

3Q17

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

Financial Results



Grupo Rotoplas Reports Third Quarter 2017 Results

Quarterly Highlights

- Double-digit year-over-year growth in sales 16% and EBITDA 79%.
- Organic sales grew 12% and EBITDA was at 57% rate.
- EBITDA margin increased by 590 basis points.
- Government channel sales under 3% of total sales.

Year to Date Highlights

- Year-over-year 29% growth of sales and 55% of EBITDA.
- EBITDA growth of 270 basis points year-over-year.
- Government channel sales under 6%. In line with the Company's diversification strategy.
- Organic sales grew 22% and EBITDA 22%.

Mexico City, Mexico, October 18th, 2017. 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 third quarter of 2017. The information within has been prepared based on International Financial Reporting Standards (IFRS).

“Our third quarter results show a continuing trend of strong sales growth and increasing profitability, with double-digit year-over-year growth in both sales and EBITDA and with a good margin expansion. Our solutions’ portfolio reconfiguration strategy continues to be proven successful, with a better and more profitable product mix. Our cost-control efforts through the zero based budget management framework continues to have a very positive impact in the profitability of our largest operations. And because of our organic sales growth and acquisition strategy, we have been able to significantly reduce the share of the government channel in our total sales, thus reducing our exposure to the socio-economic and budgetary uncertainty that has affected some of our markets” remarked Carlos Rojas Mota Velasco, CEO of Grupo Rotoplas.

Financial Highlights

(MXN, Millions)

| | 3Q17 | 3Q16 | Var. | 9M17 | 9M16 | Var. |
|----------------------|--------------|--------------|---------|--------------|--------------|-----------|
| Net Sales | 1,577 | 1,355 | 16.4% | 5,032 | 3,909 | 28.7% |
| Individual Solutions | 1,450 | 1,316 | 10.2% | 4,463 | 3,731 | 19.6% |
| Integrated Solutions | 127 | 39 | 327.5% | 568 | 178 | 218.9% |
| Mexico | 1,046 | 883 | 18.4% | 3,259 | 2,488 | 31.0% |
| Brazil | 99 | 94 | 5.6% | 361 | 316 | 14.5% |
| Others | 432 | 378 | 14.4% | 1,411 | 1,105 | 27.7% |
| EBITDA Margin | 16.9% | 11.0% | 590 pb | 15.8% | 13.1% | 270 pb |
| Individual Solutions | 15.1% | 10.9% | 420 pb | 16.3% | 12.2% | 410 pb |
| Integrated Solutions | 37.1% | 13.4% | 2370 pb | 11.9% | 33.3% | (2140) pb |
| Mexico | 24.4% | 21.1% | 330 pb | 23.1% | 20.9% | 220 pb |
| Brazil | (1.6%) | (39.8%) | 3820 pb | (13.5%) | (26.0%) | 1250 pb |
| Others | 3.0% | (0.1%) | 310 pb | 6.5% | 6.8% | (30) pb |

Third Quarter 2017 Results

Key Performance Indicators

(MXN, Millions)

| | 3Q17 | 3Q16 | Var. |
|----------------------------|--------------|--------------|--------|
| Net Sales | 1,577 | 1,355 | 16.4% |
| Gross Profit | 657 | 539 | 21.9% |
| <i>Gross Profit Margin</i> | 41.7% | 39.8% | 190 pb |
| EBIT | 198 | 108 | 83.5% |
| <i>EBIT Margin</i> | 12.5% | 7.9% | 460 pb |
| Net Income | 124 | 87 | 42.8% |
| <i>Net Income Margin</i> | 7.8% | 6.4% | 140 pb |
| EBITDA | 266 | 149 | 79.4% |
| <i>EBITDA Margin</i> | 16.9% | 11.0% | 590 pb |

Both sales and EBITDA registered double digit-growth year over year in the third quarter. Consumer demand was strong, particularly in Mexico, Argentina and Peru. Total quarterly sales growth was 16% year-over-year and organic sales growth was 12%, whereas EBITDA grew 57% organically. The EBITDA margin increased by 590 basis points and government channel sales were under 3%, in line with the Company's diversification strategy.

Sales in Mexico grew 18% year-over-year, mainly due to an increased demand of individual solutions and the satisfactory performance of integrated solutions after the acquisition of Sytesa. Excluding this acquisition, sales grew 12%.

Sales in Brazil grew 6% year-over-year, due to a greater demand for rural integrated solutions and a greater sales volume of water treatment solutions, which contributed to a better price mix. Furthermore, the Company continues to implement in this country a two-pronged strategy of pursuing new projects and clients while applying an effective expense control strategy bringing the operation closer to financial break-even.

The Other Countries Division's sales grew 14%, mainly due to the growth in water storage and heating solutions in most of the countries.

The consolidated gross margin increased by 190 basis points year-over-year, mainly due to a greater sales volume of individual solutions in Mexico, which allowed for a greater absorption of fixed-costs.

The operating margin increased by 460 basis points year-over-year as a result of the Company's expense-control strategy and an increased contribution to total sales of urban integrated solutions. Likewise, the EBITDA margin increased by 590 basis points.

Results by Solution

(MXN, Millions)

| | Individual Solutions | | | Integrated Solutions | | |
|----------------------|----------------------|--------------|---------------|----------------------|--------------|----------------|
| | 3Q17 | 3Q16 | Var. | 3Q17 | 3Q16 | Var. |
| Net Sales | 1,450 | 1,316 | 10.2% | 127 | 39 | 227.5% |
| EBITDA | 220 | 143 | 53.1% | 47 | 5 | NA |
| <i>EBITDA Margin</i> | <i>15.1%</i> | <i>10.9%</i> | <i>420 pb</i> | <i>37.1%</i> | <i>13.4%</i> | <i>2370 pb</i> |

Sales of individual solutions accounted for 92% of total sales and grew 10% year-over-year due to an increase in demand in Mexico, Argentina and Peru. As a result of greater volume and a better price mix, the EBITDA margin increased by 420 basis points.

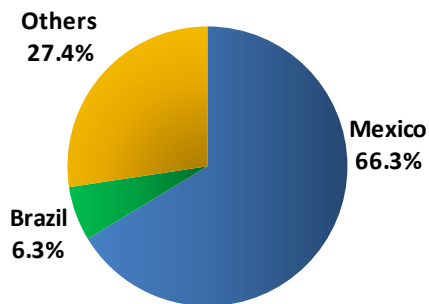
Integrated solutions accounted for 8% of total sales and registered a 228% increase year-over-year. This can be partially attributed to greater sales of urban integrated solutions in Mexico after the acquisition of Sytesa and the reactivation of government purchases of rural integrated solutions in Brazil. The EBITDA margin of integrated solutions grew 2,370 basis points.

Results by Country

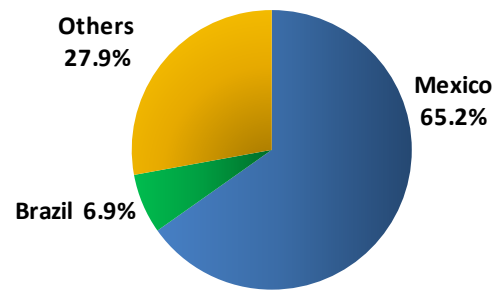
(MXN, Millions)

| | Mexico | | | Brazil | | | Others | | |
|----------------------|--------------|--------------|---------------|---------------|----------------|----------------|-------------|---------------|---------------|
| | 3Q17 | 3Q16 | Var. | 3Q17 | 3Q16 | Var. | 3Q17 | 3Q16 | Var. |
| Net Sales | 1,046 | 883 | 18.4% | 99 | 94 | 5.6% | 432 | 378 | 14.4% |
| EBITDA | 255 | 186 | 37.2% | (2) | (37) | 95.7% | 13 | (0) | NA |
| <i>EBITDA Margin</i> | <i>24.4%</i> | <i>21.1%</i> | <i>330 pb</i> | <i>(1.6%)</i> | <i>(39.8%)</i> | <i>3820 pb</i> | <i>3.0%</i> | <i>(0.1%)</i> | <i>310 pb</i> |

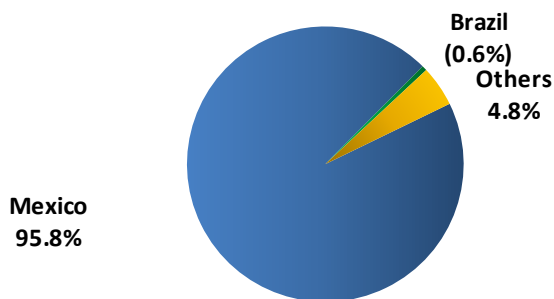
Sales 3Q17



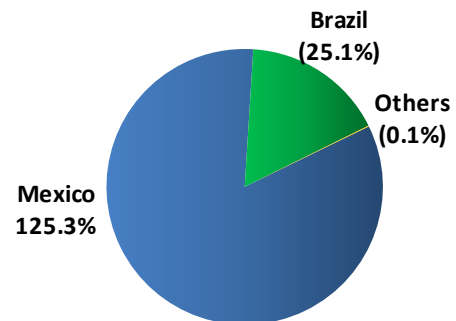
Sales 3Q16



EBITDA 3Q17



EBITDA 3Q16



Results for the 9M17

Key Performance Indicators (MXN, Millions)

| | 9M17 | 9M16 | Var. |
|----------------------------|--------------|--------------|----------|
| Net Sales | 5,032 | 3,909 | 28.7% |
| Gross Profit | 2,001 | 1,651 | 21.2% |
| <i>Gross Profit Margin</i> | 39.8% | 42.2% | (240) pb |
| EBIT | 600 | 416 | 44.5% |
| <i>EBIT Margin</i> | 11.9% | 10.6% | 130 pb |
| Net Income | 439 | 343 | 28.0% |
| <i>Net Income Margin</i> | 8.7% | 8.8% | (10) pb |
| EBITDA | 797 | 514 | 55.2% |
| <i>EBITDA Margin</i> | 15.8% | 13.1% | 270 pb |

In the first nine months of the year, total sales were \$5,032 million Mexican Pesos, a 29% increase year-over-year. This is largely attributable to the strong demand for individual solutions and the successful integration of the acquired businesses. Organic sales grew 22% and government channel sales were under 6% of total sales.

The gross margin decreased by 240 basis points due to a diminished fixed-cost absorption capacity in some countries and higher depreciation of the urban integrated solutions segment.

The operating margin increased by 130 basis points, reflecting the Company's continued expense control discipline

EBITDA grew 55% and the EBITDA margin increased by 270 basis points, partially due to a larger depreciation component.

The net profit margin remained in line with that of the previous year.

Results by Solution

(MXN, Millions)

| | Individual Solutions | | | Integrated Solutions | | |
|----------------------|----------------------|--------------|--------|----------------------|------------|-----------|
| | 9M17 | 9M16 | Var. | 9M17 | 9M16 | Var. |
| Net Sales | 4,463 | 3,731 | 19.6% | 568 | 178 | NA |
| EBITDA | 729 | 454 | 60.6% | 67 | 59 | 13.7% |
| <i>EBITDA Margin</i> | 16.3% | 12.2% | 410 pb | 11.9% | 33.3% | (2140) pb |

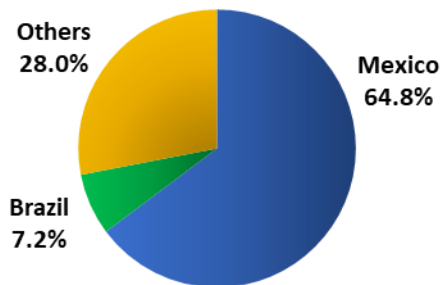
During the first nine months of the year, individual solution sales increased by 20% year-over-year. Integrated solutions sales totaled \$568 million Mexican Pesos, up from \$178 million Mexican Pesos a year ago.

Results by Country

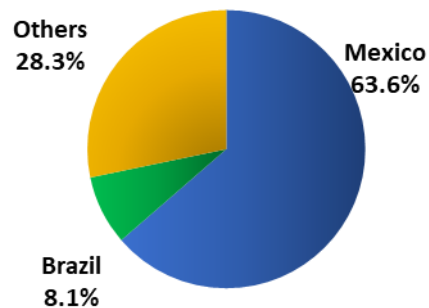
(MXN, Millions)

| | Mexico | | | Brazil | | | Others | | |
|----------------------|--------------|--------------|---------------|---------------|---------------|----------------|--------------|--------------|----------------|
| | 9M17 | 9M16 | Var. | 9M17 | 9M16 | Var. | 9M17 | 9M16 | Var. |
| Net Sales | 3,259 | 2,488 | 31.0% | 361 | 316 | 14.5% | 1,411 | 1,105 | 27.7% |
| EBITDA | 754 | 520 | 45.0% | (49) | (82) | 40.3% | 92 | 76 | 21.4% |
| <i>EBITDA Margin</i> | <i>23.1%</i> | <i>20.9%</i> | <i>220 pb</i> | <i>-13.5%</i> | <i>-26.0%</i> | <i>1250 pb</i> | <i>6.5%</i> | <i>6.8%</i> | <i>(30) pb</i> |

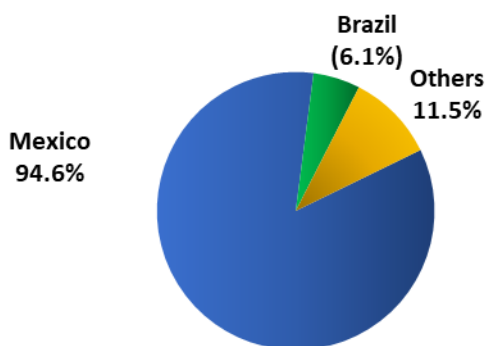
Sales 9M17



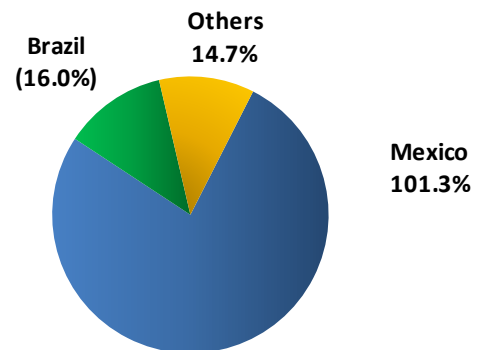
Sales 9M16



EBITDA 9M17



EBITDA 9M16



Non-Operating Results

Due to net interest income accrued by the Company, the comprehensive financing cost as of September 30th, 2017 was \$12 million Mexican Pesos. The Company has incurred an FX loss of \$16 million Mexican Pesos over the first nine months of the year.

CAPEX

Capital expenditures during the first nine months of the year amounted to \$159 million Mexican Pesos, which represents 3% of sales. The funds were used mainly in Mexico and Argentina for processes improvement, machinery replacement and installed capacity expansion.

CAPEX

(MXN, Millions)

| | 9M17 | % |
|--------------|------------|-------------|
| Mexico | 98 | 62% |
| Brazil | 2 | 1% |
| Others | 59 | 37% |
| Total | 159 | 100% |

Debt

Total debt at the end of the third quarter is \$2,004 million Mexican Pesos. Cash position as of September 30th 2017 was \$ 2,007 million Mexican Pesos. Net debt was (\$3) million Mexican Pesos.

| | 9M17 | 4Q16 | Var. |
|----------------------|--------------|--------------|---------|
| Total Debt | 2,004 | 1,243 | 61.3% |
| Short Term Debt | 34 | 285 | (88.2%) |
| Long Term Debt | 1,971 | 958 | NA |
| Cash and Equivalents | 2,007 | 1,563 | 28.5% |
| Net Debt | (3) | (320) | NA |

Financial Ratios

| | LTM17 | LTM16 | Var. |
|--|--------|--------|-------|
| Net Debt / EBITDA (x) | (0.0)x | (0.4)x | 0.0% |
| Total Liabilities/Stockholders' Equity | 0.5 | 0.3 | 41.7% |
| Earnings Per Share | 1.12 | 0.94 | 19.2% |

Net earnings per share during the first nine months of the year increased 19% year-over year.

Financial Derivatives

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 investment.

As of September 2017, the market value of the derivatives positions of Grupo Rotoplas were:

| Type of instrument | Market Value (millions of pesos) |
|--------------------|-------------------------------------|
| SWAP / CAP | 28.0 |
| Forward | (7.0) |

Share Buyback Program

As of September 30th, 2017, the Company's share buyback fund reported 14.4 million shares in the treasury, worth approximately \$414 million Mexican Pesos at the September 29th closing price of \$28.76 Mexican Pesos per share.

Analyst Coverage

As of September 30th, 2017 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 Third Quarter 2017 Conference Call, to be held on Thursday, October 19th, 2017 at 10:00 a.m. Mexico City time (11:00 a.m. EST).

Carlos Rojas Mota Velasco, CEO, and Mario Romero, CFO, will host the call and discuss the results. After their comments there will be a Q & A session.

To participate in the conference call please use the Conference ID 8440882 and dial or log in:

Mexico: 01 800 289 0551

United States: 1 888 349 9586

Other Countries: 1 719 325 2396

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

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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 almost than 40 years' experience in the industry and 21 plants throughout the Americas, Rotoplas has a presence in 14 countries and a portfolio that includes 18 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 as of September 2017
 (Unaudited figures, MXN, millions)

| | 3Q17 | 3Q16 | Var. | 9M17 | 9M16 | Var. |
|-------------------------------------|--------------|-------|--------|--------------|--------------|----------------|
| Net Sales | 1,577 | 1,355 | 16.4% | 5,032 | 3,909 | 28.7% |
| Cost of Sales | 920 | 816 | 12.7% | 3,030 | 2,258 | 34.2% |
| Gross Profit | 657 | 539 | 21.9% | 2,001 | 1,651 | 21.2% |
| <i>Gross Profit Margin</i> | 41.7% | 39.8% | 190 pb | 39.8% | 42.2% | (240) pb |
| Operating Expense | 460 | 431 | 6.6% | 1,401 | 1,236 | 13.4% |
| Operating Income | 198 | 108 | 83.5% | 600 | 416 | 44.5% |
| <i>Operating Income Margin</i> | 12.5% | 7.9% | 460 pb | 11.9% | 10.6% | 130 pb |
| Comprehensive Financing Cost | (25) | 52 | NA | 12 | 73 | (84.2%) |
| Financial Income | 26 | 85 | 0.3 x | 147 | 166 | (11.1%) |
| Financial Costs | 51 | 34 | 51.3% | 136 | 93 | 46.2% |
| Earnings Before Taxes | 170 | 160 | 6.8% | 611 | 489 | 25.0% |
| Taxes | 47 | 73 | 0.6 x | 172 | 146 | 18.0% |
| Net Income | 124 | 87 | 42.8% | 439 | 343 | 28.0% |
| <i>Net Income Margin</i> | 7.8% | 6.4% | 140 pb | 8.7% | 8.8% | (10) pb |
| EBITDA | 266 | 149 | 79.4% | 797 | 514 | 55.2% |
| <i>EBITDA Margin</i> | 16.9% | 11.0% | 590 pb | 15.8% | 13.1% | 270 pb |

Grupo Rotoplas S.A.B. de C.V.
 Balance Sheet for 3Q17 and 4Q16
 (Unaudited figures, MXN, millions)

| | 3Q17 | 4Q16 | Change | Var. |
|---|---------------|--------------|--------------|---------------|
| Cash and Cash Equivalents | 2,007 | 1,563 | 445 | 28.5% |
| Accounts Receivable | 1,988 | 1,792 | 195 | 10.9% |
| Inventory | 896 | 892 | 4 | 0.4% |
| Other Current Assets | 732 | 559 | 172 | 30.8% |
| Current Assets | 5,623 | 4,806 | 816 | 17.0% |
| Property, Plant and Equipment -Net | 2,402 | 2,283 | 119 | 5.2% |
| Other Long-Term Assets | 2,480 | 2,524 | (44) | (1.7%) |
| Total Assets | 10,504 | 9,612 | 892 | 9.3% |
| Short-term Debt with cost | 34 | 285 | (251) | (88.2%) |
| Suppliers | 823 | 740 | 82 | 11.1% |
| Other Accounts Payable | 440 | 320 | 120 | 37.6% |
| Short-term Liabilities | 1,296 | 1,345 | (49) | (3.6%) |
| Long-term Debt with cost | 1,971 | 958 | 1,013 | 105.8% |
| Other Long-Term Liabilities | 170 | 89 | 82 | 92.3% |
| Total Liabilities | 3,437 | 2,392 | 1,046 | 43.7% |
| Total Stockholders' Equity | 7,067 | 7,221 | (154) | (2.1%) |
| Total Liabilities + Stockholders' Equity | 10,504 | 9,612 | 892 | 9.3% |