

# Grupo Rotoplas

Earnings Results Conference Call 2Q20

July 23, 2020



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# Speakers



Carlos Rojas Aboumrad  
CEO



Mario Romero Orozco  
CFO







Record sales on e-commerce platform



Transformation of business in Brazil

Products → Services (WWTP)



Rising demand for *bebbia*



Strengthening of loyalty programs



## 2Q20 Operational Status

Argentina	●
Central America	●
Mexico	●
Peru	●
U.S.A.	●



# Financial Highlights



## Change in consumers habits



**25%** Increase in **water** demand and use of **water-trucks**.

**20%** Has a **reduced** supply of drinking water.

**40%** Has bought more **bottled water**.

**14%** Would consider to install **water filters**.

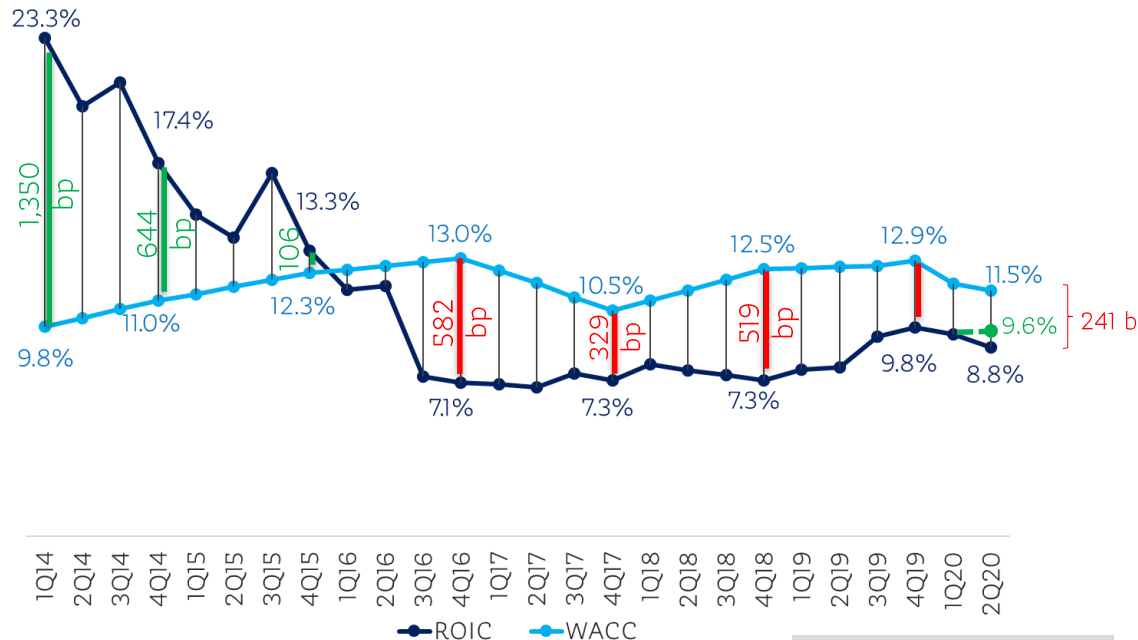




# ROIC vs Cost of Capital



- 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



Decline in ROIC due to the decrease in operating profit linked to the limitation of operations in Peru, Argentina, El Salvador and Honduras

Without considering the impacts, the ROIC would be 9.6%





## Sales per country | Mexico

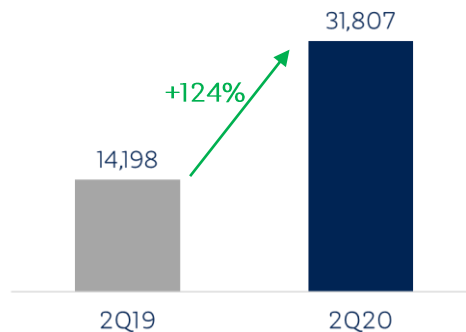


### Mexico

	2Q20	6M20
Δ Sales	3%	7%
Δ EBITDA	(7%)	1%

- Steady demand for storage products
- Launch of new storage products
- Prioritization of access to quality water for hygiene
- Record sales in *bebbia*

### Bebbia Purification Units

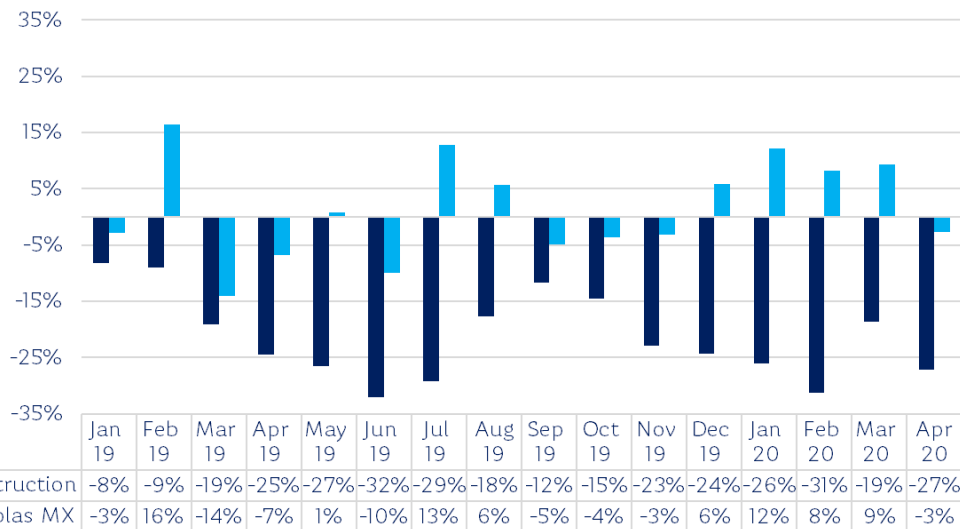


# Mexico | Construction Industry & Government Sales

Million MXN

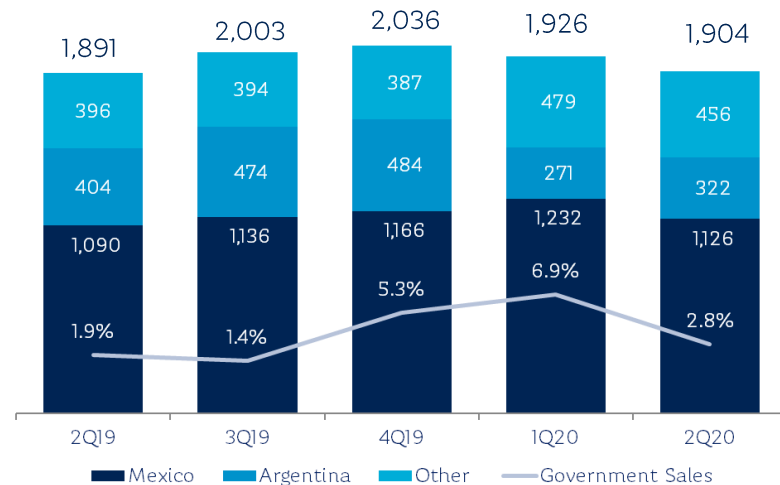


## Mexico Products Revenue vs. Construction



$R^2 = 0.06$

## Rotoplas' Sales



# Sales per country

Million MXN



## USA

- 3 consecutive record-breaking months
- **Essential industry** – continuous operations

## Central America

- Operating limitations during the quarter are estimated to have impacted \$11 million in sales

## Peru

- Operating limitations during the quarter are estimated to have impacted \$139 million in sales

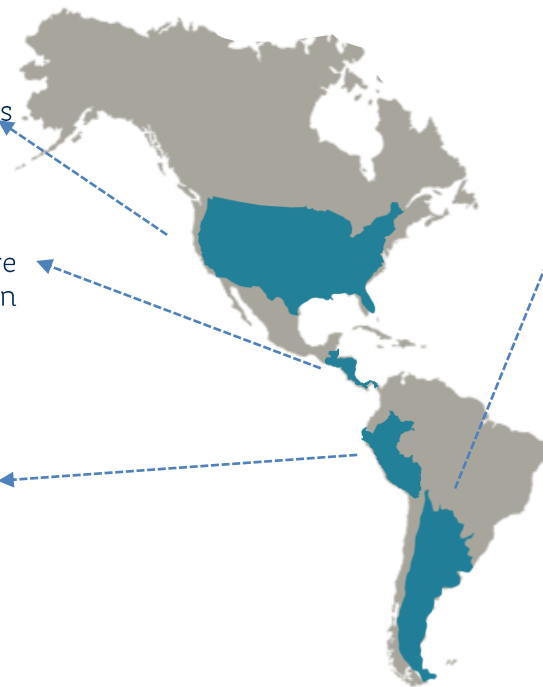
## Others

	2Q20	6M20
Δ Sales	15%	9%
Δ EBITDA	(48%)	(37%)

## Argentina

- Operating limitations during the quarter are estimated to have impacted \$125 million in sales

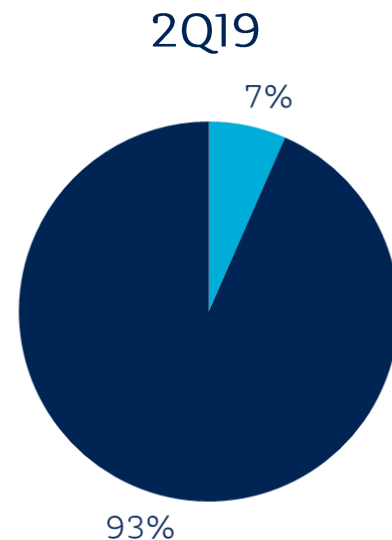
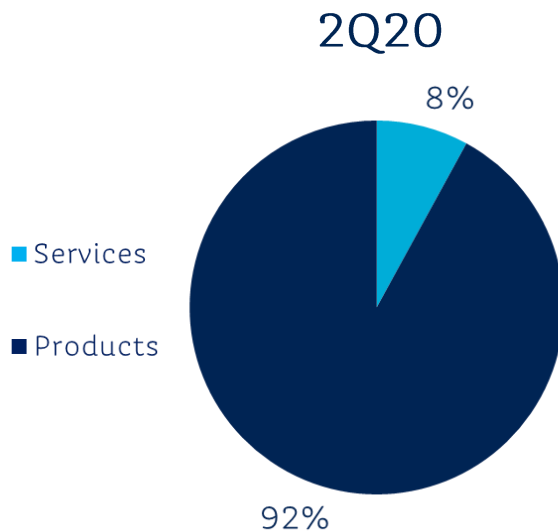
	2Q20	6M20
Δ Sales	(20%)	(20%)
Δ EBITDA	(4%)	(39%)



## Sales | Products & Services Mix



- 22% growth in services
- Record sales in *bebbia*
- 1% decrease in products linked to temporary closure of operations in Peru, Argentina, El Salvador and Honduras



# Financial Highlights

Million MXN

	2Q20	2Q19 <sup>1</sup>	Δ %/bps
Net sales	1,904	1,891	1%
Cost of Sales	1,147	1,088	5%
<b>Gross Profit</b>	<b>757</b>	<b>803</b>	<b>(6%)</b>
<i>Gross Profit Margin</i>	40%	42%	(270)
<b>Operating Income</b>	<b>178</b>	<b>263</b>	<b>(32%)</b>
<i>Operating Income Margin</i>	9%	14%	(458)
Comprehensive Financing Result	213	114	86%
Taxes	24	36	(34%)
<b>Adjusted EBITDA<sup>2</sup></b>	<b>294</b>	<b>337</b>	<b>(13%)</b>
<i>Adjusted EBITDA Margin</i>	15%	18%	(240)
<b>Net Profit / Loss before discontinued operations</b>	<b>(59)</b>	<b>112</b>	<b>NM</b>
<b>Net Profit / Loss after discontinued operations</b>	<b>(156)</b>	<b>69</b>	<b>NM</b>

<sup>1</sup> For comparison purposes, these figures vary from those previously reported in 2019. These now exclude the manufacturing operations in Brazil as they are considered discontinued due to their sale in May 2020. This adjustment reduces net sales by Ps. 56 million in 6M20, Ps. 72 million in 2Q19 and Ps. 150 million in 6M19. Additionally, it increases Adjusted EBITDA by Ps. 13 million in 6M20, Ps. 24 million in 2Q19 and Ps. 48 million in 6M19.

<sup>2</sup> Adjusted EBITDA considers: operating profit + depreciation & amortization + non-recurring expenses (donations and implementation costs for Flow). In 2Q20, it considers Ps. 21 million in Flow expenses and Ps. 5 million in donations, and in 2Q19 it considers Ps. 0.4 million in donations. Cumulatively, it considers Ps. 21 million for Flow expenses and Ps. 5 million for donations in 2020 and Ps. 1 million for donations in 2019.

## 2Q20 Impacts

### Costs & expenses

Disruption of operations	67
Flow ejection	21
Health care measures	7

### Financial costs:

Fx losses	99
Interest payments	67
Monetary position Argentina	16



# Balance Sheet & CAPEX

Million MXN



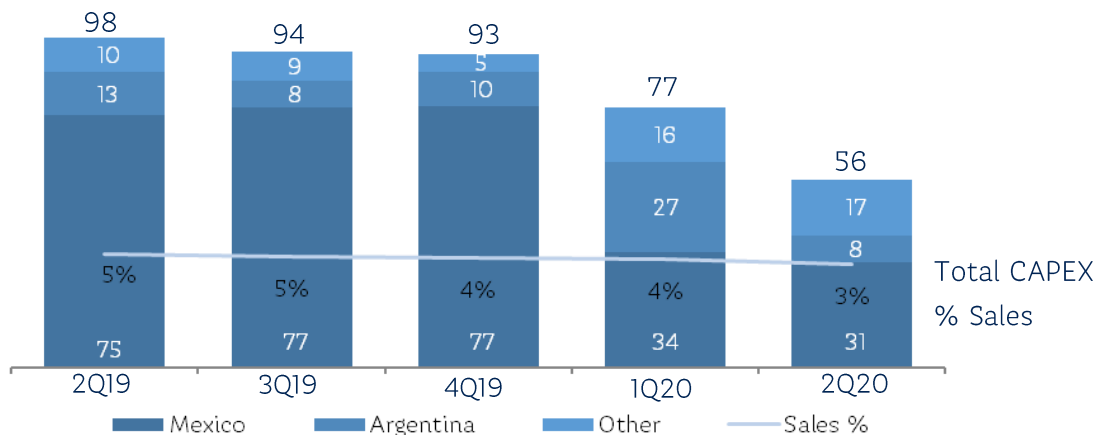
## Current Leverage

### Balance Sheet

	6M20	6M19	Δ %
Cash & Cash equivalents	3,193	752	NM
Total Debt	4,075	2,925	39%
Net Debt	881	2,173	(59%)
Net Debt / Adjusted EBITDA	0.6x	1.6x	(1.0x)

- Net Debt / EBITDA ratio decreased from 1.6x to 0.6x
- Cash Conversion Cycle decreased by 16 days
- Leverage remains within the established debt policy of 2.0x Net Debt / EBITDA
- CAPEX | discipline in capital allocation and *Flow*

## CAPEX



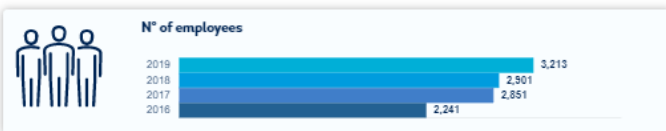
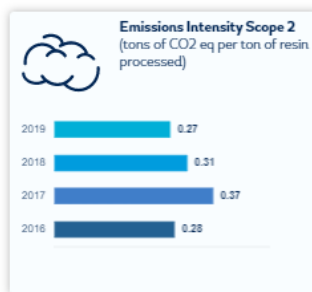
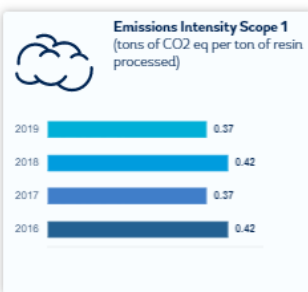
2Q20	6M20
56	113
3%	7%



# ESG



## Rotoplas's KPIs



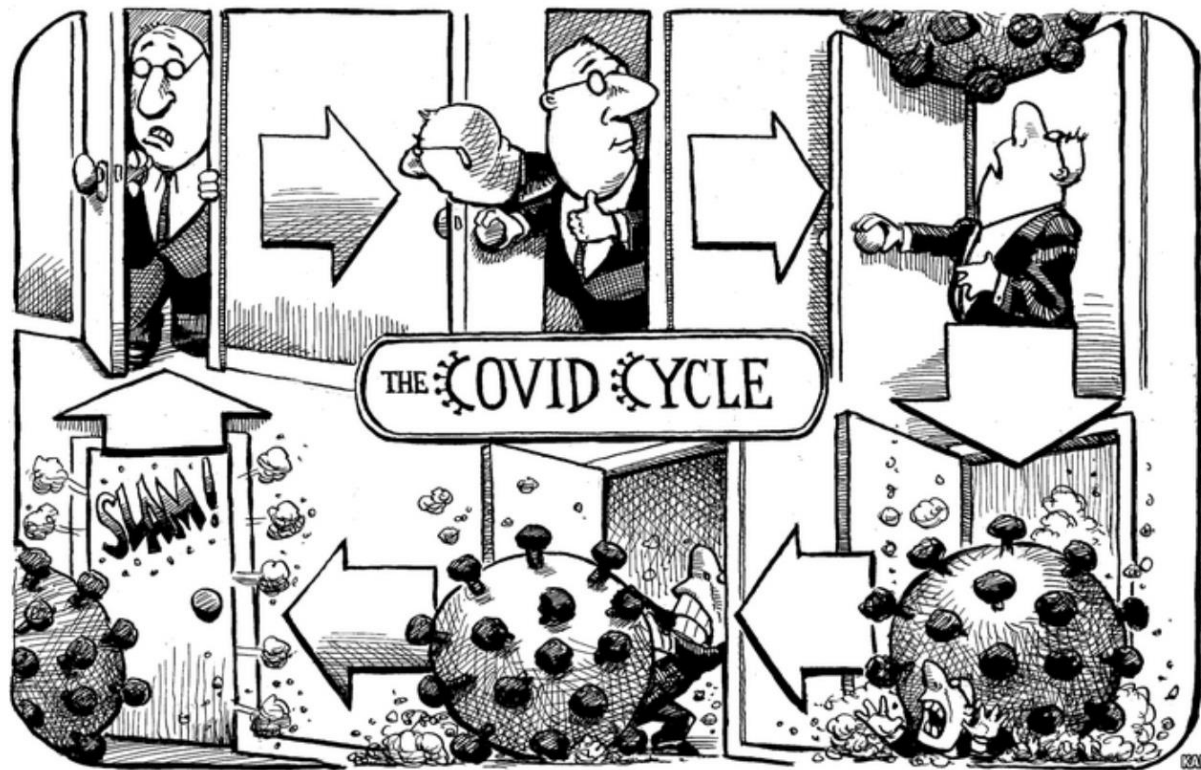
S&P/BMV Total Mexico ESG Index



<https://rotoplas.com/sustentabilidad/home-eng/>









# Q&A



# Thank you!