

Grupo Rotoplas (AGUA*)

Earnings Results Conference Call 3Q19

October 24th, 2019

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Speakers



Carlos Rojas Aboumrad
CEO



Mario Romero Orozco
CFO

What pushes us:

Relentless evolution

Permanent innovation

Talent promotion

Communities
development



Roxana Gonzalez
MX, Servicios



Ligia Bolognesi
BR, Extrema



Byron Corado
Guatemala

“...throughout this transformation effort,
Rotoplas should achieve a **ROIC greater than
WACC** in less than 18 months”

*Carlos Rojas | CEO
Flow's program kick off
August 2019*

Flow | Transformational Program

Profitability of current portfolio

- Revenue levers
- Cost levers
- Working capital levers

Growth initiatives

- Improve quality and execution on growth opportunities
- Clear set of opportunities:
 - Cross-selling opportunities
 - Boost water-as-a-service-platform
 - Bolster growth of e-commerce
- Improve capital allocation decisions

Transformation

- Innovation
- Talent development
- Asset optimization
- Improve capital allocation decisions

Financial Highlights

ESG Results 2019

01

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

Rotoplas' Rating:

	2016	2017	2018
Economic	36	41	58
Environmental	20	39	61
Social	40	40	54
Total	33	40	58

Rotoplas consolidated in the index for the third consecutive year, increasing 18 points:

✓ Main improvements:

- Economic - Innovation management and code of ethics
- Environmental - Operational efficiency
- Social - Social reporting

✓ Main areas of opportunity:

- Economic - Customer Relationship and Supply Chain Management
- Environmental - Product management and environmental management system
- Social - Human rights and human capital development

02



Rotoplas is included in the sample of the *IPC Sustentable* of the Mexican Stock Exchange

Sample size: 30 issuers

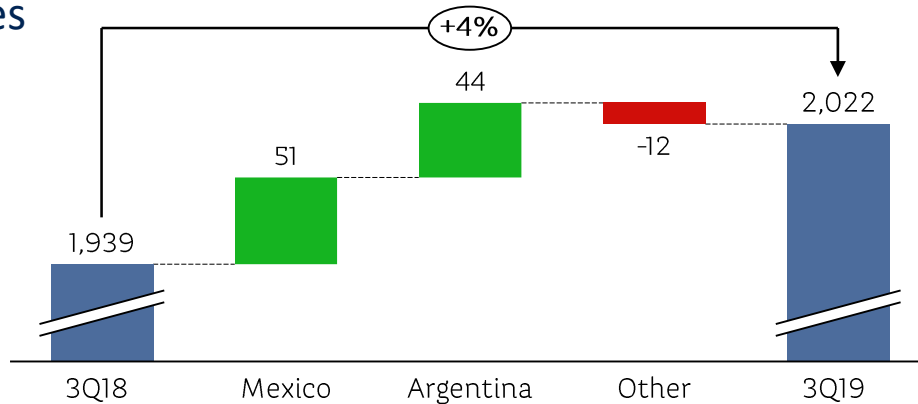
03 Bloomberg

Rotoplas improves Bloomberg ESG rating from 55.4 to 59.5 - Top 10 in Mexico

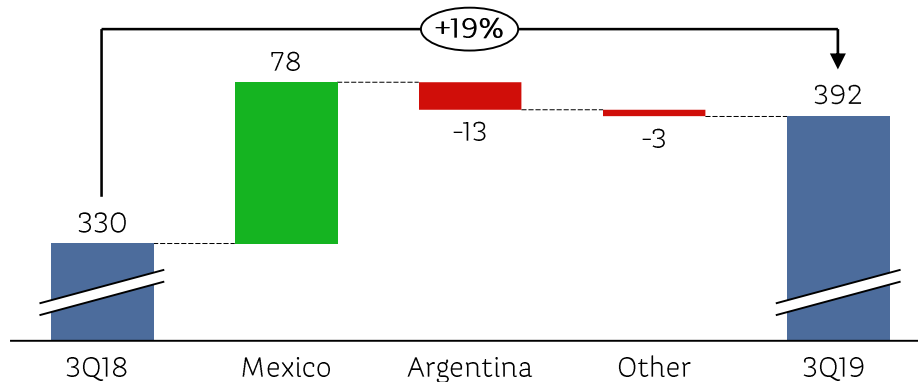
	2016	2017	2018
ESG Score	49.2	55.4	59.5

Geographic Breakdown

Sales



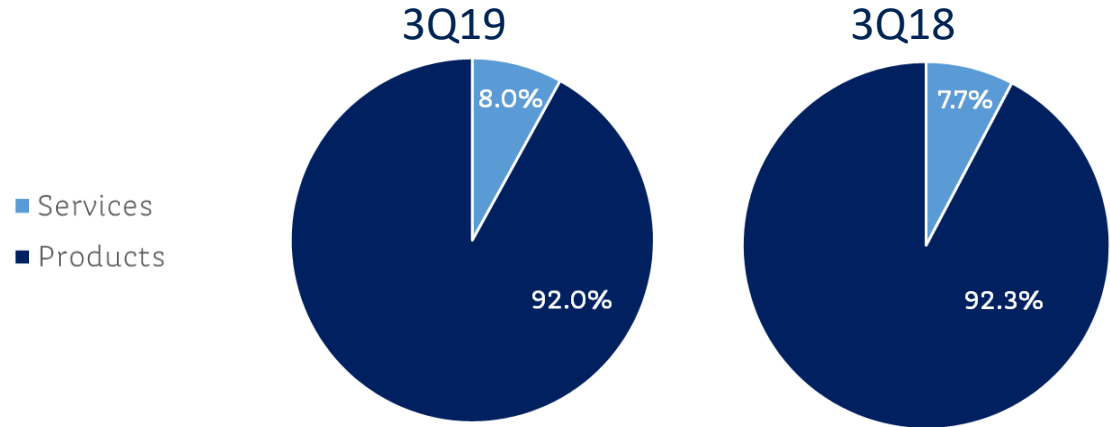
EBITDA



- Government sales represented 1.4% in the quarter vs. 3.0% in 3Q18
- Growth in sales, linked to storage, water treatment plants in Mexico and higher sales of pipes and heaters in Argentina.

Portfolio Mix

- Good traction in the water as a service platform
- Revenue recognition linked to WWTP that started to operate this quarter.
- Positive trend in bebbia



Financial Highlights

Million MXN



Income Statement	3Q19	3Q18 ¹	Var (%)	9M19	9M18 ¹	Var (%)
Net Sales	2,022	1,939	4.3%	5,978	5,738	4.2%
Cost of Sales	1,156	1,166	(0.9%)	3,477	3,488	(0.3%)
Gross Profit	866	773	12.1%	2,501	2,250	11.2%
<i>Gross Profit Margin</i>	<i>42.8%</i>	<i>39.9%</i>	<i>7.5%</i>	<i>41.8%</i>	<i>39.2%</i>	<i>6.7%</i>
Operating Income	324	247	31.3%	773	685	12.7%
<i>Operating Income Margin</i>	<i>16.0%</i>	<i>12.7%</i>	<i>25.9%</i>	<i>12.9%</i>	<i>11.9%</i>	<i>8.2%</i>
Comprehensive Financing Result	172	93	85.5%	404	137	194.1%
Taxes	76	79	(3.6%)	140	194	(27.8%)
Net Income from continued operations	77	75	1.4%	228	352	(35.2%)
<i>Net Income Margin</i>	<i>3.8%</i>	<i>3.9%</i>	<i>(2.7%)</i>	<i>3.8%</i>	<i>6.2%</i>	<i>(38.1%)</i>
EBITDA	389	305	27.4%	1,025	932	9.9%
Adjusted EBITDA²	392	330	18.8%	1,029	968	6.3%
<i>Adjusted EBITDA Margin</i>	<i>19.4%</i>	<i>17.0%</i>	<i>13.9%</i>	<i>17.2%</i>	<i>16.9%</i>	<i>2.0%</i>

¹. For comparison purposes, these figures vary from the previously-reported in October 2018. These now exclude the manufacturing operations in the United States of America as they have been considered as discontinued due to its sale in July 2019. This adjustment subtracts Ps. 63 million from net sales and increases adjusted EBITDA by Ps. 34 million in 2019; it also recognizes a loss from Discontinued Operations of Ps. 9 million in 2018.

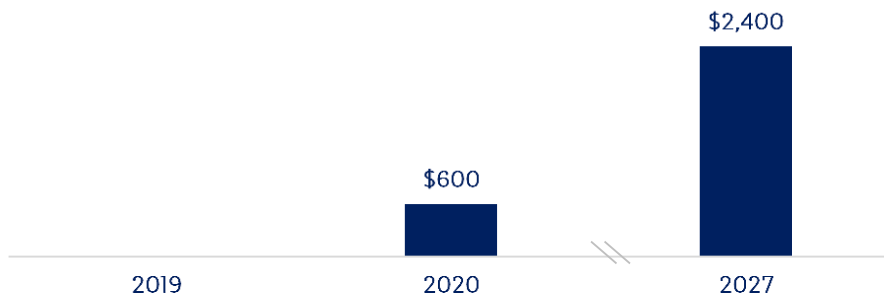
². Adjusted EBITDA excludes non-recurring expenses (donations and expenses related to acquisitions) for amounts of Ps. 3 million in 3Q19 and Ps 24 million in 3Q18 and Ps.4 million in 9M19 and Ps. 36 million in 9M18

Current Leverage

Million MXN

Balance Sheet	Sep.19	Dec.18	Var (%)
Cash and cash equivalents	1,546	1,050	47%
Total Debt	2,982	2,923	2%
Net Debt	1,437	1,873	(23%)
Net Debt / Adjusted EBITDA	1.1 x	1.5 x	(0.4) x

Debt Maturity Profile



Leverage remains within the established debt policy of 2.0x Net Debt / EBITDA

Sale of manufacturing assets in the US increased \$762 million in cash position

Net Debt to adjusted EBITDA ratio decreased from 1.5x to 1.1x

YTD Cash Flow

	2019	2018	Var (%)
EBIT	773	685	13%
Depreciation ¹	566	272	108%
Cash flow from:			
Operating Activities ²	1,337	602	122%
Investing Activities	(232)	(1,359)	(83%)
Financing Activities	(605)	(62)	876%
Cash Flow	499	(820)	(161%)
Fx effect on cash position	(4)	(163)	(97%)
Initial Balance	1,050	1,557	(33%)
Ending Balance	1,546	575	169%

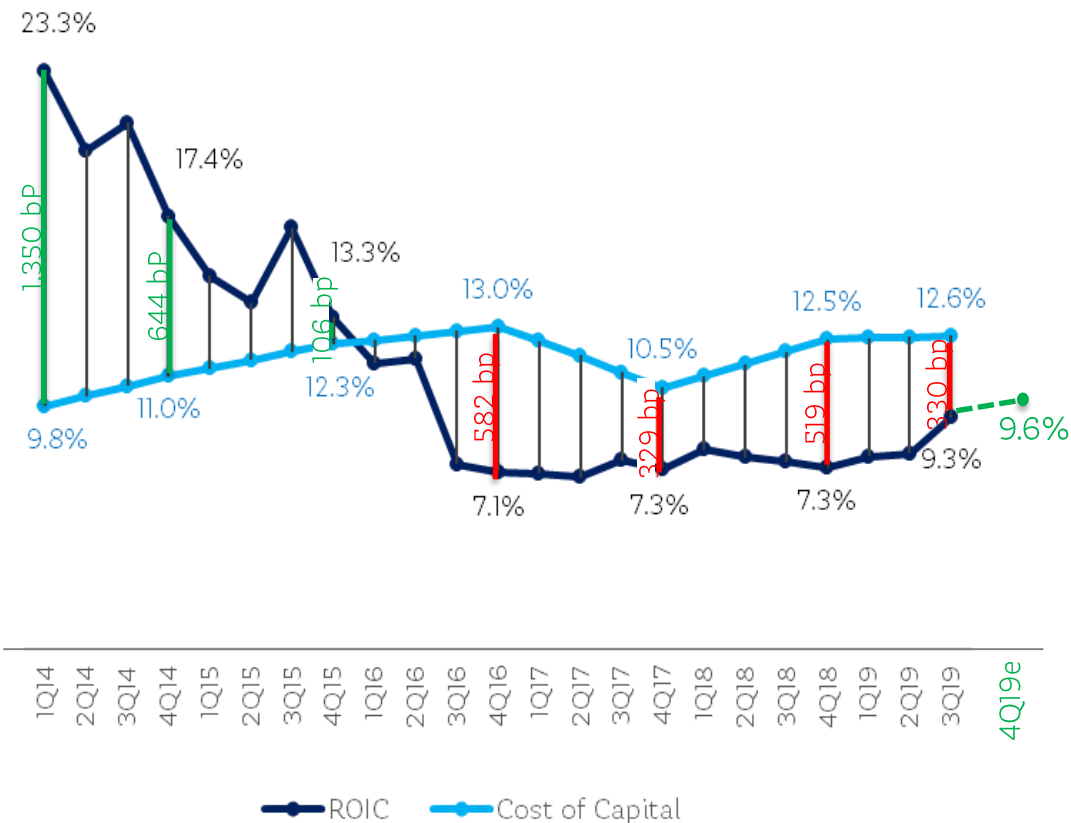
The cash generated from continued operations amounts to \$575 million

¹ Depreciation includes \$310 million of accelerated depreciation related to the assets sold in the US

² Includes \$762 million from the sale of assets in the US

ROIC vs. Cost of Capital

ROIC has an inflection point in September, increasing 200 bp compared to December 2018 and changing previous quarters' trend.



2019 Guidance

Sales	mid single digit growth
EBITDA Margin	16% - 17%

Despite the headwinds in Mexico and Argentina the company is posted to grow and increase its profitability.





Q&A

Thank you