

# 3Q16

Grupo Rotoplas S.A.B. de C.V.  
**Earnings Results**

## Grupo Rotoplas Reports Third Quarter 2016 Results

- Solid individual solutions growth
- Brazil's operation on track to achieve operative break even
- Successful acquisition of 80% of Sytesa SA de CV in Mexico

**Mexico City, Mexico, October 19, 2016.** Grupo Rotoplas SAB de CV (BMV: AGUA) ("Rotoplas", "the Company" or "the Group"), the leading provider of individual and integrated water solutions in the Americas, reported unaudited financial results for the third quarter 2016. The information within has been prepared based on International Financial Reporting Standards (IFRS).

"During the first nine months of the year we had a solid growth of individual solutions supported by our brand strength and the consumer's recognition of the benefits of our products. This partially mitigate the economic and political challenges that affected the sales of solutions to the government social programs in Mexico and Brazil. On the other hand, this year we successfully closed important projects that strengthen our strategy in the water industry, such as the award of various contracts for installation and maintenance of water fountains, the acquisition of 80% of Sytesa in Mexico and the successful integration to the Rotoplas Way of Talsar in Argentina and AIC in Chile." commented Carlos Rojas Mota Velasco, CEO of Grupo Rotoplas.

### Financial Highlights

Figures in millions of MXN

	3Q16	3Q15	Var.	9M16	9M15	Var.
<b>Net Sales</b>	<b>1,355</b>	1,561	(13.2%)	<b>3,909</b>	4,304	(9.2%)
Individual Solutions	1,316	1,100	19.6%	3,731	3,428	8.8%
Integrated Solutions	39	461	(91.6%)	178	876	(79.7%)
Mexico	883	1,154	(23.5%)	2,488	2,752	(9.6%)
Brazil	94	148	(36.7%)	316	840	(62.4%)
Others	378	258	46.1%	1,105	712	55.3%
<b>EBITDA Margin</b>	<b>11.0%</b>	17.8%	(680) pb	<b>13.1%</b>	13.0%	10 pb
Individual Solutions	<b>10.9%</b>	15.9%	(500) pb	12.2%	13.6%	(140) pb
Integrated Solutions	<b>13.4%</b>	22.3%	(890) pb	33.3%	10.8%	2250 pb
Mexico	<b>21.1%</b>	29.0%	(790) pb	20.9%	22.4%	(150) pb
Brazil	<b>(39.8%)</b>	(43.4%)	360 pb	<b>(26.0%)</b>	<b>(11.3%)</b>	(1470) pb
Others	<b>(0.1%)</b>	3.1%	(320) pb	6.8%	5.3%	150 pb

## Results for 3Q16

## Third Quarter 2016 Results

## Selected Financial Information

Figures in millions of MXN

	3Q16	3Q15	Var.
<b>Net Sales</b>	<b>1,355</b>	1,561	(13.2%)
<b>Gross Profit</b>	<b>539</b>	677	(20.4%)
<i>Gross Profit Margin</i>	39.8%	43.4%	(360) pb
<b>EBIT</b>	<b>108</b>	252	(57.3%)
<i>EBIT Margin</i>	7.9%	16.1%	(820) pb
<b>Net Income</b>	<b>87</b>	139	(37.9%)
<i>Net Income Margin</i>	6.4%	8.9%	(250) pb
<b>EBITDA</b>	<b>149</b>	278	(46.6%)
<i>EBITDA Margin</i>	11.0%	17.8%	(680) pb

Third quarter net sales fell 13.2% year on year. The net results were affected by the adverse economic environment across the main markets where Rotoplas operates.

In Mexico, despite that the work done in marketing, innovation and the strength of the retail channel supported the growth of individual solutions, integrated solutions sales to the government were affected by budgetary adjustments and changes in the presidential cabinet made during this quarter. Thus, sales in Mexico decreased 23.5% compared to the same quarter of last year and accounted for 65% of total Group sales.

It's worth mentioning that as of September 2016, Sytesa operative results were incorporated to Mexico's total results. Sytesa is a company focused on the commercial sector, it offers water treatment and recycling solutions, its portfolio and business model completes and supports Rotoplas' integrated solutions business model.

In Brazil, the adverse economic and political conditions prevail, coupled with the decline in domestic consumption, sales decreased 36.7% year on year. Brazil accounted for 7% of the total Group's revenue.

Other countries sales increased 46.1% due to the organic sales of the regions, the US market penetration strategy and the integration of Talsar to Argentina's results. Other countries division totaled 28% of consolidated sales.

Group gross margin fell 360 basis points, due to a change in the sales mix consisting of more individual solutions than integrated solutions, higher FX that affected the price of raw materials in 133 basis points and lower absorption of fixed costs.

The operating margin decreased 820 basis points year on year due to one-timer' expenses of the closure of the Tucuman plant in Argentina (Ps. 10 million), costs incurred in the integration programs of the acquisitions and expenses of the beginning of operations in the United States.

## Results for 3Q16

These effects were partially mitigated by Rotoplas' company-wide zero-based budget expense containment strategies

EBITDA margin contracted 680 basis points in annual comparison.

### Results by Solution

Figures in millions of MXN

	Individual Solutions			Integrated Solutions		
	3Q16	3Q15	Var.	3Q16	3Q15	Var.
<b>Net Sales</b>	<b>1,316</b>	1,100	19.6%	<b>39</b>	461	(91.6%)
<b>EBITDA</b>	<b>143</b>	175	(18.3%)	<b>5</b>	103	(95.0%)
<i>EBITDA Margin</i>	<i>10.9%</i>	<i>15.9%</i>	<i>(500) pb</i>	<i>13.4%</i>	<i>22.3%</i>	<i>(890) pb</i>

Individual solutions accounted for 97% of total sales and increased 19.6% year on year. These solutions were benefited by the retail channel in Mexico and the market penetration in Other countries.

EBITDA margin decreased 500 basis points, due to higher FX that affected the cost of raw materials, the closure costs of the Tucumán plant and lower capacity to absorb fixed costs and expenses consequence of lower sales volume.

Integrated solutions accounted for 3% of total sales and decreased 91.6% year on year. This contraction is consequence of the deferral of governmental programs in Mexico due to budget cuts and changes in the presidential cabinet and to the absence of sales in Brazil due to the economic and political problems above mentioned.

As of September, Sytesa results were incorporated in this type of solutions; excluding Sytesa integrated solutions decreased 97% year on year.

EBITDA margin decreased 890 basis points year on year, due to lower sales volume and lower capacity to absorb fixed costs and expenses.

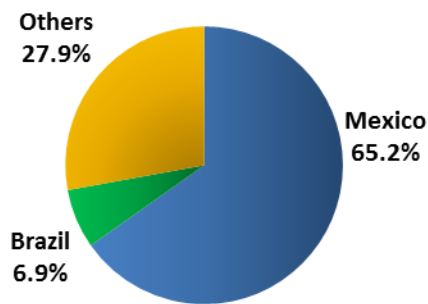
## Results for 3Q16

### Results by Country

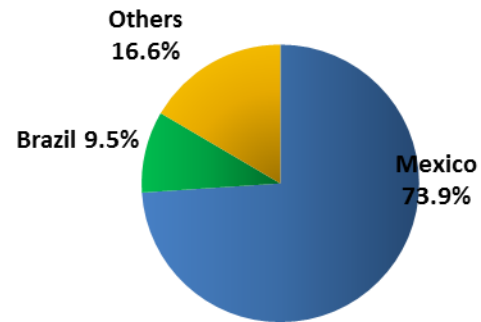
Figures in millions of MXN

	Mexico			Brazil			Others		
	3Q16	3Q15	Var.	3Q16	3Q15	Var.	3Q16	3Q15	Var.
Net Sales	<b>883</b>	1,154	(23.5%)	<b>94</b>	148	(36.7%)	<b>378</b>	258	46.1%
EBITDA	<b>186</b>	335	(44.4%)	<b>(37)</b>	(64)	42.0%	<b>(0)</b>	8	NA
EBITDA margin	21.1%	29.0%	(790) pb	(39.8%)	(43.4%)	360 pb	(0.1%)	3.1%	(320) pb

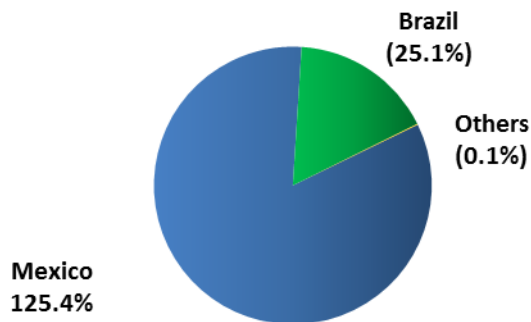
Sales 3Q16



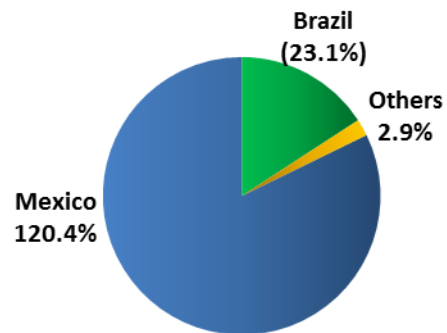
Sales 3Q15



EBITDA 3Q16



EBITDA 3Q15



## Results for 3Q16

## Results for the 9M16

## Selected Financial Information

Figures in millions of MXN

	9M16	9M15	Var.
<b>Net Sales</b>	<b>3,909</b>	4,304	(9.2%)
<b>Gross Profit</b>	<b>1,651</b>	1,737	(5.0%)
<i>Gross Profit Margin</i>	42.2%	40.4%	180 pb
<b>EBIT</b>	<b>416</b>	481	(13.7%)
<i>EBIT Margin</i>	10.6%	11.2%	(60) pb
<b>Net Income</b>	<b>343</b>	288	19.0%
<i>Net Income Margin</i>	8.8%	6.7%	210 pb
<b>EBITDA</b>	<b>514</b>	561	(8.4%)
<i>EBITDA Margin</i>	13.1%	13.0%	10 pb

During the first nine months of the year, the main markets where Rotoplas operates have faced economic and political problems that have affected sales levels of solutions. Total Group sales decreased 9.2% year over year.

Gross profit margin increased 180 basis points, favored by the increment in product prices done throughout the year and to the sales mix consisting of products with higher margins.

Operating margin decreased 60 basis points due to the lower sales volume, lower absorption of fixed expenses and extraordinary expenses from the closure of the Tucuman plant, the beginning of operations in the United States and the costs incurred in the integration programs of the acquisitions. EBITDA margin was in line with last year.

Net income increased 19% and margin expanded 210 basis points year on year. This is due to the efficient management of non-operating Group's resources, aligned to the objective of long-term value creation.

Rotoplas has been successfully able to close an acquisition per quarter with its internal cash resources. Talsar and Sytesa add solutions of accelerated growth to the portfolio, while AIC confirms Rotoplas' commitment to innovation. These acquisitions entrench the strategy of creating long-term value within the water industry.

## Results for 3Q16

## Results by Solution

Figures in millions of MXN

	Individual Solutions			Integrated Solutions		
	9M16	9M15	Var.	9M16	9M15	Var.
<b>Net Sales</b>	<b>3,731</b>	3,428	8.8%	<b>178</b>	876	(79.7%)
<b>EBITDA</b>	<b>454</b>	466	(2.6%)	<b>59</b>	94	(37.0%)
<i>EBITDA margin</i>	12.2%	13.6%	(140) pb	33.3%	10.8%	2250 pb

In the first nine months of the year, individual solutions revenue increased 8.8% year on year, driven by the organic performance and by the incorporation of Talsar products. Individual solutions accounted for 95% of Company's net sales.

EBITDA margin of individual solutions decreased 140 basis points due to lower fixed cost and expense absorption capacity, and due to the extraordinary costs incurred throughout the year.

Integrated solutions totaled Ps. 178 million from Ps. 876 million last year. This was consequence of the delay of government programs in Mexico and to the absence of sales from Brazil. Excluding Sytesa solutions, these solutions fell 82.5%.

It is important to mention that year to date; Rotoplas has won several water fountains contracts from the national water fountain program by the Mexican government. The revenue from these solutions will be reflected in subsequent periods.

EBITDA margin of integrated solutions stood at 33.3% from 10.8% a year earlier.

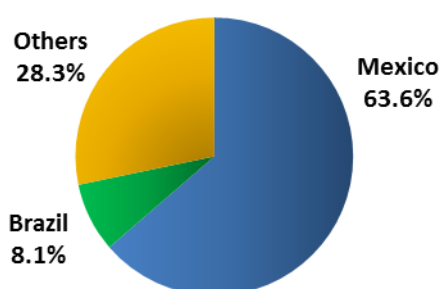
## Results for 3Q16

### Results by Country

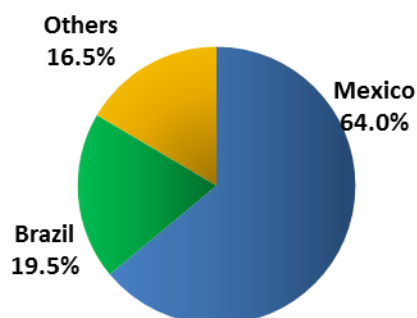
Figures in millions of MXN

	Mexico			Brazil			Others		
	9M16	9M15	Var.	9M16	9M15	Var.	9M16	9M15	Var.
Net Sales	2,488	2,752	(9.6%)	316	840	(62.4%)	1,105	712	55.3%
EBITDA	520	617	(15.7%)	(82)	(95)	13.3%	76	38	98.7%
EBITDA margin	20.9%	22.4%	(150) pb	-26.0%	-11.3%	(1470) pb	6.8%	5.3%	150 pb

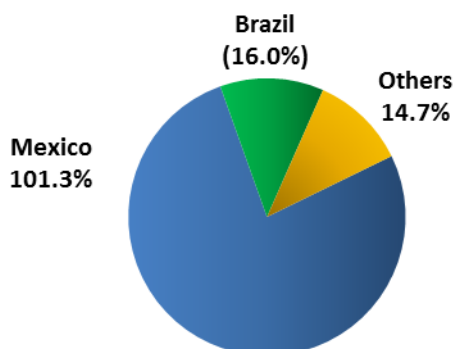
Sales 9M16



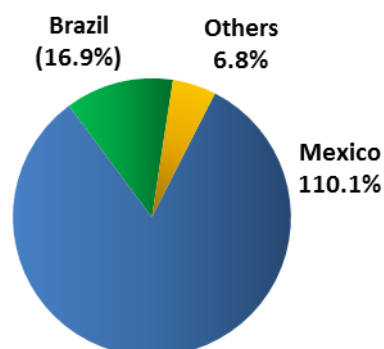
Sales 9M15



EBITDA 9M16



EBITDA 9M15



### Non-operating Results

Comprehensive cost of financing as September 30, 2016 was Ps. 52 million compared to the loss of Ps. 51 million in the same period of 2015. Other countries' currencies – where Rotoplas operates – appreciated against the Mexican peso resulting in a cumulative gain of Ps. 49 million.

During the first half of the year, net interest amounted to Ps. 5 million, due to the Company's favorable net cash position.



## Results for 3Q16

### Capex

During the first nine months of the year, Grupo Rotoplas made capital investments in the amount of Ps. 270 million representing 6.9% of total 9M16 sales, which were allocated to the start of operations in the U.S., and to production processes improvement and maintenance at the Company's various manufacturing plants.

#### Capex

Figures in millions of MXN

	9M16	%
Mexico	114	42%
Brazil	10	4%
Others	146	54%
<b>Total</b>	<b>270</b>	<b>100%</b>

### Debt

Total debt remained at Ps. 1,339 million; 99% of which was comprised of long-term debt with the remaining balance comprised of short-term debt. The increase in short-term debt is due to the integration of Sytesa's short term liabilities from its financial factoring.

Cash position as of September 30, 2016 was Ps. 1,621 million. Cash resources were used primarily for the acquisition of Sytesa, Talsar and AIC – all of them fully financed through Grupo Rotoplas' internal resources - and to support working capital increases required in Rotoplas' fast growing markets. Correspondingly, the Company's net debt was (Ps. 282) million.

Figures in millions of MXN

	9M16	Dic. 2015	Var.
<b>Total Debt</b>	<b>1,339</b>	<b>1,217</b>	<b>10.0%</b>
Short Term Debt	45	13	NA
Long Term Debt	1,294	1,204	7.5%
Cash and Equivalent	1,621	3,476	(53.4%)
<b>Net Debt</b>	<b>(282)</b>	<b>(2,259)</b>	<b>87.5%</b>

### Financial Indicators for LTM

	LTM16	LTM15
Net Debt / EBITDA	(.4) x	(3.1) x
Total Liabilities/Stockholders' Equity	0.3	0.4
Earnings Per Share	0.94	0.85

Last twelve months' earnings per share increased 10.9% compared to the same period of last year, proving Rotoplas business model resilience to the adverse economic environment.

## Results for 3Q16

### Derivative Financial Instruments

The use of derivative financial instruments is governed by the recommendations and policies dictated by the 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 investing excess cash.

As of September 30, 2016, Grupo Rotoplas' market value positions were:

Type of Instrument	Market Value (millions of pesos)
SWAP	12.37
SWAP / CAP	0.03

### Share Buyback Program

As of September 30, 2016 the Company's share buyback fund reported 1,553,076 shares in treasury.

### Analyst Coverage

As of September 30, 2016, Grupo Rotoplas is covered by analysts at the following brokerages:

- Bank of America Merrill Lynch
- Grupo Bursátil Mexicano (GBM)
- Goldman Sachs
- Grupo Santander

### Conference Call

Grupo Rotoplas is pleased to invite you to participate in its Third Quarter 2016 Conference Call

Thursday, October 20, 2016 at 10:00 a.m. Mexico City time (11:00 a.m. EST)

Carlos Rojas Mota Velasco, Chairman and Chief Executive Officer, and Mario Romero, Chief Financial Officer, will host the call. Remarks will be followed by a question and answer session.

To participate in the conference call please dial:

Mexico 001 800 514 5965, USA 1 888 312 3048 or other countries 1 719 457 2652

Conference ID: 2827618 or via the Company's website: [www.rotoplas.com/investors.html](http://www.rotoplas.com/investors.html)

## Investor Relations

Phone: +52 (55) 52015000 Ext: 50163

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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 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 more than 35 years' experience in the industry and 23 plants throughout the Americas, Rotoplas has a presence in 13 countries and a portfolio that includes 17 product lines. Grupo Rotoplas has been listed on the Mexican Stock Exchange (BMV) under the ticker "AGUA" since December 2014.

## Results for 3Q16

## Grupo Rotoplas S.A.B. de C.V.

Consolidated Financial Statement as of 2Q16 and for the First Semester of the Year  
Non-Audited Figures - in millions of MXN

	3Q16	3Q15	Var.	9M16	9M15	Var.
<b>Net Sales</b>	<b>1,355</b>	<b>1,561</b>	<b>(13.2%)</b>	<b>3,909</b>	<b>4,304</b>	<b>(9.2%)</b>
Cost of Sales	816	884	(7.8%)	2,258	2,566	(12.0%)
<b>Gross Profit</b>	<b>539</b>	<b>677</b>	<b>(20.4%)</b>	<b>1,651</b>	<b>1,737</b>	<b>(5.0%)</b>
<i>Gross Profit Margin</i>	39.8%	43.4%	(360) pb	42.2%	40.4%	180 pb
Operating Expense	431	425	1.6%	1,236	1,256	(1.6%)
<b>Operating Income</b>	<b>108</b>	<b>252</b>	<b>(57.3%)</b>	<b>416</b>	<b>481</b>	<b>(13.7%)</b>
<i>Operating Income Margin</i>	7.9%	16.1%	(820) pb	10.6%	11.2%	(60) pb
<b>Comprehensive Financing Cost</b>	<b>52</b>	<b>(51)</b>	<b>NA</b>	<b>73</b>	<b>(80)</b>	<b>NA</b>
Financial Income	85	31	NA	166	90	83.4%
Financial Costs	34	83	(59.2%)	93	171	(45.6%)
<b>Earnings Before Taxes</b>	<b>160</b>	<b>201</b>	<b>(20.4%)</b>	<b>489</b>	<b>401</b>	<b>21.9%</b>
Taxes	73	62	18.9%	146	114	27.9%
<b>Net Income</b>	<b>87</b>	<b>139</b>	<b>(37.9%)</b>	<b>343</b>	<b>288</b>	<b>19.0%</b>
<i>Net Income Margin</i>	6.4%	8.9%	(250) pb	8.8%	6.7%	210 pb
<b>EBITDA</b>	<b>149</b>	<b>278</b>	<b>(46.6%)</b>	<b>514</b>	<b>561</b>	<b>(8.4%)</b>
<i>EBITDA Margin</i>	11.0%	17.8%	(680) pb	13.1%	13.0%	10 pb

## Results for 3Q16

**Grupo Rotoplas S.A.B. de C.V.****Balance Sheet as of September 30, 2016 and December 2015**

Non-Audited Figures - in millions of MXN

	9M16	Dic. 2015
Cash and Cash Equivalents	1,621	3,476
Accounts Receivable	1,981	1,820
Inventory	884	768
Other Current Assets	513	259
<b>Current Assets</b>	<b>5,000</b>	<b>6,324</b>
Property, Plant and Equipment -Net	2,143	1,304
Other Long-Term Assets	2,560	519
<b>Total Assets</b>	<b>9,703</b>	<b>8,147</b>
Short-term Debt	45	13
Suppliers	749	564
Other Accounts Payable	354	262
<b>Short-term Liabilities</b>	<b>1,148</b>	<b>839</b>
Long-term Debt	1,294	1,204
Other Long-Term Liabilities	37	52
<b>Total Liabilities</b>	<b>2,479</b>	<b>2,094</b>
<b>Total Stockholders' Equity</b>	<b>7,224</b>	<b>6,053</b>
<b>Total Liabilities + Stockholders' Equity</b>	<b>9,703</b>	<b>8,147</b>