

Grupo Rotoplas — Earnings Call Transcript Q1 2026

Thursday, April 24, 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.

I want to start with what I think is the most important thing about this quarter... the trend in our results.

We saw modest top-line growth, double-digit EBIT and EBITDA expansion, margin improvement, stronger cash generation, and a clear reduction in leverage.

And we achieved this despite an external environment that continued to challenge us throughout the quarter.

Currency volatility remained present, Argentina continued to face pressure, and the global environment became more uncertain as the quarter progressed.

But what this quarter confirmed is that our operation is becoming more resilient to that environment.

That was the goal — and we are starting to see early signs of progress.

And we continue to strengthen how we navigate through it.

At its core, this was a quarter defined by discipline.

- Discipline in how we operate.
- Discipline in how we allocate capital.
- And discipline in how we choose where to grow.

Let me walk you through how this showed up across the business priorities.

Starting with our first pillar, Profitable Growth and Core Expansion.

Across our core markets, we saw resilience supported by better execution. Stronger commercial focus, improved product mix, and more disciplined channel management.

Even in environments where demand remains soft, we are proving that growth can come from execution, not just from the market.

At the same time, in more challenging environments, our approach is very clear: protect cash, preserve our market position, and remain ready for recovery.

What is important here is that the core is becoming more disciplined, more efficient, and a stronger generator of cash.

Moving on to our second pillar, Water Innovation and Market Disruption. A good example of how the business is evolving is our services platform.

bebbia continues to scale and its economics are strengthening. We are seeing better efficiency in how we acquire and serve customers, and a model that becomes more attractive as it grows.

And the same is true for our water treatment and recycling platforms, which are reaching a level of maturity where we begin to see more predictable and stable returns. In Mexico specifically, the accelerating enforcement of wastewater regulation is creating a structural demand window — industrial and commercial clients facing compliance requirements need solutions quickly, and our RSA platform is uniquely positioned to serve that demand.

We are building a services platform with more recurring revenue, closer relationships with our customers, and greater resilience over time.

Our third pillar, Tech and Talent Enablement, saw significant evolution in our capabilities this quarter.

We continue to embed digital tools and AI-driven processes across the organization, improving how we operate in areas such as customer acquisition, planning, and field execution.

This is allowing us to improve productivity and execution without adding complexity.

What is important is that these capabilities are starting to translate into tangible operational improvements.

Finally, sustainability continues to advance in a very tangible way across the business.

We were included for the fifth consecutive year in the S&P Global Sustainability Yearbook, reflecting the consistency of our performance across ESG dimensions. And in Mexico, we received the ESR or "Socially Responsible Company" distinction for the 16th consecutive year. We also achieved the CDP Climate Change "A" rating — placing us among a very small group of companies in Mexico and globally to achieve this distinction. This recognition reflects the depth of our emissions reduction commitments.

In addition, we continued to strengthen how we communicate and engage around sustainability, with initiatives in Mexico, Argentina, Peru and the US during International Women's Day and World Water Day.

What these milestones reflect is not just progress in individual indicators, but consistency in how sustainability is embedded in how we manage efficiency, how we allocate resources, and how we operate across the organization.

Let me close with this.

The environment remains uncertain, and we are not assuming that will change in the short term.

But we continue to become a more disciplined and resilient company.

We are operating with greater discipline across the business, and that is starting to show in how we operate and in our results.

- Profitability is improving faster than revenue.
- Leverage is coming down.
- And our business is becoming more balanced.

There is still work to do, and we will continue to strengthen our execution and our balance sheet while remaining focused on what we can control.

Thank you.

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, Charlie. Good morning, everyone.

Let me take you through the numbers behind what Charlie described — and add the financial detail that gives those results their full meaning.

I will follow our standard agenda: P&L first, then regional and segment performance, and finally cash flow and balance sheet.

Net sales reached \$2.7 billion pesos, a 1% increase year over year. At first glance this looks modest, but the composition is encouraging: Services grew 13% and Products were broadly flat, with growth in Mexico, Peru, and Central America offsetting weakness in Argentina and a currency translation effect in the United States. In U.S. dollars, that business actually grew 8%.

For additional context, and to better illustrate one of the quarter's main impacts, excluding foreign exchange effects across all geographies other than Argentina, quarterly sales would have grown 4% year over year.

Gross profit closed at \$1.1 billion pesos, with a margin of 43% — a 40-basis-point expansion year over year. Cost of sales grew below the rate of sales, reflecting ongoing production efficiencies.

Operating expenses remained essentially flat at 37% of sales — a direct result of the cost discipline we have sustained over the past several quarters. Operating income reached \$160 million pesos, up 15% from a year ago.

EBITDA closed at \$332 million pesos — a 10% increase — with a margin of 12.5%, representing 110 basis points of expansion year over year. This is the third consecutive quarter of EBITDA margin improvement.

At the net income level, we reported \$113 million pesos — nearly five times what we reported a year ago. This improvement reflects better operating performance and an improved financial result. Net financial income was \$31 million pesos, primarily from Argentina's monetary position benefit and a foreign exchange gain. I want to be clear: part of this benefit is accounting in nature. That said, interest, commissions, and leases were down \$20 million pesos — a 15% improvement.

t's now focus on our regional results and review the main points:

Mexico, which represents 59% of Group sales, grew 3% with an EBITDA margin of 19%, flat year over year but on a meaningfully higher absolute EBITDA. The quarter had a progressive profile: a cautious January and February, followed by a strong March. Our commercial strategy focused on improving inventory turnover across the channel — and it worked. Services maintained double-digit growth, with bebbia and our water treatment plants leading the way.

Argentina's sales, representing 15% of Group sales, saw a 13% drop when reported in Mexican pesos. This decrease was solely due to the appreciation of the Mexican peso against the Argentine peso; in local currency, sales actually increased by 30%. EBITDA was negative, reflecting lower absorption of fixed costs and limited pricing pass-through in a still-weak demand environment. We continue to manage this business with strict cash discipline, on a high-cadence review cycle.

The United States, representing 10% of Group sales, declined 7% in Mexican pesos due entirely to the peso appreciation. In local currency, sales grew 8%, driven by solid performance in the industrial and chemical segments. EBITDA reached essentially breakeven — versus negative 7% in Q1 2025. Two new branches became operational during the quarter — Pompano and Phoenix — and demand in California was supported by drought conditions. This is the fourth consecutive quarter of positive EBITDA in US dollars: the structural turnaround is confirmed.

Rounding out the portfolio, Peru, Central America, and Brazil together grew 16% with an EBITDA margin of 22%, expanding 720 basis points year on year. Peru delivered an exceptional quarter on strong summer demand. Central America posted double-digit growth. And Brazil continues to build its commercial pipeline. These other countries are becoming a significant contributor to the Group's overall profitability.

Products — which represent 89% of quarterly revenue — were broadly stable, with an EBITDA margin of 15%, 180 basis points above Q1 of 2025.

Services represented 11% of quarterly revenue and closed with an EBITDA of negative \$24 million pesos, slightly worse than a year ago due to growth investments.

bebbia surpassed 180 thousand active subscribers with improving unit economics: customer acquisition cost fell, the LTV to CAC ratio improved, and we achieved record installation rates during the quarter.

The path remains clear — grow bebbia and RSA, allow the fixed cost base to be absorbed, and move toward a positive Services EBITDA as the platforms reach scale.

Cash and cash equivalents closed at \$1.1 billion pesos — 43% higher than in March 2025, and a 27% increase versus last December. Operating cash flow was up 51% year over year, driven by improved EBITDA and disciplined working capital management.

The cash conversion cycle improved by 33 days compared to the same period last year. This is the result of sustained discipline that began in late 2024 and is now embedded in how we run the business.

Net financial debt closed at \$3.5 billion pesos — down 11% from Q1 2025, and a 4% reduction from December 2025. Net debt to EBITDA improved to 2.6 times, down from 3.7 times a year ago and 2.7 times at year-end 2025. We are making consistent progress toward reducing this ratio.

Total financial debt stands at \$4.6 billion pesos. This includes \$448 million in short-term debt — primarily working capital in Mexico — and \$4 billion in long-term debt corresponding to our fixed-rate sustainability bond, the AGUA 17-2X, which matures in June 2027. The blended cost of debt remains stable at 8.6%.

Regarding the refinancing of the AGUA Sustainable Bond: The Board and shareholders have approved the execution of a senior unsecured credit agreement for up to \$4 billion pesos. This 7-year facility is intended to pre-pay the existing obligation. Our focused approach is aimed at reducing refinancing risk, extending the maturity profile, and maintaining financial flexibility. We will provide updates as this process moves forward.

Capital expenditures totaled \$83 million pesos or 3% of sales. 94% of CapEx was allocated to Mexico, with most of it directed to bebbia and RSA water treatment plants. This reflects our pay-as-you-grow model for Services: we allocate capital primarily once contracts are signed or customers are confirmed. Maintenance CapEx for core Products remained minimal. We expect total CapEx as a percentage of sales to be closer to 4% for the full year — selective and return-oriented.

Before we open for questions, three things I want to leave with you.

First: this quarter's improvement is structural. The margin expansion, the working capital discipline, the cash generation — none of this happened because the macro cooperated. It happened because of decisions we made several quarters ago.

Second: the challenges are real and we are clear-eyed about them. Argentina continues to pressure results, Mexico's macro remains uncertain, and our leverage, while improving, is still above our long-term target. The global environment — with trade volatility, oil price movements, and currency pressure — adds complexity that we are actively managing.

Third: we know exactly what we are working toward: Improve Net debt to EBITDA ratio. ROIC above our cost of capital. A Services segment moving toward breakeven. And a balance sheet ready to support growth when opportunities arise.

We are ready to take your questions. Thank you.

QUESTION & ANSWER SESSION

Operator: Thank you, Andrés. So we have the first question that comes from Orlando from BTG Pactual. Thanks for the space. Congrats on the results. I have a question regarding financial results. We could observe during the quarter that a net financial gain derived from a net gain in FX income and a net gain from other financial income. What drove this? I understand FX headwinds in Argentina and pesos exist, and some USD tailwinds with a stronger peso. But how was this net gain achieved? Thanks.

Carlos Aboumrad (CEO): Thank you, Orlando. Thanks for your question. The net FX gain is driven primarily by intercompany balance reevaluations; US denominated positions between subsidiaries that benefited from exchange rate movements in the quarter. So, and then other financial income gain is largely to REPOMO from Argentina, given the hyperinflationary effect. I don't know if. I hope that answers your questions.

Operator: Good. So we'll move to the second question from Orlando, from BTG. We observed the downward trend of 23% during January and February national water storage product sales. Could you give us some color on specific product strategies you executed to mitigate structural deceleration?

Carlos Aboumrad (CEO): Yeah, thank you Orlando. Thanks for joining. Like we said, the environment continues to be very challenging. It hasn't had tailwinds, significant tailwinds in

our core for a while, but we continue to increase efficiency in how we operate. We have better understanding of our market with more leverage of new technologies, and we continue to improve our commercial practices where we can become much more granular. And so this has translated into better market shares. We are a business that has a leadership position and it's always challenging to continue to grow market share. But we, we have been able to become more agile and also have better customer centricity, better customer focus to better serve these legacy customers and continue to grow despite the challenging headwinds.

Operator: Thank you Charlie. So we'll move.

Carlos Aboumrad (CEO): Sorry. Sorry. Just one more thing. We have been competing for a very long time. The innovation we've had in our products. That definitely helps very, very much. The differentiating, the Rotoplas brand is always recognized for quality and innovation. The perceived value of our products continues to improve. And so that is always very helpful to be able to perform well in this, in these challenging situations. Sorry. Go ahead.

Operator: Yeah. So we'll, we'll read Roberto Nava's questions from GBM. Congratulations on the results. As you look ahead to the rest of the year, what would you highlight as the main drivers to watch in terms of operational performance?

Carlos Aboumrad (CEO): I think efficiency is one of the main ones. The Company is pushing efficiency while improving as well the customer experience, so it's better resource allocation to what matters most. That is one for sure. And then also the efficiency in go to market of new products. That's also very important. New products continue to improve on revenue growth. And so that is also important, as you know, in challenging environments, we need to figure out how to find better ways to serve our customers. Andrés, anything else that you'd like to share?

Andrés Pliego Rivero Borrell - CFO: I mean, we watch sort of the general indicators, obviously, for us in the finance team, net debt to EBITDA is very important. And then each of the businesses has its own operational indicators. For example, in bebbia, the unit economics, we watch them very closely. In Argentina, we're watching more the volume and the the price and the and the market dynamics. But in general terms, I would agree with Charlie that efficiency as a whole, both in the balance sheet and in the P&L are key for us. Thank you.

Carlos Aboumrad (CEO): Good question Roberto. Thanks for joining.

Operator: And we'll move to Isabel Martin's question from GBM. Thank you for taking my question and congratulations on a solid set of results. We noticed an improvement toward the end of the quarter in Mexico. How are you seeing demand trends so far in the second quarter?

Carlos Aboumrad (CEO): Hi Isabel. Good morning. Thanks for joining and thanks for your question. We did start, January and February were more challenging. March did improve in terms of demand and we continue to see those levels of stronger demand in April. We do expect that, actually it's difficult to know what to expect with the situation with the Middle East and it does have a lot of volatility. I don't know, Andrés, if you like to comment anything else regarding the second quarter.

Andrés Pliego Rivero Borrell - CFO: Yeah, I mean so far what we're seeing in April we like the trend in general. Across the business units, we like the trend. For example, in Argentina, we saw that March was better than February and February was better than January. And in most of the businesses that trend continues. So again, cautiously optimistic, but so far we're liking what we're seeing in April. Thank you, Isabel.

Operator: Thank you. So we'll move to Rodrigo Salazar's question from AM Advisors. On Mexico services, could you help us understand the sharp sequential drop in revenue from roughly \$420 million in the fourth quarter to about \$990 million in the first quarter of 2026 and the return to EBITDA losses. Specifically, how much of this is explained by seasonality, project timing or underlying demand trends, and what would be a more normalized quarterly run rate for this business?

Andrés Pliego Rivero Borrell - CFO: Yes. Thank you, Rodrigo. I would say, last year we closed the quarter. I mean, I would say most of this is RSA driven, which is, as you mentioned, project timing. Last year we pushed for a lot of project closings in the year end. So that is mostly driven by RSA, I would think, well, I would say. On a normalized revenue and EBITDA, I mean, we, again, we couldn't tell what the, the forward looking would be, but I would say that there's sequential improvement in most of the businesses. bebbia, RSA and Brazil are sort of leading the way. And then more lagging is Rieggo, I would say, but that's what we can say at this point. I don't know, Charlie, if you want to add anything.

Carlos Aboumrad (CEO): I think nothing else.

Operator: We have more questions from Rodrigo. So the next one is on cash flow. Free cash flow was very strong driven by a significant working capital inflow. How much of this should we view as sustainable versus potentially reversing in the coming quarters?

Andrés Pliego Rivero Borrell - CFO: The working capital will be, will be sort of changing as we grow more and also as resin prices increases, right. So, we will need to build more inventory and our accounts payable will be higher on a later stage, right. So on the later months. So, we expect working capital to be changing in the coming quarters due to the effects of, I would say, mostly growth and the changes, the recent changes in resins prices.

Operator: Thank you, Andrés. And the last one from Rodrigo is: given recent geopolitical tensions, how are you seeing raw material costs evolve in the product segment, and what is your ability and timing to pass through any potential increases?

Carlos Aboumrad (CEO): Thanks, Rodrigo. Hi. Thanks for joining. On resins prices have increased very much for our key core businesses, both storage and piping. We are passing through, the increasing costs to our prices in a staggered approach. And I think we're going to be able to do it quickly enough so that we are expecting to continue to have, same gross profit, as what we were expecting. So conserving gross profit and in a way that it also has a limited impact in our cash conversion cycle. Andrés just commented more about that, but it is very significant, and I do think we are reacting timely to it and that we will be able to reflect that in the market in a way that conserves financial performance for the Company. Anything else, Andrés?

Andrés Pliego Rivero Borrell - CFO: No, I think that's good.

Carlos Aboumrad (CEO): Okay.

Operator: Thank you. So we have no more questions in the, in the Q&A section. I don't know if you want to add anything else.... Perfect. So thank you very much for joining. And we'll see each other next quarter. You may now disconnect. Thank you.

Andrés Pliego Rivero Borrell - CFO: Thank you.

Carlos Aboumrad (CEO): Thank you.