

Mexico City, July 20th, 2022.

Grupo Rotoplas S.A.B. de C.V. (BMV: AGUA*) (“Rotoplas”, “the Company”), America’s leading company in water solutions, reports its unaudited second quarter 2022 results. The information has been prepared in accordance with the International Financial Reporting Standards (IFRS).

Figures are expressed in millions of Mexican pesos.

HIGHLIGHTS | 2Q22 vs 2Q21

- Rotoplas reported record quarterly **net sales** of Ps. 3,447 million, along with sequential and year-over-year recovery in margins.
- **Net sales** increased 22.7%, driven by growth across all countries.
 - **Product sales** increased by 25.4% with growth in all three categories: storage, water flow, and improvement, driven by the price adjustment strategy, as well as heat waves and droughts in several regions.
 - **Service sales**, which represented 3.1% of total sales, decreased by 26.8%, affected by lower sales from the water treatment and recycling plant businesses in Mexico, which still has delays in new industrial and commercial projects as a result of the pandemic. *bebbia* continues to register double-digit growth, however, as it is a developing business its revenue has not been able to offset the entire division.
- **Gross margin** increased by 510 bps, closing at 42.2%, benefiting from leading brands that allowed the implementation of a price increase strategy as well as manufacturing process efficiencies.
- **Operating income** increased by 77.6%, even when taking into account expenses related to new businesses (e.g. Acuantia in the United States, *bebbia* in Mexico, and water treatment and recycling plants in Brazil), whose expenses exceed the marginal contribution for sales.
- **Adjusted EBITDA**¹ reached Ps. 528 million with a 15.3% margin, a 40 bps expansion. EBITDA was impacted by Ps. 80 million due to the development of new businesses. This figure was Ps. 48 million higher than in 2Q21.
- **Net income** increased 86.6% as a result of the recovery in operating margins.

¹ Adjusted EBITDA considers: operating income plus depreciation and amortization, plus non-recurring expenses (donations and Flow implementation expenses). In 2Q21 it considers Ps. 75 million of Flow expense and Ps. 6 million donations. On a cumulative basis, it considers Ps. 150 million of Flow expenses and Ps. 8 million donations. During 2Q22, there were no adjustments for Flow expenses, and no donations.

- ROIC closed at 13.0%, 61 bps above the cost of capital. This was in line with the sustainable economic value creation strategy to maintain a positive environmental and social impact.
- In May, a **capital reimbursement in cash** was paid to shareholders at the rate of Ps. 0.45 per outstanding share.
- In July, AGUA* was **once again included** in the Mexican Stock Exchange's **ESG Index**.

HIGHLIGHTS | Cumulative 2022 vs 2021

- **Net sales** reached Ps. 6,107 million, a 16.4% increase, in line with guidance given to the market. Net sales for the first half of the year were driven by growth across all regions.
 - **Product sales** increased by 18.5% as a result of an agile price strategy, with growth in all three categories: storage, water flow, and improvement.
 - **Service sales** decreased 23.0%, mainly impacted by lower sales in the water treatment and recycling plants businesses in Mexico.
- **Gross margin** closed at 41.3%, a 230 bps expansion driven by the strength of leading brands that allowed the implementation of a price increase policy, as well as the efficiency achieved in the manufacturing and installation of solutions.
- **Adjusted EBITDA¹** reached Ps. 850 million with a 13.9% margin, which was a 310 bps contraction, mainly related to investments made for the development of new businesses, which impacted adjusted EBITDA by Ps. 153 million. This figure was Ps. 90 million higher than the one reported during the first half of 2021.
- **Net income** reached Ps. 210 million, a 5.2% increase due to an improvement in operating results.
- **Net Debt/ Adj. EBITDA leverage** closed at 1.7x and the **cash conversion cycle** was optimized by 10 days.
- **CapEx** was Ps. 293 million, including technological upgrades to Mexican plants for the launch of new generation water tanks, with the objective of ensuring the long-term sustainability of the water storage category.

¹ Adjusted EBITDA considers: operating income plus depreciation and amortization, plus non-recurring expenses (donations and Flow implementation expenses). In 2Q21 it considers Ps. 75 million of Flow expense and Ps. 6 million donations. On a cumulative basis, considers Ps. 150 million of Flow expenses and Ps. 8 million donations. During 2Q22, there were no adjustments for Flow expenses, and no donations.

KEY FIGURES | FINANCIAL DATA

	2Q			6M			
	2022	2021	%Δ	2022	2021	%Δ	
Income Statement	Net Sales	3,447	2,810	22.7%	6,107	5,244	16.4%
	% gross margin	42.2%	37.1%	510 bps	41.3%	39.0%	230 bps
	Operating Income	429	242	77.6%	651	547	19.1%
	% margin	12.4%	8.6%	380 bps	10.7%	10.4%	30 bps
	EBITDA	528	338	56.3%	850	734	15.9%
	Adjusted EBITDA ¹	528	419	26.0%	850	892	(4.7%)
	% margin	15.3%	14.9%	40 bps	13.9%	17.0%	(310) bps
	Net Income	122	65	86.6%	210	199	5.2%
% margin	3.5%	2.3%	120 bps	3.4%	3.8%	(40) bps	
Balance Sheet	Cash and cash equivalents	1,079	2,449	(56.0%)			
	Total Debt	4,007	4,189	(4.3%)			
	Net Debt	2,928	1,740	68.3%			
Cash Flow	Operating Cash Flow	395	119	NM			
	CapEx	293	178	64.9%			
	Working Capital	(283)	(278)	NM			
Others	Net Debt / Adj. EBITDA	1.7x	1.0x	0.7x			
	ROIC	13.0%	16.0%	(300) bps			
	Cash Conversion Cycle	59	69	(10) days			

OPERATING FIGURES | January – June 2022

3,368
Employees

3.0%
Government Transactions

14,500
e-commerce clients

77,000
bebbia users

11,200ton
CO₂ saved
(vs bottled water)

¹ Adjusted EBITDA considers: operating income plus depreciation and amortization, plus non-recurring expenses (donations and Flow implementation expenses). In 2Q21 it considers Ps. 75 million of Flow expense and Ps. 6 million donations. On a cumulative basis, considers Ps. 150 million of Flow expenses and Ps. 8 million donations. During 2Q22, there were no adjustments for Flow expenses, and no donations.

MESSAGE | CEO

Dear Investors,

The agility and operational discipline we have achieved through the *Flow* transformation program have been key drivers of Rotoplas' record-high sales and EBITDA. Our second quarter growth puts us in line with our earnings guidance and brings us closer to our estimated EBITDA margin. We will continue to focus on improving our margins while maintaining leadership in our traditional business and growing our new businesses.

Water scarcity in the markets we operate in has led to an ever-increasing demand for water solutions, presenting both a great challenge and a great opportunity for our business. Our financial strength, human talent, and the daily motivation provided by our purpose will be essential to successfully take advantage of this opportunity.

During the quarter, we conducted a detailed analysis to identify the *Flow* initiatives with the greatest impact and value generation potential, which will allow us to remain agile in the face of changes in the environment in order to adapt our spending and investment pace as needed.

We maintained a strong balance sheet and a stable cash flow generation in the traditional business, which allows us to continue developing the new businesses. In addition, during the first half of the year, we continued with the investment process for the modernization of the storage business in Mexico, we paid a dividend to shareholders in May, and maintained a sufficient level of working capital to guarantee the supply of raw materials in an environment with unstable supply chains.

Throughout the years, the water industry has proven it can stand strong in the face of economic downturns, and Rotoplas' business model along with the *Flow* program allow us to enhance growth and profitability through innovation. We will continue to focus on satisfying market needs through our solutions and services, while prioritizing business profitability and generating value for our stakeholders.



Carlos Rojas Aboumrad

INVITE | EARNINGS CALL

Thursday, July 21st, 10:00am Mexico City Time (11:00am, EST)

Speakers: Carlos Rojas Aboumrad (CEO) and Mario Romero Orozco (CFO)

Link: https://rotoplas.zoom.us/webinar/register/WN_Ga863MmJT2KxgSBFQgldVQ

Password: 2Q22

GUIDANCE | 2022-2025

During the 1Q22 earnings conference call, the Company updated its 2022 guidance. The modification of the annual earnings guidance does not affect the objectives set in the 2020-2025 Sustainable Growth Strategy.

	Metric	Revised Guidance 2022	Objectives 2025
Guidance	Increase in net sales	≥ 15%	2x sales (vs. 2020)
	Adjusted EBITDA Margin	15.5% - 16.5%	≥ 20%
	Net Debt / Adj. EBITDA	≤ 2.0x	≤ 2.0x
	ROIC	ROIC ≥ WACC + 100 bps	~ 20%

SALES AND EBITDA | BY REGION AND SOLUTION

Figures by geographic region (millions of pesos)

		2Q			6M		
		2022	2021	%Δ	2022	2021	%Δ
Mexico	Sales	1,758	1,519	15.7%	3,130	2,854	9.7%
	Adj. EBITDA ¹	369	255	44.3%	588	563	4.4%
	% Margin	21.0%	16.8%	420 bps	18.8%	19.7%	(90) bps
Argentina	Sales	950	594	60.0%	1,591	1,071	48.5%
	Adj. EBITDA ¹	143	85	68.6%	234	154	51.9%
	% Margin	15.1%	14.3%	80 bps	14.7%	14.4%	30 bps
United States	Sales	377	363	3.9%	709	619	14.6%
	Adj. EBITDA ¹	(29)	24	NM	(48)	43	NM
	% Margin	(7.7%)	6.5%	NM	(6.8%)	6.9%	NM
Others	Sales	362	335	8.1%	676	699	(3.3%)
	Adj. EBITDA ¹	45	55	(17.9%)	76	132	(42.4%)
	% Margin	12.5%	16.5%	(400) bps	11.2%	18.8%	(760) bps

Figures by solution (millions of pesos)

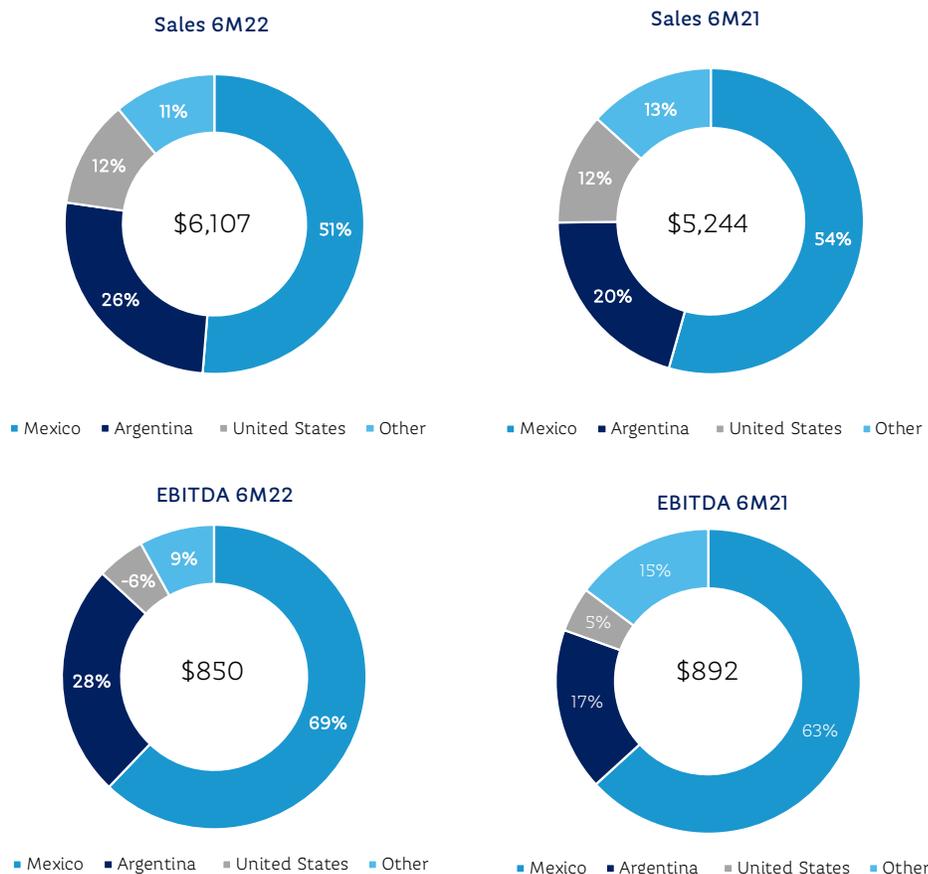
		2Q			6M		
		2022	2021	%Δ	2022	2021	%Δ
Products	Sales	3,340	2,665	25.4%	5,907	4,985	18.5%
	Adj. EBITDA ¹	611	431	41.5%	1,003	918	9.2%
	% Margin	18.3%	16.2%	210 bps	17.0%	18.4%	(140) bps
Services	Sales	107	146	(26.8%)	199	259	(23.0%)
	Adj. EBITDA ¹	(83)	(12)	NM	(153)	(26)	NM
	% Margin	NM	NM	NM	NM	NM	NM

¹ Adjusted EBITDA considers: operating income plus depreciation and amortization, plus non-recurring expenses (donations and Flow implementation expenses). In 2Q21 it considers Ps. 75 million of Flow expense and Ps. 6 million donations. On a cumulative basis, considers Ps. 150 million of Flow expenses and Ps. 8 million donations. During 2Q22, there were no adjustments for Flow expenses, and no donations.

Adjusted EBITDA

	2Q			6M		
	2022	2021	%Δ	2022	2021	%Δ
EBITDA	528	338	56.3%	850	734	15.9%
<i>Flow</i> Implementation Costs	-	75	NM	-	150	NM
Donations	-	6	NM	-	8	NM
Adj EBITDA ¹	528	419	26.0%	850	892	(4.7%)

Since the second quarter of 2020, we have been recognizing "one-time" expenses for the implementation of the *Flow* program; non-recurring expenses that have short- and long-term benefits in revenue, expense, working capital and organizational culture to ensure permanent change. The fourth quarter of 2021 was the last period in which these "one-time" expenses were recognized.



Mexico

Net Sales increased 15.7% vs 2Q21 driven by double-digit growth in products, which offset the weaker performance of the services platform.

Product sales benefited from double-digit growth in the storage, water flow, and improvement categories. Droughts in the northwest of the country also contributed to the increase in sales.

Services sales decreased due to lower water treatment and recycling plant sales, a business that still has delays in new industrial and commercial projects as a result of the pandemic. Additionally, the drinking fountains division continues without new revenues due to the prevailing impasse in the country's schools. *bebbia* maintained a good pace and recorded a double-digit sales increase, however, it does not offset the other divisions.

Adjusted EBITDA for the quarter was Ps. 369 million, an increase of 44.3% compared to 2Q21. This result includes the impact of *bebbia's* accelerated growth, which added 9 thousand new subscribers in the quarter, resulting in a loss of Ps. 46 million to this business. The **adjusted EBITDA margin** for the quarter expanded 420 bps, going from 16.8% in 2Q21 to 21.0% in 2Q22.

Cumulative net sales increased 9.7%, reaching Ps. 3,130 million driven by a product growth, which compensates fewer service sales.

On a cumulative basis, **adjusted EBITDA** was Ps. 588 million, a 4.4% increase, with an 18.8% margin. During the first half of the year, the increase in *bebbia's* expenses related to its growth negatively impacted the business, resulting in a loss of Ps. 90 million during the first half of the year. The **adjusted EBITDA margin** was 18.8%, a 90 bps decrease compared to 1H21.

Argentina

Net sales increased 60.0% vs 2Q21 with record growth in all three categories. The brand's leadership and strength in the region have allowed us to continue with our price and cross-selling strategies and increase the penetration of new sales channels.

Cumulative **net sales** increased 48.5% driven by continuous improvement in the commercial execution and in the pricing policy.

Adjusted EBITDA for the quarter reached Ps. 143 million vs Ps. 85 million in 2Q21. **Adjusted EBITDA margin** closed at 15.1%, an 80 bps increase compared to 2Q21, driven by an efficient cost structure.

Cumulative **adjusted EBITDA** reached Ps. 234 million, an increase of 51.9% compared to the same period of the previous year, driven by higher volumes and prices, which helped offset increases in raw materials costs.

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

Due to Argentina experiencing inflation above 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.

As a result of the above, in the first half of 2022, the impact of the restatement resulted in an increase of Ps. 126 million in financial expense, negatively impacting the Comprehensive Financing Result. After considering taxes, the impact on net income amounted to Ps. 118 million.

United States

Net Sales for the quarter increased 3.9% to Ps. 377 million, driven by growth in the e-commerce business. During the quarter, we added 7,400 new customers as a result of our omnichannel strategy and customer service through our call center. Likewise, the septic business continues under development, increasing the number of partners for the design, installation, and maintenance services of the solutions.

Cumulative **net sales** increased 14.6%, reaching Ps. 709 million driven by the e-commerce and septic businesses growth. The latter doubled sales compared to 2021.

Pre-operating expenses from the septic business and technological expenses for the expansion of the e-commerce platform led to a negative **adjusted EBITDA** of Ps. 29 million in the quarter and negative Ps. 48 million cumulatively.

Other countries

Net sales from other countries (Peru, Guatemala, El Salvador, Costa Rica, Honduras, Nicaragua, and Brazil) reached Ps. 362 million in the quarter, 8.1% higher than that reported in the same period of the previous year. On a cumulative basis, **net sales** decreased 3.3% vs 2021.

In **Peru**, the efficient commercial strategy and price increases offset the decline in sales volume caused by the adverse macroeconomic environment during the quarter. On a cumulative basis, sales were affected by a weak first quarter, as a result of the third COVID-19 wave and the suspension of government subsidies to the population.

In **Central America**, quarterly sales growth was due to the implementation of differentiated pricing strategies by customer, channel, and product.

Diversification of the water flow and improvement categories continued in order to complement sales from the traditional water storage business. This helped offset weak sales

from the first quarter related to the announcement of a price increase at the end of 2021 that led distributors and customers to anticipate purchases and increase their inventories.

In **Brazil**, the projects pipeline benefited from the new legislation that promotes the migration from a state-owned water model to a private one. In addition, during the period, strategic alliances were formed with specialized consultants to increase the volume of contracts through a commission scheme.

Adjusted EBITDA reached Ps. 45 million in the quarter and Ps. 76 million in the first half of the year. The **EBITDA margin** contracted 400 bps in the quarter compared to 2Q21, reaching 12.5% and decreased 760 bps vs 1H21, reaching 11.2%. The margin contractions are related to the investment for the development of the water treatment and recycling plants in Brazil, which resulted in a loss of Ps. 13 million in that business during the quarter and Ps. 28 million during the first half of the year.

ANALYSIS | COSTS AND EXPENSES

Gross Profit

Gross profit for the period increased 39.8% in the quarter and 23.3% in the first half of the year. Likewise, the gross margin increased 510 bps to 42.2% in 2Q22 and 230 bps in the 6M21 to 41.3%. This was the result of an assertive pricing strategy during the second half of 2021 and in 2022, which has allowed us to maintain brand leadership, as well as a sequential and year-over-year margin recovery.

Operating Income

Operating income reached Ps. 429 million in the quarter, 77.6% higher than in 2Q21, with a 380 bps increase in the margin, to reach 12.4%.

This expansion was lower than the improvement in the gross margin due to the recognition of expenses related to new businesses; Acuantia in the United States, *bebbia* in Mexico, and water treatment and recycling plants in Brazil, whose marginal contribution was negative due to the stage they are in.

On a cumulative basis, **operating income** increased 19.1% to reach Ps. 651 million. Cumulative **operating margin** was 10.7%, 30 bps higher than in the same period of 2021.

As in the quarter, the improvement in the operating margin was lower than the improvement in gross margin, due to the accounting for expenses related to new businesses, as well as the reactivation of travel, in-person events, and some marketing strategies that were put on hold during 2021 as a result of the pandemic.

Comprehensive Financing Result

The **Comprehensive Financing Result** for 2Q22 was an expense of Ps. 195 million compared to Ps. 155 million in the same period of the previous year. The expense in the quarter includes Ps. 98 million for interest on debt, commissions and leases, Ps. 14 million for the valuation of financial instruments, and Ps. 83 million for the monetary position in Argentina, which was Ps. 26 million higher than 2Q21.

The cumulative **Comprehensive Financing Result** was an expense of Ps. 349 million vs Ps. 277 million in the first half of 2021. Financial expenses for the first half of the year comprised the payment of interest on the AGUA 17-2X sustainable bond, commissions and leasing for Ps. 194 million, Ps. 32 million for the valuation of financial instruments, and Ps. 123 million for monetary positioning in Argentina, which was Ps. 95 million higher than 2Q21.

Net Result

The **net profit** for the quarter was Ps. 122 million compared to Ps. 65 million in 2Q21, an 86.6% increase due to an improvement in the operating results.

Cumulative **net profit** was Ps. 210 million, 5.2% higher than what was reported in 2Q21. Excluding the impact of the monetary position in Argentina, a virtual non-cash item, net income would increase 66.9%.

CapEx

	6M				
	2022	%	2021	%	%Δ
Mexico	216	74%	119	67%	NM
Argentina	33	11%	30	17%	6.7%
United States	9	3%	10	6%	(11.4%)
Others	35	12%	19	11%	88.8%
Total	293	100%	178	100%	64.9%

Capital investments represented 4.8% of sales during the first half of the year, an increase of 64.9% compared to the previous year.

Capital investments include:

- Ps. 194 million of investments in new technology to produce storage solutions and for machinery to increase production capacity for water flow category in Mexico.
- Ps. 28 million were allocated to water treatment and recycling plants in Brazil and Ps. 1 million in Mexico.
- CapEx specifically related to growth initiatives within the *Flow* program amounted to Ps. 163 million. This includes investments across all countries, categories, and businesses.

ANALYSIS | BALANCE SHEET

Cash Conversion Cycle (Days)

	6M		Δ days
	2022	2021	
Inventory Days	69	59	10
Accounts Receivable Days	60	52	8
Accounts Payable Days	70	42	28
Cash Conversion Cycle	59	69	(10)

Inventory Days: Average Inventory / (3M Cost of Sales / 90)

Accounts Receivable Days: Average Accounts Receivable / (3M Sales / 90)

Accounts Payable Days: Average Suppliers / (3M Cost of Sales / 90)

During the period, the **cash conversion cycle** was optimized by 10 days while maintaining a strategy focused on securing the supply of raw materials in an unstable supply chain environment.

Debt

	6M		%Δ
	2022	2021	
Total Debt	4,007	4,189	(4.3%)
Short-term Debt	9	151	(94.3%)
Long-term Debt	3,998	4,038	(1.0%)
Cash and Cash Equivalents	1,079	2,449	(56.0%)
Net Debt	2,928	1,740	68.3%

Debt Maturity Profile

Total debt amounted to Ps. 4,007 million and corresponds to the AGUA 17-2X sustainable bond.

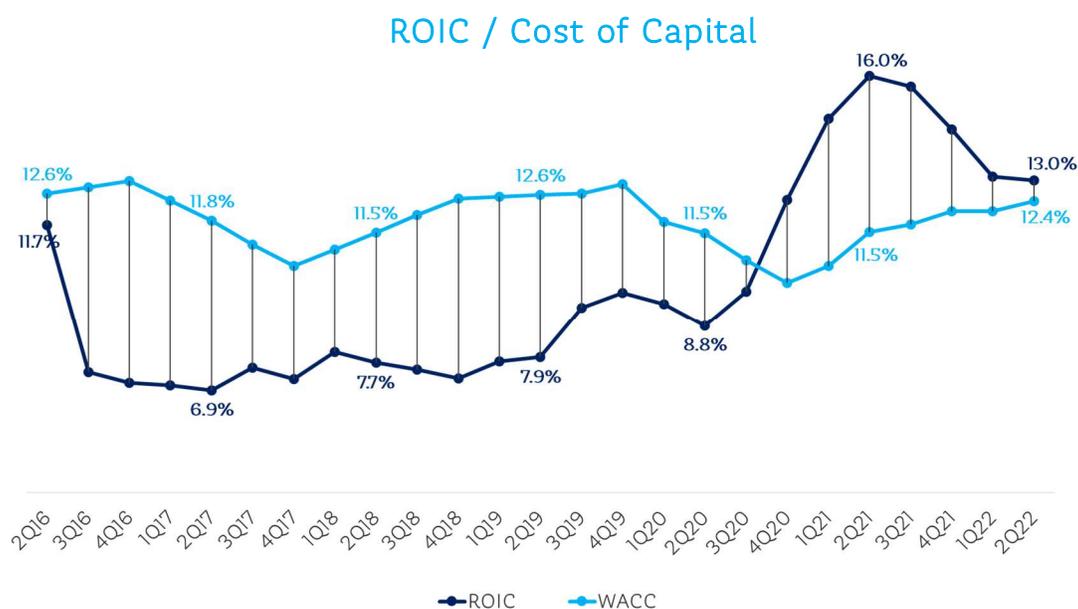
	Currency	Amount in MXN	Fixed Rate	Maturity
AGUA 17-2X Bond	Mexican Pesos	4,007	8.65%	June 2027

FINANCIAL RATIOS

	6M		%Δ
	2022	2021	
Net Debt / Adjusted EBITDA ¹	1.7x	1.0x	0.7x
Interest Coverage Ratio*	5.2x	4.6x	0.6x
Total Liabilities / Total Stockholders' Equity	1.0x	1.1x	(0.1) x
Net Earnings per Share**	0.43	0.41	5.2%

*Adjusted EBITDA LTM/interest payments LTM **Net income divided by 486.2 million shares, expressed in Mexican pesos.

Leverage as of the second quarter of 2022 was within the Company's debt guideline of 2.0x Net Debt/Adjusted EBITDA.



ROIC: NOPAT L12M/Average Invested Capital t, t-1.

Invested Capital: Total Assets – Cash and Cash Equivalents – Short-Term Liabilities.

ROIC excludes Flow program execution costs from 2Q20 to 4Q21 as they are one-off.

¹ Adjusted EBITDA considers: operating income plus depreciation and amortization, plus non-recurring expenses (donations and Flow implementation expenses). In 2Q21 it considers Ps. 75 million of Flow expense and Ps. 6 million donations. On a cumulative basis, considers Ps. 150 million of Flow expenses and Ps. 8 million donations. During 2Q22, there were no adjustments for Flow expenses, and no donations.

ROIC amounted to 13.0% at the end of June, a 300 bps contraction vs the previous year. However, the ROIC remains 61 bps above the cost of capital, which increased from 11.5% in June 2021 to 12.4% in June 2022. Nevertheless, the creation of sustainable economic value is maintained in order to continue to positively impact our stakeholders.

Financial derivatives

The use of derivative financial instruments is governed by the recommendations and policies issued by the Board of Directors and supervised by the Audit Committee, which provides guidelines on the management of exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of excess liquidity.

As of June 30th, 2022, the market value of Grupo Rotoplas' position was:

		Market Value
Instrument	MXN/USD exchange rate forward	Ps. (7.3) million

ESG | ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Updates regarding sustainability initiatives during the quarter include:

- **Training** was given to all administrative employees of the Group regarding **diversity, inclusion, and human rights** issues. The training was given in collaboration with associations and companies specializing in the subject such as *Integrarse*, EY Mexico, and *Unidos por los Derechos Humanos*.
- We began the process to work with the **Science Based Targets initiative (SBTi)**, with the purpose of validating the Group's environmental goals and achieving carbon neutrality by 2040.
- The Corporate Government Committee completed an analysis of the operational risks for the Company and presented a roadmap with milestones and relevant activities to mitigate these risks, assigning responsible people and deadlines.

For more information on our ESG programs, visit our sustainability website:

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

AGUA* | PERFORMANCE AND ANALYST COVERAGE

	2Q		%Δ
	2022	2021	
AGUA*			
Closing price	24.94	31.19	(20.0%)
P/BV	1.9 x	2.6 x	(0.7) x
EV/EBITDA	10.8 x	12.3 x	(1.5) x

Source: SiBolsa

Capital reimbursement:

During the quarter a capital reimbursement in cash was made to the Company's shareholders through a decrease in capital stock at a rate of Ps. 0.45 (forty-five Mexican peso cents) for each outstanding share. This implied a total disbursement of Ps. 215 million for the Company.

Treasury shares:

As of June 30th, 2022, the Company had 9.3 million shares in the treasury, equivalent to an invested amount of Ps. 320 million. To date, no treasury shares have been cancelled.

Analyst Coverage

As of June 30th, 2022, analyst coverage was provided by:

		Recommendation	PO
BTG Pactual	Mariana Cruz mariana.cruz@btgpactual.com	Buy	\$39.00
GBM	Regina Carrillo rcarrillo@gbm.com	Buy	\$48.00
SIGNUM	Alain Jaimes alain.jaimes@signumresearch.com	Buy	\$42.22
Miranda Research	Martín Lara / Marimar Torreblanca martin.lara@miranda-gr.com marimar.torreblanca@miranda-partners.com	Buy	\$45.00
Apalache	Jorge Plácido jorge.placido@apalache.mx	Buy	\$39.40
	Consensus	Buy	\$42.72

TRANSFORMATION PROGRAM | FLOW

In 2019, Rotoplas began the “Flow” transformation program to focus the business on economic value creation and sustainable growth. The strategy is based on initiatives that are divided between three pillars:

A. Profitability of the Current Portfolio

- levers for income, cost, expenditure and working capital

B. Growth Initiatives and Execution

- improve the execution of growth opportunities and capital allocation decisions

C. Organizational Culture and Health

- leadership, operational discipline, talent development, accountability, and organizational climate

Flow has evolved and is part of the culture of innovation and continuous improvement.

FINANCIAL STATEMENTS | Balance Sheet, Income Statement and Cash Flow

Income Statement

(unaudited figures in millions of Mexican pesos)

	2Q			6M			
	2022	2021	%Δ	2022	2021	%Δ	
Income Statement	Net Sales	3,447	2,810	22.7%	6,107	5,244	16.4%
	COGS	1,991	1,769	12.6%	3,583	3,197	12.1%
	Gross Profit	1,456	1,042	39.8%	2,524	2,047	23.3%
	% margin	42.2%	37.1%	510 bps	41.3%	39.0%	230 bps
	Operating Expenses	1,027	800	28.4%	1,873	1,500	24.8%
	Operating Income	429	242	77.6%	651	547	19.1%
	% margin	12.4%	8.6%	380 bps	10.7%	10.4%	30 bps
	Comp. Financing Result	(195)	(155)	25.9%	(349)	(277)	26.2%
	Financial Income	17	38	(55.8%)	58	81	(28.5%)
	Financial Expenses	(212)	(193)	9.6%	(408)	(358)	13.8%
	Earnings Before Taxes	235	87	NM	303	271	11.7%
	Taxes	113	22	NM	93	72	29.6%
	Net Income	122	65	86.6%	210	199	5.2%
	% margin	3.5%	2.3%	120 bps	3.4%	3.8%	(40) bps
	Adjusted EBITDA ¹	528	419	26.0%	850	892	(4.7%)
	% margin	15.3%	14.9%	40 bps	13.9%	17.0%	(310) bps

¹ Adjusted EBITDA considers: operating income plus depreciation and amortization, plus non-recurring expenses (donations and Flow implementation expenses). In 2Q21 it considers Ps. 75 million of Flow expense and Ps. 6 million donations. On a cumulative basis, considers Ps. 150 million of Flow expenses and Ps. 8 million donations. During 2Q22, there were no adjustments for Flow expenses, and no donations.

Balance Sheet (unaudited figures in millions of Mexican pesos)

		6M		
		2022	2021	%Δ
Balance Sheet	Cash and Cash Equivalents	1,079	2,449	(56.0%)
	Accounts Receivable	1,895	1,627	16.5%
	Inventory	1,507	1,233	22.2%
	Other Current Assets	689	955	(27.9%)
	Current Assets	5,170	6,264	(17.5%)
	Property, Plant and Equipment - Net	3,207	2,336	37.3%
	Other Long-term Assets	4,137	4,315	(4.1%)
	Total Assets	12,514	12,915	(3.1%)
	Short-term Debt	9	151	(94.3%)
	Suppliers	847	1,088	(22.2%)
	Other Accounts Payable	792	961	(17.7%)
	Short-term Liabilities	1,647	2,201	(25.2%)
	Long-term Debt	3,998	4,038	(1.0%)
	Other long-term Liabilities	600	579	3.7%
	Total Liabilities	6,246	6,817	(8.4%)
	Total Stockholders' Equity	6,269	6,097	2.8%
Total Liabilities + Stockholders' Equity	12,514	12,915	(3.1%)	

Cash Flow (unaudited figures in millions of Mexican pesos)

		6M		
		2022	2021	%Δ
Cash Flow	EBIT	651	547	19.1%
	Depreciation	199	187	6.5%
	Tax	(68)	(125)	(45.5%)
	Working Capital	(283)	(278)	1.7%
	Other	(104)	(211)	(50.9%)
	Operating Free Cash Flow	395	119	NM
	Operating Free Cash Flow Conversion (%)	60.7%	21.8%	NM
	Net Interest	(192)	(220)	(12.7%)
	Dividends	(215)	(206)	4.4%
	CapEx	(293)	(178)	64.9%
	Repurchase Fund	(134)	(115)	16.0%
	Mergers and Acquisitions	0	1	NM
	Short and Long-Term Debt	0	0	NM
	Leases	(25)	(27)	(5.2%)
	Other	(493)	(444)	11.1%
	Net Change in Cash	(550)	(643)	(14.5%)
Initial Cash Balance	1,629	3,092	(47.3%)	
Final Cash Balance	1,079	2,449	(56.0%)	

PRESS RELEASES | 2Q22

- AGUA* is included for another year in the sample of the ESG index of the Mexican Stock Exchange (BMV) – July 8th
- Extinction of trust F/000116 – July 7th
- S&P Global Ratings maintains Grupo Rotoplas' 'mx AA-' rating with stable outlook – June 24th
- Capital reimbursement payment 2022 – May 9th
- Resolutions Adopted by the 2022 General Ordinary and Extraordinary Shareholders' Meeting – April 29th
- Rotoplas updates its Guidance for 2022 – April 21st
- Proposals to the GSM – April 6th
- Rotoplas operations status update during March – April 5th

For more information, please refer to the Relevant Events section on our website:
<https://rotoplas.com/investors/relevant-events/#1>

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➤ 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 expectations 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 over 40 years of experience in the industry and 19 plants throughout the Americas, Rotoplas is present in 14 countries and has a portfolio that includes 27 product lines, a services platform, and an e-commerce business. Grupo Rotoplas has been listed on the Mexican Stock Exchange (BMV) under the ticker "AGUA" since December 10th, 2014.

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