

2Q18

Grupo Rotoplas

Financial Results

Grupo Rotoplas Reports Second Quarter 2018 Results

Quarterly Highlights

- EBITDA grew by double digits and sales almost 10%, year on year, reflecting the company's resilience in the face of difficult market conditions specially the depreciation of the currency in Argentina.
- Acquisition of IPS in Argentina, a leading provider of water-flow solutions, strengthens water solution portfolio in the region.
- Standard and Poor's maintained credit ratings and positive outlook for the Company. Improved Bloomberg's ESG score.

Year-to-date Highlights

- Double digit growth in sales and EBITDA¹, successful incorporation of e-commerce platform in the USA.
- Net profit negatively affected by interest expenses and FX losses.

Mexico City, Mexico, July 23rd, 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 second quarter of 2018. The information within has been prepared based on International Financial Reporting Standards (IFRS).

We are registering significant growth in the United States due to the contribution of the e-commerce platform acquired during the last quarter of 2017 and an increased demand for water-flow solutions in Mexico. We are also continuing to execute our long-term strategy for the region with the acquisition of IPS, a leading water-flow solutions provider, which ideally complements our product portfolio in the region. We continue to grow our water-as-a-service platform, reaching more than 9,700 points of water purification and treatment service in Mexico. It is also worth noting that Standard and Poor's reiterated our positive outlook and credit ratings, which highlights our financial strength and the benefits of our diversified product and regional portfolio. And we have also improved our Bloomberg environment, social and governance (ESG) score, validating our commitment to sustainability, accountability and positive social impact.

During this quarter, many of the major Latin American markets experienced significant political uncertainty, natural disasters, slowing economic growth and weak currencies, most notably the Argentinean Peso which depreciated sharply against the US dollar and MXN. Moreover, significant interest rate increases affected consumer spending. These factors were particularly challenging for a company such as Rotoplas, with a large and expanding presence in the Americas, and significant dollar denominated raw material costs. Nonetheless we were able to navigate successfully the difficult environment, a validation of our regional and product diversification and our core competitive strengths.

¹ Adjusted EBITDA equals EBITDA plus extraordinary acquisition expenses of \$11 MXN million in the first quarter of 2018.

We posted double digit EBITDA growth, significantly boosted operating cash flow from a year ago, acquired new businesses in strategic markets, and maintained our strong balance sheet. Going forward, we expect that some of the factors that affected our operations this quarter will recede. In Mexico, in particular, the clarity of the Presidential election results and the future government's commitment to fiscal prudence and the independence of the Central Bank has already contributed to the stability of the financial markets. As political uncertainty recedes, Rotoplas expects a more favorable environment for its key products in Mexico.

"These quarter's results, and the first half in general, demonstrate the underlining strength of our businesses across our main markets, as well as our ability to integrate new acquisitions into our existing regional and product portfolio. To the extent Mexico's and Latin American economies and currencies improve going forward, we expect Rotoplas to be a significant beneficiary. We will continue to push for organic growth and operating efficiencies, while pursuing new opportunities as set out in our long-term strategy" remarked Carlos Rojas Mota Velasco, Chairman and CEO of Grupo Rotoplas.

Financial Highlights

(MXN, millions)

	2Q18	2Q17	Var.	6M18	6M17	Var.
Net Sales	1,961	1,786	9.8%	3,799	3,455	10.0%
Individual Solutions ²	1,717	1,501	14.4%	3,369	3,013	11.8%
Integrated Solutions ³	244	285	(14.4%)	430	442	(2.6%)
Mexico	1,210	1,165	3.9%	2,372	2,214	7.2%
Argentina	228	264	(13.4%)	445	479	(7.2%)
Others	523	358	46.2%	982	762	28.9%
Adjusted EBITDA* Margin	16.3%	15.7%	60 bp	16.8%	15.3%	150 bp
Individual Solutions	16.6%	17.2%	(60) bp	17.5%	16.9%	60 bp
Integrated Solutions	14.1%	7.4%	670 bp	11.7%	4.6%	710 bp
Mexico	22.0%	22.2%	(20) bp	23.5%	22.5%	100 bp
Argentina	6.5%	13.8%	(730) bp	6.8%	11.4%	(460) bp
Others	7.3%	(4.1%)	1140 bp	5.1%	(3.0%)	810 bp

*Adjusted EBITDA equals EBITDA plus extraordinary acquisition expenses of \$11 MXN million in the first quarter of 2018.

² Individual Solutions includes storage, water-flow, treatment solutions.

³ Integrated Solutions includes the Water-As-A-Service solutions (waste water-treatment and recycling plants, water fountains) and Sustainable solutions (rainwater harvesting and purified water services).

Second Quarter Results 2018

Key Performance Indicators

(MXN, millions)

	2Q18	2Q17	Var.
Net Sales	1,961	1,786	9.8%
Gross Profit	730	685	6.6%
<i>Gross Profit Margin</i>	<i>37.2%</i>	<i>38.4%</i>	<i>(120) bp</i>
EBIT	206	216	(4.5%)
<i>EBIT Margin</i>	<i>10.5%</i>	<i>12.1%</i>	<i>(160) bp</i>
Net Income	131	173	(24.3%)
<i>Net Income Margin</i>	<i>6.7%</i>	<i>9.7%</i>	<i>(300) bp</i>
EBITDA	319	280	14.0%
<i>EBITDA Margin</i>	<i>16.3%</i>	<i>15.7%</i>	<i>60 bp</i>

The Group registered record sales during the second quarter, driven by the integration of the e-commerce platform in the United States and sales growth in Mexico.

Sales in Mexico grew due to an increased demand in water-flow solutions mostly from the construction and retail segments. Sales in Argentina grew 23% in local currency, but the depreciation of the Argentinean Peso against the Mexican Peso offset this growth in the Group's consolidated results. Excluding the depreciation effect, the Group's total sales would have increased by approximately 15% instead of the 9.8% reported.

Gross margin decreased due to a lower absorption of fixed costs in the Latin American operations, FX losses and a decline in the contribution of more profitable integrated solutions. EBITDA margin increased basis due to a larger depreciation component in the cost base. Higher interest expense resulting from a net debt position as well as FX losses contributed to the decrease in net income.

Results by Solution

(MXN, millions)

	Individual Solutions			Integrated Solutions		
	2Q18	2Q17	Var.	2Q18	2Q17	Var.
Net Sales	1,717	1,501	14.4%	244	285	(14.4%)
EBITDA	285	259	9.9%	34	21	63.2%
<i>EBITDA Margin</i>	<i>16.6%</i>	<i>17.2%</i>	<i>(60) bp</i>	<i>14.1%</i>	<i>7.4%</i>	<i>670 bp</i>

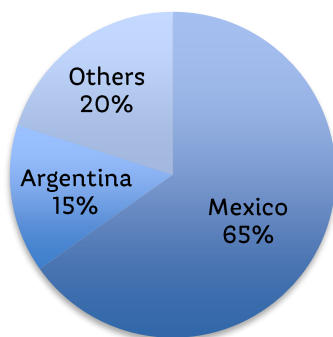
Sales of individual solutions grew mainly due to the integration of the e-commerce platform and the increase in demand for water-flow solutions sales in Mexico. Sales of integrated solutions decreased mostly due to the reduction in government-channel sales in Brazil, in line with our long-term strategy of de-empathizing the public-sector channel for the country. A larger contribution of Water-as-a-service platform has improved the quality of EBITDA margins.

Results by Country

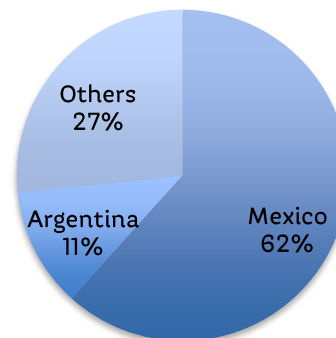
(MXN, millions)

	Mexico			Argentina			Others		
	2Q18	2Q17	Var.	2Q18	2Q17	Var.	2Q18	2Q17	Var.
Net Sales	1,210	1,165	3.9%	228	264	(13.4%)	523	358	46.2%
EBITDA	266	258	3.0%	15	36	(59.0%)	38	(15)	NA
EBITDA Margin	22.0%	22.2%	(20) bp	6.5%	13.8%	(730) bp	7.3%	(4.1%)	1140 bp

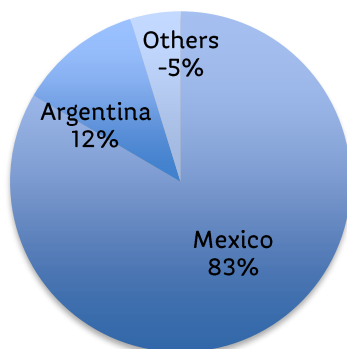
Sales 2Q17



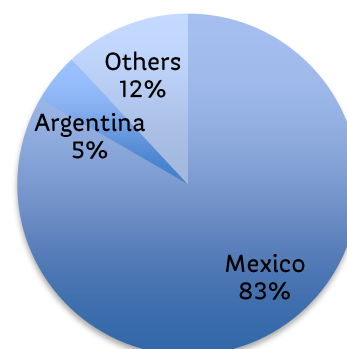
Sales 2Q18



EBITDA 2Q17



EBITDA 2Q18



In addition to the aforementioned depreciation of the Argentinean peso and the reduction in government-channel sales in Brazil, there were a number of external factors affecting our operations in the other countries category, particularly towards the end of the quarter. We would highlight the Fuego volcano disaster in Guatemala, the trucker strike in Brazil, the political uncertainty in Peru and the political conflict in Nicaragua, which affected our distribution there and in neighboring countries. Despite this adverse situation, we were able to introduce new products in Central America, exceeding our initial expectations, and we have developed a new commercial policy across all product lines in the region.

Year-To-Date Results

Key Performance Indicators (MXN, millions)

	6M18	6M17	Var.
Net Sales	3,799	3,455	10.0%
Gross Profit	1,477	1,344	9.9%
<i>Gross Profit Margin</i>	<i>38.9%</i>	<i>38.9%</i>	<i>0 bp</i>
EBIT	439	403	8.9%
<i>EBIT Margin</i>	<i>11.5%</i>	<i>11.7%</i>	<i>(20) bp</i>
Net Income	277	315	(12.1%)
<i>Net Income Margin</i>	<i>7.3%</i>	<i>9.1%</i>	<i>(180) bp</i>
Adjusted EBITDA*	638	530	20.4%
<i>Adjusted EBITDA Margin</i>	<i>16.8%</i>	<i>15.3%</i>	<i>150 bp</i>

*Adjusted EBITDA equals EBITDA plus extraordinary acquisition expenses of \$11 MXN million in the first quarter of 2018.

Sales and EBITDA had double digit growth during the first six months of 2018 as a result of the inclusion of the e-commerce platform results and an increase in the average price of individual solutions. Likewise, government-channel sales were below 6% of total sales.

Operating margins are aligned with those of the first semester of 2017 as a result of an improved contribution of individual solutions sales and of an improved fixed-cost absorption, whereas the EBITDA margin increased due to a larger depreciation component.

Results by Solutions

(MXN, millions)

	Individual Solutions			Integrated Solutions		
	6M18	6M17	Var.	6M18	6M17	Var.
Net Sales	3,369	3,013	11.8%	430	442	(2.6%)
Adjusted EBITDA*	588	510	15.4%	50	21	NA
<i>Adjusted EBITDA Margin</i>	<i>17.5%</i>	<i>16.9%</i>	<i>60 bp</i>	<i>11.7%</i>	<i>4.6%</i>	<i>710 bp</i>

*Adjusted EBITDA equals EBITDA plus extraordinary acquisition expenses of \$11 MXN million in the first quarter of 2018.

The decrease in sales of integrated solutions is a result of the aforementioned decrease in government-channel sales in Brazil. A larger contribution of Water-as-a-service platform has improved the quality of EBITDA margins.

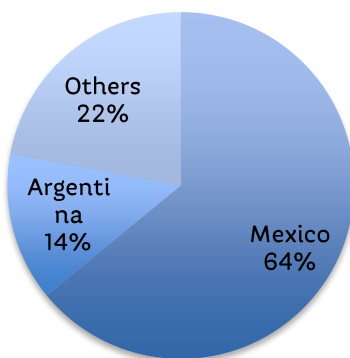
Results by Country

(MXN, millions)

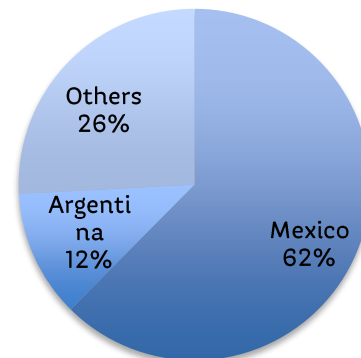
	Mexico			Argentina			Others		
	6M18	6M17	Var.	6M18	6M17	Var.	6M18	6M17	Var.
Net Sales	2,372	2,214	7.2%	445	479	(7.2%)	982	762	28.9%
Adjusted EBITDA*	558	499	11.8%	30	54	(44.3%)	50	(23)	NA
Adjusted EBITDA Margin	23.5%	22.5%	100 bp	6.8%	11.4%	(460) bp	5.1%	(3.0%)	810 bp

*Adjusted EBITDA equals EBITDA plus extraordinary acquisition expenses of \$11 MXN million in the first quarter of 2018.

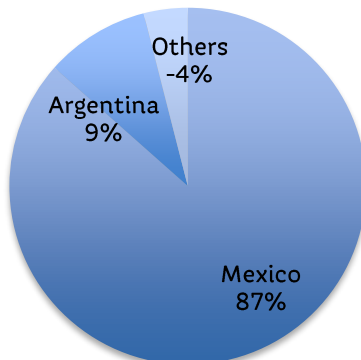
Sales 6M17



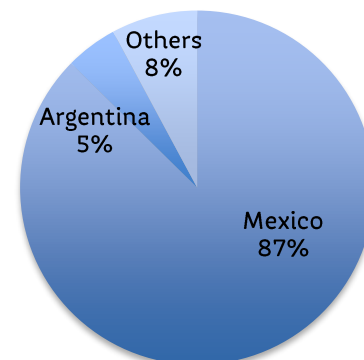
Sales 6M18



EBITDA 6M17



EBITDA 6M18



Non-operating results

The comprehensive financing cost as of June 30th, 2018 was \$45 million. The Company incurred an FX loss of \$6.9 million due to the depreciation of the currencies where we operate.

Capex

(MXN, millions)

	6M18	%
Mexico	247	90.6%
Argentina	6	2.3%
Others	19	7.1%
Total	273	100.0%

Capital expenditures during the first semester represent 7% of sales. Capex investments were mainly destined to energy-efficiency initiatives and waste-water treatment and recycling plants in Mexico.

Debt

(MXN, millions)

	6M18	Dec 17	Var.
Total Debt	1,976	1,976	0.0%
Short Term Debt	1	4	(62.5%)
Long Term Debt	1,975	1,972	0.1%
Cash and Equivalents	1,238	1,557	(20.5%)
Net Debt	738	419	(43.2%)

Financial Ratios LTM

(EPS in MXN)

	LTM18	LTM17	Var.
Net Debt / Adjusted EBITDA*	0.7 x	(0.1) x	0.0%
Total Liabilities / Equity	0.6	0.5	19.7%
EPS	1.02	1.04	(2.6%)

*Adjusted EBITDA equals EBITDA plus extraordinary acquisition expenses of \$11 MXN million in the first quarter of 2018.

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 June 30th 2018, the market value of the derivatives positions of Grupo Rotoplas were:

	Market Value
SWAP/CAPInterest Rate	34.1
Forward	26.1
Total	60.3

Share Buyback Program

As of June 30th, 2018, the Company's share buyback fund reported 18.9 million shares in the treasury, worth approximately \$487 million at June's closing price of \$25.79 per share.

Analyst Coverage

As of June 30th, 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 Second Quarter 2018 Conference Call, to be held on Wednesday, July 24th, 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 7327029 and dial or log in:

Mexico: 01 800 514 8435

United States: 1 888 204 4368

Other Countries: 1 323 794 2423

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

Investor Relations Contact Information

[Ofelia López Aranda](#)

Tel: +52 (55) 52015000

Ext. 50163

Email: olopezaranda@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 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	2Q17	Var.	6M18	6M17	Var.
Net Sales	1,961	1,786	9.8%	3,799	3,455	10.0%
Cost of Sales	1,231	1,101	11.8%	2,322	2,111	10.0%
Gross Profit	730	685	6.6%	1,477	1,344	9.9%
<i>Gross Profit Margin</i>	37.2%	38.4%	(120) bp	38.9%	38.9%	bp
Operating Expense	524	469	11.7%	1,038	941	10.3%
Operating Income	206	216	(4.5%)	439	403	8.9%
<i>Operating Income Margin</i>	10.5%	12.1%	(160) bp	11.5%	11.7%	(20) bp
Comprehensive Financing Cost	(20)	24	NA	(45)	37	NA
Earnings Before Taxes	185	240	(23.0%)	393	440	(10.8%)
Taxes	54	68	(19.7%)	116	125	(7.6%)
Net Income	131	173	(24.3%)	277	315	(12.1%)
<i>Net Income Margin</i>	6.7%	9.7%	(300) bp	7.3%	9.1%	(180) bp
Adjusted EBITDA	319	280	14.0%	638	530	20.4%
<i>Adjusted EBITDA Margin</i>	16.3%	15.7%	60 bp	16.8%	15.3%	150 bp

*Adjusted EBITDA equals EBITDA plus extraordinary acquisition expenses of \$11 MXN million in the first quarter of 2018.

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

(Unaudited figures, MXN, millions)

	2Q18	Dec 17
Cash and Cash Equivalents	1,238	1,557
Accounts Receivable	1,858	1,658
Inventory	943	964
Other Current Assets	795	839
Current Assets	4,834	5,017
Property, Plant and Equipment -Net	2,517	2,519
Other Long-Term Assets	3,420	3,250
Total Assets	10,771	10,786
Short-term Debt with cost	1	4
Suppliers	1,151	929
Other Accounts Payable	260	334
Short-term Liabilities	1,413	1,267
Long-term Debt with cost	1,975	1,972
Other Long-Term Liabilities	444	253
Total Liabilities	3,831	3,492
Total Stockholders' Equity	6,940	7,295
Total Liabilities + Stockholders' Equity	10,771	10,786