



Orbia Announces Third Quarter 2022 Financial Results

Mexico City, October 26, 2022 – Orbia Advance Corporation, S.A.B. de C.V. (BMV: ORBIA*) (“the Company” or “Orbia”) today released unaudited results for the third quarter of 2022.

Orbia delivered flat revenues year-over-year while facing macroeconomic challenges including high inflation, pockets of economic stagnation, the energy crisis in Europe, COVID lockdowns in China and currency headwinds. This resulted in lower profitability in the quarter, with decreases in Polymer Solutions, Building and Infrastructure and Precision Agriculture partially offset by strength in Fluorinated Solutions and Connectivity Solutions. Orbia continues to demonstrate resilience in its businesses and maintains a strong balance sheet with robust long-term fundamentals for its businesses.

Q3 2022 Financial Highlights

(All metrics are compared to Q3 2021 unless otherwise noted)

- Net revenues of \$2.3 billion were flat year-over-year, with higher sales in Connectivity Solutions and Fluorinated Solutions, offset by lower sales in Polymer Solutions, Building and Infrastructure and Precision Agriculture.
- EBITDA of \$381 million decreased 28%, driven by higher input costs, lower volumes in certain segments and currency headwinds, partially offset by higher profitability in Connectivity Solutions and Fluorinated Solutions.
- Net majority income of \$86 million decreased 56%, driven by lower EBITDA.
- Free cash flow of \$101 million increased by \$11 million, reflecting effective working capital management, which more than offset lower EBITDA and increases in capital expenditures and taxes paid.

“I would like to thank the entire Orbia team for their continued commitment to delivering value for our shareholders. Our team remained dedicated to serving our customers’ needs while addressing key world problems in a highly challenging environment,” said Sameer Bharadwaj, CEO of Orbia. “Our results this quarter demonstrate our resilience, as strong results in Connectivity Solutions and Fluorinated Solutions and our vertical integration helped mitigate issues across the other business groups.”

Added Bharadwaj, “During the quarter, we continued to execute on our strategy and our goal to be a recognized provider of sustainable solutions, which we detailed at our Investor Day in May. Connectivity Solutions completed the acquisition of Biarri Networks, a leading technology-enabled service provider specializing in fiber optic network design solutions, as the business group broadens to full-suite solutions. Building and Infrastructure acquired Bow Plumbing Group, a leading North American manufacturer of plastic pipes and fittings for the residential and commercial construction industry, further enabling the business group’s geographical reach and expanded product offering. In addition, Building and Infrastructure broke ground on a greenfield site in Indonesia, with the President of Indonesia, His Excellency Joko Widodo himself leading the ceremony, underscoring the importance of our investment to the Indonesian economy. We maintained a healthy balance sheet that will enable us to take advantage of both short-term and long-term growth opportunities.”

1. Starting this quarter, Data Communications business will be referred to as Connectivity Solutions.

Q3 2022 Consolidated Financial Information¹

(All metrics are compared to Q3 2021 unless otherwise noted)

mm US\$	Third Quarter		
	2022	2021	%Var.
Financial Highlights			
Net sales	2,291	2,287	0%
Selling, general and administrative expenses	290	273	6%
Operating income	234	388	-40%
EBITDA	381	532	-28%
EBITDA margin	16.6%	23.3%	-663 bps
Financial cost	100	71	41%
Earnings before taxes	132	319	-59%
Income tax	25	93	-73%
Consolidated net income (loss)	107	226	-53%
Net majority income	86	197	-56%
Operating cash flow	225	185	22%
Capital expenditures	(118)	(73)	63%
Free cash flow	101	90	13%
Net debt	3,295	2,847	16%

Net revenues of \$2,291 million remained flat.

Revenue growth in Connectivity Solutions was driven by favorable industry trends while Fluorinated Solutions benefitted from strong pricing. This improvement was offset by a decrease in Polymer Solutions, Building and Infrastructure and Precision Agriculture, primarily driven by weaker end markets in the context

¹Unless noted otherwise, all figures in this release are derived from the Consolidated Financial Statements of the Company as of September 30, 2022 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.](#)

of the current macroeconomic environment and the devaluation of major currencies. Excluding the impact of foreign exchange, revenues increased by approximately 7%.

Cost of goods sold of \$1,767 million increased 9%.

This increase was primarily due to higher input, energy, freight and labor costs under the current inflationary environment.

Selling, general and administrative expenses of \$290 million increased 6%. As a percentage of sales, SG&A increased approximately 70 basis points to 12.6%.

The increase in selling, general and administrative expenses as a percentage of sales was primarily due to inflation impacts and to continued investment in executing the Company's growth strategy.

EBITDA of \$381 million decreased 28%, while EBITDA margin decreased approximately 660 basis points to 16.6%.

The decrease in EBITDA and EBITDA margin in the quarter was due to softening demand across certain markets, coupled with currency devaluation and higher input costs, particularly in Polymer Solutions, Building and Infrastructure, and Precision Agriculture. The decrease was partially offset by higher profitability in Connectivity Solutions and Fluorinated Solutions. Excluding the impact of foreign exchange, EBITDA decreased by approximately 25%.

Financial costs of \$100 million increased 41%.

The increase in financial costs was driven by an increase in foreign exchange losses, particularly associated with the Euro, as well as higher interest expense, due to additional borrowing.

Taxes of \$25 million decreased 73%. The effective tax rate for the quarter was 18.9%, which is a decrease of approximately 1,010 basis points compared to the same period last year.

The decrease in the tax provision and the effective tax rate for the quarter was driven by the tax benefit related to foreign exchange losses and the release of valuation allowances, partially offset by the tax effect of an adjustment for inflation in Mexico.

Net income to majority shareholders of \$86 million decreased 56%, largely due to the decrease in EBITDA noted above.

Operating cash flow of \$225 million increased 22% while **free cash flow** of \$101 million increased 13%. During the quarter, cash generated from effective management of working capital was partially offset by lower EBITDA, higher capital expenditures and higher taxes paid.

Net debt of \$3,295 million was comprised of total debt of \$4,192 million, less cash and cash equivalents of \$897 million. The Company's net debt-to-EBITDA ratio increased from 1.39x to 1.57x quarter-over-quarter, driven by the decrease in EBITDA year-over-year, as well as an increase in debt during the quarter.

Q3 2022 Revenues by Region

(All metrics are compared to Q3 2021 unless otherwise noted)

mm US\$ Region	Third Quarter			
	2022	2021	% Var	% Revenue
North America	910	784	16%	40%
Europe	683	765	-11%	30%
South America	468	532	-12%	20%
Asia	143	138	4%	6%
Africa and others	86	68	27%	4%
Total	2,291	2,287	0%	100%

Q3 2022 Financial Performance by Business Group

(All metrics are compared to Q3 2021 unless otherwise noted)

Polymer Solutions (Vestolit and Alphagary), 34% of Revenues

Orbia's Polymer Solutions business group and businesses Vestolit and Alphagary focus on polyvinylchloride (PVC) general resins, PVC specialty resins and 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 to medical devices. The business group supplies Orbia's downstream businesses and a global customer base.

mm US\$	Third Quarter		
	2022	2021	%Var.
Polymer Solutions			
Total sales*	837	909	-8%
Operating income	54	240	-77%
EBITDA	117	303	-62%

*Intercompany sales were \$49 million and \$63 million in Q3 2022 and Q3 2021, respectively.

Revenues of \$837 million decreased 8% year-over-year. EBITDA of \$117 million decreased 62% and EBITDA margin decreased approximately 1,940 basis points to 13.9%.

The decrease in revenues was driven primarily by lower volumes reflecting softening demand and lower prices in general resins due to increased availability of low-cost supply in key markets, partially offset by higher prices in specialty resins and derivatives. COVID lockdowns in China resulted in a significant slowdown in domestic consumption and large exports to other parts of the world, depressing prices.

EBITDA decreased year-over-year due to lower volumes and higher feedstock costs and higher energy costs, particularly in Europe.

Building and Infrastructure (Wavin), 31% of Revenues

Orbia's Building and Infrastructure business group and business 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		
	2022	2021	%Var.
Building & Infrastructure			
Total sales	700	753	-7%
Operating income	39	72	-46%
EBITDA	70	106	-34%

Revenues of \$700 million decreased 7% year-over-year. EBITDA of \$70 million decreased 34% and EBITDA margin decreased approximately 415 basis points to 9.9%.

The decrease in revenues was mainly driven by lower volumes, particularly in Europe, as well as the impact of currency devaluation.

EBITDA performance declined year-over-year reflecting the decrease in volumes, continued input cost increases and currency depreciation, partially offset by solid pricing.

Precision Agriculture (Netafim), 10% of Revenues

Orbia's Precision Agriculture business group and business Netafim's 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		
	2022	2021	%Var.
Precision Agriculture			
Total sales	224	272	-17%
Operating income	(13)	9	N/A
EBITDA	12	33	-64%

Revenues of \$224 million decreased 17% year-over-year. EBITDA of \$12 million decreased 64% and EBITDA margin decreased approximately 690 basis points to 5.4%. Excluding one-time items, EBITDA margin for the quarter was 9.4% reflecting a decrease of approximately 285 basis points year-over-year.

The decrease in revenues was due to a slowdown in demand in most markets, except for Latin America, Turkey and China. The slowdown in Europe was directly related to economic weakness relating to the war in Ukraine and high energy costs affecting key market segments. In the United States, the slowdown was

partly related to destocking in the customer value chain after inventory build-up in the first half of the year, due to supply chain and logistics concerns.

EBITDA decreased year-over-year, reflecting lower demand, higher raw material and transportation costs, as well as currency devaluation. Additionally, EBITDA for the quarter included a charge of approximately \$9 million, or approximately 400 basis points of EBITDA margin, due to the cumulative year-to-date impact of implementing accounting standard IAS 29, related to hyperinflation in Turkey.

Connectivity Solutions (Dura-Line), 16% of Revenues

Orbia's Connectivity Solutions business group, Dura-Line, produces more than 500 million meters of essential and innovative 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		
	2022	2021	%Var.
Connectivity Solutions			
Total sales	368	273	35%
Operating income	93	25	268%
EBITDA	104	33	214%

Revenues of \$368 million increased 35% year-over-year. EBITDA of \$104 million increased 214% and EBITDA margin increased approximately 1,615 basis points to 28.3%.

Revenues increased year-over-year primarily in North America, supported by investments in production capacity along with the growing need for fiber infrastructure, combined with stable pricing.

EBITDA also increased significantly year-over-year, driven by higher revenues combined with a stabilization of material costs.

Fluorinated Solutions (Koura), 10% of Revenues

Orbia's Fluorinated Solutions business group and business 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		
	2022	2021	%Var.
Fluorinated Solutions			
Total sales	223	171	30%
Operating income	63	40	58%
EBITDA	78	52	49%

Revenues of \$223 million increased 30% year-over-year. EBITDA of \$78 million increased 49% and EBITDA margin increased approximately 445 basis points to 35.0%.

Growth in revenues reflected strong pricing across our product portfolio, including upstream minerals, chemical intermediates, and downstream products such as refrigerants and propellants.

The increase in EBITDA was driven by revenue growth, improved pricing, and a better product mix, which helped offset higher input and logistics costs.

Balance Sheet, Liquidity and Capital Allocation

Orbia continued to maintain a strong balance sheet. The net debt-to-EBITDA ratio increased from 1.39x to 1.57x during the quarter.

During the quarter Orbia added approximately \$150 million of borrowings, which is reflected as new debt in the Company's cash flow statement.

Working capital decreased by \$79 million during the quarter, primarily reflecting lower selling prices and proactive management. Capital expenditures of \$118 million during the quarter increased 63% year-over-year, including ongoing maintenance spending, and investing to support the Company's growth initiatives.

Orbia completed a net amount of \$16 million in share repurchases during the quarter and paid \$75 million as the third installment of the ordinary and extraordinary dividend approved at the Annual Shareholders Meeting held on April 1, 2022.

2022 Outlook

Considering the results achieved year-to-date and the continued challenging macroeconomic environment, Orbia reaffirms its EBITDA guidance for 2022 in the range of \$1,800 million to \$1,900 million, trending toward the high end of the range. The Company also reaffirms its capital expenditure guidance in the range of \$400 million to \$450 million for 2022, which includes incremental, high-return, growth-related projects but excludes potential larger growth investments.

Conference Call Details

Orbia will host a conference call to discuss Q3 2022 results on October 27, 2022, at 9:00 am Central Time (CT; Mexico City)/10:00 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\$	Third Quarter			January - September		
	2022	2021	% Var.	2022	2021	% Var.
Income Statement						
Net sales	2,291	2,287	0%	7,548	6,444	17%
Cost of sales	1,767	1,626	9%	5,488	4,494	22%
Gross profit	524	661	-21%	2,059	1,950	6%
Selling, general and administrative expenses	290	273	6%	892	846	5%
Operating income (loss)	234	388	-40%	1,168	1,104	6%
Financial cost	100	71	41%	214	211	2%
Equity in income of associated entity	(1)	2	N/A	2	2	11%
Income (loss) from continuing operations before income tax	132	319	-59%	955	895	7%
Income tax	25	93	-73%	268	273	-2%
Income (loss) from continuing operations	107	226	-53%	687	622	10%
Discontinued operations	0	(0)	N/A	(1)	(0)	N/A
Consolidated net income (loss)	107	226	-53%	686	622	10%
Minority stockholders	21	29	-28%	84	90	-7%
Majority Net income (loss)	86	197	-56%	602	531	13%
EBITDA	381	532	-28%	1,601	1,543	4%

Orbia is a company
driven by a shared purpose:
to advance life around the world.

V vestolit

alphagary

wavin

NETAFIM

dura-line

koura

orbia
Advancing life together



Consolidated Balance Sheet

Balance sheet	mm US\$		
	Sep 2022	Dec 2021	Sep 2021
Total assets	11,123	10,587	10,466
Current assets	4,177	3,724	3,633
Cash and temporary investments	897	782	655
Receivables	1,519	1,370	1,543
Inventories	1,415	1,292	1,192
Others current assets	345	282	244
Non current assets	6,946	6,862	6,832
Property, plant and equipment, net	3,034	3,051	3,060
Right of use fixed assets, net	345	346	283
Intangible assets and goodwill	3,181	3,130	3,152
Long-term assets	387	335	338
Total liabilities	7,887	7,182	7,124
Current liabilities	3,035	2,643	2,583
Current portion of long-term debt	765	240	213
Suppliers	1,386	1,505	1,426
Short-term leasings	84	86	77
Other current liabilities	800	812	867
Non current liabilities	4,852	4,539	4,541
Long-term debt	3,427	3,280	3,289
Long-term employee benefits	185	221	271
Long-term deferred tax liabilities	333	318	327
Long-term leasings	272	281	224
Other long-term liabilities	635	440	430
Consolidated shareholders' equity	3,236	3,404	3,342
Minority shareholders' equity	678	668	679
Majority shareholders' equity	2,559	2,737	2,663
Total liabilities & shareholders' equity	11,123	10,587	10,466

Cash Flow Statement

mm US\$	Third Quarter			January - September		
	2022	2021	%Var.	2022	2021	% Var.
EBITDA	381	532	-28%	1,601	1,543	4%
Taxes paid, net	(104)	(73)	42%	(434)	(193)	125%
Net interest / bank commissions	(68)	(85)	-20%	(157)	(220)	-29%
Change in trade working capital	79	(184)	N/A	(323)	(570)	-43%
Others (other assets - provisions, net)	(9)	20	N/A	(54)	11	N/A
CTA and FX	(54)	(25)	116%	(81)	(38)	114%
Operating cash flow	225	185	22%	552	533	4%
Capital expenditures	(118)	(73)	63%	(328)	(189)	74%
Leasing payments	(5)	(22)	-76%	(65)	(74)	-12%
Free cash flow	101	90	13%	158	269	-41%
<i>FCF conversion (%)</i>	<i>26.6%</i>	<i>16.9%</i>		<i>9.9%</i>	<i>17.4%</i>	
Dividends to shareholders	(75)	(100)	-25%	(224)	(150)	49%
Buy-back shares program	(16)	(37)	-56%	(142)	(69)	106%
New debt (paid)	157	(295)	N/A	670	(137)	N/A
Minority interest payments	(48)	(46)	4%	(105)	(104)	2%
Mergers & acquisitions	(109)	-		(217)	(37)	490%
Financial instruments and others	(12)	(16)	-26%	(23)	7	N/A
Net change in cash	(1)	(404)	-100%	116	(220)	N/A
Initial cash balance	898	1,059	-15%	782	875	-11%
Cash balance	897	655	37%	897	655	37%

Notes and Definitions

Starting this quarter Orbia's Data Communications business will be referred to as Connectivity Solutions.

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 is a company driven by a shared purpose: to advance life around the world. Orbia operates in the Polymer Solutions (Vestolit and Alphagary), Building and Infrastructure (Wavin), Precision Agriculture (Netafim), Connectivity Solutions (Dura-Line) and Fluorinated Solutions (Koura) sectors. The five Orbia business groups have a collective focus on expanding access to health and wellness, reinventing the future of cities and homes, ensuring food and water security, connecting communities to information and accelerating a circular economy with basic and advanced materials, specialty products and innovative solutions. Orbia has commercial activities in more than 110 countries and operations in over 50, with global headquarters in Boston, Mexico City, Amsterdam and Tel Aviv. To learn more, 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 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/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 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 <http://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.