

ORBIA (Buy)

Current price: \$34.33, PT: \$65.00

Flash: Partners with Solvay to supply critical materials in North America’s battery market

Orbia announced that it has agreed to enter a Joint Venture with Solvay to produce polyvinylidene fluoride (PVDF), used for battery manufacturing, creating the largest capacity in North America.

Solvay, a global leader in PVDF, will bring process technology and worldwide market expertise to this venture, while Orbia will contribute with its vertically integrated value chain and material holdings through *Fluorinated Solutions Koura* and *Polymer Solutions Vestolit* businesses’, which will supply hydrofluoric acid, vinyl chloride monomer, and chlorine. This, will enable delivery of PVDF, which optimizes energy storage efficiency by increasing battery energy density, safety, and power.

The total investment is estimated to be around \$850 million, funded in part by a grant awarded by the US Department of Energy of \$178 million to Solvay to build a plant in Augusta, Georgia. Both companies intend to establish 2 production facilities, one for raw materials and one for finished product, located in the southeastern US, both plants are expected to be fully operational by 2026. Commencement of the strategic partnership is subject to finalizing and entering into definitive agreements between the parties and the fulfillment of customary conditions, including obtaining regulatory approvals.

Positive Implication: We consider the partnership as favorable in the long run, as, pending further details, it represents an interesting opportunity for Orbia to enter a new and growing market. Although the company's participation in the Joint Venture is not known, Orbia has the financial strength NetDebt/EBITDA of 2.0x to carry out the corresponding investment. In this regard, we believe the company's [long-term strategy](#) of sustained growth, underpinned by business diversification and vertical integration, is positive. However, the challenging backdrop could continue to generate share price volatility, therefore we suggest being very cautious about building or increasing positions, despite the very attractive valuation.

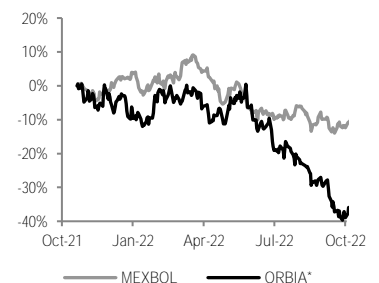
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BUY	
Current Price	\$34.33
PT	\$65.00
Dividend	0.07
Dividend Yield (%)	4.1%
Upside Potential	89.3%
Max – Min LTM (\$)	54.13-32.46
Market Cap (US\$m)	3,476.5
Shares Outstanding (m)	2,010
Float	58.5%
Daily Turnover (\$ m)	142.0
Valuation metrics LTM	
FV/EBITDA	4.0x
P/E	4.9x
MSCI ESG Rating*	B

Relative performance to MEXBOL
LTM



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Document for distribution among public

Certification of Analysts.

We, Alejandro Padilla Santana, Juan Carlos Alderete Macal, Alejandro Cervantes Llamas, Manuel Jiménez Zaldívar, Marissa Garza Ostos, Katia Celina Goya Ostos, Francisco José Flores Serrano, José Luis García Casales, Víctor Hugo Cortes Castro, José Itzamna Espitia Hernández, Carlos Hernández García, Leslie Thalía Orozco Vélez, Hugo Armando Gómez Solís, Yazmín Selene Pérez Enríquez, Cintia Gisela Nava Roa, Miguel Alejandro Calvo Domínguez, Daniela Olea Suárez, José De Jesús Ramírez Martínez, Gerardo Daniel Valle Trujillo, Luis Leopoldo López Salinas, Isaías Rodríguez Sobrino, Paola Soto Leal, Daniel Sebastián Sosa Aguilar and Salvador Austria Valencia certify that the points of view expressed in this document are a faithful reflection of our personal opinion on the company (s) or firm (s) within this report, along with its affiliates and/or securities issued. Moreover, we also state that we have not received, nor receive, or will receive compensation other than that of Grupo Financiero Banorte S.A.B. of C.V for the provision of our services.

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	Reference
BUY	When the share expected performance is greater than the MEXBOL estimated performance.
HOLD	When the share expected performance is similar to the MEXBOL estimated performance.
SELL	When the share expected performance is lower than the MEXBOL estimated performance.

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History of PT and Ratings

Stock	Date	Rating	PT
ORBIA	July 28, 2021	BUY	\$65.00
ORBIA	February 26, 2020	BUY	\$56.00
ORBIA	January 13, 2020	Under Review	Under Review
ORBIA	July 24, 2019	BUY	\$50.00

MSCI ESG Rating scale

CCC	B	BB	BBB	A	AA	AAA
LAGGARD		AVERAGE		LEADER		

*The MSCI ESG Rating is an indicator that evaluates companies in Environment, Society and Governance (ESG) metrics.

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