

Orbia

Third Quarter 2025 Earnings Results
Conference Call

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CORPORATE PARTICIPANTS

Sameer Bharadwaj – *Chief Executive Officer*

Jim Kelly – *Chief Financial Officer*

Diego Echave – *VP of Investor Relations*

PRESENTATION

Operator

Good morning, and welcome to Orbia's Third Quarter 2025 Earnings Conference Call. As we turn to slide one, all participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star then one on your telephone keypad. To withdraw your question, please press star then two. Please note this event is being recorded. I would now like to turn the conference over to Diego Echave, Orbia's Vice President of Investor Relations. Please go ahead.

I would now like to turn the conference over to Diego Echave, Orbia's Vice President of Investor Relations. Please go ahead, sir.

Diego Echave

Thank you, operator. Good morning, and welcome to Orbia's third quarter 2025 earnings call. We appreciate your time and participation. Joining me today are Sameer Bharadwaj, CEO, and Jim Kelly, CFO.

Before we continue, a friendly reminder that some of our comments today will contain forward-looking statements based on our current view of our business, and actual future results may differ materially. Today's call should be considered in conjunction with cautionary statements contained in our earnings release and in our most recent Bolsa Mexicana de Valores report. The company disclaims any obligation to update or revise any such forward-looking statements.

Now, I would like to turn the call over to Sameer.

Sameer Bharadwaj

Thank you Diego, and good morning, everyone. Before we begin discussing this quarter's results, I would like to thank our global employees for their continued commitment to improving business performance and staying customer-focused in difficult market conditions.

Turning to Slide 3. I will share a high-level overview of our third quarter 2025 performance. Revenues of \$2 billion increased 4% year-over-year and EBITDA of \$295 million increased 2% compared to the prior year period. Our performance this quarter reflects subdued end markets in some of our business groups with some positive signs in others.

As a result, we are reaffirming our 2025 EBITDA guidance adjusted for non-operating items of between \$1.1 billion and \$1.2 billion, with results likely falling in the lower half of the range. In this environment, we are intensely focused on strengthening our leading market positions, making important progress on cost reduction and cash generation, realizing incremental profitability from recently completed investments, executing non-core asset sales and taking proactive actions to simplify and strengthen our business and balance sheet for the long term.

I will now turn the call over to Jim to go over our financial performance in further detail.

Jim Kelly

Thank you, Sameer, and good morning, everyone. I'll start with a discussion of our consolidated third quarter results on Slide 4. Net revenues of \$2 billion increased by 4% year-over-year, reflecting higher sales across all business groups. Revenue growth was mainly driven by strong demand in Precision Agriculture and Connectivity Solutions, higher volume in Polymer Solutions,

favorable pricing across several regions in Building & Infrastructure, and strength in Fluor & Energy Materials. I'll provide a more comprehensive description of these factors in the business-by-business section.

EBITDA was \$295 million in the quarter, a 2% increase year-over-year. Higher volume in Connectivity Solutions and a favorable product mix in Precision Agriculture were partially offset by lower resins pricing in Polymer Solutions, restructuring costs in Building & Infrastructure and higher input costs in Fluor & Energy Materials.

Operating cash flow of \$271 million decreased by \$12 million compared to the prior year quarter and free cash flow in the quarter of \$144 million improved by \$2 million year-over-year. The decrease in operating cash flow was driven by lower cash generation from working capital. The increase in free cash flow was driven by lower capital expenditures, which more than offset lower operating cash flow.

Net debt-to-EBITDA decreased from 3.98x to 3.85x during the quarter. This decrease was primarily driven by an increase in cash and cash equivalents of \$132 million and an increase in the last 12 months EBITDA of approximately \$7 million, offset by an increase in total debt of \$26 million. The increase in debt was entirely driven by the appreciation of the Mexican peso during the quarter and included a paydown of \$7 million of debt in the quarter.

Net debt-to-EBITDA at the end of the third quarter using adjusted EBITDA to better reflect underlying earnings decreased from 3.51x to 3.42x. On October 6, 2025, Orbia redeemed and canceled the remaining portion of its 2027 senior notes in accordance with their underlying indenture. This transaction represented the final step of the completion of the refinancing of our near-term debt maturities that was initiated in the second quarter.

Turning to Slide 5, I'll review our performance by business group. In Polymer Solutions, third quarter revenue of \$647 million increased 2% year-over-year, largely driven by higher resins volume, partially offset by lower derivatives volume and lower resin pricing. Third quarter EBITDA of \$78 million declined 13% year-over-year with an EBITDA margin of 12%. The decrease was primarily driven by lower resin pricing and higher ethane costs.

In Building & Infrastructure, third quarter revenue was \$647 million, an increase of 2% year-over-year, driven by better pricing across most of EMEA, Brazil and the Andean region, partly offset by lower volume and pricing in Mexico and Eastern Europe and the recently completed non-core asset divestments.

Third quarter EBITDA was \$76 million, a decrease of 3% year-over-year with an EBITDA margin of 12%. The decrease was driven by restructuring costs and an unfavorable product mix in Western Europe, partially offset by better results in the UK and Brazil and continued benefits from cost reduction initiatives.

Moving to Precision Agriculture. Third quarter revenue was \$257 million, an increase of 11% year-over-year. The increase in revenues for the quarter was primarily driven by strong demand in Brazil and the U.S. as well as higher project activity in Africa and Peru. These improvements were partially offset by declines in Mexico and Central America. Third quarter EBITDA was \$30 million, an increase of 28% year-over-year with an EBITDA margin of 12%. The increase was driven by higher revenues and a favorable product mix.

In our Connectivity Solutions business, third quarter revenue was \$253 million, an increase of 8% year-over-year. The increase in revenues for the quarter was driven by strong volume growth, supported by increased demand in telecommunications and datacenter markets as well as a favorable product mix, partially offset by lower prices. Third quarter EBITDA increased 36% year-over-year to \$42 million with an EBITDA margin of 17%. The increase was primarily driven by higher revenues, higher plant utilization levels and benefits from cost reduction initiatives, partly offset by lower prices.

Finally, in our Fluor & Energy Materials business, third quarter revenue was \$227 million, an increase of 3% year-over-year, driven by strong demand across most of the product portfolio, partially offset by constrained volume and shipment timing for upstream minerals and intermediates.

Third quarter EBITDA was \$64 million, a decrease of 3% year-over-year with an EBITDA margin of 28%. The decrease was driven by higher input costs across key raw materials, freight costs and unfavorable currency fluctuations, partly offset by strength in refrigerants and the benefits from cost savings initiatives.

Turning to Slide 6. I'd like to provide an update on our progress in improving earnings and strengthening our balance sheet as first outlined in our October 2024 Business Update and reviewed again last quarter. First, by the end of Q3 2025, our cost reduction program achieved \$169 million in annual savings compared to 2023. This represents 68% of our target to reach a savings level of \$250 million per year by 2027.

Second, the contribution from recently completed or close to complete organic growth investments, which are primarily focused on new product launches and capacity expansions, reached approximately \$35 million of EBITDA year-to-date. The goal is to achieve \$150 million in incremental EBITDA per year from these investments by 2027.

And finally, we have signed agreements that have generated net proceeds of approximately \$83 million from non-core asset divestments as of the end of the third quarter of 2025, exceeding our full year target of at least \$75 million. We continue to aim for total proceeds of approximately \$150 million by the end of 2026.

Before I turn the call over to Sameer, I'd like to comment on a recent change in our credit rating. On Tuesday, Moody's announced the downgrade of our debt rating from Baa3 to Ba1, largely as a result of their more pessimistic view of the chemical sector trends and their belief that a market recovery does not appear imminent. We remain focused on our plan to generate cash and reduce leverage supported by the initiatives that we've been executing on since last year.

As I previously indicated, all of these initiatives are on track. The business continues to show its resilience with year-to-date adjusted EBITDA margin slightly above 15%. We also have strong liquidity with cash on hand of \$991 million and availability of \$1.4 billion of committed funds on our revolving credit facility.

Finally, we extended all of our material debt maturities to 2030 and beyond, and we have healthy and stable cash generation from operations to service our debt commitments. We will continue to maintain an open dialogue with the credit rating agencies, investors, bankers and the general public, consistent with how we have done this over the last years, providing updates on our progress toward improving our financial ratios and strengthening our balance sheet.

With that, I will now turn the call back over to Sameer.

Sameer Bharadwaj

Thank you, Jim. Turning to Slide 7. I will now provide an update to our outlook for the current year. The underlying assumptions for the Company's guidance reflect a continued subdued environment in Polymer Solutions and Building & Infrastructure, partially offset by improving conditions in Precision Agriculture, Connectivity Solutions and Fluor & Energy Materials.

Therefore, we reaffirm the full year 2025 adjusted EBITDA guidance range of 1.1 billion to 1.2 billion, likely falling in the lower half of the range. The company also reaffirms its 2025 capital expenditures guidance of approximately 400 million with a continued focus on investments to ensure safety and operational integrity, completing growth projects under execution that are close to revenue and being extremely selective on any new growth investments.

Now looking ahead in each of our business segments for the coming quarter and remainder of the year.

Beginning with Polymer Solutions, persistent weak market dynamics driven by excess supply and lower export prices from China and the U.S. are expected to continue for the remainder of the year alongside rising ethane and ethylene input costs. While the first half was marked by raw material disruptions and operational issues in derivatives, the business has now stabilized operations and is focused on running at high utilization to improve profitability and cash management control.

In Building & Infrastructure, we anticipate modest growth driven by new product launches and margin expansion. This growth is expected despite persistently challenging conditions in Western Europe and Mexico. To navigate this environment, the business remains intensely focused on realizing operational cost efficiencies to further improve profitability.

In Precision Agriculture, market conditions are expected to remain stable to slightly improving, supported by continued positive momentum in Brazil and the U.S. The company anticipates continued strong performance in parts of Latin America and from projects in Africa. The business will remain focused on driving growth through deeper penetration in extensive crops while maintaining a consistent emphasis on cost management and working capital improvements.

In Connectivity Solutions, we expect continued volume growth throughout the year, supported by sustained momentum in network deployment, datacenter demand and investment in the power sector. Profitability is set to grow, driven by the benefits of cost-saving initiatives and higher facility utilization.

And finally, in Fluor & Energy Materials, we expect continued strength in fluorine markets with resilient demand and pricing expected through the remainder of the year, which will help offset input cost increases. To support margins, the business is centered on prioritizing cost control initiatives complemented by active product portfolio management to maximize value creation.

In summary, our near-term priorities are to deliver on our commitments, de-lever the balance sheet, simplify operations and focus on our core business. We aim to improve EBITDA and cash flow through cost savings and growth from recently completed project investments, complemented by cash generation from non-core asset sales.

These actions will enable us to significantly improve our leverage and strengthen our balance sheet by the end of 2026 without relying on potential market recovery or further benefits from business simplification. We remain committed to meeting customer needs and generating long-term value for our shareholders.

Before I turn the call over for Q&A, I would like to note that we have issued a formal statement regarding recent market rumors about the Precision Agriculture business. As indicated in that statement, the company is continually engaged in assessing opportunities to optimize its portfolio and create value for its shareholders.

Operator, we are ready to take questions at this time.

QUESTION AND ANSWER

Operator

Thank you. We will now begin the question-and-answer session. To ask a question, you may press star then one on your touchtone phone. If you are using a speaker phone, please pick up your handset before pressing the keys. If at any time your question has been addressed and you would want to withdraw your question, please press star then two. At this time, we will pause momentarily to assemble our roster.

And your first question today will come from Andres Cardona with Citi. Please go ahead.

Andres Cardona

Hi. Good morning, Sameer, Jim, Diego. Thanks for the comment about Netafim. Staying on the capital allocation front, I just wanted to ask a very straight question about the JV you have with OxyChem and if there is any tag-along right that you may eventually decide to secure to exit your investment in this particular business. And if it exists, if there is any timeline for you guys to trigger it? Thank you.

Sameer Bharadwaj

Thank you, Andres. As you are aware, earlier this month, it was announced that Berkshire Hathaway had agreed to acquire the Occidental Petroleum's Chemicals business, including our joint venture with OxyChem in Ingleside, Texas. Now this joint venture is important and of significant value to both parties, and we are pleased that Berkshire Hathaway has decided to make this investment.

Their long-term perspective and their commitment, now at the bottom of the cycle, validates the belief in the long-term prospects and value of the PVC chlor-alkali sector. And so on our side, we look forward to building a strong collaborative and productive relationship with our new partners, Berkshire Hathaway. And as far as any tag-along rights are concerned, no, there are no tag-along rights as such, and things continue as usual.

Andres Cardona

Thank you, Sameer.

Sameer Bharadwaj

Thank you, Andres.

Operator

And your next question today will come from Tasso Vasconcellos with UBS. Please go ahead.

Tasso Vasconcellos

Hi, Sameer, Jim, thanks for taking my question here. I do have a question on the CapEx side. You did reaffirm the \$400 million in CapEx for this year. I'm just wondering how do you view this level of CapEx as being sustainable looking forward? Because we have been reducing the disbursements because of the low of the cycle. So I'm just wondering if the cycle turns or if it doesn't, maybe looking one, two or three years ahead, if you should do some kind of catch-up on this CapEx or if eventually, you'll be able to maintain the maintenance CapEx at this low level? That's my question. Thank you.

Sameer Bharadwaj

Tasso, thank you for the question. In fact, the way we think about capital expenditures is our first and foremost priority is safety and asset integrity that allows business continuity. And so we will not compromise on that, because that can have serious consequences both from a disruption standpoint as well as safety standpoint.

And so our steady-state maintenance CapEx, it varies depending on the turnarounds for the different plants in various years, but it's somewhere in the range of \$250 million to \$270 million. And anything in addition to that is basically completing projects that we have already started so that they can get to revenue as soon as possible.

And we would be extremely selective about any growth capital investment while we are going through the bottom of the cycle, right? And so our expectation would be to not compromise on maintenance CapEx and be super selective on growth CapEx going forward.

Tasso Vasconcellos

That's clear. Thank you.

Sameer Bharadwaj

Yeah.

Operator

And your next question today will come from Alejandra Obregon with Morgan Stanley. Please go ahead.

Alejandra Obregon

Hi. Good morning, Orbia team. Thank you for taking my question. I actually have two. The first one is on your optimization program. I was wondering if you can elaborate on what has been achieved so far? Where do you think there is more room for 2026? And if there's any region or any division that you believe could be optimized more for the coming year and how should we think of it?

And then the second one is on the fluorspar division. I was just wondering if you have observed any recent change in the supply chain of fluorspar or maybe HF among your conversations or with your customers and competitors. This in the context of tightening export policies in China, and of course, the increased scrutiny over critical minerals. It's clear that fluorspar is gaining some recognition, I have to say, as a strategic resource. So just wondering if you think that Mexico and Orbia could emerge as a relevant partner or a more relevant partner for the U.S. So, thank you. Those are my questions.

Sameer Bharadwaj

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Okay. Well, look, I'll let Jim respond to the first question, and I can complement that as necessary, and I'll take the second question.

Jim Kelly

Thanks, Alejandra. Appreciate the question. In terms of the optimization efforts, as I mentioned during my comments, the three key legs of the program that we announced a year ago are very much on track. So the cost reductions of \$169 million achieved cumulatively since 2023, so over the past couple of years, with \$250 million. And I would say at this point, honestly, \$250 million plus being the objective by the time we get to 2027. We continue to look for alternatives and are proactive about continuing to drive cost reductions across all areas of the business.

And secondly, we talked about the generation of EBITDA through already implemented or, as Sameer calls it, near revenue growth projects that we've been driving, and that is on track to generate another \$150 million of EBITDA by the time we get to 2027.

And then the third element being the cash generation from the sale of non-core assets, where we've said we would generate approximately \$150 million or potentially even more through 2025 and 2026, and we are ahead of schedule on that. We mentioned already having achieved about \$85 million on that through -- so far through this year relative to our target of \$75 million.

So that is well on track. And I believe that there are additional alternatives that we can be executing as we go through the remainder of the period of the next couple of years to continue to drive the de-levering plan that we've stated.

And important to note that as you see the results of that is in the third quarter, we did see leverage come down, as I noted in my comments from 3.51x to 3.42x, and we would expect that process to continue over the remainder of this year and through next year. So I think we are beginning to see the results of that, and we'll continue to be aggressive in finding ways to continue that process.

Sameer Bharadwaj

So as far as your second question is concerned, Ale, fluorspar is on the list of U.S. critical minerals and Orbia maintains its position as the global market leader in fluorspar supply. This competitive edge is difficult to replicate due to the unique assets Orbia controls and its exclusive rights to operate these critical resources in Mexico.

So in that context, we expect the fluorine chain to continue to remain tight through the course of the decade with growth in new applications such as lithium-ion batteries and semiconductors. And the Mexico-U.S. corridor will play a very important role in securing that value chain for the U.S. So you're absolutely right. This is very important to us, and we are very well-positioned to take advantage of this.

Alejandra Obregon

Thank you. And perhaps can you remind us of your utilization in your fluor plant in San Luis Potosi at the moment?

Sameer Bharadwaj

So the mine actually is running at -- we are basically producing at maximum output. There have been some constraints with respect to the optimization of the tailing circuit and the water circuit, and we have been optimizing that over the last year with new technologies, and that will allow us to increase the output even more next year. But the bottom line is we sell every fluorine atom we

produce. So we are completely maxed out, and our strategy is to place that fluorine atom in the highest value segments and the most profitable segments down the chain.

Alejandra Obregon

Understood. Thank you very much, Sameer and Jim.

Sameer Bharadwaj

Thank you.

Operator

And your next question today will come from Leonardo Marcondes with Bank of America. Please go ahead.

Leonardo Marcondes

Hi, everyone. Good morning. Thank you for picking my questions. I have two from my end and the two are regarding the Netafim, right? So you mentioned the non-core asset sales, right? But could you maybe provide a bit better color on what you're thinking about the sale of core assets, right? How relevant this is for you nowadays? If you guys -- if this is something that you guys are considering?

And the second question, this one is more related to Netafim, right? I mean when you bought the assets in 2018, right, and the first time you disclosed the company's EBITDA, I mean, Netafim's EBITDA was in 2019, the EBITDA was around \$190 million, right? So, if you guys could do a small analysis of what happened with Netafim over the past years that lead to a drop in profitability and drop in EBITDA as well. If you guys see any micro or macro trends there, I mean, this would be very helpful. Thank you.

Sameer Bharadwaj

Okay. Leonardo, let me address both of your questions here. In terms of non-core asset sales, what we call non-core are these small sales of smaller businesses or segments that are not strategic to us long-term or sale of land buildings and machinery. And these are relatively small amounts. And as Jim said, we executed on about \$83 million of non-core asset sales this year.

With respect to Netafim, right, we are aware of certain recent media reports and market speculation concerning a potential divestiture of the business. Now we are continually engaged in assessing opportunities to optimize the company's portfolio. And we don't comment on market rumors on speculation.

We are obviously committed to providing material information to the market in accordance with our disclosure obligations and regulatory requirements. We continue to assess ways in which potential changes to our portfolio could help on our focus, reduce leverage and create significant shareholder value.

And this includes considering divesting in whole or in part businesses that we determine are not an optimal fit within our portfolio or that would create more value under a different owner. Any such process would be done deliberately on a timeline we determine. Our focus remains building a strategically focused, highly synergistic portfolio going forward with a single-minded dedication to creating value for our shareholders, okay?

Now in terms of what happened to Netafim over the last several years in terms of profitability, Netafim's profitability at its peak was around in the mid-180s, around \$180 million, \$185 million.

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And back then, the market, particularly in the U.S., for our traditional heavy wall market and also in Europe were very strong.

And these heavy wall crops typically are almonds, pistachios, walnuts, the entire greenhouse market in the Netherlands, where all the major greenhouses use Netafim equipment. And that took a significant hit after COVID. So, there were blockbuster years. There were huge inventories created, supply chain restrictions prevented exports of these materials. And then there was a significant slowdown in our traditional heavy wall markets and that led to a decline in profitability.

And the breaking out of the war in Europe had energy costs go through the roof and that impacted the greenhouse market, the drip irrigation equipment that we sell into greenhouses in a very significant way. We compensated for that by growing in new areas, in particular, the thin wall market, which is used for a broader -- fruits, vegetables and seasonal crops. And we have had tremendous growth in volume in the thin wall segment, but that comes at a somewhat lower profitability and wasn't enough to offset the decline in profitability in the heavy wall segment.

Now what we have seen in the past 12 to 18 months, and you've seen a consistent improvement in Netafim's performance over the last couple of years, and we have also been focused on reducing costs, optimizing the footprint, focusing on cash generation. There's a huge focus on cash flow generation within Netafim. And you can see that in the results. And we are beginning to see some of our core markets like the United States, Mexico come back.

And, in particular, Brazil is an exceptionally strong market, driven by growth in coffee, cocoa, oranges, citrus and a number of other crops, okay? So, I think we are in a very good trajectory to continue the improvement that we see in Netafim and with a strong focus on cash generation. But essentially, that's what happened with that business over the last several years.

Leonardo Marcondes

That's very clear. Thank you very much.

Sameer Bharadwaj

Yes. And the thing to note is, you know, the thin wall market that we have created is completely complementary. So, when the heavy wall market recovers, and we are beginning to see signs of that, that will be all additive. And so, there is tremendous operating leverage in Netafim's earnings going forward.

Leonardo Marcondes

Great. Thank you. Thank you.

Sameer Bharadwaj

Thank you.

Operator

Again, if you have a question, please press star and then one, please stand by as we pull for questions. And your next question today will come from Jeff Wichmann with Payden & Rygel. Please go ahead.

Jeff Wichmann

Hi, guys. Thank you for the call. Could you provide an update on where you think leverage will be at the end of this year and then at the end of 2026, please?

Sameer Bharadwaj

Jim, do you want to take this question?

Jim Kelly

Sure. I'd be happy to do that. Thanks for the question, Jeff. So, as I mentioned, we do expect that we'll continue to see a reduction from where we were at the end of Q3. So, this is -- normally, we have a seasonal reduction in working capital, in particular, on top of all the initiatives that we've been driving. So, my expectation for the end of the year is we talk about the leverage based on our adjusted EBITDA.

That's the one that I talked about that went from 3.51x down to 3.42x. I would expect that to end in the roughly 3.2x region by the end of the year. And we continue to drive significant reductions as we go through 2026. And I would expect to be in probably the kind of certainly between 2.5x and 3x, probably around the middle of that range, 2.7-ish, 2.8-ish range, by the end of next year, based on what we see right now.

Jeff Wichmann

Got it. Thank you. And then could you give us an update on what Netafim EBITDA is currently?

Sameer Bharadwaj

Jim, go ahead.

Jim Kelly

So when you say what Netafim is currently in what regard in terms of their EBITDA or...?

Jeff Wichmann

EBITDA, please?

Jim Kelly

So on a year-to-date basis -- just give me one second. So on a year-to-date basis, we are at \$103 million and we would have an expectation to be in the -- close to the \$130 million or slightly above \$130 million range, I would say, for the full year in that business.

Jeff Wichmann

Got it. Thank you very much. That's it from me.

Jim Kelly

Thank you, Jeff.

Operator

And your next question today will come from Jaskaran Singh with Goldman Sachs. Please go ahead.

Jaskaran Singh

Hi, thank you for taking my question. Just a small clarification on the debt maturities that is there in the appendix. It shows a bank loan of \$266 million in 2025. Is the expectation that this will be rolled?

Jim Kelly

Yes, I'm sorry.

Sameer Bharadwaj

Did you hear the question?

Jim Kelly

Yes, I did the question now. So the expectation is, yes, that the bank debt that we have outstanding will be rolled over. We do not expect to have to pay that down. We'll speak with the banks and just roll that over. Although as we pay down our debt in the coming years, that may be one of the alternatives that we consider in terms of debt reduction, some combination potentially of that and the outstanding bonds. But the expectation right now, I would say, would be to roll that debt.

Jaskaran Singh

Got it. So second question is just on Moody's. You mentioned like you are in constant touch with the rating agencies. I see that ratings are still on a negative outlook and Moody's looks at a downgrade trigger is gross leverage of around 3.5x. I think -- so within that, could we expect any divestment that you already that is rumoured? And would that lead to basically redemption of bonds? Just if you can share any thoughts on that because gross leverage as of LTM is around 4.8x, which needs to be around 3.5x for Moody's to at least stabilize the ratings at Ba1?

Sameer Bharadwaj

I think you've already commented on. Go ahead, Jim.

Jim Kelly

No, I was just going to say that we can't predict necessarily what other rating agencies will do. Moody's has decided to downgrade based on their metrics and their view of what the chemical sector is going to look like in the coming years. Their projections of leverage are through their model and how they view the world. We will continue to drive, as I mentioned during the comments that I made, the initiatives that we've had going that we talked about starting a year ago, but honestly, which we began considerably before the time that we had a public discussion about the sort of the three legs of the initiatives.

We will continue to drive those things and the things that are within our control to bring our leverage down. So in terms of whether we would be looking to divest of assets to help to drive this or whatever, I think Sameer addressed that. And any potential divestiture of assets, I would say, would be largely driven by shareholder value creation and focus of Orbia's portfolio and our ongoing strategy more so than being focused just to de-lever. So we'll continue on the things that we control. And as you have seen, we will continue to bring the leverage down as we've already begun to do. And that process will continue over the course of the next coming years.

Sameer Bharadwaj

Yes. But as Jim said, we have a strong plan to continue to de-lever as we generate earnings growth and free cash flow over the next two or three years. And any portfolio move only accelerates that effort. That's it.

Jaskaran Singh

Sure. Thank you, Jim and Sameer. Thank you.

Sameer Bharadwaj

Thank you.

Operator

And your next question today is a follow-up from Alejandra Obregon of Morgan Stanley. Please go ahead.

Alejandra Obregon

Hi, thank you for taking my follow up. If I can just piggyback on the prior question about the EBITDA for Netafim. If you can help us understand how much of that is the Netafim business and how much of that is Mexichem's legacy irrigation business? And if you were to explore alternatives around the division, would that include the whole thing or would that exclude Mexichem's irrigation legacy business?

Sameer Bharadwaj

I think there's some confusion around that. I mean, at this point of time, there is no -- I mean, there is only one irrigation business. And so a long time ago, all operations were merged. And as of today, there is only one irrigation business and Netafim is what it is.

Alejandra Obregon

Got it. Understood. Thank you very much.

Sameer Bharadwaj

Yes, there might be some confusion with PVC pipe we may have sold through Wavin into the Irrigation segment, but that is completely independent of the drip irrigation systems that we sell.

Conclusion**Operator**

This will conclude our question-and-answer session. I would like to turn the conference back over to Sameer Bharadwaj for any closing remarks.

Sameer Bharadwaj

Thank you, Nick. Our business continues to show resilience in challenging market conditions. With all our actions, we have created meaningful operating leverage to increase profitability when market conditions normalize. Thank you for participating in today's call. I look forward to our next update in February.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.