

Grupo Rotoplas

Earnings Results Conference Call 1Q20

April 23, 2020

Forward Looking Statements

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Speakers



Carlos Rojas Aboumrad
CEO



Mario Romero Orozco
CFO

Mission | Purpose

For people to have more and better water



Our solutions:

- Client-driven
- Innovative
- High quality
- Increase peoples' resilience

Strong Balance Sheet

MXN

Sound debt level

- Net Debt / EBITDA at 0.4x.
- All our debt is denominated in MXN, at a fixed rate of 8.67%.

Prepayment of AGUA 17X

- Closing of interest rate swap related to the timely prepayment of AGUA 17-X in February.

Reopening of the sustainable bond AGUA 17-2X

- Reopening for \$1,600 million pesos, completing a program of \$4,000 million.
- Maturity: June 2027.

Cash position in USD

- Increased position in USD after selling manufacturing assets in the U.S.
- Closing of the FX hedge MXN:USD to cover our planned raw material purchases for 2020 increasing the cash position in \$372 million pesos.



In times like this we will continue to focus on keeping our balance rock-solid.



Rotoplas' Approach



Operational

- Administrative personnel working from home
- Activation of the Business Continuity Plan
- Production in line with demand
- Following highest health and hygiene standards



Financial

- Establishment of the Cash Control Tower
- Unwound favorable hedging positions
 - interest rate swap related to the AGUA 17-X
 - an excess of foreign exchange MXN:USD hedge



Community

- Reactivation of PAZA (*Programa de Agua para Zonas Afectadas*)
- Collaboration with NGOs to enable handwashing stations.
- Donations of storage products
- Donations of bebbia service for a year



Sale of manufacturing assets in the U.S. + AGUA 17-2X reopening = strong cash position





Financial Highlights

Sales & EBITDA | Mexico

Million MXN



Mexico

- Increased demand for storage solutions.
- Change of consumption habits boosts bebbia.
- Successful pricing execution.
- **Essential industry** - Non-interrupted operations.

1Q20			
Sales	10%	{	Products 2%
EBITDA	7%		Services 12%

Sales & EBITDA | Argentina

Million MXN



Argentina

- Challenging macroeconomic conditions.
- Exports increase representing 6% of total sales.
- **Essential industry** – Non-continuous Operations.

	1Q20	
Sales	(19%)	→ Sales growth in ARS: 24%
EBITDA	(84%)	

Sales & EBITDA | Other

Million MXN

Central America

- Country-customized commercial policies.
- Interrupted operations (Guatemala, El Salvador and Honduras).

Peru

- Solid results in January and February offset by sanitary contingency.
- Interrupted operations.

USA

- Change of consumption habits favors e-commerce.
- Capacity to deliver products across the country continues.
- **Essential industry** – Non-interrupted operations .

Brazil

- Reduced operations to satisfy lower demand.
- Continue to develop the water as a service platform.

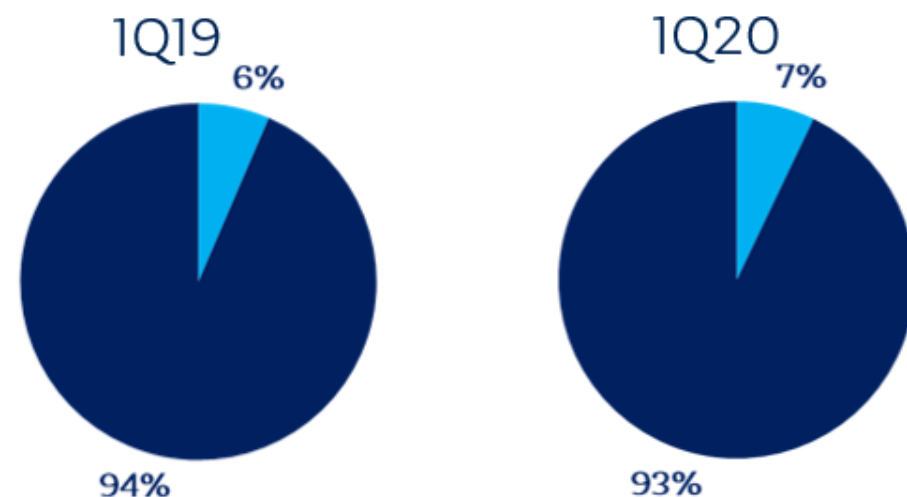


	1Q20
Sales	(2%)
EBITDA	(9%)

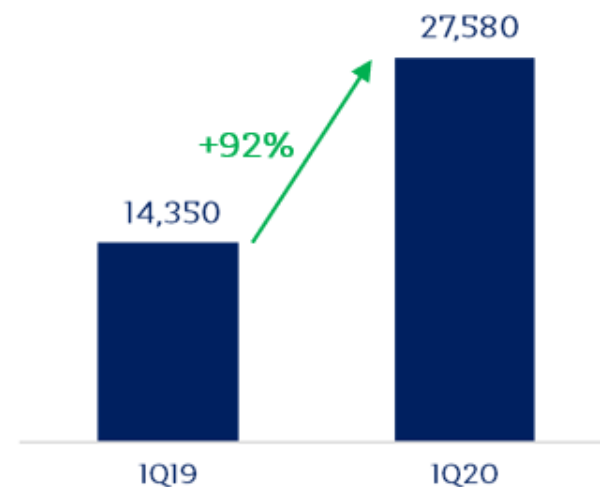


- 12% growth in services.
- Diversification strategy in WWTP brings 7 new clients in the quarter.
- Good traction in bebbia.
- Drinking water fountains programs reactivated.

■ Services
■ Products



Bebbia Purification Units



Financial Highlights

Million MXN



	1Q20	1Q19 ¹	Δ %/bp
Net sales	1,982	1,938	2%
Cost of Sales	1,123	1,122	0%
Gross Profit	858	816	5%
<i>Gross Profit Margin</i>	<i>43%</i>	<i>42%</i>	<i>118 bp</i>
Operating Income	261	256	2%
<i>Operating Income Margin</i>	<i>13%</i>	<i>13%</i>	<i>0 bp</i>
Comprehensive Financing Result	(392)	118	NA
Taxes	188	43	NA
Adjusted EBITDA ²	346	347	(0%)
<i>Adjusted EBITDA Margin</i>	<i>17%</i>	<i>18%</i>	<i>(40) bp</i>
Net Profit/ Loss before discontinued operations	465	94	394%
Net Profit/ Loss after discontinued operations	463	82	NA

¹ It does not include the U.S. manufacturing business as it is considered a discontinued operation after its sale in July 2019.

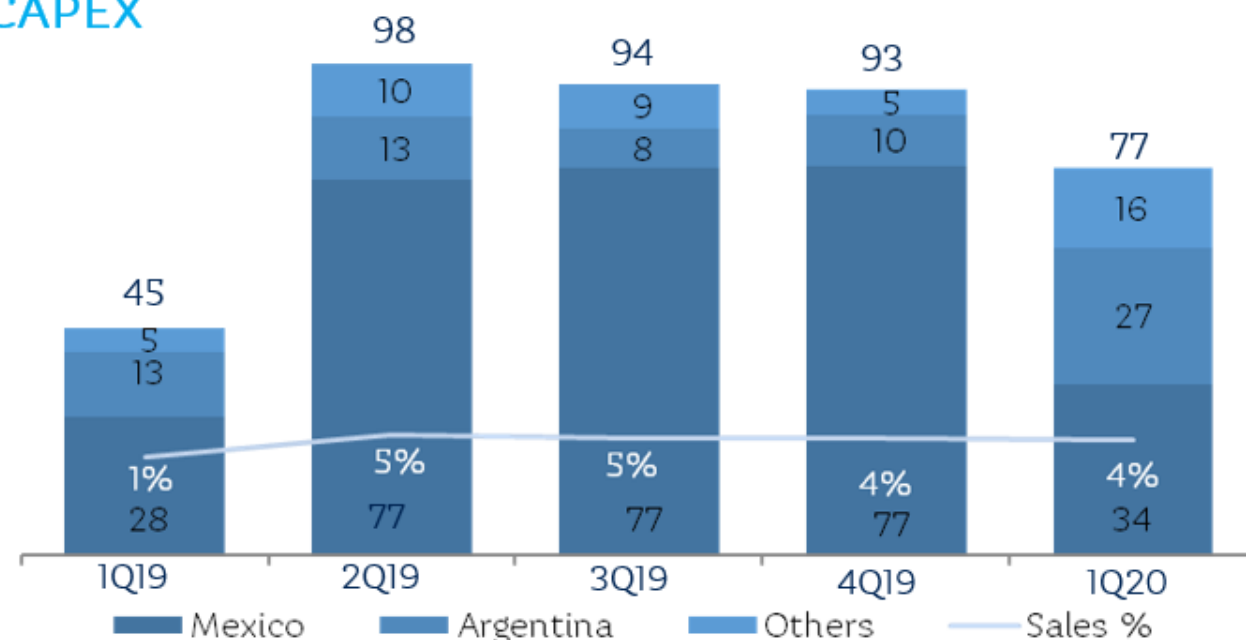
² Adjusted EBITDA considers operating profit + depreciation & amortization + non-recurring expenses (donations). The amount for donations was Ps. 0.03 million in 1Q20 compared to Ps. 0.8 million in 1Q19. Additionally, discontinued operations for the sale of manufacturing assets in the US were segregated, increasing the EBITDA for 1Q19 by Ps. 10 million.

Financial Position

Million MXN



CAPEX



- Net Debt / EBITDA ratio decreased from 1.4x to 0.4x
- Leverage remains within the established debt policy of 2.0x Net Debt / EBITDA

Current Leverage

Balance Sheet	1Q20	1Q19	Δ %
Cash & Cash equivalents	3,459	1,083	82%
Total Debt	4096	2979	40%
Net Debt	637	1,896	(4,140%)
Net Debt / Adjusted EBITDA	0.4x	1.4X	1.0X

- Increase in cash derived from the reopening of the sustainable bond AGUA 17-2X and the closing of favorable positions related to interest rate swaps and exchange rate hedges.

ROIC vs Cost of Capital



- Greater discipline in Capital Allocation (Control Tower).
- Optimization of working capital.
- Increased production efficiency in manufacturing process.
- Divestment strategy for low return assets.
- Strict discipline on spending.





 A Gender Equality assesment was carried out



Climate Value Proposition determination

Access to water for the bottom of the income pyramid



Reactivation of PAZA C-19
"Programa de Agua para Zonas Afectadas"



Code of Ethics and Conduct update and training





The meeting will be held on April 24th for further document consultation go to:
<https://rotoplas.com/investors/shareholders-meeting/>

Proposals



About Investor retribution



Capital reimbursement through capital reduction

\$0.40 - exchange of Company's shares

+

\$0.40 - exchange of Company's shares or cash



About Board Composition



Ratification of the Board members
7 related members &
8 independent members



Committee composition
Maintain same composition as in 2019



About Repurchase



Share repurchase program's authorized amount

Total net profits, including retained earnings existing as of December 31st, 2019



Q&A

Thank you!