

4Q17

Grupo Rotoplas

Financial Results

Grupo Rotoplas Reports Fourth Quarter 2017 Results

Quarterly Highlights

- 4th consecutive quarter with double digit year-over-year sales growth.
- Integration of the e-commerce platform in the United States.

2017 Highlights

- Sales grew 24% year-over-year and EBITDA increased 36%.
- EBITDA margin growth of 130 basis points year-over-year.
- Organic sales growth of 15%.
- Government sales at 5%.

Mexico City, Mexico, February 13th 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 fourth quarter of 2017. The information within has been prepared based on International Financial Reporting Standards (IFRS).

“Our fourth quarter and 2017 results reflect the successful integration of our recent acquisitions, and particularly that of our new e-commerce platform in the United States, which is not only an ongoing and profitable business but also represents significant growth opportunities in that market. Furthermore, we continue to consolidate our business strategy of *Water as a Service* as we are strengthening our presence in water treatment and recycling solutions, water fountains for schools, residential and corporate purified water services, in addition to our water retail products. All of this confirms that we are on the right track at the right pace in the execution of our solutions portfolio reconfiguration strategy, which will continue to lead to a better and more profitable product and service mix in the future” Remarked Carlos Rojas Mota Velasco, Chairman and CEO of Grupo Rotoplas

Financial Highlights

(MXN, millions)

	4Q17	4Q16	Var.	2017	2016	Var.
Net Sales	1,629	1,444	12.8%	6,660	5,353	24.4%
Individual Solutions	1,435	1,236	16.1%	5,899	4,967	18.8%
Integrated Solutions	193	208	(7.0%)	762	386	97.2%
Mexico	1,027	976	5.3%	4,286	3,464	23.7%
Brazil	90	89	0.8%	451	405	11.5%
Others	512	380	34.9%	1,923	1,485	29.5%
EBITDA Margin	12.7%	15.5%	(280) bp	15.1%	13.8%	130 bp
Individual Solutions	13.8%	14.8%	(100) bp	15.7%	12.8%	290 bp
Integrated Solutions	4.5%	19.8%	(1530) bp	10.0%	26.0%	(1600) bp
Mexico	22.6%	23.1%	(50) bp	23.0%	21.5%	150 bp
Brazil	(21.2%)	(55.7%)	3450 bp	(15.1%)	(32.5%)	1740 bp
Others	(1.0%)	12.7%	(1370) bp	4.5%	8.3%	(380) bp

Fourth Quarter Results 2017

Key Performance Indicators

(MXN, millions)

	4Q17	4Q16	Var.
Net Sales	1,629	1,444	12.8%
Gross Profit	627	606	3.6%
<i>Gross Profit Margin</i>	<i>38.5%</i>	<i>41.9%</i>	<i>(340) bp</i>
EBIT	129	164	(21.3%)
<i>EBIT Margin</i>	<i>7.9%</i>	<i>11.4%</i>	<i>(350) bp</i>
Net Income	94	106	(11.3%)
<i>Net Income Margin</i>	<i>5.8%</i>	<i>7.4%</i>	<i>(160) bp</i>
EBITDA	207	224	(7.4%)
<i>EBITDA Margin</i>	<i>12.7%</i>	<i>15.5%</i>	<i>(280) bp</i>

During the fourth quarter, sales grew 13% year-over-year driven by strong consumer demand mainly in Mexico and Peru, as well as the integration of our e-commerce platform in the United States in the last couple of months.

The consolidated gross margin decreased by 340 basis points, mainly due to higher resin costs during the quarter due to supply disruptions caused by Hurricane Harvey. We also incurred in non-cash, non-recurring expenses in Argentina related to Talsar's acquisition, which pressured operating and EBITDA margins by 350 and 280 basis points, respectively. Lastly, in Mexico, expenses as a percentage of sales increased 300 basis points, mainly due to the one-time donation of \$27 million supporting earthquake victims with water access solutions through the PAZA program.

Results by Solution

(MXN, millions)

	Individual Solutions			Integrated Solutions		
	4Q17	4Q16	Var.	4Q17	4Q16	Var.
Net Sales	1,435	1,236	16.1%	193	208	(7.0%)
EBITDA	199	183	8.6%	9	41	NA
EBITDA Margin	13.8%	14.8%	(100) bp	4.5%	19.8%	(1530) bp

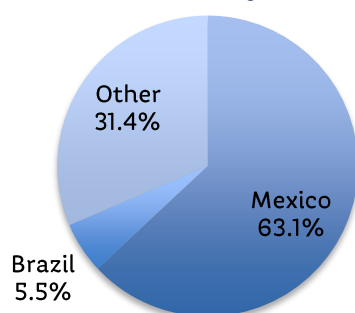
Sales of individual solutions grew 16% year-over-year due to strong demand mainly in Mexico, Peru and Brazil. Sales of integrated solutions decreased 7% year-over-year a result of slowed government spending in Mexico when compared to last year.

Results by Country

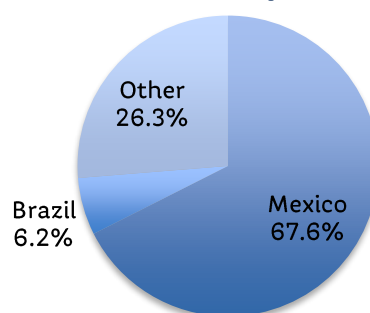
(MXN, millions)

	Mexico			Brazil			Others		
	4Q17	4Q16	Var.	4Q17	4Q16	Var.	4Q17	4Q16	Var.
Net Sales	1,027	976	5.3%	90	89	0.8%	512	380	34.9%
EBITDA	232	226	2.7%	(19)	(50)	61.5%	(5)	48	NA
EBITDA Margin	22.6%	23.1%	(50) bp	(21.2%)	(55.7%)	3450 bp	(1.0%)	12.7%	(1370) bp

Sales 4Q17



Sales 4Q16



The country diversification of sales is going well with the acquisitions of Talsar in Argentina and the e-commerce platform in the United States gaining traction. In Mexico, individual solutions sales grew, mainly due to greater demand for storage and water flow solutions. Moreover, Brazil continues to regain profitability as a result of a renewed focus on the retail segment.

2017 Results

Key Performance Indicators (MXN, millions)

	2017	2016	Var.
Net Sales	6,660	5,353	24.4%
Gross Profit	2,628	2,257	16.5%
<i>Gross Profit Margin</i>	<i>39.5%</i>	<i>42.2%</i>	<i>(270) bp</i>
EBIT	730	580	25.9%
<i>EBIT Margin</i>	<i>11.0%</i>	<i>10.8%</i>	<i>20 bp</i>
Net Income	533	449	18.7%
<i>Net Income Margin</i>	<i>8.0%</i>	<i>8.4%</i>	<i>(40) bp</i>
EBITDA	1,004	738	36.1%
<i>EBITDA Margin</i>	<i>15.1%</i>	<i>13.8%</i>	<i>130 bp</i>

Sales grew 24% in 2017 as a result of the strong demand for individual solutions, a higher average price and the integration of Sytesa and the e-commerce platform's results. Still, year-end organic growth was 15%. Net income increased nearly 19% and EBITDA grew 36%.

Gross margin decreased by 270 basis points due to higher depreciation in the Water as a Service business segment, a lower fixed-cost absorption capacity in some countries and higher resin costs resulting from the occurrence of natural disasters towards the end of the year.

Operating expenses as percentage of sales decreased 280 basis points, as a result of a strict expense discipline across our operations improving our EBITDA margin 130 basis points year-over-year.

Results by Solutions

(MXN, millions)

	Individual Solutions			Integrated Solutions		
	2017	2016	Var.	2017	2016	Var.
Net Sales	5,899	4,967	18.8%	762	386	97.2%
EBITDA	928	637	45.7%	76	101	(24.2%)
<i>EBITDA Margin</i>	<i>15.7%</i>	<i>12.8%</i>	<i>290 bp</i>	<i>10.0%</i>	<i>26.0%</i>	<i>(1600) bp</i>

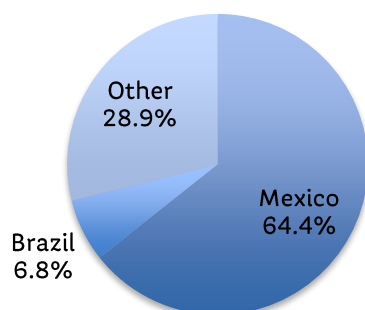
Sales of individual solutions grew 19% year-over-year in 2017. Sales of integrated solutions reached \$762 million, a 97% increase over 2016. This increase is mostly attributable to the integration of Sytesa. EBITDA was below 2016 due to the deacceleration of government spending in Mexico in the second semester.

Results by Country

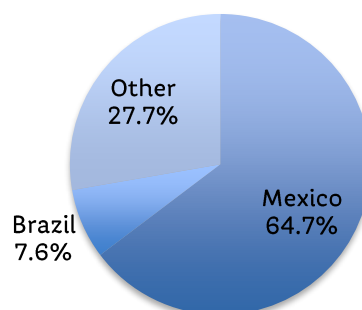
(MXN, millions)

	Mexico			Brazil			Others		
	2017	2016	Var.	2017	2016	Var.	2017	2016	Var.
Net Sales	4,286	3,464	23.7%	451	405	11.5%	1,923	1,485	29.5%
EBITDA	986	745	32.2%	(68)	(132)	48.3%	86	124	(30.1%)
EBITDA Margin	23.0%	21.5%	150 bp	(15.1%)	(32.5%)	1740 bp	4.5%	8.3%	(380) bp

Sales 2017



Sales 2016



Non-operating results

The Company's comprehensive financing cost as of December 31st, 2017 was neutral mainly due to an FX loss of \$15 million and a net interest expense of \$8 million in 2017.

Capex

(MXN, millions)

Capital expenditures during 2017 amounted to \$328 million, which represent 5% of sales. Capex investments were mainly destined to Mexico and Argentina for process improvement, machinery replacement, and installed capacity expansion.

	2017	%
Mexico	227	69.2%
Brazil	3	1.0%
Others	98	29.8%
Total	328	100.0%

Debt

(MXN, millions)

Total debt at the end of the fourth quarter was \$1.97 billion. Cash position as of December 31, 2017 was \$1.56 billion. Net debt was \$419 million.

	2017	2016	Var.
Total Debt	1,976	1,243	59.0%
Short Term Debt	4	285	(98.7%)
Long Term Debt	1,972	958	NA
Cash and Equivalents	1,557	1,563	(0.3%)
Net Debt	419	(320)	NA

Financial Ratios

(EPS in MXN)

	2017	2016	Var.
Net Debt / EBITDA (x)	0.4 x	(0.4) x	NA
Total Liabilities/Stockholders' Equity	0.5	0.3	44.8%
Earnings Per Share	1.10	0.92	18.7%

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 investment.

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

	Market Value
SWAP / CAP	40.1

Share Buyback Program

As of December 31, 2017, the Company's share buyback fund reported 14.9 million shares in the treasury, worth approximately P\$452 million at the December closing price of P\$30.21 per share.

Analyst Coverage

As of December 31, 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 Fourth Quarter 2017 Conference Call, to be held on Wednesday, February 14th, 2018 at 10:00 a.m. Mexico City time (11:00 a.m. EST).

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

Carlos Rojas Mota Velasco – Chairman and Chief Executive Officer
Mario Romero Orozco – Chief Financial Officer
Ofelia López Aranda Trewartha – Investor Relations

To participate in the conference call please use the Conference ID **2301392** and dial or log in:

Mexico: **01 800 062 2964**

United States: **1 800 239 9838**

Other Countries: **1 (323) 794 2551**

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

Investor Relations Contact Information

[Ofelia López Aranda](#)

Tel: **+52 (55) 52015000**

Ext. **50163**

Email: olopezaranda@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 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

(Unaudited figures, MXN, millions)

	4Q17	4Q16	Var.	2017	2016	Var.
Net Sales	1,629	1,444	12.8%	6,660	5,353	24.4%
Cost of Sales	1,002	839	19.4%	4,032	3,097	30.2%
Gross Profit	627	606	3.6%	2,628	2,257	16.5%
<i>Gross Profit Margin</i>	38.5%	41.9%	(340) bp	39.5%	42.2%	(270) bp
Operating Expense	498	441	12.8%	1,899	1,677	13.2%
Operating Income	129	164	(21.3%)	730	580	25.9%
<i>Operating Income Margin</i>	7.9%	11.4%	(350) bp	11.0%	10.8%	20 bp
Comprehensive Financing Cost	(12)	(3)	NA	(0)	70	NA
Earnings Before Taxes	118	157	(24.4%)	729	645	13.0%
Taxes	24	50	(52.1%)	196	196	0.0%
Net Income	94	106	(11.3%)	533	449	18.7%
<i>Net Income Margin</i>	5.8%	7.4%	(160) bp	8.0%	8.4%	(40) bp
EBITDA	207	224	(7.4%)	1,004	738	36.1%
<i>EBITDA Margin</i>	12.7%	15.5%	(280) bp	15.1%	13.8%	130 bp

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

Balance Sheet as of December 2017 and December 2016

(Unaudited figures, MXN, millions)

	4Q17	4Q16	Change	Var.
Cash and Cash Equivalents	1,557	1,563	(5)	(0.3%)
Accounts Receivable	1,658	1,792	(134)	(7.5%)
Inventory	964	892	72	8.0%
Other Current Assets	799	559	240	42.9%
Current Assets	4,978	4,806	172	3.6%
Property, Plant and Equipment -Net	2,519	2,283	236	10.3%
Other Long-Term Assets	3,297	2,524	774	30.7%
Total Assets	10,794	9,612	1,181	12.3%
Short-term Debt with cost	4	285	(281)	(98.7%)
Suppliers	1,016	740	275	37.2%
Other Accounts Payable	334	320	14	4.3%
Short-term Liabilities	1,353	1,345	8	0.6%
Long-term Debt with cost	1,972	958	1,014	105.9%
Other Long-Term Liabilities	174	89	85	96.5%
Total Liabilities	3,499	2,392	1,108	46.3%
Total Stockholders' Equity	7,295	7,221	74	1.0%
Total Liabilities + Stockholders' Equity	10,794	9,612	1,181	12.3%