Grupo Rotoplas — Earnings Call Script Q3 2026

Thursday, October 22, 2026 | 10:00 a.m. Mexico City Time

Operator: Good morning and welcome to Grupo Rotoplas' results conference call. Please note that today's call is being recorded and all participants are currently in listen-only mode to prevent background noise. The host will open the floor for questions later.

Today's discussion contains forward-looking statements. These statements are based on the environment as we currently see it and as such there may be certain risk and uncertainty associated with such statements. Please refer to our press release for more information on the specific risk factors that could cause actual results to differ materially. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, further events or otherwise.

Please allow me to remind you that the company issued its earnings press release yesterday after market close. It can be found in the investor's section of its website. Also, the presentation for the call and the webcast link are in the investor's section.

Today's call will be hosted by Mr. Carlos Rojas Aboumrad, Chief Executive Officer, and Mr. Andrés Pliego, Chief Financial Officer. I will now turn the call over to the speakers.

Carlos Rojas Aboumrad — Chief Executive Officer:

Good morning, everyone, and thank you for joining us.

Let me start with what matters most about this quarter: we saw a meaningful improvement in our performance. Sales grew almost 10%, our fastest pace in several quarters. EBITDA grew 35%, with a margin of 13.2%, 250 basis points above last year. Our net result was practically at breakeven, and leverage came down to 2.2 times, from 3.2 times a year ago.

We did it in an environment tfirst question that comes from Orlando

hat did not help. Resin costs stayed elevated, consumer confidence was low, and construction remained weak in Mexico and Argentina. These results did not come from a better market. They came from decisions we have made over these past months, and from how our teams executed them.

There is a concept we have been discussing a lot inside the company: ambidexterity. A company that wants to last for decades has to do two things at once. It has to exploit what it already knows how to do: run the core better, faster and with fewer errors. And it has to explore what it does not know yet: place bets today that become tomorrow's growth. Neither one is enough alone.

This quarter, we saw progress on both fronts. The core business operated more efficiently, while the new products and services we have developed over the past few years started to contribute more meaningfully to our results. Let me walk you through what we saw across our four strategic priorities.

All of our regions grew this quarter. In Mexico, sales grew close to 5% and EBITDA margin expanded 250 basis points to 18%, in a market that remains weak, with low consumer confidence, slower construction and heavy rains. What made the difference was execution: tight expense control, sharper commercial discipline, and the rollout of new strategic solutions beyond our traditional core portfolio, such as vertical tanks and rainwater harvesting systems. In Mexico and Central America, these new solutions already account for close to 8% of Group sales.

Resin costs did weigh on gross margin, which contracted 60 basis points. We managed pricing with agility, and our expense discipline more than offset that effect.

The diversification we have been building is now showing up in the numbers. The United States grew double digits and posted its sixth consecutive quarter of positive EBITDA, supported by a vertical-focused commercial strategy and stronger demand in water storage and in industrial and chemical applications. In Other Countries, performance was solid, led by Peru and Central America.

In Argentina, the operational improvements we have been implementing were reflected in the quarter. Despite very low demand, EBITDA was at breakeven, an improvement from the loss reported last year. This reflects the work we have done on pricing and efficiency, rather than a recovery in the market.

Water innovation and market disruption is where the work we have done over the past few years is most visible. Services grew 10%, and EBITDA was positive at $4 million, compared to a loss of $63 million a year ago. bebbia passed 208 thousand active subscribers, adding more than 14 thousand new subscribers in the quarter, with its unit economics improving. Our water treatment plants business grew in Mexico and Brazil. In Mexico, stricter wastewater regulation is also creating demand for compliance solutions.

These are recurring, higher-value businesses. They are the "explore" side of the company becoming real.

We treat technology as an operational capability, not as a support function. AI and digital tools are now part of the daily work in sales, service, planning and finance, and our teams are learning to use them in concrete tasks. At the same time, we are building the foundations for the next stage of growth: a new ERP, starting with bebbia, a more integrated digital experience for our customers, and stronger data and AI capabilities. These projects are progressing according to plan.

For us, growth and impact go hand in hand. The more people we serve with water and sanitation solutions, the greater the impact we can create, and the greater the value we bring to the markets and communities where we operate.

A recent example is Rotogotas de Ayuda, our campaign that started in Cuetzalan, Puebla, together with our ambassador Luz Valdez. In this first delivery we supported Maseual Siuamej, an organization of indigenous women artisans, benefiting more than 100 families facing water vulnerability. Let me show you a short video.

It fills me with pride to share this video, and to see the great things we can achieve through our business.

We continue to make progress against the targets we have set under our AGUA strategy, across our environmental, social and water-related priorities. And the same discipline we apply to improving our operations also helps us use resources more responsibly and reduce our footprint.

This progress is being recognized externally as well. This quarter, Expansión ranked us among the ten most responsible companies in Mexico, number nine out of 183 participants. In Peru, we were once again recognized as a Water-Responsible Company. In Argentina, we partnered with Habitat for Humanity to deliver sanitation kits to families. And we launched the second edition of “Trasciende, mujeres con impacto,” our development program for women in our team, with 39 participants across four countries.

Financial discipline

Behind these results there is discipline: in how we operate, in how we allocate capital, and in how we choose where to grow. That discipline brought leverage down to 2.2 times net debt to EBITDA, a full turn below a year ago, and it gives us the flexibility to keep investing in the

businesses that will shape the Rotoplas of the coming years. Andrés will take you through the details.

To close, two things. First, we are not satisfied yet. The environment remains challenging, and there is still work ahead.

Second, this quarter confirms that the strategy is working: a core that is more efficient, new businesses and new products that are contributing, and a stronger balance sheet. Behind every number there are families, schools and communities with better access to water, and that purpose keeps us focused on the long term.

Thank you for your trust. I will now hand it over to Andrés, who will walk you through the financial results.

Andrés Pliego Rivero Borrell — Chief Financial Officer:

Thank you, Charly, and good morning, everyone.

I'll go through the results in more detail, focusing on what drove the margin expansion and our cash generation.

Net sales reached $2.9 billion pesos, up almost 10%, with both Products and Services growing around 10% and growth in every region, led by Other Countries and the United States.

Gross margin was 41%, 60 basis points below last year. Our pricing strategy remained agile, but given market conditions, it did not fully offset the increase in resin costs.

Where we made the biggest difference was in expenses. Operating expenses grew less than 3%, against almost 10% growth in sales. That operating leverage took operating income up 51%, and EBITDA up 35%, with a margin of 13%, 250 basis points above last year. This is our fifth consecutive quarter of year-over-year EBITDA improvement.

Below the operating line, net financing cost fell to $164 million pesos from $354 million a year ago, mainly due to lower foreign exchange effects in Argentina. Of the total, $121 million corresponds to interest, commissions and leases, and $43 million to foreign exchange effects. Together with the higher operating income, this brought the net result close to breakeven.

For the first nine months, sales grew almost 5% to $8.6 billion pesos. Gross margin expanded 20 basis points to 42%, supported by our pricing strategy amid volatile raw material costs. Operating income grew 20% and EBITDA grew 18% to $1.1 billion, with a margin of 13%, 150 basis points above last year. The improvement came mainly from Mexico and the United States, while Argentina narrowed its losses.

Regional Performance

In Mexico, as Charly mentioned, demand remained soft, and even so, sales grew almost 5%. Growth was driven by our new strategic solutions and continued momentum in our services platform. EBITDA margin expanded 250 basis points to almost 18%, reflecting operating leverage and a better services margin.

Argentina's sales grew 24% in local currency and 7% in Mexican pesos. This growth came from pricing and was below inflation, so sales declined in real terms. Volumes contracted this quarter, reversing the modest recovery we saw in the second quarter, as construction activity remained weak. EBITDA was at breakeven, compared to a loss in the third quarter of last year. That said, we remain cautious on Argentina.

In the United States, sales grew 21% in pesos and around 31% in dollars, driven by our focus on specific end markets, with stronger demand for storage tanks and for industrial and chemical applications. EBITDA margin was around 3%, versus around 5% a year ago, reflecting a supplier cost increase that we passed through only partially, and entry pricing for new key accounts as we prioritize growth. Recovering margin will be a key focus for us next quarter. Even so, this is our sixth consecutive quarter of positive EBITDA in the U.S.

Peru, Central America and Brazil together grew 25%. In Peru, growth was supported by improving consumer and investment sentiment. El Niño-related heat weighed on water heaters, but boosted demand for storage. Central America continued growing at double digits across the region, and Brazil kept building out its water treatment platform. EBITDA in this segment grew 19%, with a margin of 19%, 100 basis points below last year, mainly due to the timing of projects in Brazil.

Together, the United States and Other Countries now represent 27% of Group sales, up from 24% a year ago.

Segment Performance

Products grew almost 10%, with growth across all regions. EBITDA grew 10%, with a stable margin of 15%, supported by better results in Mexico, Argentina and our other countries.

Year to date, Products EBITDA grew 16%, and the margin expanded 160 basis points to 16%.

Services sales were up 10%, driven mainly by bebbia, which ended September with more than two hundred and eight thousand active subscribers, after a record 14 thousand net additions in the quarter. Segment EBITDA was positive $4 million pesos, a $67 million improvement versus the third quarter of last year, reflecting bebbia's continued progress in unit economics, which is helping absorb the costs of growth.

For the first nine months, and excluding the one-time litigation impact in Brazil we discussed last quarter, Services EBITDA would have been around negative $37 million pesos, compared to negative $117 million in the same period last year. The result has improved quarter after quarter this year, and we remain on track toward sustainable breakeven in Services.

Our capital structure remains simple after the refinancing we completed last quarter. Total financial debt closed at $4.4 billion pesos, 5% lower than a year ago, mainly the 7-year Bancomext loan, plus $407 million pesos in short-term working capital lines in Mexico. Net financial debt was $3.3 billion pesos, about $500 million less than a year ago.

Net debt to EBITDA closed at 2.2 times, compared to 3.2 times a year ago and 2.3 times last quarter. The improvement came from higher EBITDA, higher cash balances and lower debt. We are moving in the right direction, and there is continued work to be done.

We ended the quarter with $1.1 billion pesos in cash, about $270 million more than a year ago. Operating cash flow for the first nine months was $1.2 billion pesos, 17% higher than last year.

Cap-Ex totaled $317 million pesos, under 4% of sales and within the 3-to-4-percent range we've discussed. Most of it went to services in Mexico, where we invest as contracts and customers are confirmed.

Working capital absorbed cash this year, mainly from higher inventory, which reflects resin purchased at higher prices and softer demand in Argentina. Bringing inventory days down is our working-capital priority for the fourth quarter.

Our stronger cash position also allows us to return value to shareholders while we continue to deleverage. Yesterday, our Board of Directors approved a proposal for a capital reimbursement of 33 cents per share, equivalent to approximately $160 million pesos, which will be submitted for approval at an Extraordinary General Shareholders' Meeting. Together

with the 17 cents per share paid earlier this year, total cash distributions for 2026 would reach 50 cents per share.

Overall, this was a quarter where the trends we care most about kept moving in the right direction: margins, cash generation and leverage. Going forward, our priorities remain margin discipline, deleveraging and steady improvement in Services.

We're ready to take your questions. Thank you.

Operator: Thank you. So we'll read the first question that comes from Orlando Alcántara from BTG Pactual. Hey everyone. Thanks for taking my questions and congrats on the results this quarter. I have several questions. The first one is: by our estimate, Mexico product sales grew roughly in line with inflation, which implies volumes are close to flat. What is the share of price and volume in Mexico sales? Is low-to-mid single-digit growth in Mexico the new normal?

Carlos Rojas, CEO: Hey Orlando, thanks for joining. What happened recently in terms of water availability since 2024, and then 25 and 26, is that we had much more rain, mitigating water shortages. The situation of water shortage changed, and I do not necessarily think that's going to be sustained. So in terms of growth rate, with what we have today as the new normal, part of it is dependent on water availability. On the other hand, we do have, as I mentioned, what we call the strategic products, which are products beyond our core products, the traditional water tanks and the piping that we have, that have grown incredibly well. Today, those products are 8%, just the Mexico new products are about 8% of all of Grupo's revenues. So we do expect to see more growth in products going forward. Not necessarily because of more water shortages or more construction, that would definitely drive revenues for this business, but beyond that, we've been getting closer and closer to customers, we've been, for years now, developing our practice of launching new products that are very aligned to customer needs. And our go-to-market keeps getting better and better. Digital capabilities allow us to move with more agility and connect better with customers. And we do expect continued growth in products as a result of that. Andrés, anything else?

Andrés Pliego, CFO: Nothing to add, Charlie.

Operator: Thank you. So the second one from Orlando is: ROIC has been stuck in the mid to high single-digits for five years, below cost of capital, even after heavy investments. With invested capital now flat, what EBIT level gets you back above cost of capital, and by when? Also, services still lose money at the EBITDA level but take most of the CapEx. At what number of *bebbia* subscribers does services earn its cost of capital? And would you slow CapEx once you get there?

Andrés Pliego, CFO: Thank you, Orlando. Yeah, we're very focused on ROIC and on getting back to cost of capital. The Company has invested a lot in IT, in water treatment and in *bebbia* for the last few years, so we're still carrying the investment in the balance sheet, and the results are just starting to come together. So I guess we're finally seeing what *bebbia* is doing in our results and what water treatment plants are doing in Brazil, for example, we had the positive effect this quarter. So yeah, we will start to see better NOPAT, or better results, operating results, in the services businesses, and try to catch up with the investment. The ROIC on products is a much healthier ROIC, so it's more of a growth story that is complicated to see through ROIC. But we'll continue to focus on bringing it up to where the cost of capital is. Charlie, anything else?

Carlos Rojas, CEO: I think one of the main things to consider when thinking about ROIC for Rotoplas is that ROIC had been a very good metric for Rotoplas where products was by far the largest part of the business and investments in services were lower. As services continue to become a more relevant part of our business, where investment is required, it's a different business model. So we'll try to give increased clarity in terms of the different financial metrics between products and services. But yeah, ROIC I don't think is necessarily the right metric to look at products… sorry, to look at services. For products, it will continue to be the main metric on how we are creating value, and it does very well for products. For services, growth rate is very important, as well as the unit economics, and both continue to improve in very important ways. Unit economics for *bebbia* continues to improve as two things happen: we learn more about the business and we continue to improve our processes and our systems on how we operate. And then the other thing that drives unit economics is scale, and where that scale is increasing, diluting centralized operating expenses. So yeah, that's the only thing I would add.

Operator: Thank you both. So the third question from Orlando is: U.S. sales grew about 31% in dollars, driven by water storage and industrial chemical demand. What is behind the storage demand, and is it structural or tied to specific projects?

Carlos Rojas, CEO: It's a little of two things. Not necessarily specific projects. Part of it is structural. How we are operating in the U.S. is fundamentally different from that vertical approach. And with that vertical approach, we're getting closer to the customer, we are understanding better what the customer wants, so we can better offer more complete solutions, which increases the average order value and improves customer satisfaction. So from that perspective, structurally, it has improved and will continue to improve. Very proud of our U.S. team. And something else that did contribute is that there was less precipitation. Just as an example, in the Colorado River basin, there's much less water. So yeah, there's a part that is driven by water stress caused by climate events, and that part is something that is beyond our hands. Anything else, Andrés?

Andrés Pliego, CFO: No, thanks.

Operator: So I'll read one question from Pablo Mulás from GBM. Thank you, Carlos and Andrés, for taking my questions, and congrats on the results. Actually, he has three questions related to services, and I'm going to read each one of them. The first one is: how sustainable is positive services EBITDA from here? That would be it, the first one.

Carlos Rojas, CEO: Yeah, that one is dependent on the growth rate and the unit economics. Like I mentioned, unit economics continue to get better, and the growth rate also continues to increase. Both are positive for our perspective on the business. Unit economics are delivering profitable customers, so every additional customer is contributing to a higher free cash flow, excluding investments for growth. So we're already at a profitable customer, over individual customer in terms of how much we need to invest versus how much they return to our business. So the business, in that sense is profitable. And in terms of growth, we do expect that the growth is not going to be as high as where we wouldn't be profitable in services, but it's one of the things that we are pushing for, as much growth as possible, as this is such a profitable business per user for us. And there is such a high opportunity to improve how people consume water with more sustainable, practical and better economical solutions for our customers. Andrés?

Andrés Pliego, CFO: Yeah, probably adding on water treatment plants, beyond *bebbia*: we are seeing, in Brazil, for example, we are getting to the scale where we now see a profitable business as well. Also in Mexico, with water treatment plants, we have been profitable for a while already. So yeah, in terms of water treatment plants, I think we're getting to the scale where profits can be much more stable for the future. And *bebbia*, as Charlie mentioned, it's a growth versus profitability balance that we need to manage.

Operator: Perfect. So in line with both of your answers, I think I'll read the next two questions from Pablo. The first one is: should we think of 3Q26 as a structural inflection, or could profitability remain volatile over the next few quarters? And: what are the main drivers behind bebbia improving unit economics?

Carlos Rojas, CEO: Do you want to go ahead, Andrés?

Andrés Pliego, CFO: Yeah, I guess we already answered most of it. I think it's structural in the sense that we are getting scale both in *bebbia* and in water treatment. But growth will be a big part of the stability, specifically of the EBITDA. If we look at unit economics, as Charlie mentioned, those continue to improve in a good direction in *bebbia*. So yeah, scale is definitely helping for both services businesses.

Operator: Perfect. So, another question from Pablo Mulás from GBM is: how are resin costs evolving into 4Q26, and what should we expect from working capital in the next quarters?

Carlos Rojas, CEO: You wanna go ahead, Andrés?

Andrés Pliego, CFO: Yeah, sure. Thank you, Pablo. So yeah, resins continue to be very volatile. You see very related to what the Brent does, so it's been very volatile, for the obvious reasons. We should be able to rotate more inventory in the fourth quarter, so right now we have inventory at higher levels precisely because of our recent resin purchases, so we will continue to rotate that inventory. Resin prices will continue to be volatile, although they have kept below what we saw in the second quarter. So hopefully we see those stabilizing, and working capital continues to be more stable as we move along. I don't know, Charlie, if you want to add anything.

Carlos Rojas, CEO: No.

Operator: Thank you both. So we're not getting more questions, but we have a comment from Michael Birkel from Zenon Investments, and he said: congratulations and really encouraging results. No questions to ask beyond what has already been asked. Just sending my thanks and applause.

Carlos Rojas, CEO: Thank you, Michael. Appreciate it.

Andrés Pliego, CFO: Thank you all.

Operator: Yeah, and I think that was it. So, if there are no further comments, then we can finish the questions and you may disconnect.

Carlos Rojas, CEO: Thank you very much for your time, everyone.

Andrés Pliego, CFO: Thank you. Bye-bye.

Carlos Rojas, CEO: See you next time.