



Polymer
Solutions

Connectivity
Solutions

Building &
Infrastructure

Fluor & Energy
Materials

Precision
Agriculture

Orbia Announces Third Quarter 2024 Financial Results

Mexico City, October 23, 2024 – Orbia Advance Corporation, S.A.B. de C.V. (BMV: ORBIA*) (“the Company” or “Orbia”) today released unaudited results for the third quarter of 2024.

Orbia delivered EBITDA of \$288 million for the third quarter of 2024. Weak market conditions persist and the Company remains cautious for the remainder of the year. Orbia continued to focus on optimizing its cost structure and managing cash flows, resulting in a strong operating cash flow conversion rate of 98% of EBITDA for the quarter.

Q3 2024 Financial Highlights

(All metrics are compared to Q3 year 2023 unless otherwise noted)

- Net revenues of \$1,887 million decreased 4%, driven by lower volumes across all businesses, except for Fluor & Energy Materials and Connectivity Solutions, and lower prices in the Polymer Solutions and Connectivity Solutions business groups.
- EBITDA of \$288 million decreased 10%, driven by lower revenues due to weak construction activity and infrastructure investment, as well as lower prices. This was partly offset by the benefit from cost reduction initiatives across the Company.
- Operating Cash Flow of \$283 million increased by \$65 million, a conversion rate of 98% of EBITDA, due primarily to lower taxes paid and an improvement in working capital compared to the same quarter of the prior year.

“Our third quarter results reflect the ongoing challenges across many of our markets. We remain committed to maintaining financial discipline and focusing on maximizing revenue and managing costs and cash flow effectively to ensure Orbia’s long-term success. Our selective investments in growth initiatives will ensure that we are well-prepared to capitalize on opportunities as market conditions improve. As part of our efforts to provide more visibility into the current business conditions, the measures we are taking to address the current market and the outlook going forward, we will provide a business update in conjunction with the analyst call on October 24th” said Sameer Bharadwaj, CEO of Orbia.

Q3 2024 Consolidated Financial Information¹
(All metrics are compared to Q3 2023 unless otherwise noted)

Financial Highlights	Third Quarter		
	2024	2023	%Var.
Net sales	1,887	1,976	-4%
Cost of Sales	1,457	1,479	-2%
Selling, general and administrative expenses	305	319	-4%
Operating income	125	178	-30%
EBITDA	288	320	-10%
EBITDA margin	15.3%	16.2%	-89 bps
Financial cost (income)	79	79	0%
Earnings before taxes	46	99	-53%
Income tax	(56)	4	N/A
Consolidated net (loss) income	102	95	7%
Net majority (loss) income	86	72	20%
Operating cash flow	283	218	30%
Capital expenditures	(107)	(166)	-36%
Free cash flow	142	27	428%
Net debt	3,695	3,380	9%

Net revenues of \$1,887 million decreased 4%.

The decrease in revenues for the quarter was driven by lower volumes in Building & Infrastructure and Polymer Solutions, and lower prices in Connectivity Solutions and Polymer Solutions. These factors offset volume increases year over year in Fluor & Energy Materials and Connectivity Solutions.

1. Unless noted otherwise, all figures in this release are derived from the Consolidated Financial Statements of the Company as of September 30, 2024 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 \$1,457 million decreased 2% primarily driven by lower volumes, lower raw material costs and the results from operational cost efficiencies.

Selling, general and administrative expenses of \$305 million decreased 4%. As a percentage of sales, SG&A remained flat compared to the previous year at 16.2%.

The decrease was driven by cost control actions, partially offset by restructuring charges.

EBITDA of \$288 million decreased 10%, while EBITDA margin decreased 89 basis points to 15.3%.

The decrease in EBITDA and EBITDA margin was due to lower prices and an unfavorable product mix in Connectivity Solutions and lower revenues in Building & Infrastructure and Polymer Solutions compared to the previous year.

Financial costs of \$79 million remained flat year-over-year. The result was driven by an FX loss, primarily related to depreciation of the Mexican Peso, and lower interest income (lower cash balances versus last year), partially offset by a decrease in interest expense.

An **Income Tax Benefit** of \$56 million was recognized for the quarter. The effective tax rate for the quarter was negative 120.4% compared to a rate of 3.7% for the same quarter in the prior year. The decrease in the effective tax rate was driven by the depreciation of the Mexican Peso against the US Dollar in the quarter. Excluding the impact mentioned before, the effective tax rate was 27.2%.

Net income to majority shareholders of \$86 million in the quarter increased by 20% compared to the prior year. The result was mainly driven by the income tax benefit.

Operating cash flow of \$283 million increased 30% while free cash flow of \$142 million increased by \$115 million.

The increase in operating cash flow was driven by lower taxes paid and an improvement in working capital compared to the same quarter of the prior year. The increase in free cash flow was driven by higher operating cash flow and lower capital expenditures.

Net debt of \$3,695 million included total debt of \$4,604 million, less cash and cash equivalents of \$909 million. The Company's net debt-to-EBITDA ratio was 3.36x, below the previous quarter. Lower net debt, driven mainly by a \$112 million increase in the cash balance and a \$31 million decrease in gross debt due to a foreign exchange benefit (depreciation of the Mexican peso), more than offset the impact of a decrease in the last 12-month EBITDA.

Q3 Revenues by Region

(All metrics are compared to Q3 2023 unless otherwise noted)

Region	Third Quarter			
	2024	2023	% Var. Prev Year	% Revenue
North America	678	703	-4%	36%
Europe	609	595	2%	32%
South America	391	428	-9%	21%
Asia	148	197	-25%	8%
Africa and others	62	53	16%	3%
Total	1,887	1,976	-4%	100%

Q3 2024 Financial Performance by Business Group

(All metrics are compared to Q3 2023 unless otherwise noted)

Polymer Solutions (Vestolit and Alphagary), 32.4% of Revenues

Orbia's Polymer Solutions business group (commercial brands Vestolit and Alphagary) focuses on general purpose and specialty PVC resins (polyvinyl chloride), PVC and zero-halogen specialty compounds with a wide variety of applications in everyday products for everyday life, from pipes and cables to household appliances and medical devices. The business group supplies Orbia's downstream businesses and a global customer base.

Polymer Solutions	Third Quarter		
	2024	2023	% Var.
Total sales*	634	677	-6%
Operating (loss) income	23	23	0%
EBITDA	90	86	5%

*Intercompany sales were \$40 million and \$59 million in Q3 24 and Q3 23, respectively.

Revenues of \$634 million decreased 6%. EBITDA of \$90 million increased 5% and EBITDA margin increased 151 basis points to 14.2%.

The decrease in revenues for the quarter was driven primarily by lower volumes in the derivatives business due to challenging business conditions and lower prices across the product portfolio.

EBITDA and EBITDA margin improved year-over-year despite lower revenues driven by lower ethylene and electricity costs coupled with management's efforts to optimize production and fixed costs.

Building & Infrastructure (Wavin), 32.3% of Revenues

Orbia's Building & Infrastructure business group (commercial brand Wavin) is redefining today's pipes and fittings industry by creating solutions that last longer and perform better, all with less installation

labor required. The business group benefits from supply chain integration with the Polymer Solutions business group, a customer base spanning three continents, and investments in sustainable, resilient technologies for water and indoor climate management.

mm US\$	Third Quarter		
	2024	2023	%Var.
Building & Infrastructure			
Total sales	632	694	-9%
Operating income	41	49	-16%
EBITDA	78	79	-1%

Revenues of \$632 million decreased 9%. EBITDA of \$78 million decreased 1% and EBITDA margin increased 97 basis points to 12.4%.

The decrease in revenues was primarily driven by weak demand in Latin America's most relevant countries due to persistent high interest rates, a competitive pricing environment and investment delays as a result of government changes. The decrease was partly offset by a slightly improved result in EMEA.

EBITDA decreased slightly year-over-year driven by lower revenue, partly offset by continued margin improvements supported by business optimization and operational cost efficiencies.

Connectivity Solutions (Dura-Line), 12.0% of Revenues

Orbia's Connectivity Solutions business group (commercial brand Dura-Line) produces more than 500 million meters of essential and innovative connectivity infrastructure per year to bring a world's worth of information everywhere. The business group produces telecommunications conduit, cable-in-conduit and other HDPE products and solutions that create physical pathways for fiber and other network technologies connecting cities, homes and people.

mm US\$	Third Quarter		
	2024	2023	%Var.
Connectivity Solutions			
Total sales	235	252	-7%
Operating income	19	60	-69%
EBITDA	31	69	-55%

Revenues of \$235 million decreased 7%. EBITDA of \$31 million decreased 55% and EBITDA margin decreased 1,427 basis points to 13.2%.

For the third quarter, revenues were lower despite higher volumes compared to the prior year quarter. The decrease was primarily driven by lower pricing and an unfavorable product mix.

EBITDA was lower due to lower revenues and prices, partly offset by benefits from cost reduction initiatives.

Precision Agriculture (Netafim), 11.9% of Revenues

Orbia's Precision Agriculture business group's (commercial brand Netafim) 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 worldwide grow more with less, the business group is contributing to feeding the planet efficiently and sustainably.

mm US\$	Third Quarter		
	2024	2023	%Var.
Precision Agriculture			
Total sales	232	250	-7%
Operating income (loss)	(4)	(8)	-50%
EBITDA	24	19	28%

Revenues of \$232 million decreased 7%. EBITDA of \$24 million increased by \$5 million and EBITDA margin increased by 281 basis points to 10.2%.

Revenues decreased due to continued soft demand in the U.S. and Turkey, despite higher volumes driven by continued growth in China, Africa and Latin America due to increased penetration in extensive crops.

EBITDA and EBITDA margin improved due to significant cost saving efforts.

Fluor & Energy Materials (Koura), 11.3% of Revenues

Orbia's Fluor & Energy Materials business group (commercial brand Koura) provides fluorine and downstream products that support modern, efficient living. The business group owns and 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\$	Third Quarter		
	2024	2023	%Var.
Fluor & Energy Materials			
Total sales	221	187	18%
Operating income	47	54	-12%
EBITDA	66	67	-2%

Revenues of \$221 million increased 18%. EBITDA of \$66 million decreased by 2% and EBITDA margin decreased 615 basis points to 29.7%.

Revenues for the quarter increased year-over-year driven by higher minerals volumes. The revenue growth was mainly due to management's focus on maximizing volumes and optimizing quota restrictions.

EBITDA decreased driven by product mix because of lower revenues from refrigerant gases due to lower quota and customer inventory management initiatives, partly offset by higher minerals revenues and lower operating costs.

Balance Sheet, Liquidity and Capital Allocation

Orbia's net debt-to-EBITDA ratio decreased slightly compared to the previous quarter at 3.36x due to an increase in the cash balance. The Company had cash on hand of \$909 million, an increase of \$112 million compared to the previous quarter. The gross debt decreased by \$31 million due to a foreign exchange benefit (depreciation of the Mexican peso) partly offset by an increase in borrowings of \$40 million. The net debt improvement helped to offset the impact of a decrease in the last 12-month EBITDA.

Working capital decreased by \$111 million during the quarter compared to a decrease of \$80 million in the prior-year quarter. Capital expenditures of \$107 million decreased 35% year-over-year, including ongoing maintenance spending and investments to support the Company's growth initiatives.

During the quarter, Orbia paid \$40 million as the third installment of the ordinary dividend approved at the Annual Shareholders Meeting held on April 2024.

2024 Outlook

The market hasn't recovered in the second half of the year as the Company had expected at the end of the prior quarter. As a result, the updated EBITDA guidance for 2024 is \$1.10 to \$1.15 billion. The capital expenditures are expected to be between \$450 and \$480 million, and the effective tax rate between 27% and 31%, excluding the impact of inflation and foreign exchange rate changes in Mexico.

Orbia is continuing to take proactive steps to improve its balance sheet and position the Company to execute on announced strategic growth opportunities. The Company will share more details on its October 24 Business Update.

Conference Call Details

Orbia will host a conference call to discuss third quarter results and to provide a business update on October 24, 2024, at 9:00 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/this-is-orbia/newsroom.

Consolidated Income Statement

mm US\$ Income Statement	Third Quarter			January - September		
	2024	2023	%	2024	2023	%
Net sales	1,887	1,976	-4%	5,726	6,432	-11%
Cost of sales	1,457	1,479	-2%	4,362	4,641	-6%
Gross profit	430	497	-13%	1,364	1,791	-24%
Selling, general and administrative expenses	305	319	-4%	960	993	-3%
Operating income	125	178	-30%	404	798	-49%
Financial cost	79	79	0%	253	312	-19%
Equity in income of associated entity	0	0	704%	2	-	
Impairment expense	-	0	N/A	-	4	N/A
Income from continuing operations before income tax	46	99	-53%	153	482	-68%
Income tax	(56)	4	N/A	(126)	275	N/A
Consolidated net income	102	95	7%	279	207	35%
Minority stockholders	16	23	-28%	72	72	1%
Majority Net (loss) income	86	72	20%	207	135	53%
EBITDA	288	320	-10%	875	1,234	-29%

Consolidated Balance Sheet

Balance sheet	mm US\$		
	Sep 2024	Dec 2023	Sep 2023
Total assets	11,478	11,552	11,625
Current assets	3,893	4,170	4,468
Cash and temporary investments	909	1,456	1,486
Receivables	1,686	1,461	1,358
Inventories	1,231	1,200	1,193
Others current assets	67	53	432
Non current assets	7,585	7,382	7,156
Property, plant and equipment, net	3,340	3,370	3,265
Right of use fixed assets, net	464	469	352
Intangible assets and goodwill	3,100	3,148	3,142
Long-term assets	681	395	398
Total liabilities	8,280	8,334	8,370
Current liabilities	2,558	2,537	2,730
Current portion of long-term debt	273	466	496
Suppliers	1,271	1,228	1,261
Short-term leasings	115	106	91
Other current liabilities	899	737	882
Non current liabilities	5,722	5,797	5,639
Long-term debt	4,331	4,420	4,370
Long-term employee benefits	136	139	136
Long-term deferred tax liabilities	347	359	373
Long-term leasings	369	383	267
Other long-term liabilities	539	496	492
Consolidated shareholders' equity	3,198	3,218	3,255
Minority shareholders' equity	562	604	623
Majority shareholders' equity	2,636	2,614	2,632
Total liabilities & shareholders' equity	11,478	11,552	11,625

Cash Flow Statement

mm US\$	Third Quarter			January - September		
	2024	2023	%Var.	2024	2023	% Var.
EBITDA	288	320	-10%	875	1,234	-29%
Taxes paid, net	(26)	(118)	-78%	(120)	(342)	-65%
Net interest / bank commissions	(58)	(65)	-11%	(214)	(211)	1%
Change in trade working capital	111	80	39%	(138)	(60)	128%
Others (other assets - provisions, Net)	(25)	(37)	-32%	(114)	(111)	3%
CTA and FX	(7)	39	N/A	(52)	93	N/A
Operating cash flow	283	218	30%	237	603	-61%
Capital expenditures	(107)	(166)	-35%	(346)	(470)	-26%
Leasing payments	(34)	(25)	38%	(79)	(73)	9%
Free cash flow	142	27	425%	(188)	60	N/A
<i>FCF conversion (%)</i>	<i>49.2%</i>	<i>8.4%</i>		<i>(0)</i>	<i>4.8%</i>	<i>N/A</i>
Dividends to shareholders	(40)	(60)	-33%	(120)	(180)	-33%
Buy-back shares program	(4)	13	N/A	(4)	21	N/A
Debt	40	197	-80%	(106)	98	N/A
Minority interest payments	(38)	(37)	4%	(97)	(100)	-3%
Mergers & acquisitions	-	-		(0)	(8)	-97%
Financial instruments and others	12	61	-80%	(32)	47	N/A
Net change in cash	112	202	-44%	(547)	(61)	799%
Initial cash balance	797	1,283	-38%	1,456	1,546	-6%
Cash balance	909	1,486	-39%	909	1,486	-39%

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 Advance Corporation, S.A.B. de C.V. (BMV: 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 & Infrastructure (Wavin), Precision Agriculture (Netafim), Connectivity Solutions (Dura-Line) and Fluor & Energy Materials (Koura) sectors. The five Orbia business groups have a collective focus on expanding access to health and well-being, reinventing the future of cities and homes, ensuring food, water and sanitation security, connecting communities to information and enabling the energy transition with basic and advanced materials, specialty products and innovative solutions. Orbia has a global team of over 24,000 employees, commercial activities in more than 100 countries and operations in over 50, with global headquarters in Boston, Mexico City, Amsterdam and Tel Aviv. The company generated \$8.2 billion in revenue in 2023. To learn more, visit: [orbia.com](https://www.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 forward-looking statements included in this press release are subject to a number of material risks and uncertainties, and our results may be materially different from current expectations due to 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 affecting our operations, markets, products, services and prices 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/financials/annual-reports/>. 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. 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 www.ethics.orbia.com or via email at ethics@orbia.com. Orbia’s Audit Committee has oversight responsibility for ensuring that all such complaints are appropriately investigated and resolved.