



Polymer
Solutions

Connectivity
Solutions

Building &
Infrastructure

Fluor & Energy
Materials

Precision
Agriculture

Orbia Announces First Quarter 2024 Financial Results

Mexico City, April 25, 2024 – Orbia Advance Corporation, S.A.B. de C.V. (BMV: ORBIA*) (“the Company” or “Orbia”) today released unaudited results for the first quarter of 2024.

Orbia’s first quarter performance reflects the continued weakness in the market environment, primarily driven by sustained elevated interest rates, lower prices, delays in private and public infrastructure projects and continued subdued demand in Europe. The Company continues to operate with strong fiscal and operational discipline, proactively managing the factors within its control during a challenging market environment.

Q1 2024 Financial Highlights

(All metrics are compared to Q1 2023 unless otherwise noted)

- Net revenues of \$1.9 billion decreased 18%, driven primarily by lower volumes and lower prices in Connectivity Solutions, Polymer Solutions and Building & Infrastructure.
- EBITDA of \$253 million decreased 46%, driven by lower revenues and the negative impact from the Mexican Peso appreciation across most business groups.
- Operating cash outflow of \$50 million decreased by \$217 million due primarily to lower EBITDA.

“Our first quarter results were in line with the guidance that we shared for the first half of the year. While we are seeing month over month improvements in some of the businesses, interest rates staying higher for longer may further delay demand recovery, necessitating a continued prudent approach. Meanwhile we continue to maintain leading market positions, exercise tight financial discipline, and carry out business optimization actions that position us well for when markets recover. We remain committed to our long-term strategy, supported by the strategic growth projects that are underway, consistent with our mandate to generate sustainable shareholder value, while maintaining a strong balance sheet.” said Sameer Bharadwaj, CEO of Orbia.

Q1 2024 Consolidated Financial Information¹
(All metrics are compared to Q1 2023 unless otherwise noted)

mm US\$	First Quarter		
	2024	2023	% Var.
Financial Highlights			
Net sales	1,863	2,280	-18%
Cost of sales	1,431	1,620	-12%
Selling, general and administrative expenses	326	336	-3%
Operating income	106	323	-67%
EBITDA	253	469	-46%
EBITDA margin	13.6%	20.6%	-701 bps
Financial cost	139	101	37%
Earnings (Loss) before taxes	(32)	223	N/A
Income tax	15	143	-89%
Consolidated net (loss) income	(47)	80	N/A
Net majority (loss) income	(74)	55	N/A
Operating cash inflow (outflow)	(50)	167	N/A
Capital expenditures	(132)	(142)	-7%
Free cash inflow (outflow)	(201)	1	N/A
Net debt	3,678	3,246	13%

Net revenues of \$1,863 million decreased 18%.

The decrease in revenues for the quarter was driven by Connectivity Solutions, Polymer Solutions and Building & Infrastructure, primarily due to the continued weak demand and lower prices as a result of the high interest rate environment and exports of excess PVC capacity in China and the U.S.

¹ Unless noted otherwise, all figures in this release are derived from the Consolidated Financial Statements of the Company as of March 31, 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 sales of \$1,431 million decreased 12%.

The decrease in cost of goods was driven primarily by lower volumes as well as lower raw material and input costs.

Selling, general and administrative expenses of \$326 million decreased 3%. As a percentage of sales, SG&A increased by 276 basis points to 18%.

The decrease in selling, general and administrative expenses for the quarter was driven primarily by benefits from cost reduction initiatives, partially offset by inflation.

EBITDA of \$253 million decreased 46%, while EBITDA margin decreased from 21% to 14%.

The decrease in EBITDA and EBITDA margin was due to lower volumes and prices, particularly in Connectivity Solutions, Polymer Solutions and Fluor & Energy Materials. In addition, profitability was impacted by lower absorption of fixed costs and the appreciation of the Mexican Peso.

Financial costs of \$139 million increased by \$38 million year-over-year.

The increase in financial costs was largely driven by foreign exchange impacts from the appreciation of the Mexican Peso and higher interest expense due to an increase in debt. These factors were partially offset by higher interest income earned on cash balances.

Taxes of \$15 million decreased 89% compared to the prior year. The effective tax rate for the quarter was -47%, which was primarily due to the earnings mix, appreciation of the Mexican Peso against the U.S. Dollar, and inflation partially offset by a reduction in tax reserves.

Net majority loss to shareholders of \$74 million decreased by \$129 million. The decrease was primarily driven by lower EBITDA.

Operating cash outflow of \$50 million decreased by \$217 million while free cash flow of negative \$201 million decreased by \$202 million.

The decrease in operating cash flow and free cash flow was driven by lower EBITDA.

Net debt of \$3,678 million included total debt of \$4,728 million, less cash and cash equivalents of \$1,050 million. The Company's net debt-to-EBITDA ratio increased from 1.84x to 2.96x year-over-year, driven by the decrease in EBITDA and higher net debt balance driven primarily by appreciation of the Mexican Peso.

Q1 Revenues by Region

(All metrics are compared to Q1 2023 unless otherwise noted)

mm US\$ Region	First Quarter			
	2024	2023	% Var. Prev Year	% Revenue
North America	671	869	-23%	36%
Europe	588	749	-22%	32%
South America	375	381	-2%	20%
Asia	176	223	-21%	9%
Africa and others	53	58	-8%	3%
Total	1,863	2,280	-18%	100%

Q1 Financial Performance by Business Group

(All metrics are compared to Q1 2023 unless otherwise noted)

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

Orbia's Polymer Solutions business group (commercial brands Vestolit and Alphagary) focus 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.

mm US\$	First Quarter		
	2024	2023	%Var.
Polymer Solutions			
Total sales*	658	770	-15%
Operating income	24	83	-71%
EBITDA	86	147	-41%

*Intercompany sales were \$35 million and \$38 million in Q1'24 and Q1'23, respectively.

Revenues of \$658 million decreased 15% year-over-year. EBITDA of \$86 million decreased 41% and EBITDA margin decreased 596 basis points to 13%.

The decrease in revenues for the quarter was driven primarily by lower prices in PVC and caustic soda due to increased exports from China and the U.S. because of domestic demand slowdown in both countries.

EBITDA decreased year-over-year, driven by lower prices in all businesses, partly offset by lower ethane cost in the U.S. and electricity in Europe.

Building & Infrastructure (Wavin), 32% 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\$	First Quarter		
	2024	2023	%Var.
Building & Infrastructure			
Total sales	622	694	-10%
Operating income	33	39	-15%
EBITDA	65	70	-7%

Revenues of \$622 million decreased 10% year-over-year. EBITDA of \$65 million decreased 7% and EBITDA margin increased by 35 basis points to slightly above 10%.

The decrease in revenues for the quarter was primarily driven by lower volumes and prices associated with lower input costs. The Business continued to experience challenging market conditions across parts of Western and Northern Europe, while Latin America remained largely stable.

EBITDA declined year-over-year mainly attributable to lower volumes. Despite lower volumes, EBITDA margin improved slightly due to continued business optimization and controlled discretionary spending.

Precision Agriculture (Netafim), 13% 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\$	First Quarter		
	2024	2023	%Var.
Precision Agriculture			
Total sales	256	275	-7%
Operating income	2	3	-33%
EBITDA	29	28	1%

Revenues of \$256 million decreased 7% year-over-year. EBITDA of \$29 million increased 1% and EBITDA margin increased 89 basis points to 11%.

Revenues decreased due to lower volumes mainly in Turkey and the U.S., partly offset by growth in China, India and parts of Latin America.

EBITDA increased slightly despite lower revenues supported by improved operational efficiencies.

Connectivity Solutions (Dura-Line), 10% 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\$	First Quarter		
	2024	2023	%Var.
Connectivity Solutions			
Total sales	197	345	-43%
Operating income	14	104	-87%
EBITDA	24	114	-79%

Revenues of \$197 million decreased 43% year-over-year. EBITDA of \$24 million decreased 79% and EBITDA margin decreased to 12%.

Revenues were impacted by lower volumes due to customer inventory management, project timing as a result of high interest rates, and unfavorable mix. Slower rollout of public infrastructure funding is also impacting near term demand.

EBITDA decreased driven by lower volume, unfavorable product mix, and higher fixed costs due to lower cost absorption in existing and new facilities. These factors were partly mitigated by benefits from tight cost controls.

Fluor & Energy Materials (Koura), 10% of Revenues

Orbia's newly renamed 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\$	First Quarter		
	2024	2023	%Var.
Fluor & Energy Materials			
Total sales	190	242	-22%
Operating income	40	87	-54%
EBITDA	54	102	-47%

Revenues of \$190 million decreased 22% year-over-year. EBITDA of \$54 million decreased 47% and EBITDA margin was 29%.

Revenues for the quarter decreased due to lower refrigerant volumes, which were partly due to step-down in F-gas quotas in the U.S. and Europe, and timing of mineral shipments, partly offset by pricing resilience across all product groups.

EBITDA decreased due to lower revenues and adverse effects from the continued strength of the Mexican Peso, which was partly offset by cost control efforts.

Balance Sheet, Liquidity and Capital Allocation

Orbia's net debt-to-EBITDA ratio increased from 1.84x to 2.96x year-over-year. The increase was primarily due to the lower EBITDA as well as an increase in net debt primarily attributable to the appreciation of the Mexican Peso and seasonal working capital needs.

On April 2, 2024, Orbia entered into a new US\$1.4 billion revolving credit facility with a 5-year maturity and terms in line with its investment grade ratings. The facility replaces the revolving credit facility dated June 2019, which was nearing maturity. The facility provides Orbia with additional flexibility through: (I) dual currency tranches that provide for increased diversification and risk mitigation opportunities, and (II) the possibility for additional subsidiaries to participate in the structure, enabling broader access to funds across the organization.

During the quarter Orbia paid down \$173 million of short-term debt, leading to a net reduction in debt of \$158 million after currency adjustments.

Working capital increased by \$193 million during the quarter, as compared to an increase of \$181 million in the prior year quarter. The increase in the current quarter was primarily due to seasonality, with stronger sequential quarter sales and a related increase in accounts receivables across all business groups. Capital expenditures of \$132 million decreased 7% year-over-year, including ongoing maintenance spending and investments to support the Company's growth initiatives.

During the quarter Orbia did not pay dividends due to the timing of their approval in the annual shareholder meeting, which was held on April 9, 2024.

Q1 2024 Sustainability Highlights

Orbia released its [2023 Impact Report](#) in early March. This year's issue prived details regarding the Company's overall performance as well as key updates in advancing sustainability solutions along its three strategic pillars: low impact operations, sustainability solutions and investments in high impact ventures, including:

- More detailed information on clean technology investments across the business groups and through Orbia Ventures;
- The results of Orbia's first double materiality assessment in accordance with new emerging ESG regulation;
- Updated climate risk and opportunity assessment;
- Details on the Company's net-zero roadmap;
- New Water Positive framework and
- New Orbia Supplier Code of Conduct

Orbia is also proud of the continued expansion of its sustainable solutions portfolio, including Fluor & Energy Material's new low global warming potential refrigerants, Precision Agriculture's innovative digital farming add-ons and Connectivity Solutions' launch of the FuturePath ECO and MicroDuct ECO conduit in North America, among others.

Demonstrating the Company's commitment to sustainability, three Orbia Venture's portfolio companies (Ascend Elements, Verdagy, and Tortuga AgTech) earned recognition from TIME magazine as top GreenTech innovators for 2024. Furthermore, Orbia completed follow-on investments in Greeneye (AgTech) and Chloris (carbon measurement), indicating its focus on addressing climate change and related challenges.

2024 Outlook

During the first quarter of 2024, Orbia performed according to expectations shared in the fourth quarter 2023 update, with soft demand present across the Company's end markets. Nevertheless, the Company remains cautious due to the limited visibility around inflation persistence and the possibility of interest rates staying higher for longer across the globe. Therefore, the current EBITDA guidance for the full year 2024 is \$1.3 billion to \$1.4 billion, which will be updated as the year progresses. Capital expenditures are expected to be approximately \$600 million for 2024, which includes maintenance spending and growth-related investments. The effective tax rate for the year is expected to be in the range of 29% to 32%².

Conference Call Details

Orbia will host a conference call to discuss Q1 2024 results on April 26, 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.

² Excluding the impact of inflation and foreign exchange rate changes in Mexico.

Consolidated Income Statement

mm US\$	First Quarter		
	2024	2023	%
Income Statement			
Net sales	1,863	2,280	-18%
Cost of sales	1,431	1,620	-12%
Gross profit	432	660	-35%
Selling, general and administrative expenses	326	336	-3%
Operating income	106	323	-67%
Financial cost (income)	139	101	37%
Equity income from associated entities	1	1	55%
Impairment expense	-	-	N/A
Income (loss) from continuing operations before income tax	(32)	223	N/A
Income tax	15	143	-89%
Income (loss) from continuing operations	(47)	80	N/A
Discontinued operations	-	-	N/A
Consolidated net income (loss)	(47)	80	N/A
Minority stockholders	27	25	6%
Majority Net income (loss)	(74)	55	N/A
EBITDA	253	469	-46%

Consolidated Balance Sheet

mm US\$			
Balance sheet	Mar 2024	Dec 2023	Mar 2023
Total assets	11,274	11,552	11,777
Current assets	4,006	4,170	4,649
Cash and temporary investments	1,050	1,456	1,384
Receivables	1,688	1,461	1,528
Inventories	1,212	1,200	1,279
Others current assets	56	53	458
Non current assets	7,268	7,382	7,128
Property, plant and equipment, net	3,365	3,370	3,199
Right of use fixed assets, net	473	469	361
Intangible assets and goodwill	3,090	3,148	3,134
Long-term assets	340	395	434
Total liabilities	8,153	8,334	8,603
Current liabilities	2,485	2,537	3,330
Current portion of long-term debt	295	466	691
Suppliers	1,256	1,228	1,311
Short-term leasings	115	106	90
Other current liabilities	819	737	1,238
Non current liabilities	5,668	5,797	5,273
Long-term debt	4,433	4,420	3,938
Long-term employee benefits	137	139	137
Long-term deferred tax liabilities	240	359	388
Long-term leasings	378	383	281
Other long-term liabilities	480	496	530
Consolidated shareholders' equity	3,121	3,218	3,174
Minority shareholders' equity	608	604	657
Majority shareholders' equity	2,513	2,614	2,517
Total liabilities & shareholders' equity	11,274	11,552	11,777

Cash Flow Statement

mm US\$	First Quarter		
	2024	2023	%Var.
Cash Flow Statement			
EBITDA	253	469	-46%
Taxes paid, net	(46)	(64)	-28%
Net interest / bank commissions	(64)	(74)	-14%
Change in trade working capital	(193)	(181)	6%
Others (other assets - provisions, Net)	9	(19)	N/A
CTA and FX	(9)	36	N/A
Operating cash inflow (outflow)	(50)	167	N/A
Capital expenditures	(132)	(142)	-7%
Leasing payments	(19)	(24)	-20%
Free cash inflow (outflow)	(201)	1	N/A
Dividends to shareholders	-	-	
Buy-back shares program	-	2	N/A
Debt	(173)	(128)	35%
Minority interest payments	(27)	(31)	-14%
Mergers & acquisitions	-	-	
Financial instruments and others	(5)	(7)	-24%
Net change in cash	(406)	(163)	149%
Initial cash balance	1,456	1,546	-6%
Cash balance	1,050	1,456	-28%

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: [orbias.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/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 www.ethics.orbia.com or via email at ethics@orbias.com. Orbia’s Audit Committee has oversight responsibility for ensuring that all such complaints are appropriately investigated and resolved.