

1Q18

Grupo Rotoplas

Financial Results

# Grupo Rotoplas Reports First Quarter 2018 Results

## Quarterly Highlights

- Record sales and EBITDA for a single quarter.
- 5th consecutive quarter with double digit year-over-year sales growth.
- 28% Adjusted EBITDA growth<sup>1</sup>.
- Depreciation of the Argentinean Peso decreased company sales growth by a third.

**Mexico City, Mexico, April 24<sup>th</sup>, 2018.** Grupo Rotoplas S.A.B. de C.V. (AGUA.MX) (“Rotoplas”, “the Company” or “the Group”), the leading provider of individual and integrated water solutions in the Americas, reported its unaudited financial results for the first quarter of 2018. The information within has been prepared based on International Financial Reporting Standards (IFRS).

“Our first quarter results show the strength of our business strategy and constitute further evidence that we are on the right track and at the right pace. Additionally, we registered record sales and EBITDA despite of generalized political uncertainty in many of our markets, which has driven down consumer confidence. Our margins improved as a result of a better price-mix and enhanced expense-control strategies. Furthermore, our most recent acquisition, the e-commerce platform in the United States, is already contributing to our overall results. And, it should be noted that, government sales stood at 4.4%, well below the 10% target in our new strategy.

Due to the increasing importance of our Argentinean operations, which have grown significantly we have adopted a new geographical breakdown in our financial reporting, which allows us to provide greater visibility to the markets. It is worth mentioning that Argentina’s currency depreciation has affected the group’s sales and EBITDA growth in 5 percentage points in comparison with last year’s quarter.

We remain therefore committed to continue pursuing our *Water-as-a-Service* and *Water-Products* business solutions strategies, focusing on innovation and a customer-centric approach” remarked Carlos Rojas Mota Velasco, Chairman and CEO of Grupo Rotoplas.

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<sup>1</sup> Adjusted EBITDA equals EBITDA plus extraordinary acquisition expenses of \$11 MXN million.

## Financial Highlights

(MXN, millions)

	1Q18	1Q17	Var.
<b>Net Sales</b>	<b>1,838</b>	<b>1,669</b>	<b>10.1%</b>
Individual Solutions	1,652	1,513	9.2%
Integrated Solutions	186	156	18.9%
Mexico	1,162	1,049	10.8%
Argentina	217	216	0.5%
Others	459	404	13.5%
<b>Adjusted EBITDA* Margin</b>	<b>17.4%</b>	<b>15.0%</b>	<b>240 bp</b>
Individual Solutions	18.4%	16.6%	180 bp
Integrated Solutions	8.1%	(0.4%)	850 bp
Mexico	25.1%	22.9%	220 bp
Argentina	7.1%	8.3%	(120) bp
Others	2.7%	(2.0%)	470 bp

\*Adjusted EBITDA equals EBITDA plus extraordinary acquisition expenses of \$11 MXN million.

## First Quarter Results 2018

### Key Performance Indicators

(MXN, millions)

	1Q18	1Q17	Var.
<b>Net Sales</b>	<b>1,838</b>	<b>1,669</b>	<b>10.1%</b>
<b>Gross Profit</b>	<b>747</b>	<b>659</b>	<b>13.4%</b>
<i>Gross Profit Margin</i>	40.6%	39.5%	110 bp
<b>EBIT</b>	<b>233</b>	<b>187</b>	<b>24.4%</b>
<i>EBIT Margin</i>	12.7%	11.2%	150 bp
<b>Net Income</b>	<b>146</b>	<b>142</b>	<b>2.6%</b>
<i>Net Income Margin</i>	8.0%	8.5%	(50) bp
<b>Adjusted EBITDA*</b>	<b>319</b>	<b>250</b>	<b>27.6%</b>
<i>Adjusted EBITDA Margin</i>	17.4%	15.0%	240 bp

\*Adjusted EBITDA equals EBITDA plus extraordinary acquisition expenses of \$11 MXN million.

During the first quarter, sales increased 10% year-over-year, driven by the strong and healthy growth of the operations in United States and Mexico. EBITDA grew 28% year-over-year which, in addition to the double-digit growth in sales for the fifth consecutive quarter, made this a record quarter for the company in both total sales and EBITDA.

The consolidated gross and EBITDA margins expanded 110 and 240 basis points respectively, mainly due to greater fixed-cost absorption in our larger volume operations, a better price-mix, a greater contribution from integrated solutions as well as a disciplined expense-control strategy. Net income margin decreased by 50 basis points due to higher net interest expense and income tax.

## Results by Solution

(MXN, millions)

	Individual Solutions			Integrated Solutions		
	1Q18	1Q17	Var.	1Q18	1Q17	Var.
Net Sales	1,652	1,513	9.2%	186	156	18.9%
Adjusted EBITDA*	304	251	21.3%	15	(1)	NA
Adjusted EBITDA Margin	18.4%	16.6%	180 bp	8.1%	(0.4%)	850 bp

\*Adjusted EBITDA equals EBITDA plus extraordinary acquisition expenses of \$11 MXN million.

Sales of individual solutions grew 9% year-over-year, mainly due to growth in the storage and water-flow segments. Excluding Argentina's currency depreciation, growth was 14%. Sales of integrated solutions increased 19% and EBITDA grew significantly, due to better sales in water purifying fountains and water treatment and recycling plants coupled with a significant reduction in operating losses in Brazil.

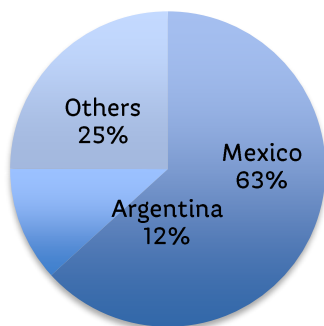
## Results by Country

(MXN, millions)

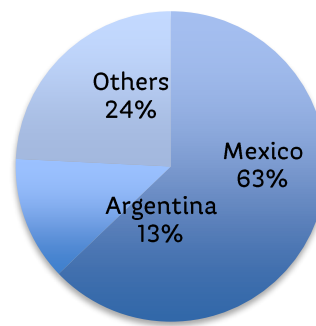
	Mexico			Argentina			Others		
	1Q18	1Q17	Var.	1Q18	1Q17	Var.	1Q18	1Q17	Var.
Net Sales	1,162	1,049	10.8%	217	216	0.5%	459	404	13.5%
Adjusted EBITDA	292	241	21.3%	15	18	(14.6%)	12	(8)	NA
Adjusted EBITDA Margin	25.1%	22.9%	220 bp	7.1%	8.3%	(120) bp	2.7%	(2.0%)	470 bp

\*Adjusted EBITDA equals EBITDA plus extraordinary acquisition expenses of \$11 MXN million.

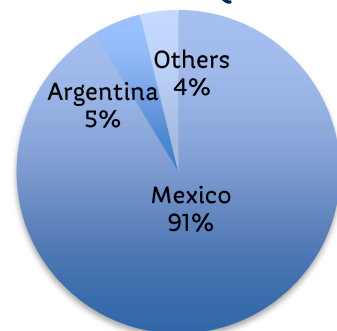
Sales 1Q18



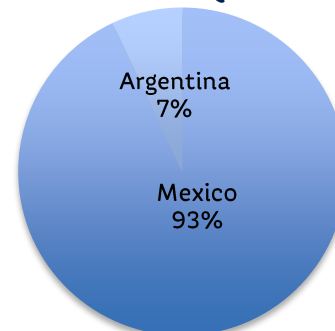
Sales 1Q17



EBITDA 1Q18



EBITDA 1Q17



Sales in Mexico increased 11%, mainly driven by greater revenue from water fountains, waste-water treatment & recycling plants and water-flow solutions. Sales in Argentina grew 37% and EBITDA 39%, both in local currency, as a result of a better price-mix, greater volumes in storage solutions and the increase in water-heater sales. However, the 27% depreciation of the Argentinean Peso offset this growth and had a significant impact on the overall results: excluding the depreciation, total sales would have grown 15% instead of 10% and EBITDA 33% instead of 28%. EBITDA margins grew in both Mexico and the Other Countries category as a result of enhanced price-management strategies and disciplined cost-and expense-control.

It should be noted that due to the increased relevance of the Argentinean operations for the company's consolidated results and the diminishing role of the Brazilian ones in recent years, it was recently announced that beginning with this quarter, the geographical breakdown of the company's reports will be as follows: the results of the operations in Mexico and Argentina are now reported individually, whereas the rest is reported in a consolidated fashion as Other Countries. It should also be noted that with this change, Rotoplas aims to provide greater visibility of the company's relevant operations to the financial community.

## Non-operating results

The comprehensive financing cost as of March 31st, 2018 was \$24 million. The Company realized an FX gain of \$12.5 million during the quarter.

### Capex

(MXN, millions)

	1Q18	%
Mexico	76	96%
Argentina	1	2%
Others	2	2%
<b>Total</b>	<b>79</b>	<b>100%</b>

Quarterly capital expenditures were \$79 million, which represent 4% of sales. Capex investments were mainly destined to energy-efficiency initiatives and waste-water treatment and recycling plants in Mexico.

### Debt

(MXN, millions)

Total debt at the end of the first quarter was \$2 billion. Cash position as of March 31st, 2018 was \$1.52 billion. Net debt was \$483 million.

	1Q18	4Q17	Var.
<b>Total Debt</b>	<b>2,008</b>	<b>1,976</b>	<b>2%</b>
Short Term Debt	35	4	NA
Long Term Debt	1,973	1,972	0%
Cash and Equivalents	1,525	1,557	(2%)
<b>Net Debt</b>	<b>483</b>	<b>419</b>	<b>15%</b>

## Financial Ratios LTM

(EPS in MXN)

	1Q18	4Q17	Var.
Net Debt / Adjusted EBITDA* (x)	0.4 x	0.4 x	<b>7.8%</b>
Total Liabilities/Stockholders' Equity	0.54 x	0.37 x	<b>47.7%</b>
Earnings Per Share	1.10	1.10	<b>0.07%</b>

\*Adjusted EBITDA equals EBITDA plus extraordinary acquisition expenses of \$11 MXN million.

## Financial Derivatives

(MXN, millions)

The use of derivatives is governed by the recommendations and policies dictated by Grupo Rotoplas' Board of Directors and is supervised by the Company's Auditing Committee, both of which provide guidelines for managing risk in credit, exchange rates and interest rates, as well as the use of derivative and non-derivative financial instruments and in excess cash investments.

As of March 2018, the market value of the derivatives positions of Grupo Rotoplas were:

	Market Value
SWAP Interest Rate	31.9
Forwards USD:MXN	(4.2)
Net	27.7

## Share Buyback Program

As of March 31, 2018, the Company's share buyback fund reported 15.3 million shares in the treasury, worth approximately \$435 million at march closing price of \$28.52 per share.

## Analyst Coverage

As of March 31<sup>st</sup>, 2018, analyst coverage was provided by:

- Bank of America Merrill Lynch
- Grupo Bursátil Mexicano (GBM)
- Goldman Sachs
- Santander

## Conference Call

Grupo Rotoplas is pleased to invite you to participate in its First Quarter 2018 Conference Call, to be held on Wednesday, April 25th, 2018 at 10:00 a.m. Mexico City time (11:00 a.m. EST).

Management team will host the call and discuss results, followed by a Q&A session.

Carlos Rojas Mota Velasco – Chairman and Chief Executive Officer  
Mario Romero Orozco – Chief Financial Officer  
Ofelia López Aranda Trewartha – Investor Relations

To participate in the conference call please use the Conference ID **1503367** and dial or log in:

Mexico: **01 800 062 2954**

United States: **1 800 263 0877**

Other Countries: **1 (323) 794 2094**

Web: <http://www.rotoplas.com/inversionistas.html>

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## Forward Looking Statements

This press release may include certain forward-looking statements relating to Grupo Rotoplas S.A.B. de C.V., it relies on considerations of the Grupo Rotoplas S.A.B. de C.V. management which are based on current and known information; however, the forward-looking statements could vary due to facts, circumstances and events beyond the control of Grupo Rotoplas, S.A.B. de C.V.

## About the Company

Grupo Rotoplas S.A.B. de C.V. is America's leading provider of individual and integrated water solutions for storing, carrying, and treating water. With 40 years' experience in the industry and 21 plants throughout the Americas, Rotoplas has a presence in 14 countries and a portfolio that includes 27 product lines. Grupo Rotoplas has been listed on the Mexican Stock Exchange (BMV) under the ticker "AGUA" since December 2014.



## Grupo Rotoplas S.A.B. de C.V. Income Statement

(Unaudited figures, MXN, millions)

	1Q18	1Q17	Var.
Net Sales	1,838	1,669	10.1%
Cost of Sales	1,091	1,010	8%
Gross Profit	747	659	13.4%
<i>Gross Profit Margin</i>	40.6%	39.5%	110 bp
Operating Expense	514	472	9.0%
Operating Income	233	187	24.4%
<i>Operating Income Margin</i>	12.7%	11.2%	150 bp
Comprehensive Financing Cost	24	13	93.4%
Earnings Before Taxes	208	200	3.8%
Taxes	62	58	6.6%
Net Income	146	142	2.6%
<i>Net Income Margin</i>	8.0%	8.5%	(50) bp
EBITDA	308	250	23.1%
<i>EBITDA Margin</i>	16.8%	15.0%	180 bp
Adjusted EBITDA*	319	250	27.6%
<i>Adjusted EBITDA Margin</i>	17.4%	15.0%	240 bp

\*Adjusted EBITDA equals EBITDA plus extraordinary acquisition expenses of \$11 MXN million.

## Grupo Rotoplas S.A.B. de C.V. Balance Sheet as of March 2018 and December 2017

(Unaudited figures, MXN, millions)

	1Q18	4Q17
Cash and Cash Equivalents	1,525	1,557
Accounts Receivable	1,863	1,658
Inventory	961	964
Other Current Assets	833	799
<b>Current Assets</b>	<b>5,183</b>	<b>4,978</b>
Property, Plant and Equipment -Net	2,452	2,519
Other Long-Term Assets	3,351	3,297
<b>Total Assets</b>	<b>10,985</b>	<b>10,794</b>
Short-term Debt with cost	35	4
Suppliers	1,228	1,016
Other Accounts Payable	416	334
<b>Short-term Liabilities</b>	<b>1,679</b>	<b>1,353</b>
Long-term Debt with cost	1,973	1,972
Other Long-Term Liabilities	208	174
<b>Total Liabilities</b>	<b>3,860</b>	<b>3,499</b>
<b>Total Stockholders' Equity</b>	<b>7,126</b>	<b>7,295</b>
<b>Total Liabilities + Stockholders' Equity</b>	<b>10,985</b>	<b>10,794</b>