



First Quarter 2020 Earnings Release

Mexico City, April 22nd. Grupo Rotoplas S.A.B. de C.V. (BMV: AGUA) (“Rotoplas” or “the Company” or “the Group”), the leading provider of water solutions, products and services, in the Americas, announced today its unaudited financial results for the first quarter of 2020 ending March 31st. The information within has been prepared based on International Financial Reporting Standards (IFRS).

Financial Highlights

(Figures in million Mexican pesos)

	1Q20	1Q19 ¹	Δ \$	Δ %
Income Statement				
Net Sales	1,982	1,938	43	2.2%
<i>Gross Margin</i>	43.3%	42.1%	-	120 bps
Operating Income	261	256	5	1.8%
<i>Operating Margin</i>	13.2%	13.2%	-	0 bps
Adjusted EBITDA ²	346	347	(1)	(0.2%)
<i>Adj. EBITDA Margin</i>	17.5%	17.9%	-	(40) bps
Net income before discontinued operations	465	94	371	NA
<i>Net income margin</i>	23.5%	4.9%	-	NA
Net Profit / Loss after discontinued operations	463	82	380	NA
Balance Sheet and Key Financial Metrics				
Cash and cash equivalents	3,459	1,083	2,376	NA
Total Debt	4,096	2,979	1,117	37.5%
Net Debt / EBITDA LTM	0.4 x	1.4 x	-	1.0x
ROIC	9.4%	7.8%	-	160 bps

¹ For comparison purposes, these figures vary from those previously reported in 2019. These now exclude the manufacturing operations in the United States of America as they are considered discontinued due to their sale in July 2019. This adjustment subtracts Ps. 21 million from net sales and increases adjusted EBITDA by Ps. 10 million.

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.



Quarterly Results 1Q20 vs 1Q19:

(Figures in million Mexican pesos)

- ④ **Net sales** grew by 2.2% to reach Ps. 1,982 million. This was driven by double-digit growth in the United States, Central America and Mexico offsetting lower revenues in Argentina, Peru and Brazil.
 - **Product sales**, which represent 93% of total sales, grew by 1.5%, driven by the storage category.
 - **Services sales** grew by 12.2%, as a result of a strong performance of drinking water fountains and *bebbia*, as well as stable income from water treatment plants. The drinking water platform achieved record sales for its value proposition to grant access to purified water without leaving the home.
- ④ **Gross profit** increased by 5.1% and the gross margin showed an expansion of 120 bps, due to lower raw material costs and efficiencies achieved in manufacturing processes.
- ④ **Operating income** increased by 1.8% to Ps. 261 million and the **operating margin** remained steady at 13.2%.
- ④ **Adjusted EBITDA¹** reached Ps. 346 million, in line with 1Q19, while the margin decreased by 40 bps to 17.5%. This despite the impact on operations and demand experienced in March related to the COVID-19 emergency.
- ④ **Net income** before discontinued operations reached Ps. 465 million, 4.9x higher than the same period of the previous year. This was driven by gains from financial instruments and foreign exchange gains due to the appreciation of the exchange rate of foreign currencies against the Mexican peso.
- ④ Driven by the execution of **Flow**, the organizational transformation program, ROIC increased by 160 bps over the last 12 months, to reach 9.4%, the narrowest differential versus the cost of capital (WACC) since the Company went public in 2014.
- ④ **Net Debt / EBITDA** leverage closed at 0.4x, compared to 1.4x at the end of March 2019.
- ④ The **cash conversion cycle** improved by 18 days due to more efficient working capital management.
- ④ During the quarter, the **financial structure** was strengthened with the prepayment of the short-term sustainable bond and a reopening of Ps. 1,600 million of AGUA 17-2X at a fixed rate and maturing in June 2027.

¹Adjusted 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.



Message from the CEO

We started the first quarter with a strong performance during January and February; however, in March we witnessed a complex global period due to the COVID-19 pandemic, impacting social dynamics and economies in the countries in which we operate.

Despite the interruption in operations in Argentina, Peru, El Salvador and Honduras, due to the obligatory suspension of activities as a result of the health emergency, sales grew by 2% and we maintained the EBITDA margin above 17%. Mexico, the United States and Central America stand out with double-digit sales growth in the quarter.

As a 100% client-oriented water solutions company, Rotoplas has played and will continue to play a key role in tackling this crisis – ensuring the availability and quality of water is paramount, now more than ever. I would like to highlight that in most of the locations in which we operate, the corresponding authorities have authorized us to continue or resume operations as our activity has been recognized as essential. We maintain strict safety and hygiene protocols to protect our employees and continue with our mission in the face of the crisis.

The strategic alignment of initiatives within the *Flow* transformation program has enabled us to respond quickly to new events, increase ROIC by 160 bps over the last 12 months, and strengthen our financial structure. Following the prepayment of the short-term sustainable bond and the reopening of the long-term bond, we completed a program of Ps. 4,000 million at a fixed rate maturing in 2027, improving the Company's liquidity position and financial flexibility.

Additionally, our cash position increased by Ps. 372 million as a result of closing favorable hedging positions (interest rate swap and exchange rate hedge), protecting the exchange rate risk with the Group's cash flow in dollars. Consequently, the Net Debt/EBITDA leverage was reduced from 0.8x at the end of 2019 to 0.4x.

Through "PAZA C-19" (*Programa de Agua para Zonas Afectadas*), the Water Program for Affected Areas, we are collaborating with various institutions to combat the spread of the disease through access to clean water, handwashing stations and purification points providing safe drinking water. We are confident that this is a time to stay united and overcome adversities together.



Carlos Rojas Aboumrad



Rotoplas' Steps Against COVID-19

Rotoplas has implemented different initiatives to support the fight against the spread of COVID-19 in the different countries in which it operates.

Operating Level

In March, some plants and distribution centers were operating intermittently as they had to close by official mandate to contain the spread of the virus. However, some localities reopened with the permission of the authorities as the water industry is classified as an essential activity.

Country or region	Manufacturing plant/distribution center situation
Mexico	Continuous operations
Argentina	Intermittent operations – plants closed from March 20 th , however, through negotiations with the national authorities, a permit was obtained to distribute essential products as of March 27 th
USA	Normal operation of the e-commerce platform as both product and logistics providers continued operations
Peru	Operations stopped from March 16 th
Central America	Temporary closure of the plant in Guatemala for 5 days and closure of distribution centers in El Salvador and Honduras from March 16 th . El Salvador, Costa Rica and Nicaragua had continuous operations.
Brazil	Continuous operations

International health and hygiene protocols have been implemented, according to the World Health Organization's (WHO) recommendations, to guarantee the safety of employees who continue to work face-to-face. This includes cleaning and sanitizing facilities, monitoring body temperature, reducing staff by shift and physical distancing, among others.

At the corporate level, more than 90% of the workforce worked remotely in order to safeguard their and their families' health and well-being.

In addition to the impact on operations, the demand for products and some services was affected in various locations due to social distancing and restrictions on movement. Furthermore, a large proportion of the network of distributors and customers closed their establishments, causing discontinuity in the value chain.



Financial Level

Given the uncertainty and volatility caused by the pandemic, various actions have been taken:

- The establishment of a Cash Flow Control Tower that meets weekly to monitor the liquidity position in a timely manner, match income and expenses, and negotiate with clients and suppliers, among other activities, to maintain financial flexibility and the ability to respond in an agile way.
- Increasing the frequency of the Credit Committee from monthly to weekly.
- The closing of favorable hedging positions (interest rate swaps related to the AGUA 17-X Sustainable Bond that was prepaid in February and a surplus in MXN:USD exchange rate coverage), increasing the cash position by \$372 million.

Commitment to Stakeholders

Various initiatives have been implemented through the reactivation of the “*Programa de Agua para Zonas Afectadas*” (Water for Affected Areas Program), launched in response to the crisis caused by the 2017 earthquakes in Mexico, and reorienting its purpose in response to the health emergency, under the name “PAZA C-19”.

As access to clean water, regular hand washing, and staying hydrated are one of the most effective measures to reduce or combat the virus, we have worked closely with government institutions, civil society organizations, and NGOs to collaborate on social programs to install solutions such as:

- Handwashing stations
- Storage of clean water supplied by water trucks to vulnerable areas
- Drinking water purifiers in hospitals

Rotoplas took part in these initiatives through the donation of products or services, including the operation and maintenance of *bebbia* purifiers for one year, or with sales at reduced prices. These projects have been implemented in Mexico, Argentina and Peru.



Analysis of the Income Statement

Sales and Adjusted EBITDA by Country and Solution

(Figures in million Mexican pesos)

	1Q20	1Q19 ¹	Δ \$	Δ %
Sales				
Mexico	1,232	1,119	113	10.1%
<i>% of total</i>	62%	58%	-	450 bps
Argentina	271	332	(62)	(18.6%)
<i>% of total</i>	14%	17%	-	(350) bps
Others	479	487	113	(1.6%)
<i>% of total</i>	24%	25%	-	(90) bps
Total	1,982	1,938	43	2.2%
<i>Products</i>	1,841	1,813	28	1.5%
<i>% of total</i>	93%	94%	-	(60) bps
<i>Services</i>	141	125	15	12.2%
<i>% of total</i>	7%	6%	-	60 bps
Total	1,982	1,938	43	2.2%

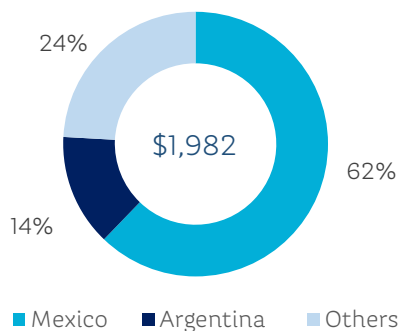
	1Q20	1Q19 ¹	Δ \$	Δ %
Adjusted EBITDA²				
Mexico	315	292	23	7.9%
<i>Adj. EBITDA Margin</i>	25.6%	26.1%	-	(50) bps
Argentina	4	25	(21)	(83.8%)
<i>Adj. EBITDA Margin</i>	1.5%	7.6%	-	(610) bps
Others	27	30	(3)	(8.8%)
<i>Adj. EBITDA Margin</i>	5.6%	6.1%	-	(50) bps
<i>Products</i>	352	329	23	6.9%
<i>Adj. EBITDA Margin</i>	19.1%	18.1%	-	100 bps
<i>Services</i>	(5)	18	(23)	(130.0%)
<i>Adj. EBITDA Margin</i>	(3.8%)	14.3%	-	(1810) pb
Total	346	347	(1)	(0.2%)

¹ For comparison purposes, these figures vary from those previously reported in 2019. These now exclude the manufacturing operations in the United States of America as they are considered discontinued due to their sale in July 2019. This adjustment subtracts Ps. 21 million from net sales and increases adjusted EBITDA by Ps. 10 million.

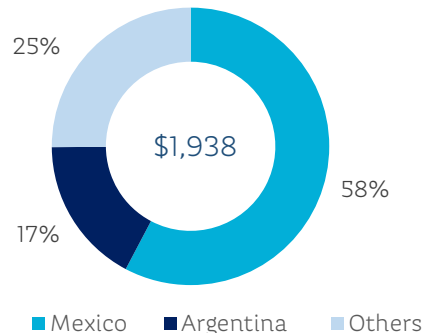
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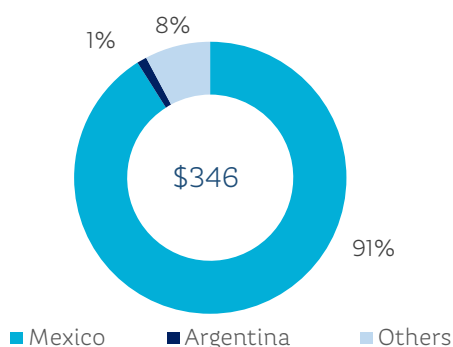
Sales 1Q20



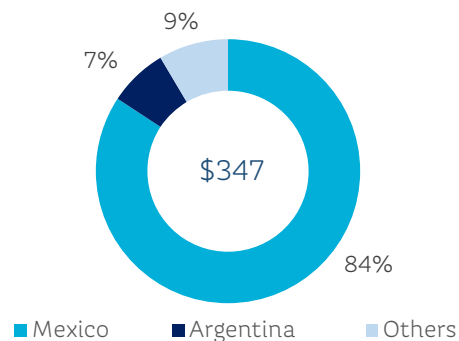
Sales 1Q19



EBITDA 1Q20



EBITDA 1Q19



- Mexico

Net sales amounted to Ps. 1,232 million. Over the quarter revenues increased by 10.1% driven by growth in both products and services.

Within the products segment, which increased by 9.8%, all three categories grew: storage, water flow and improvement. At the start of the year, greater dynamism was observed in the construction sector and in programs focused on providing sanitation to areas without sewage systems. Despite the health emergency in March, sales for that month increased by over 9%.

Services grew by 12.2% due to record sales in *bebbia*, growth in drinking water fountains and stable water treatment plant invoicing. The number of installed *bebbia* purification points increased from 14,350 units in 1Q19 to 27,580 units in 1Q20.



Manufacturing plants and distribution centers are listed as essential activities and continued to operate with the necessary hygiene measures.

Adjusted EBITDA for the quarter reached Ps. 315 million, an increase of 7.9% compared to the same period of the previous year. This increase was due to lower raw material costs, as well as an improvement in manufacturing plant productivity achieved through efficiency initiatives from the *Flow* program. The **adjusted EBITDA margin** reached 25.6%.

- Argentina

Net sales in Argentina were Ps. 271 million, a fall of 18.6%. The depreciation of the Argentine peso impacted sales in Mexican pesos, sales grew by 24.1% in local currency. However, this increase is below the 48% inflation as the demand for products was affected by restrictions on movement to combat the pandemic.

Growth in export sales stands out, increasing 13% in Mexican pesos and 45% in volume, representing 6% of the country's sales. The main countries to receive exports were Cuba, Peru, Uruguay and Ecuador. The development and enhancement of the export platform has been established as a strategic priority for Argentina within the framework of the *Flow* program.

The **adjusted EBITDA margin** was 1.5% for the quarter, a decrease of 610 bps. This was due to foreign currency exposure and fixed costs and expenses that affected the result as a consequence of the drop in production and sales volumes caused by the health emergency.

NOTE: Adoption of IAS 29, Financial Reporting in Hyperinflationary Economies.

Due to the Argentine accumulation of an inflation higher than 100% in the last three years, it is considered a hyperinflationary economy. In accordance with IAS 29, an adjustment for inflation has been made to the Financial Statements to consider changes in purchasing power.

International Accounting Standard (IAS) 29, Financial Information in Hyperinflationary Economies establishes that the results of operations in Argentina should be reported as if they were hyperinflationary as of January 1st, 2018. Moreover, an adjustment for inflation in the Financial Statements should be made to account for the change in the purchasing power of the local currency.

Due to the aforementioned, in 1Q20, the impact of the above resulted in an increase of Ps. 16 million in financial expenses, negatively impacting the Comprehensive Financing Result. After accounting for taxes, it negatively affected net income by Ps. 22 million.



- Other Countries

Net sales from other countries (United States of America, Peru, Brazil, Guatemala, El Salvador, Costa Rica, Honduras and Nicaragua) reached Ps. 479 million, a reduction of 1.6% vs 1Q19.

In the United States, the double-digit growth in sales is attributed to the strengthening of the commercial team, updates to the e-commerce platform, better digital marketing strategies and an increase in demand due to the health emergency.

Social distancing has resulted in changes in consumption trends with more storage solutions required due to extended stays at home and a migration from physical to online purchases. Therefore, over the quarter, traffic on the 3 websites increased, in turn generating a greater number of calls to the call center.

Additionally, the continuity in the operation of farms to guarantee the food supply has helped demand.

Central America continues to grow significantly as a result of the strengthening of the team and the commercial strategy for each region. Additionally, in accordance with the strategy focused on the Northern Cone, sales in Honduras and Nicaragua grew solidly.

The Company, much like its clients and distributors, had to close operations in Peru by official decree from March 16th, causing sales for the quarter to fall. However, in January and February biodigester sales experienced increased dynamism due to the reactivation of government spending.

Furthermore, sales in Brazil fell due to restrictions on movement during March, as well as the depreciation of the Brazilian Real compared to March 2019, affecting sales in Mexican pesos.

The **adjusted EBITDA margin** amounted to 5.6%, 50 bps below that of 1Q19 as a result of the closure of operations in Peru, intermittent activities in Central America and the impact of social distancing and restrictions on movement on sales volumes.

Summary by Products and Services – Sales and EBITDA

Transactions with the government accounted for 6.7% of sales during the quarter, increasing mainly due to programs that provide sanitation systems to areas with no sewage system and to contracts for school drinking water fountains. Said percentage is less than the internal guideline of maintaining this exposure below 10% of the Group's income.



- Products

Net sales of products, which include the storage, water flow and improvement categories, grew by 1.5% in 1Q20 to Ps. 1,841 million due to our country specific product marketing strategy. Strong performance in Mexico, the United States and Central America offset lower demand in Argentina, Peru and Brazil.

Adjusted EBITDA margin increased by 100 bps, to reach 19.1%, due to lower raw material costs and better price levels for sales coupled with the optimization of manufacturing processes, which offset the impact on volumes in certain countries.

- Services

Net sales of services grew by 12.2% as a result of a significant increase in sales and units of *bebbia*, in school drinking water fountains and stable revenues from water treatment plants. *Bebbia's* reach extends to 118 municipalities in Mexico with 27,580 installed units.

The **adjusted EBITDA margin** was (3.8%), primarily affected by the investment in the growth of the services platform through marketing campaigns, digital strategy on social media and the strengthening of customer service channels in all businesses.

Gross Profit

The **gross margin** increased by 120 bps, from 42.1% in 1Q19 to 43.3% in 1Q20, due to lower raw material costs as well as improved production processes resulting from *Flow*, the organizational transformation program.

Operating Income

Operating income grew by 1.8% in the quarter, reaching Ps. 261 million and a margin of 13.2%, in line with the same quarter of the previous year. This increase was due to lower raw material costs and efficiencies in production processes which offset reduced absorption of expenses as a result of lower sales volumes in some countries, as well as higher marketing expenses to boost the service platform and various products.

Comprehensive Financing Result

The **Comprehensive Financing Result** in 1Q20 was a financial income of Ps. 392 million, compared to an expense of Ps. 118 million in the same period of the previous year. This increase resulted from gains in financial derivative instruments and foreign exchange gains of Ps. 372 and Ps. 115 million, respectively, offsetting the interest expenses from the sustainable bond of Ps. 90 million and the monetary loss in Argentina of Ps. 16 million.



Income Tax

Income tax for the first quarter amounted to Ps. 188 million vs Ps. 43 million in 1Q19. The increase is attributed to tax generated on gains from financial derivative instruments.

Net Income

Net income before discontinued operations reached Ps. 465 million, 4.9x higher than that registered in the same period of the previous year. This increase was attributable to gains resulting from hedging instruments. Without such earnings, net profit would amount to approximately Ps. 193 million, a 104.9% increase compared to 1Q19.

CapEx

(In million Mexican pesos)

	Mar. 20	%	Mar. 19	%	Δ \$	Δ %
Mexico	34	44%	28	62%	6	23.3%
Argentina	27	35%	13	29%	15	112.5%
Others	16	21%	4	9%	12	NA
Total	77	100%	45	100%	32	71.2%

Capital investments made as of March 2020 represented 3.9% of sales, with Mexico being the country with the most resources allocated. Investments included:

- Ps. 14 million for improvements in technological platforms and operating systems for the Group's operations.
- Ps. 26 million for water treatment and recycling plants, which represents 34% of the total CapEx.
- Investments in Argentina is mainly related to machinery and molds for the water flow segment.



Balance Sheet

Debt

(In million Mexican pesos)

	Mar.20	Mar.19	Δ %
Total Debt	4,096	2,979	39.5%
Short-term Debt	97	60	61.7%
Long-term Debt	3,999	2,919	37.0%
Cash and Cash Equivalents	3,459	1,083	87.2%
Net Debt	637	1,896	(41.4%)

Debt Maturity Profile

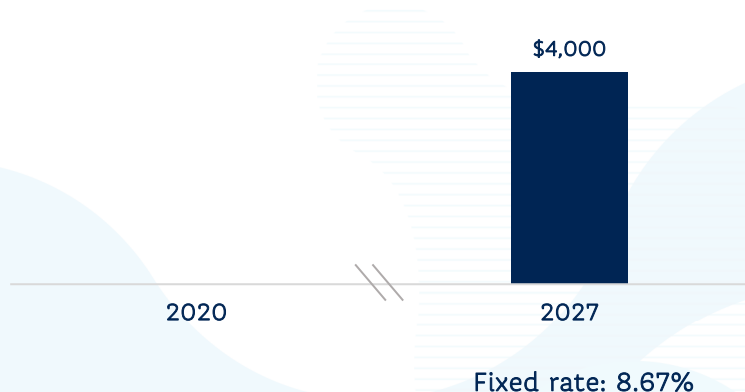
On February 13th, we made the voluntary early amortization of the full outstanding principal for the “AGUA 17X” certificates in circulation, due to mature in June 2020. This was at an early amortization price of Ps. 100.011560 for each certificate plus interest, amounting to a total of Ps. 601’160,026.67.

In addition, on February 19th, the second reopening of the Sustainable Bond “AGUA 17-2X” was issued for Ps. 1,600 million, at a fixed rate of MBONO27 + 139 basis points, an 8.65% coupon and maturing in June 2027. The reopening had an excess demand of 3.04x.

The Ps. 2,400 million remaining to complete the program of senior notes “AGUA 17-2X” for Ps. 4,000 million also have a maturity date in 2027 and were issued at a fixed rate. As of March 31st, 2020, the interest coverage ratio (Adjusted EBITDA LTM / interest payments LTM) amounted to 4.7x.

Due to the above, Rotoplas strengthened its liquidity position and its financial flexibility. 100% of the debt is denominated in Mexican pesos.

Debt Maturity Profile





Working Capital

(Days)

	3M20	3M19	Δ days
Days of Inventory	84	75	8
Days of Portfolio	63	70	(7)
Days of Payable Outstanding	90	71	19
Cash Conversion Cycle	57	75	(18)

The 18 day decrease in the **cash conversion cycle** is attributed to an improvement in accounts payable and receivable, which offset the increase in inventories. This resulting from the negotiation of better terms with clients and suppliers. This initiative started within the *Flow* program, with a specific emphasis on optimizing working capital in Mexico and Argentina.

Financial Ratios

(EPS in MXN)

	3M20	3M19	Var (%)
Net Debt / Adjusted EBITDA	0.4 x	1.4 x	(1.0) x
Total Liabilities / Total Stockholder's Equity	0.9 x	0.8 x	0.1 x
Total Earnings per Share*	0.96	0.19	4.9 x

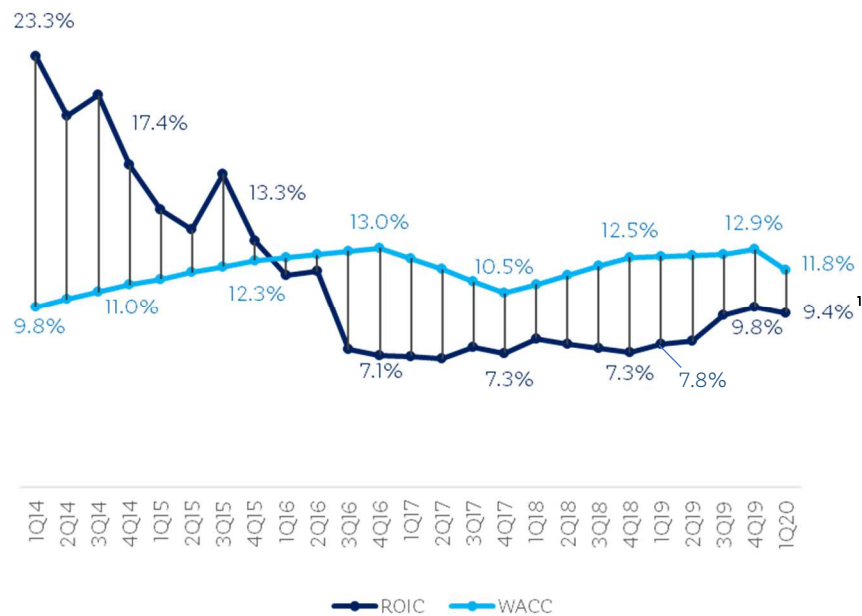
* Net Income before discontinued operations for the period divided by 486.2 million shares, in MXN.

Leverage as of the first quarter of 2020 is within the 2.0x Net Debt/EBITDA debt guidelines established by the Company. The interest coverage (Adjusted EBITDA LTM/interest payments LTM) amounted to 4.7x.

Additionally, earnings per share before discontinued operations increased 4.9x compared to the first quarter of the previous year



ROIC / Cost of Capital



ROIC: NOPAT LTM/Average Invested Capital t, t-1.

Invested Capital: Total assets – Cash and cash equivalents – Short Term Liabilities

¹ ROIC as of 1Q20 excludes the effect of the payment of taxes related to the gain from financial derivative instruments as it is non-recurring, without this exclusion the ROIC would be 7.9%.

During the second half of 2019, the Company began a long-term transformational program identifies as *Flow*, with the aim to improve the return on invested capital (ROIC).

Through the strategic alignment this program’s initiatives, highlighting discipline in capital allocation, divestment of unprofitable assets and optimization of working capital, ROIC increased by 160 bps, from 7.8% in 1Q19 to 9.4% at the end of March 2020.

Financial Derivatives

(In million MXN)

The use of financial derivatives is governed by the recommendations and policies established by the Board of Directors and supervised by the Audit Committee, which provide guidelines on the management of foreign exchange risk, interest rate risk,



credit risk, the use of derivative and non-derivative financial investments, and excess cash investments.

During the quarter, favorable hedging positions were closed (interest rate swaps related to the AGUA 17-X Sustainable Bond that was prepaid in February and a surplus in MXN:USD exchange rate coverage), increasing the cash position in Ps. 372 million. After the exchange rate hedge closed, the Company will protect the exchange rate risk with the current cash position in dollars.

With the aim of increasing the position of the repurchase fund at attractive prices, over the quarter the Company successfully concluded three equity forward contracts, under which it acquired 13.7 million shares (AGUA*) at an average price of \$16.79. These contracts were settled by paying the difference between the value of the share on the purchased date and the value of the share on the settlement date. The purchase of the instruments was subject to current regulations.

Stock Repurchase Program

As of March 31, 2020, the repurchase fund held 52.3 million shares (including the shares mentioned in the point above), amounting to Ps. 964 million.

As at the end of the quarter, the Company had not cancelled any shares.

Employees

As of March 31, 2020, the total number of employees was 3,251, a 3% decrease when compared to 1Q19. This decrease is explained by the sale of the manufacturing business in the United States in July 2019.

Environmental, Social and Governance (ESG)

Three pillars for environmental matters have been defined under which Rotoplas' **climate value proposition** was established with its stakeholders (customers, employees, plants, suppliers, Board of Directors, financial community, authorities and the community). The purpose of this value proposition is to develop a strategy for each stakeholder. The pillars are: 1) water access for the base of the pyramid, 2) circular economy and 3) boost services (*bebbia* and water treatment plants).

In the social field, a **gender equality** diagnosis was conducted with the group's administrative employees in order to recommend a diversity strategy that, in the first instance, addresses issues related to gender and then progresses to tackle other diversity gaps.



Regarding governance, the Group's [code of ethics and conduct](#) was updated; subsequently, an online training program was launched for administrative personnel as well as a face-to-face program for operational employees.

In addition, the “*Programa de Agua para Zonas Afectadas*” is reorienting its purpose to this new health emergency under the name of “[PAZA C-19](#)”.

Press Releases

- ④ **COVID-19: How is Rotoplas helping?** – On April 7th, Rotoplas shared the steps it is taking to support employees, clients, suppliers and the communities in which it operates during the COVID-19 pandemic and the related economic shutdowns.

https://rotoplas.com/investors/rtp_resources/eng/relevant_events/2020/2020/COVID-19-How-Rotoplas-is-helping.pdf

- ④ **Rotoplas updates on COVID-19 response** – on March 30th, Rotoplas updates the investor community on the impact of COVID-19 on its operations and the Company’s ongoing measures to navigate the situation.

https://rotoplas.com/investors/rtp_resources/eng/relevant_events/2020/1Q20/Rotoplas-actions-in-response-to-COVID-19-mar-30.pdf?5e9e170c

- ④ **World Water Day: decalogue for a better use of water and fighting climate change** – On March 20th Rotoplas announced that in the framework of the World Water Day, which is celebrated on March 22nd, and as part of its climate change strategy, it presents a set of guidelines and actions, which aim to promote the best use of water and reduce environmental impact.

https://rotoplas.com/investors/rtp_resources/eng/relevant_events/2020/1Q20/Rotoplas-decalogue-Worlds-Water-Day.pdf

- ④ **Rotoplas actions in response to COVID-19** – On March 19th Rotoplas shared with the market the different operating and financing initiatives it is taking to prepare for the impact of the spread of COVID-19.

https://rotoplas.com/investors/rtp_resources/eng/relevant_events/2020/1Q20/Rotoplas-actions-in-response-to-COVID-19.pdf

- ④ **Rotoplas ratifies its commitment to gender equality** – On February 27th Rotoplas announced that aware of the current situation in Latin America, it has decided to ratify its commitment to gender equality.

https://rotoplas.com/investors/rtp_resources/eng/relevant_events/2020/1Q20/Rotoplas-compromise-to-gender-equality.pdf



- ④ **Rotoplas successfully issues second reopening of Sustainability Bond AGUA 17-2X –** On February 19th Rotoplas announced the successful second reopening of the second issuance of the Sustainability Bond, with ticker AGUA 17-2X, for a total amount of \$1.6bn Mexican pesos, which was oversubscribed 3.04x.

https://rotoplas.com/investors/rtp_resources/eng/relevant_events/2020/1Q20/2nd-Reopening-AGUA17-2X.pdf

- ④ **S&P Global Ratings confirms its 'mxAA-' rating for AGUA 17-2X senior notes issuance, after the proposed second reopening amounting up to \$1,600 million pesos.** – On February 7th Rotoplas announced that S&P Global Ratings reaffirmed its long-term credit rating on the national scale, of 'mxAA-', after the proposal to have a second reopening for \$1,600 million pesos of its senior notes AGUA 17-2X. With this amount the issuance would reach a total of \$4,000 million pesos.

https://rotoplas.com/investors/rtp_resources/eng/relevant_events/2020/1Q20/S&P-Rating-second-reopening-of-AGUA-17-2X-Bond.pdf

- ④ **Fitch has assigned 'AA(mex)' rating to the second reopening of senior notes AGUA 17-2X –** On February 7th Rotoplas announced that Fitch assigned 'AA(mex)' rating in national scale to the second reopening of the second issuance of additional senior notes with ticker AGUA 17-2X, for an amount up to \$1,600 million pesos, with a maturity date of June 16th 2027, a fixed rate and denominated in Mexican pesos. The reopening is part of the revolving long-term senior notes program, authorized by the Mexican Banking and Securities Commission (CNBV), for an amount up to \$4,000 million pesos or its equivalent in investment units indexed to inflation in Mexico (UDIs).

https://rotoplas.com/investors/rtp_resources/eng/relevant_events/2020/1Q20/Fitch-Rating-reopening-of-AGUA-17-2X-Bond.pdf

- ④ **Total voluntary early amortization of the "AGUA 17X" senior notes (certificados bursátiles)** – On February 5th Rotoplas announced that it had carried out the full voluntary early amortization of the certificates' principal amount at an early amortization price of MXN \$100.011560 per certificate plus the respective accrued and unpaid ordinary interests calculated from February 5th, 2020 through February 13th, 2020, meaning a total amount of MXN \$1,090,666.67 for such accrued and unpaid ordinary interests; resulting in a total amount payable of MXN \$601'60,026.67.

https://rotoplas.com/investors/rtp_resources/eng/relevant_events/2020/1Q20/Voluntary-early-amortization-AGUA-17X.pdf



Analyst Coverage

As at March 31, 2020, analyst coverage was provided by:

Institution	Analyst	Contact	Recommendation	TP*
Actinver	José Cebeira	jcebeira@actinver.com.mx	Buy	\$26.00
Bank of America	Eric Neguelouart	eric.neguelouart@baml.com	Sell	\$26.00**
GBM	Liliana de León	ldeleon@gbm.com	Buy	\$32.00
Signum Research	Alain Jaimes	alain.jaimes@signumresearch.com	-	-

*Target Price.

**Not updated.

Income Statement

(Non-audited figures, in million Mexican pesos)

	1Q20	1Q19 ¹	Δ \$	Δ %
Net Sales	1,982	1,938	43	2.2%
COGS	1,123	1,122	2	0.1%
Gross Profit	858	816	42	5.1%
<i>Gross Profit Margin</i>	<i>43.3%</i>	<i>42.1%</i>	-	<i>118 bps</i>
Operating Expenses	597	560	37	6.6%
Operating Income	261	256	5	1.8%
<i>Operating Income Margin</i>	<i>13.2%</i>	<i>13.2%</i>	-	<i>0 bps</i>
Comprehensive Financing Cost	392	(118)	510	NA
Financial Income	413	10	403	NA
Financial Cost	(21)	(128)	107	(83.5%)
Earnings Before Taxes	653	137	516	NA
Taxes	188	43	145	NA
Net Income Before Discontinued Operations	465	94	371	NA
<i>Net Income Margin</i>	<i>23.5%</i>	<i>4.9%</i>	-	<i>1,860 bps</i>
Adjusted EBITDA²	346	347	(1)	(0.2%)
<i>Adjusted EBITDA Margin</i>	<i>17.5%</i>	<i>17.9%</i>	-	<i>(42 bps)</i>
Profit/Loss from Discontinued Operations	(2)	(12)	10	(81.9%)
Net Profit/Loss after Discontinued Operations	463	82	380	NA

Balance Sheet

(Non-audited figures, in million Mexican pesos)

	Mar-20	Dec-19	Δ \$	Δ %
Cash and Cash Equivalents	3,459	1,848	1,611	87.2%
Accounts Receivable	1,701	1,709	(9)	(0.5%)
Inventory	1,046	894	152	17.0%
Other Current Assets	672	665	7	1.0%
Current Assets	6,878	5,117	1,762	34.4%
Property, Plant and Equipment – Net	2,656	2,499	157	6.3%
Other Long-term Assets	3,982	3,886	96	2.5%
Total Assets	13,516	11,502	2,015	17.5%
Short-term Debt	97	606	(510)	(84.0%)
Suppliers	557	349	209	59.9%
Other Accounts Payable	1,239	1,250	(10)	(0.8%)
Short-term Liabilities	1,894	2,205	(311)	(14.1%)
Long-term Debt	3,999	2,329	1,670	71.7%
Other long-term Liabilities	515	478	36	7.6%
Total Liabilities	6,407	5,012	1,396	27.8%
Total Stockholders' Equity	7,109	6,490	619	9.5%
Total Liabilities + Stockholders' Equity	13,516	11,502	2,015	17.5%

¹ For comparison purposes, these figures vary from those previously reported in 2019. These now exclude the manufacturing operations in the United States of America as they are considered discontinued due to their sale in July 2019. This adjustment subtracts Ps. 21 million from net sales and increases adjusted EBITDA by Ps. 10 million.

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.



Cash Flow Statement

(Non-audited figures, in million Mexican pesos)

	3M20	3M19 ¹	Δ \$	Δ %
EBIT	261	256	5	1.8%
Depreciation	86	90	(5)	(5.0%)
Taxes	(86)	(24)	(62)	NA
Net Interests	1	(22)	23	NA
Working Capital	280	(79)	359	NA
Other	268	(35)	303	NA
Operating Free Cash Flow	810	187	623	NA
<i>Operating Free Cash Flow Conversion (%)</i>	<i>310.8%</i>	<i>73.0%</i>	-	NA
Dividends	-	-	NA	NA
CapEx	(77)	(45)	(20)	34.5%
Stock Repurchase Program	(467)	(99)	(368)	NA
Mergers & Acquisitions	(4)	45	(49)	NA
Short- and Long-Term Debt	1,066	1	1,065	NA
Leasing payments	(14)	(14)	0	(2.9%)
Other	294	(43)	337	NA
Net Change in Cash	1,611	32	1,579	NA
Initial Cash Balance	1,848	1,050	797	75.9%
Final Cash Balance	3,459	1,083	2,376	219.5%

¹ For comparison purposes, these figures vary from those previously reported in 2019. These now exclude the manufacturing operations in the United States of America as they are considered discontinued due to their sale in July 2019.



Conference Call

Grupo Rotoplas
(BMV: AGUA*)

Cordially invites you to its First Quarter 2020 Conference Call.

Thursday, April 23rd
10:00am Mexico City Time (11:00am, EST)

The leadership team will comment on the first quarter results, followed by a question and answer session.

- Carlos Rojas Aboumrad – CEO
- Mario Romero Orozco – CFO

Webcast:

<http://public.viavid.com/index.php?id=139110>

Numbers:

Mexico: 01-800-062-2962

United States: 1-888-220-8451

Other countries: 1-323-794-2588

Conference ID: 5313530

The conference recording will be available afterwards at:

<https://rotoplas.com/investors/>



Investor Relations Contact Details

Mariana Fernández

T. +52 (55) 52015000

Ext. 50163

mfernandez@rotoplas.com

María Fernanda Escobar

T. +52 (55) 52015000

Ext. 50341

mfescobar@rotoplas.com

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 water solutions, including products and services for storing, piping, improving, treating and recycling water. With 40 years' experience in the industry and 19 plants throughout the Americas, Rotoplas is present in 14 countries and has a portfolio that includes water services and 27 product lines. Grupo Rotoplas has been listed on the Mexican Stock Exchange (BMV) under the ticker "AGUA" since December 10, 2014.

Pedregal 24, piso 19, Col. Molino del Rey
Delegación Miguel Hidalgo
C.P. 11040, Ciudad de México
T. +52 (55) 5201 5000
www.rotoplas.com