excluding the impact of IFRS 16) remained flat as a result of lower profitability in Wavin (Building & Infrastructure) that was compensated by positive performance in Dura-Line (Data Communication) due to a better mix of products and lower average raw materials costs, as well as an improvement in the performance of our Netafim (Precision Agriculture) business.

For the first nine months of 2019, reported EBITDA for our Fluent Business Group was $455 million, increasing 12% from $408 million during the same period last year. Reported EBITDA margin was 14.9% compared to 13.2% from the same period last year.

Vestolit (Polymer Solutions) Business Group:

mm US$	Third Quarter			January - September		
Vestolit (Polymer Solutions)	**2019**	**2018**	**% Var.**	**2019**	**2018**	**% Var.**
Volume (K tons)	670	646	4%	1,931	1,944	-1%
Total sales*	602	621	-3%	1,785	1,908	-6%
Operating income	79	86	-8%	162	274	-41%
EBITDA	137	138	-1%	336	424	-21%
EBITDA wo IFRS	128	138	-7%	313	424	-26%

*Intercompany sales were $32 million and $48 million in 3Q19 and 3Q18, respectively. And as of September 2019 and 2018 were $107 million and $135 million, respectively.

During Q3 2019, sales of our Vestolit (Polymer Solutions) business were $602 million, or 3% below Q3 2018. This decline resulted mainly from lower caustic soda and PVC prices despite higher volume.

During the first nine months of 2019, revenues decreased 6%, from $1.9 billion in the same period last year to $1.8 billion, mainly due also to lower caustic soda, PVC prices and lower volume.

In Q3 2019, reported EBITDA of Vestolit (Polymer Solutions) was $137 million, reflecting a decrease of 1% from $138 million in Q3 2018. During the quarter, however, a widening spread between ethane and ethylene prices improved EBITDA margins, resulting in an expansion to 22.8% in Q3 2019 from the 22.2% reported in Q3 2018. Our Polymer Solution business has recorded a third consecutive quarterly improvement in EBITDA this year.

In the first nine months of 2019, reported EBITDA of Vestolit (Polymer Solutions) decreased 21%, from $424 million to $336 million, primarily as a result of a decrease in PVC and caustic soda prices, which decreased approximately 2% and 26%, respectively. EBITDA has also been negatively affected by a temporary force majeure of a key supplier in Germany, as well as longer than expected maintenance work in our main VCM supplier's plant in the U.S. Reported EBITDA margin decreased from 22.2% in 9M 2018 to 18.8% during 9M 2019.

Koura (Fluor) Business Group:

mm US$	Third Quarter			January - September		
Koura (Fluor)	**2019**	**2018**	**% Var.**	**2019**	**2018**	**% Var.**
Sales	210	210	0%	618	644	-4%
Operating income	71	77	-8%	202	232	-13%
EBITDA	86	89	-3%	243	269	-10%
EBITDA wo IFRS	85	89	-4%	240	269	-11%

During Q3 2019, sales of our Koura (Fluor) Business Group remained flat from the same quarter last year. The continuing impact of illegal imports of refrigerant gases in Europe that have constrained our "downstream" (i.e., higher value-added fluorinated products) business, were offset by strong performance in our "upstream" (i.e., fluorspar and HF) business.

In the first nine months of the year, revenues decreased by 4%, or $26 million, from $644 million to $618 million compared with the same period last year.

Reported EBITDA in Q3 2019 decreased 3% from $89 million to $86 million, reflecting an EBITDA margin of 40.7% during the period compared with 42.4% in Q3 2018, again mainly as a result of the illegal imports of refrigerant gas imports into the Europe.

For the first nine months of 2019, reported EBITDA was $243 million, a decrease of 10% from $269 million in the same period last year, with an EBITDA margin of 39.3% during the period.

Operating cash flow

mm US$	Third Quarter			January - September		
	2019	2018	% Var.	2019	2018	% Var.
EBITDA	381	375	2%	1,071	1,128	-5%
Taxes	(59)	(58)	2%	(181)	(171)	6%
Net interest / Bank commissions	(90)	(81)	11%	(233)	(188)	24%
Change in trade working capital (1) (2)	48	(40)	N/A	(232)	(294)	-21%
Others (provisions, CTA, FX)	(18)	(46)	-61%	29	(23)	N/A
Cash generation	262	150	75%	454	452	0%
CapEx	(73)	(63)	16%	(190)	(199)	-5%
Leasing payments	(39)	(10)	290%	(72)	(34)	112%
Free cash flow	151	77	96%	192	219	-12%
FCF conversion (%)	*39.5%*	*20.5%*		*17.9%*	*19.4%*	
Dividends to Shareholders	(59)	(37)	59%	(159)	(110)	45%
Buy-back shares program	(42)	(19)	121%	(40)	(51)	-22%
New debt (paid)	(7)	(13)	-46%	2	177	-99%
Minority interest payments	(41)	(37)	11%	(110)	(100)	10%
Mergers & Acquisitions	-	-		-	(1,464)	-100%
Others (1)	-	3	-100%	8	270	-97%
Net change in cash	2	(27)	N/A	(106)	(1,059)	-90%
Initial cash balance	592	905	-35%	700	1,937	-64%
Cash balance	594	878	-32%	594	878	-32%

(1) PMV's insurance A/R is not included in trade working capital calculation, it is included in others.

(2) Trade working capital variation (Sep 18 vs Dec 17) includes Netafim's proforma results for comparative purposes.

In Q3 2019, the Company's cash generation and free cash flow reached $262 million and $151 million, respectively, resulting in a strong free cash flow conversion rate of 39.5%. Cash generation was positively influenced mainly by improvements in working capital management. Additionally, we continued to maintain a disciplined approach to capital deployment during the period, reflected in our contained capex investment in our businesses.

Financial debt

	Last Twelve Months	
	Sep 2019	Dec 2018
Net Debt USD million	2,976	2,871
Net Debt/EBITDA 12 M	2.32x	2.05x
Interest coverage	4.41x	5.59x

Note: Net debt includes $0.1 million of letters of credit with maturities of more than 180 days that for covenant purposes are considered gross debt.

As of September 30, 2019, net financial debt was $3.0 billion, comprised of total financial debt of $3.6 billion less cash and cash equivalents of $593 million.

Our net debt/EBITDA ratio was 2.32x as of September 30, 2019, while our Interest Coverage ratio (EBITDA/interest expense) was 4.41x as of that date.

Conference Call Details

Orbia will host a conference call to discuss our Q3 2019 results on October 24th, 2019 at 10:00am Mexico City/11:00 am (US Eastern Time). 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.

A recording of the webcast will be posted on our website within several hours after the call is completed. The webcast can be accessed via the following link: https://services.choruscall.com/links/orbia191024.html

The replay can be accessed via Orbia's website at https://www.Orbia.com/

For all the news, please visit the following webpage https://www.Orbia.com/newsroom/

Consolidated income statement

USD in millions	Third Quarter			January - September		
Income Statement	**2019**	**2018**	**%**	**2019**	**2018**	**%**
Net sales	1,747	1,785	-2%	5,351	5,509	-3%
Cost of sales	1,232	1,289	-4%	3,853	3,964	-3%
Gross profit	**515**	**497**	**4%**	**1,498**	**1,545**	**-3%**
Operating expenses	270	227	19%	830	732	13%
Operating income (loss)	**245**	**270**	**-9%**	**668**	**813**	**-18%**
Financial Costs	**80**	**89**	**-10%**	**231**	**210**	**10%**
Equity in income of associated entity	**-**	**(2)**	**-100%**	**(4)**	**(4)**	**0%**
Income (loss) from continuing operations before income tax	**165**	**183**	**-10%**	**441**	**607**	**-27%**
Cash tax	64	54	19%	171	168	2%
Deferred taxes	(6)	8	N/A	(27)	22	N/A
Income tax	**58**	**62**	**-6%**	**144**	**190**	**-24%**
Income (loss) from continuing operations	**107**	**120**	**-11%**	**297**	**417**	**-29%**
Discontinued operations	-	(1)	-100%	(1)	19	N/A
Consolidated net income (loss)	**107**	**120**	**-11%**	**297**	**437**	**-32%**
Minority stockholders	30	37	-19%	88	113	-22%
Net income (loss)	76	82	-7%	208	323	-36%
EBITDA	381	375	2%	1,071	1,128	-5%
EBITDA wo IFRS 16 effect	360	375	-4%	1,013	1,128	-10%

Consolidated balance sheet

	USD in millions	
Balance sheet	**Sep 2019**	**Dec 2018**
Total assets	**10,215**	**10,062**
Cash and temporary investments	593	700
Receivables	1,317	1,150
Inventories	869	866
Others current assets	283	262
Property, plant and equipment, Net	3,375	3,507
Intangible assets and Goodwill	3,244	3,345
Right of use Fixed Assets, Net	313	-
Long term assets	221	232
Total liabilities	**6,918**	**6,892**
Current portion of long-term debt	447	396
Suppliers	1,351	1,414
Short-term leasings	72	18
Other current liabilities	729	881
Long-term debt	3,122	3,175
Long-term employee benefits	193	182
Long-Term deferred tax liabilities	322	349
Long-term leasings	257	15
Other long-term liabilities	425	462
Consolidated shareholders'equity	**3,297**	**3,170**
Minority shareholders' equity	723	761
Majority shareholders' equity	**2,574**	**2,409**
Total liabilities & shareholders' equity	**10,215**	**10,062**

Notes and Definitions

The results contained in this release have been prepared in accordance with International Financial Reporting Standards ("NIIF" or "IFRS") having U.S. dollars as the functional and reporting currency. Figures are presented in millions, unless specified otherwise.

Commencing Q1 2019, Business Groups EBITDA are reported inclusive of corporate charges; comparable prior year figures have been adjusted accordingly.

In our continuous effort to better inform the market, and as part of our transformation journey to become a more customer-centric organization, beginning in Q1 2019, we have presented Fluent revenues geographically and by global business division: Wavin (Building & Infrastructure in Europe and Amanco in LatAm), Dura-Line (Fluent U.S. and Canada and Fluent AMEA – Datacom) and Netafim (Precision Agriculture).

Fluent Business Group's prior year results include those of Netafim as of the February 7, 2018 acquisition closing date.

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

About Orbia

Orbia is a community of companies bound together by a shared purpose: to advance life around the world. Orbia's business groups 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. The business groups include Precision Agriculture, Building and Infrastructure, Fluor, Polymer Solutions, and Data Communications, which collectively pursue human centric solutions to global challenges. A global leader in specialty products and innovative solutions across multiple sectors of industry and commerce, from agriculture and infrastructure to telecommunications, healthcare and more, Orbia has commercial activities in more than 100 countries and operations in 41, with global headquarters in Mexico City, Boston, 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, 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 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, the website at http://www.ethic-line.com/Orbia, or e-mail at Orbia@ethic-line.com. Orbia's Audit Committee has oversight responsibility for ensuring that all such complaints are appropriately investigated and resolved.