

3Q18

Grupo Rotoplas

Financial Results

Mexico City, October 17th, 2018

Grupo Rotoplas Reports Third Quarter 2018 Results

Quarterly Highlights

(MXN, million)

- Sales grew 27.0% year-over-year and EBITDA 10.8%.
- Increased raw materials costs reduced operating margins by 124 basis points.
- Successful integration of IPS, the recently acquired water-flow company in Argentina.
- Higher interest payments resulting from a positive net debt position and FX volatility affected net profits.
- Rotoplas continues to be included in the DJSI MILA Pacific Alliance Sustainability Index.
- Successful reopening of the Sustainable Bond Agua-17-X for \$1,000 million MXN on October 11th 2018.

Year-to-date Highlights

- Sales grew 15.3% year-over-year and EBITDA 17.2%.
- EBITDA margin increased by 30 basis points.
- Depreciation of the Argentinean Peso and higher interest payments affected net profits.

Financial Highlights

(MXN, million)

	3Q18	3Q17	Var.	9M18	9M17	Var.
Net Sales	2,002	1,577	27.0%	5,801	5,032	15.3%
Individual Solutions	1,852	1,450	27.7%	5,221	4,463	17.0%
Integrated Solutions	150	127	18.5%	580	568	2.1%
Mexico	1,084	1,046	3.7%	3,456	3,259	6.1%
Argentina	429	235	82.4%	874	715	22.3%
Others	488	296	65.1%	1,470	1,058	39.0%
EBITDA Margin	14.8%	16.9%	(210) bp	16.1%	15.8%	30 bp
Individual Solutions	14.3%	15.1%	(80) bp	16.3%	16.3%	bp
Integrated Solutions	20.5%	37.1%	(1660) bp	14.0%	11.9%	210 bp
Mexico	21.1%	24.4%	(330) bp	22.8%	23.1%	(30) bp
Argentina	12.8%	7.7%	510 bp	9.8%	10.1%	(30) bp
Others	2.4%	(2.3%)	470 bp	4.2%	(2.8%)	700 bp

Mexico City, Mexico, October 17th, 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 third quarter of 2018. The information within has been prepared based on International Financial Reporting Standards (IFRS).

“The third quarter and year-to-date results reaffirm our capacity to integrate and leverage the synergies from our acquisitions, as well as the potential of integrated services. We will maintain a long-term vision and we will continue to emphasize innovation and sustainability across all our businesses, while preserving our strategy of seeking growth and consolidation in all our markets”, remarked Carlos Rojas Mota Velasco, Chairman and CEO of Rotoplas.

Third Quarter Results 2018

Key Performance Indicators

(MXN, millions)

	3Q18	3Q17	Var.
Net Sales	2,002	1,577	27.0%
Gross Profit	769	657	17.0%
<i>Gross Profit Margin</i>	38.4%	41.7%	(330) bp
EBIT	187	198	(5.5%)
<i>EBIT Margin</i>	9.3%	12.5%	(320) bp
Net Income	66	124	(46.8%)
<i>Net Income Margin</i>	3.3%	7.8%	(450) bp
EBITDA	295	266	10.8%
<i>EBITDA Margin</i>	14.8%	16.9%	(210) bp

Sales increased 27.0% year-over-year, driven by the growth of the operations in the United States, water treatment plants sales in Mexico and the integration of the results of IPS, a leading water-flow solutions provider based in Argentina which was acquired in July 2018.

We also registered significant growth in Central America and Peru, putting behind the climate, economic and political factors that affected our performance in those markets during the first semester of the year. Government sales were below 3.0% of total sales.

These results evidence the strength of our brand, our constant innovation and the quality of the services we provide. Also, these results are a sound foundation to the quality and sustainability of our EBITDA.

Argentina continues to experience political uncertainty and FX volatility. Despite an organic sales growth of 39%, the 41% depreciation of the Argentinean Peso against the Mexican Peso reduced the Group’s total sales growth by 8%.

We remain confident in the medium and long-term outlook for Argentina and in our strategy to consolidate Rotoplas’ position there by taking advantage of the market opportunities that are arising. Furthermore, the acquisition of IPS, a company that has been operating for over 70 years and which has a very competitive export platform, and no debt, will allow us to consolidate our presence in the region.

We expect that greater FX stability will eventually enable our operations in Argentina to make a significant contribution to the Group's growth and our market-share in the region. We also expect an increase in durable goods consumption in Mexico after the current political transition concludes, which will increase sales of individual and integrated solutions in the country.

Gross margin decreased by 330 basis points due to higher raw materials costs in the manufacturing of individual solutions and higher depreciation for the integrated solutions.

Operating expenses increased in line with sales due to the expenses associated with the launch of the "Drinking Water" platform in Mexico after a successful trial run.

EBITDA grew 10.8% due to the growth of the e-commerce platform in the United States and the integration of IPS in Argentina, as well as to an increase in sales of integrated solutions with service in Mexico.

Net profit was affected by an increase in net debt and the resulting increase in interest payments amounting to \$49 million, mark-to-market FX loss of \$24 million, as well as FX losses derived from the depreciation of the Argentinean Peso.

Results by Solution

(MXN, millions)

	Individual Solutions			Integrated Solutions		
	3Q18	3Q17	Var.	3Q18	3Q17	Var.
Net Sales	1,852	1,450	27.7%	150	127	18.5%
EBITDA	265	220	20.5%	31	47	(34.5%)
EBITDA Margin	14.3%	15.1%	(80) bp	20.5%	37.1%	(1660) bp

Sales of individual solutions grew mainly due to the growth in the United States and the integration of IPS in Argentina. The EBITDA margin of these solutions fell due to the increase of the cost of raw materials.

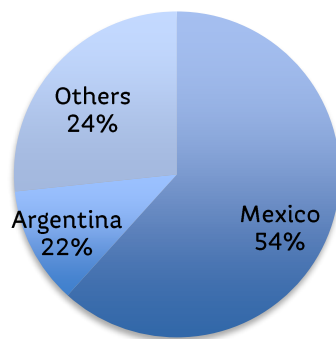
The growth of integrated solutions sales is mostly due to sales of water treatment plants in Mexico. The EBITDA diminished mainly due to expenses associated with the expansion of the "Drinking Water" platform for purification of residential and commercial water in different cities of Mexico.

Results by Country

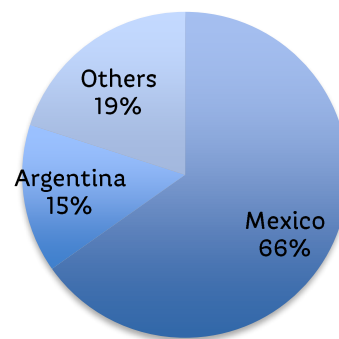
(MXN, millions)

	Mexico			Argentina			Others		
	3Q18	3Q17	Var.	3Q18	3Q17	Var.	3Q18	3Q17	Var.
Net Sales	1,084	1,046	3.7%	429	235	82.4%	488	296	65.1%
EBITDA	229	255	(10.4%)	55	18	NA	12	(7)	NA
EBITDA Margin	21.1%	24.4%	(330) bp	12.8%	7.7%	510 bp	2.4%	(2.3%)	470 bp

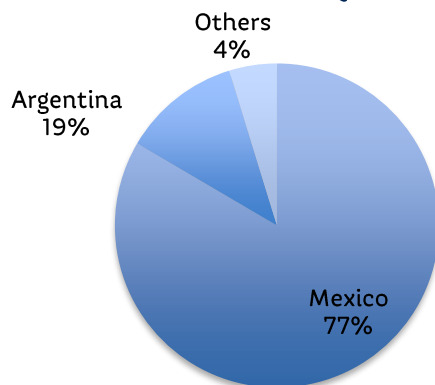
Sales 3Q18



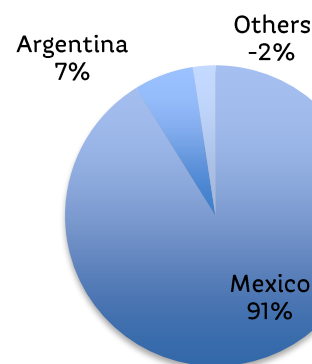
Sales 3Q17



EBITDA 3Q18



EBITDA 3Q17



As mentioned, the depreciation of the Argentinean Peso reduced the contribution of the operations in that country to the Group's net profit, but the integration of IPS increased their share of both sales and EBITDA.

Year-To-Date Results

Key Performance Indicators (MXN, millions)

	9M18	9M17	Var.
Net Sales	5,801	5,032	15.3%
Gross Profit	2,247	2,001	12.3%
<i>Gross Profit Margin</i>	<i>38.7%</i>	<i>39.8%</i>	<i>(110) bp</i>
EBIT	626	600	4.2%
<i>EBIT Margin</i>	<i>10.8%</i>	<i>11.9%</i>	<i>(110) bp</i>
Net Income	343	439	(21.9%)
<i>Net Income Margin</i>	<i>5.9%</i>	<i>8.7%</i>	<i>(280) bp</i>
EBITDA	934	797	17.2%
<i>EBITDA Margin</i>	<i>16.1%</i>	<i>15.8%</i>	<i>30 bp</i>

Net sales and EBITDA registered double-digit growth as a result of the performance of the operations in the United States, the integration of IPS in Argentina and sales of the integrated solutions with service in Mexico. Government sales were under 5.0% of total sales, ensuring revenue recurrence and profitability.

The depreciation of the Argentinean Peso reduced the Group's growth by 15%.

Gross margin diminished 146 basis points, affected by a larger depreciation component and an increase in raw materials costs. These effects were compensated, however, by greater cost efficiencies and a better price-mix, which resulted in a 30 basis-point improvement in the EBITDA margin.

Net income was affected by FX volatility and higher interest payments derived from a positive net debt position.

Results by Solutions

(MXN, millions)

	Individual Solutions			Integrated Solutions		
	9M18	9M17	Var.	9M18	9M17	Var.
Net Sales	5,221	4,463	17.0%	580	568	2.1%
EBITDA	853	729	16.9%	81	67	20.0%
<i>EBITDA Margin</i>	<i>16.3%</i>	<i>16.3%</i>	<i>0 bp</i>	<i>14.0%</i>	<i>11.9%</i>	<i>210 bp</i>

Sales of individual solutions, including storage, water-flow and treatment, grew 17.0%. Sales of integrated solutions, including water treatment plants, the "Drinking Water" platform and school water fountains grew 2.1%.

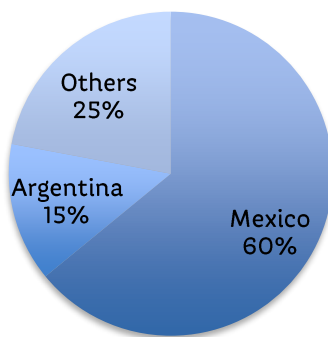
The margin for individual solutions is in line with that of the first nine months of 2017. The margin for individual solutions increased 210 basis points due to a better price-mix.

Results by Country

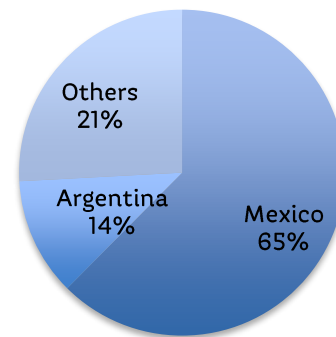
(MXN, millions)

	Mexico			Argentina			Others		
	9M18	9M17	Var.	9M18	9M17	Var.	9M18	9M17	Var.
Net Sales	3,456	3,259	6.1%	874	715	22.3%	1,470	1,058	39.0%
EBITDA	786	754	4.3%	85	73	17.8%	62	(30)	NA
EBITDA Margin	22.8%	23.1%	(30) bp	9.8%	10.1%	(30) bp	4.2%	(2.8%)	700 bp

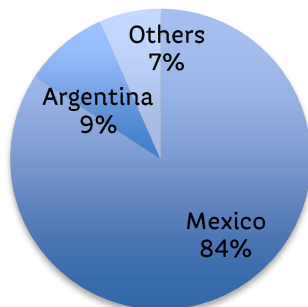
Sales 9M18



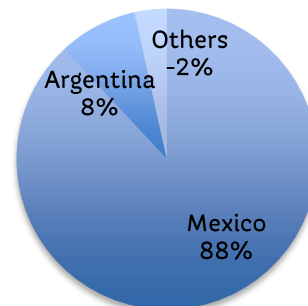
Sales 9M17



EBITDA 9M18



EBITDA 9M17



EBITDA in the Others category went from a \$30 million loss to a \$62 million gain, 4.2% of total sales. This profitability was due to the market and operating synergies that Rotoplas has achieved in these markets. It should be noted that this category includes, ordered by their relative weight: United States, Peru and Central America (Guatemala, Honduras, El Salvador, Nicaragua y Costa Rica).

Non-operating results

The comprehensive financing cost as of September 30, 2018 was (\$140) million. The Company incurred an FX loss of \$22 million due to the depreciation of some of the currencies in which it operates and interest payments for \$130 million. These effects were partially offset by \$13 million revenue from FX and interest rates derivatives.

Capex

(MXN, millions)

	9M18	%
Mexico	276	72%
Argentina	20	5%
Others	87	23%
Total	383	100%

Capital expenditures during the first nine months of the year represented 6.6% of sales. Capex investments were mainly destined to energy-efficiency initiatives and waste-water treatment and recycling plants in Mexico as well as facility maintenance.

Debt

(MXN, millions)

	9M18	Dec 17	Var.
Total Debt	2,414	1,976	22.2%
Short Term Debt	437	4	NA
Long Term Debt	1,977	1,972	0.3%
Cash and Equivalents	575	1,557	(63.1%)
Net Debt	1,839	419	NA

Financial Ratios LTM

(EPS in MXN)

	LTM18	LTM17	Var.
Net Debt / EBITDA	1.6 x	(0.0) x	0.0%
Total Liabilities/Stockholders' Equity	0.6	0.5	29.5%
Earnings Per Share	0.90	1.12	(19.8%)

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

	Market Value
SWAP/CAP Interest Rate	29.1
Forward USD:MXN	1.7
Total	30.9

Share Buyback Program

As of September 30, 2018, the Company's share buyback fund reported 19.9 million shares in the treasury, worth approximately \$531 million.

Analyst Coverage

As of September 30, 2018, analyst coverage was provided by:

- Bank of America Merrill Lynch – Carlos Peyrelongue
- Grupo Bursátil Mexicano (GBM) – Liliana de León

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

Income Statement

(Unaudited figures, MXN, millions)

	3Q18	3Q17	Var.	9M18	9M17	Var.
Net Sales	2,002	1,577	27.0%	5,801	5,032	15.3%
Cost of Sales	1,233	920	34.1%	3,555	3,030	17.3%
Gross Profit	769	657	17.0%	2,247	2,001	12.3%
<i>Gross Profit Margin</i>	38.4%	41.7%	(330) bp	38.7%	39.8%	(110) bp
Operating Expense	583	460	26.7%	1,621	1,401	15.7%
Operating Income	187	198	(5.5%)	626	600	4.2%
<i>Operating Income Margin</i>	9.3%	12.5%	(320) bp	10.8%	11.9%	(110) bp
Comprehensive Financing Cost	(95)	(25)	NA	(140)	12	NA
Financial Income	(9)	26	NA	71	147	(52.0%)
Financial Expenses	86	51	69.0%	210	136	54.8%
Earnings Before Taxes	92	170	(46.1%)	485	611	(20.7%)
Taxes	26	47	(44.9%)	142	172	(17.7%)
Net Income	66	124	(46.8%)	343	439	(21.9%)
<i>Net Income Margin</i>	3.3%	7.8%	(450) pb	5.9%	8.7%	(280) pb

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

Balance Sheet

(Unaudited figures, MXN, millions)

	3Q18	Dec 17
Cash and Cash Equivalents	575	1,557
Accounts Receivable	1,766	1,658
Inventory	942	964
Other Current Assets	698	839
Current Assets	3,981	5,017
Property, Plant and Equipment - Net	2,507	2,519
Other Long-Term Assets	4,301	3,250
Total Assets	10,789	10,786
Short-term Debt with cost	437	4
Suppliers	1,170	929
Other Accounts Payable	162	334
Short-term Liabilities	1,769	1,267
Long-term Debt with cost	1,977	1,972
Other Long-Term Liabilities	425	253
Total Liabilities	4,171	3,492
Total Stockholders' Equity	6,618	7,295
Total Liabilities + Stockholders' Equity	10,789	10,786

Conference Call

Grupo Rotoplas
(BMV: AGUA*)

Is pleased to invite you to participate in its
third quarter 2018 Conference Call

Thursday October 18th
10:00am Mexico City Time (11:00am, EST)

Management team will host the call and discuss quarterly results, followed by a Q&A session

Carlos Rojas Mota Velasco – Chairman of the Board & CEO
Mario Romero Orozco – CFO

Webcast:
<http://public.viavid.com/index.php?id=131399>

Dial-in numbers:
Mexico 01-800-062-2962
USA 1-888-394-8218
Other countries 1-323-794-2588
Conference ID: 1766937

Conference call replay will be available after the call in:
<https://rotoplas.com/inversionistas/>

Investor Relations Contact Information
[Mariana Fernández](#)
Tel: +52 (55) 52015000
Ext. 50163
Email: mfernandez@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.

Pedregal 24, piso 19, Col. Molino del Rey
Delegación Miguel Hidalgo
C.P. 11040, Ciudad de México
T. +52 (55) 5201 5000
www.rotoplas.com