



Fourth Quarter 2020 and Full Year Results

Mexico City, February 10, 2021. Grupo Rotoplas S.A.B. de C.V. (BMV: AGUA*) (“Rotoplas” or “the Company”), America’s leading company in water products and services, reports its unaudited fourth quarter and cumulative January to December 2020 results. The information has been prepared under the International Financial Reporting Standards (IFRS).

Full Year 2020 Milestones

Figures in million Mexican pesos

- ④ Rotoplas closed the year with **record figures since the company was founded** reaching **record sales, Adjusted EBITDA** and **net profit**.
- ④ Despite the uncertainty and volatility brought by the pandemic, **earnings guidance** was **100% met**.
- ④ During the year, the main objective of the **Flow** transformation program was achieved, as the company registered an **ROIC** of 12.4%, 240 bps **higher than the cost of capital**.
- ④ **Net sales** increased by 11.0% in the year driven by the strength of the second half in which record sales were reported for two consecutive quarters as well as double-digit growth in all countries in 4Q20, offsetting the operational impact from March to June as a result of the pandemic.
 - **Product sales** increased by 12.1% over the year, driven by higher demand for water solutions related to the change in consumer habits, as well as the launch of new products and the growth of e-commerce.
 - **Sales of services** for the year decreased by 2.1% due to the delay in the execution and/or closing of contracts for drinking fountains and water treatment and recycling plants due to the health crisis. *bebbia* reported record sales and doubled its customer base.
- ④ **Adjusted EBITDA**¹ for the year increased by 4.8%, as **margin** reached 18.2%, notwithstanding a Ps. 160 million impact related to operating restrictions and expenses for the safety of personnel in response to the pandemic.
- ④ **Net income before discontinued operations** reached record levels with an increase of 55.5% for the year. Additionally, the **cash conversion cycle** was optimized by 17 days and the Net Debt / Adj. EBITDA **leverage** ratio closed at 0.6x.
- ④ In 2020 **Rotoplas (AGUA*)** was the fifth best performing issuer on the Mexican Stock Exchange (BMV) with a **return of over 70%**.

¹ Adjusted EBITDA considers: operating income + depreciation and amortization + non-recurring expenses (donations and Flow implementation expenses). In 4Q20 it takes into account Ps. 71 million of Flow expenses and Ps. 1 million of donations and in 4Q19 it takes into account Ps. 2 million of donations. Cumulatively, it considers Ps. 167 million of Flow expenses and Ps. 10 million in donations in 2020 as well as Ps. 6 million for donations in 2019.



Financial Highlights

Figures in million Mexican pesos

| | 4Q20 | 4Q19 ¹ | Δ % | 12M20 ¹ | 12M19 ¹ | Δ % |
|---|-------|-------------------|----------|--------------------|--------------------|----------|
| Income Statement | | | | | | |
| Net Sales | 2,450 | 2,036 | 20.3% | 8,644 | 7,790 | 11.0% |
| <i>Gross Margin</i> | 41.6% | 42.9% | (130) bp | 41.6% | 42.8% | (120) bp |
| Operating Income | 315 | 317 | (0.6%) | 1,047 | 1,175 | (10.9%) |
| <i>Operating Margin</i> | 12.8% | 15.6% | (270) bp | 12.1% | 15.1% | (300) bp |
| EBITDA | 404 | 400 | 1.1% | 1,397 | 1,496 | (6.6%) |
| Adjusted EBITDA ² | 476 | 402 | 18.4% | 1,575 | 1,502 | 4.8% |
| <i>Margin</i> | 19.4% | 19.7% | (30) bp | 18.2% | 19.3% | (110) bp |
| Net income before discontinued operations | 79 | 32 | NM | 582 | 374 | 55.5% |
| <i>Net income margin</i> | 3.2% | 1.6% | 160 pb | 6.7% | 4.8% | 190 pb |
| Net Profit / Loss after discontinued operations | 73 | (30) | NM | 418 | 52 | NM |
| Balance Sheet and Key Financial Metrics | | | | | | |
| Cash and cash equivalents | 3,132 | 1,848 | 69.5% | | | |
| Total Debt | 4,117 | 2,935 | 40.3% | | | |
| Net Debt / EBITDA LTM | 0.6 x | 0.7 x | (0.1) x | | | |
| ROIC | 12.4% | 9.8% | 260 bp | | | |

¹ For comparative purposes, the figures vary from what was reported as they exclude the operations of the products business in Brazil as they are considered discontinued due to their sale in May 2020. This adjustment subtracts Ps. 56 million from net sales in 12M20, Ps. 72 million in 4Q19 and Ps. 89 million in 12M19. In addition, Adjusted EBITDA increased by Ps. 13 million for 12M20, by Ps. 18 million for 4Q19 and Ps. 89 million for 12M19.

² Adjusted EBITDA considers: operating income + depreciation and amortization + non-recurring expenses (donations and Flow implementation expenses). In 4Q20 it takes into account Ps. 71 million of Flow expenses and Ps. 1 million of donations and in 4Q19 it takes into account Ps. 2 million of donations. Cumulatively, it considers Ps. 167 million of Flow expenses and Ps. 10 million in donations in 2020 as well as Ps. 6 million for donations in 2019.

Guidance

In December 2020, guidance for 2021 and the business plan for the next 5 years (2021 - 2025) was released.

| Metric | 2020 Guidance | 2020 Result | 2021 Guidance | 2025 Objective |
|------------------------|---------------|---------------|-----------------------|--------------------|
| Increase in net sales | ≥ 10.0% | 11.0% | ≥ 10.0% | 2x sales (vs 2020) |
| Adjusted EBITDA Margin | ≥ 18.0% | 18.2% | ≥ 19.0% | ≥ 20.0% |
| Net Debt/Adj. EBITDA | ≤ 2.0x | 0.6x | ≤ 2.0x | ≤ 2.0x |
| ROIC | ROIC ≥ WACC | 12.4% > 10.0% | ROIC = WACC + 100 bps | ROIC ~20% |



Message from the CEO

Dear investors,

I am very pleased to share with you that the efforts of all of us who make up the Rotoplas family have paid off as, in addition to meeting guidance and reporting the best results in the history of the Company, we achieved Flow's goal of generating sustainable value by increasing the ROIC above the cost of capital. In addition, I feel very gratified for having fulfilled our purpose of improving people's lives through sustainable solutions in a difficult and atypical year.

The challenges we faced as a global community in 2020 confirm that we are in the right industry, providing solutions for every stage of the water cycle, from rainwater harvesting, storage and water flow, to treatment, recycling and purification. Likewise, we demonstrated that our integral value proposition is aligned to macro trends with great growth potential, and that through our leading brands and a combination of business models that have proven to be successful, we will be able to continue creating value.

During 2021 we will remain focused on the welfare of our stakeholders, the resilience of cash flow and the continuous evolution that *Flow* entails. We will also work to maintain high sustainability standards.

December last year we launched the 2021-2025 business plan for sustainable growth, a roadmap with which we plan to double sales and improve profitability. The strategy includes our conscious capitalism approach where we put people, profit, and the planet at the same priority level.

I offer you my sincere thanks for your interest and backing this year and since the beginning of *Flow*. I invite you all to keep supporting us as we continue to create shared value.

Finally, I would like to take this opportunity to reiterate Rotoplas' commitments to all of you:

- ⑤ Be guided by the purpose of better serving our clients and communities.
- ⑤ Be aligned with the best environmental, social and governance (ESG) practices.
- ⑤ Create value for our shareholders through sustainable growth.
- ⑤ Promote the well-being of society and safeguard our planet.

Carlos Rojas Aboumrad
CEO



Rotoplas' Response to COVID-19

Rotoplas continues to implement initiatives to support the combat the spread of COVID-19 in the different countries in which it operates.

Operating Level

- ④ Administrative staff continue to work remotely.
- ④ Strict safety and hygiene protocols are maintained to protect plant operating and field service personnel.
- ④ As part of the protocol, periodic screening tests such as molecular tests, serological tests (IgG) and rapid tests (IgG/IgM) are taken.
- ④ Scheduled sanitizations are carried out in all workplaces.
- ④ Activities with stakeholders continue to be held virtually.

Operational status:

| Country or region | 1Q-3Q20 Operations | 4Q20 Operations |
|-------------------|---|-------------------------------------|
| Mexico | Continuous operation | Continuous operation in all regions |
| Argentina | Closure or restriction of operations for 33 days in the first semester. During the third quarter, operations were restricted exclusively at the improvement plant, equivalent to a 16-day closure | |
| United States | Continuous operation | |
| Peru | Closure of operations for 81 days | |
| Central America | Closure of the Guatemala plant for 5 days and of the Distribution Centers in Honduras for 42 days, Costa Rica for 28 days and El Salvador for 16 days | |

Commitment to Stakeholders in the Fourth Quarter

Rotoplas, in alliance with the Mexican Red Cross and Harpic, implemented procedures at the Mexico City supply center such as the installation of a Field Hospital for diagnostic tests to be taken and the measurement of key health indicators; talks on prevention and hygiene measures; the regular cleaning of bathrooms, installation of hand-washing stations as a health measure and placement of banners with preventative information at key points.

To address one of the most significant vulnerabilities suffered by Argentinian households, Rotoplas joined "Más que un baño" (More than a Bathroom) a Habitat for Humanity initiative, donating water flow products and providing kits to fifty families to improve the conditions of their bathrooms.



Flow Transformation Program

During the third quarter of 2019 Rotoplas began the transformation program “Flow” to focus the business on economic value creation and sustainable growth. The strategy is based on initiatives divided between three pillars:

A. Profitability of the current portfolio

- levers for income, cost, expenditure and working capital

B. Growth initiatives and execution

- improve quality of execution of growth opportunities and improve capital allocation decisions

C. Organizational Culture and Health

- leadership, operational discipline, talent development, accountability and organizational climate

In August 2019, the primary objective was defined as “achieving a ROIC greater than the cost of capital in less than 18 months”. This objective was reached at the end of December 2020 with a ROIC 240 bps higher than the cost of capital.

Additionally, in 2020, the *Flow* program helped the company achieve the following results:



After 16-months of operation, *Flow* has become our new way of operating and it has created the necessary internal discipline to develop the business and reach the objectives established for the next five years (see the Guidance section).



Income Statement Analysis

Sales and Adjusted EBITDA by Country and Solution

(Figures in million Mexican pesos)

| | 4Q20 | 4Q19 ¹ | Δ % | 12M20 ¹ | 12M19 ¹ | Δ % |
|-------------------|--------------|-------------------|----------------|--------------------|--------------------|---------------|
| Sales | | | | | | |
| Mexico | 1,300 | 1,166 | 11.5% | 4,953 | 4,511 | 9.8% |
| <i>% of total</i> | 53% | 57% | (430) bp | 57% | 58% | (60) bp |
| Argentina | 602 | 484 | 24.5% | 1,669 | 1,694 | (1.5%) |
| <i>% of total</i> | 25% | 24% | 90 pb | 19% | 22% | (240) bp |
| Others | 549 | 387 | 41.8% | 2,022 | 1,585 | 27.6% |
| <i>% of total</i> | 22% | 19% | 340 bp | 23% | 20% | 300 bp |
| Total | 2,450 | 2,036 | 20.3% | 8,644 | 7,790 | 11.0% |
| Products | 2,288 | 1,824 | 25.4% | 8,033 | 7,166 | 12.1% |
| <i>% of total</i> | 93% | 90% | 380 bp | 93% | 92% | 90 bp |
| Services | 163 | 212 | (23.1%) | 611 | 624 | (2.1%) |
| <i>% of total</i> | 7% | 10% | (380) bp | 7% | 8% | (90) bp |
| Total | 2,450 | 2,036 | 20.3% | 8,644 | 7,790 | 11.0% |

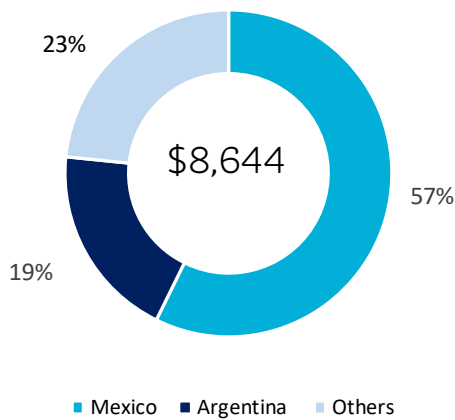
| | 4Q20 | 4Q19 ¹ | Δ % | 12M20 ¹ | 12M19 ¹ | Δ % |
|-------------------------------------|------------|-------------------|----------------|--------------------|--------------------|-------------|
| Adjusted EBITDA ² | | | | | | |
| Mexico | 319 | 264 | 20.7% | 1,133 | 1,115 | 1.7% |
| <i>Margin</i> | 24.5% | 22.7% | 180 bp | 22.9% | 24.7% | (180) bp |
| Argentina | 80 | 92 | (12.5%) | 213 | 191 | 11.0% |
| <i>Margin</i> | 13.4% | 19.0% | (560) bp | 12.7% | 11.3% | 140 pb |
| Others | 77 | 46 | 67.0% | 229 | 196 | 16.9% |
| <i>Margin</i> | 14.0% | 11.9% | 210 bp | 11.3% | 12.3% | (100) bp |
| Products | 473 | 382 | 24.0% | 1,586 | 1,445 | 9.8% |
| <i>Margin</i> | 20.7% | 20.9% | (20) bp | 19.7% | 20.2% | (50) bp |
| Services | 3 | 21 | (85.4%) | (11) | 58 | NA |
| <i>Margin</i> | 1.8% | 9.7% | (790) bp | (1.8%) | 9.2% | (1100) bp |
| Total | 476 | 402 | 18.4% | 1,575 | 1,502 | 4.8% |

¹ For comparative purposes, the figures vary from what was reported as they exclude the operations of the products business in Brazil as they are considered discontinued due to their sale in May 2020. This adjustment subtracts Ps. 56 million from net sales in 12M20, Ps. 72 million in 4Q19 and Ps. 89 million in 12M19. In addition, Adjusted EBITDA increased by Ps. 13 million for 12M20, by Ps. 18 million for 4Q19 and Ps. 89 million for 12M19.

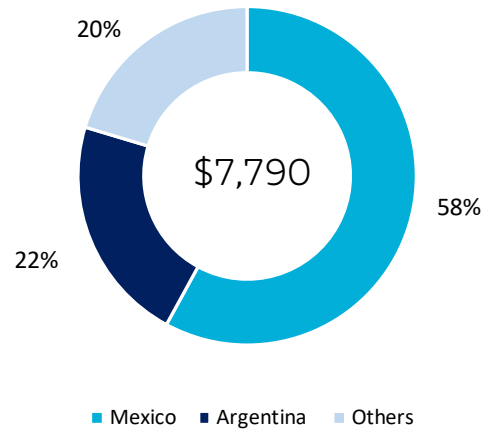
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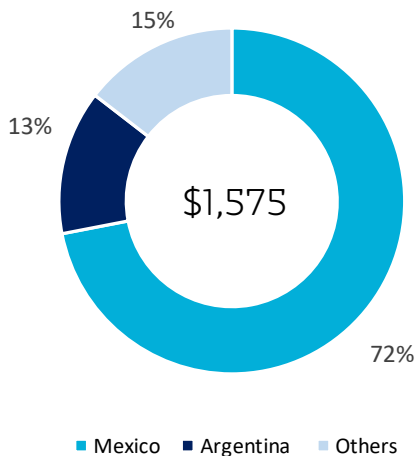
Sales 12M20



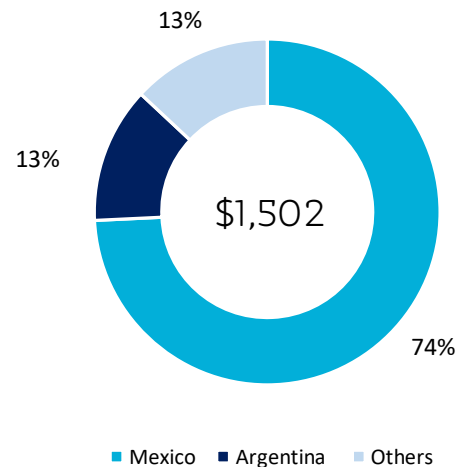
Sales 12M19



EBITDA 12M20



EBITDA 12M19



Adjusted EBITDA

| | 4Q20 | 4Q19 | 12M20 | 12M19 |
|------------------------------|------------|------------|--------------|--------------|
| EBITDA | 404 | 400 | 1,397 | 1,496 |
| Flow implementation expenses | 71 | - | 167 | - |
| Donations | 1 | 2 | 10 | 6 |
| Adjusted EBITDA | 476 | 402 | 1,575 | 1,502 |

Since the second quarter of 2020, “one-off” expenses are recognized for the implementation of the *Flow* program. These are non-recurring expenses that have short and long-term benefits for income, expenses, working capital and organizational culture to ensure positive permanent change.



On the other hand, the donations given through the “PAZA C-19” program have solved the lack of access to clean and purified water in the most deprived communities in which Rotoplas operates.

EBITDA, after adjusting for non-recurring items, reached a record level since the Company was founded, with an increase of 4.8% compared to the previous year, reaching Ps. 1,575 million. During 2020, there was a global negative impact on EBITDA of Ps. 160 million, due to the COVID-19 pandemic; without this impact, Adjusted EBITDA would have increased by 15.5%.

Additionally, the expenditure assigned to the expansion of *bebbia* and the development of new businesses such as a *rieggio* in Mexico and water treatment plants in Brazil impacted EBITDA.

Flow contributed Ps. 371 million to annual EBITDA, 23.5% of the total amount.

- Mexico

Net sales for the quarter increased by 11.5% and by 9.8% for the year. In both cases double-digit growth in products compensated for weaker services results.

Product sales benefited from the change in the population's consumption habits, the offer of new storage and water flow solutions, as well as promotional campaigns, thereby increasing market share and maintaining leadership in the sector. For more detail on sales of services please see the *Summary by Products and Services* section.

- Argentina

Net sales in Argentina increased by 24.5% driven by double-digit growth in three categories. Storage and water flow registered the best second half in the history of the Company, increasing market share.

During the quarter, new sales channels were opened and cross-selling strategies between categories matured. In addition, priority was given to export sales, which represents 5% of total sales.

Cumulative net sales increased by 32.0% in local currency, however, the depreciation of the currency caused sales to decrease by 1.5% in Mexican pesos.

During the year, the integration of the three business lines under a single strategy, the launch of products in complementary categories, as well as the consolidation of the Company's positioning in the export market stand out.



NOTE: Adoption of IAS 29, Financial Reporting in Hyperinflationary Economies.

Due to the Argentine accumulation of inflation higher than 100% in the last three years, it is considered a hyperinflationary economy. In accordance with IAS 29, an adjustment for inflation has been made to the Financial Statements to consider changes in purchasing power.

International Accounting Standard (IAS) 29, Financial Information in Hyperinflationary Economies establishes that the results of operations in Argentina should be reported as if they were hyperinflationary as of January 1st, 2018. Moreover, an adjustment for inflation in the Financial Statements should be made to account for the change in the purchasing power of the local currency.

Due to the aforementioned, in 4Q20 and 12M20, the impact of the above resulted in an increase of Ps. 28 and 88 million respectively in financial expenses, negatively impacting the Comprehensive Financing Result. After accounting for taxes, it negatively affected net income by Ps. 29 and 99 million respectively.

- Other Countries

Net sales from other countries (United States, Peru, Guatemala, El Salvador, Costa Rica, Honduras, Nicaragua and Brazil) reached Ps. 549 million in the quarter, an increase of 41.8% vs 4Q19. Cumulatively, **net sales** increased by 27.6% to reach Ps. 2,022 million.

In the **United States of America**, sales experienced double-digit growth both for the year and the quarter, driven by the migration to consumption via digital platforms and by the increase in the time families spent at home, growing the demand for the storage of water. During the year over 25,000 clients were served.

In **Peru**, sales experienced double-digit growth both for the quarter and the year due to an increase in the demand for water solutions to meet hygiene and health needs. The recovery of volumes in the last two quarters of the year and the development of the water flow category over the year offset the closure of operations for 81 days in the first semester.

In **Central America**, all the countries reported double-digit growth for the quarter; and for the year the region as a whole also reported double-digit growth, gaining market share and improving brand positioning. This is a result of the addition of new solutions to the portfolio and the diversification of the customer base due to the incorporation of new clients.

In **Brazil**, as part of *Flow's* profitability initiatives, the sale of the products unit was finalized in May. This was aimed to improve the growth and profitability outlook, changing Rotoplas' approach in Brazil from products to services, through the development of the water treatment and recycling plants business. During the third quarter, the first water treatment plants began operations.



Summary by Products and Services – Sales and EBITDA

Government transactions accounted for 5.2% of sales during the quarter and 5.3% over the year. This percentage is less than the internal guideline of keeping this exposure below 10% of the Group's total revenue.

- Products

Net product sales increased by 25.4% in the quarter and by 12.2% over the year. These increases are due to a higher water demand related to new consumer habits. An increase in the frequency of washing for personal hygiene purposes and the time spent at home has been observed, resulting in an increased need for water storage. The preference to buy through digital channels has also exponentially increased the growth of e-commerce.

The launch of new storage and water flow solutions, improved sales force efficiency and local supply expansion with complementary products already offered in other regions, also contributed to the increase in sales.

- Services

Sales of **services** decreased by 23.1% in the quarter and by 2.1% over the year as a result of a decrease in drinking fountain revenue due to the slow execution of contracts following school closures in Mexico due to the pandemic. Additionally, the closure of contracts for water treatment and recycling plants has been postponed mainly with clients in the tourism and commercial sectors.

In Brazil, the first 3 water treatment plants began operating during the third quarter of the year, and in Mexico some treatment plants went into a maintenance phase during the second semester, decreasing their monthly billing per unit.

bebbia continues to report record sales and doubled its customer base compared to 2019 reaching more than 44,500 units installed. Additionally, *riego* registered its first sales in the fourth quarter.

Gross Profit

The **gross margin** reached 41.6% in 4Q20 compared to 42.9% in 4Q19, representing a contraction of 130 bps caused mainly by the payment of additional staff and overtime to comply with health protocols.

Cumulative **gross margin** was 41.6%, a contraction of 120 bps compared to the same period of the previous year due to the suspension of activities in some manufacturing plants during the first half of the year as a result of the pandemic.



Operating Income

The **operating income** amounted to Ps. 315 million for the quarter and Ps. 1,047 million cumulatively, 0.5% and 10.9% lower than in 2019, respectively.

During the quarter, Ps. 71 million in expenses was recognized for the implementation of the *Flow* program and Ps. 26 million for the implementation of health protocols in response to the pandemic. Without taking these non-recurring expenses into account, operating expenses for the quarter would have increased by 9.0%, lower than the 20.3% increase in sales.

Cumulatively, costs of Ps. 167 million were reported for the implementation of the *Flow* program, costs of Ps. 40 million for adopting safety and hygiene measures and Ps. 10 million for donations. Without the above, the operating expenditure would have increased by 8.1%, which is less than the 11.0% increase in sales, demonstrating operating leverage.

Comprehensive Financing Result

The **Comprehensive Financing Result** for 4Q20 was an expense of Ps. 258 million. The financial expenses were mainly due to interest payments on the AGUA 17-2X sustainable bond for Ps. 86 million, exchange losses of Ps. 140 million and the effect of the monetary position in Argentina of Ps. 28 million.

The **cumulative Comprehensive Financing Result** was an expense of Ps. 203 million, compared to an expense of Ps. 551 million for the same period of the previous year. This is 63.2% lower than in 2019 thanks to a cumulative benefit in the first quarter from financial derivative instrument gains of Ps. 372 million.

Income Tax

Income taxes for the fourth quarter represented an income tax benefit of Ps. 21 million due to a deferred tax benefit in Argentina versus an expense of Ps. 128 million in 4Q19. Cumulatively, the tax reported was Ps. 264 million compared to Ps. 251 million in the same period of 2019.

Net Result

The **net result before discontinued operations** was a profit of Ps. 79 million.

The **cumulative net income before discontinued operations** amounted to Ps. 582 million driven mainly by solid operating results in the second semester and gains on financial instruments in the first quarter.



CapEx

(In million Mexican pesos)

| | Dec-20 | % | Dec-19 | % | Δ % |
|--------------|------------|-------------|------------|-------------|----------------|
| Mexico | 138 | 47% | 257 | 78% | (46.3%) |
| Argentina | 79 | 27% | 44 | 13% | 79.9% |
| Others | 74 | 25% | 29 | 9% | NM |
| Total | 291 | 100% | 329 | 100% | (11.7%) |

Capital investments made in 2020 accounted for 3.4% of annual sales and decreased by 11.7% compared to the previous year. However, even with lower investment, an increase in sales of over 10% was achieved.

Capital investments included the following projects:

- Ps. 37 million for the construction of new water treatment and recycling plants in Mexico and Ps. 51 million in Brazil, representing 30% of the Group's total amount invested.
- Investment in Argentina included Ps. 24 million for improvements in the water flow business and Ps. 20 million for improvements related to the productive capacity of the water heaters plant.
- 'Others' included Ps. 18 million assigned to the improvement of the technology for the e-commerce platform in the United States.

Balance Sheet

Debt

(In million Mexican pesos)

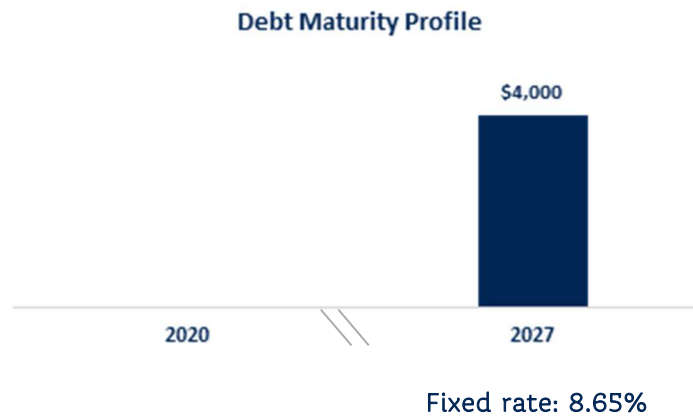
| | Dec-20 | Dec-19 | Δ % |
|----------------------------------|--------------|--------------|---------------|
| Total Debt | 4,117 | 2,935 | 40.3% |
| Short-term Debt | 63 | 606 | (89.6%) |
| Long-term Debt | 4,054 | 2,329 | 74.1% |
| Cash and Cash Equivalents | 3,132 | 1,848 | 69.5% |
| Net Debt | 985 | 1,087 | (9.5%) |

Debt Maturity Profile

Debt corresponds to the AGUA 17-2x Sustainable Bond for Ps. 4,000 million Mexican pesos, with a fixed rate of 8.65% and maturity in June 2027.



As of December 31, 2020, interest coverage (Adjusted EBITDA LTM/interest expense LTM) amounted to 4.6x.



Working Capital

(Days)

| | Dec-20 | Dec-19 | Δ days |
|------------------------------|-----------|-----------|-------------|
| Days of Inventory | 65 | 66 | (1) |
| Days of Portfolio | 37 | 60 | (24) |
| Days of Payable Outstanding | 56 | 64 | (8) |
| Cash Conversion Cycle | 45 | 62 | (17) |

The 17-day decrease in the **cash conversion cycle** is due to an improvement in working capital management.

As an additional measure for the pandemic, support schemes for customers and suppliers have continued to keep the cash flow stable for all parties involved.

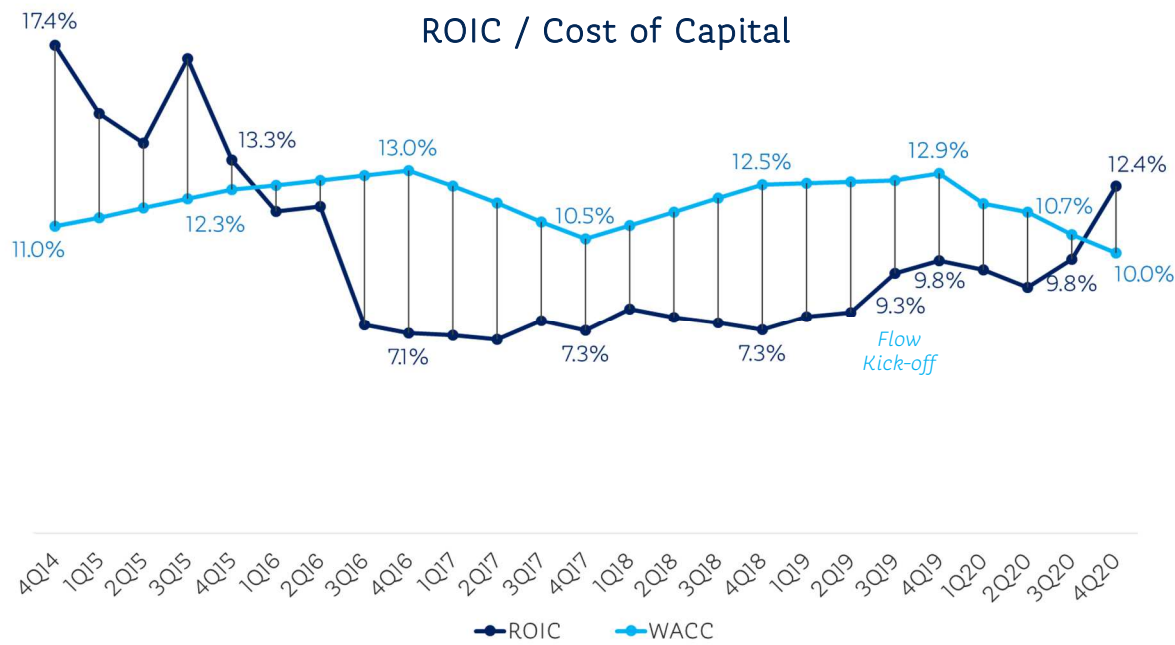
Financial Ratios

(EPS in MXN)

| | 12M20 ¹ | 12M19 ¹ | Var (%) |
|--|--------------------|--------------------|---------|
| Net Debt / Adjusted EBITDA | 0.6 x | 0.7 x | (0.1) x |
| Total Liabilities / Total Stockholder's Equity | 1.1 x | 0.8 x | 0.3 x |
| Total Earnings per Share* | 1.20 | 0.77 | 55.5% |

*Net profit before discontinued operations for the period divided by 486.2 million shares, in Mexican pesos.

Leverage in the fourth quarter of 2020 was within the Company's debt guideline of 2.0x Net Debt/Adjusted EBITDA.



ROIC: NOPAT LTM/Invested Capital t.
 Invested Capital: Total Assets – Cash and Cash Equivalents – Short-Term Liabilities

During the third quarter of 2019, the Company initiated a transformational program called *Flow* with the aim of improving return on invested capital (ROIC).

This quarter, with the implementation and advancement of various initiatives, the objective was achieved, registering a ROIC 240 bps above the cost of capital and complying with the guideline of returning to economic value creation before the first quarter of 2021.

Financial Derivatives

(In million Mexican pesos)

The use of financial derivatives is governed by the recommendations and policies established by the Board of Directors and supervised by the Audit Committee, which provide guidelines on the management of foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial investments, and excess cash investments.

As of December 31, 2020, the market value of Rotoplas' derivative positions was:

| Instrument | Market value |
|------------|--------------|
| Forward | 123.7 |



Employees

As of December 31, 2020, the total number of employees was 3,322, 0.70% higher than at the end of 4Q19.

Environmental, Social and Governance (ESG)

During the quarter, the following initiatives were carried out:

- ④ For the first time, Rotoplas completed the **Carbon Disclosure Project (CDP)** questionnaire and received the results classifying the Company in category “B” on a scale of A to F; this means that Grupo Rotoplas manages climate issues through coordinated actions, ranking above the regional average.
- ④ The first **Virtual Construction Trends Forum** was held, with the aim of providing training on architecture and sustainable design in Mexico.
- ④ The “Water Program for Affected Areas” (“*Programa de Agua para Zonas Afectadas*”) was continued, reorienting its purpose to the new health emergency under the name “**PAZA C-19**”.
- ④ The **materiality assessment was updated**, taking into account the methodology proposed by the GRI (Global Reporting Initiative) as well as that of SASB (Sustainability Accounting Standards Board) in order to have an approach that contemplates all stakeholders and also focusses on financial risk.

For more information on our ESG programs, visit our sustainability website: <https://rotoplas.com/sustentabilidad/home-eng/>

Stock Performance and Stock Repurchase Program

| | 2020 | 2019 | Var (%) |
|---------------------------|-------|-------|---------|
| Closing price | 27.35 | 16.06 | 70.3% |
| Average amount USD ('000) | 389 | 366 | 6.2% |
| P/BV | 2.1 x | 1.2 x | - |
| EV/EBITDA | 9.1 x | 5.9 x | - |

Capital reimbursements in 2020:

- ④ May - \$0.40 pesos per share in cash and the delivery of one AGUA* share from the issuer's treasury for every 35 shares held.
- ④ November – the delivery of one AGUA* share held in the issuer's treasury for every 18 shares held.



As of December 31, the Company had 23.8 million shares in the treasury, equivalent to an invested amount of Ps. 417 million. To date, no treasury shares have been cancelled.

Analyst Coverage

As of December 31, 2020, analyst coverage is provided by:

| Institution | Analyst | Contact | Recommendation | TP* |
|-----------------|-----------------|---------------------------------|----------------|---------|
| GBM | Liliana de León | ldeleon@gbm.com | Buy | \$26.00 |
| Signum Research | Alain Jaimes | alain.jaimes@signumresearch.com | - | - |

*Target Price.



Income Statement

(Unaudited figures, in million Mexican pesos)

| | 4Q20 | 4Q19 ¹ | Δ % | 12M20 ¹ | 12M19 ¹ | Δ % |
|--|--------------|-------------------|----------|--------------------|--------------------|----------|
| Net Sales | 2,450 | 2,036 | 20.3% | 8,644 | 7,790 | 11.0% |
| COGS | 1,431 | 1,163 | 23.1% | 5,045 | 4,455 | 13.2% |
| Gross Profit | 1,019 | 874 | 16.7% | 3,600 | 3,335 | 7.9% |
| <i>Gross Profit Margin</i> | 41.6% | 42.9% | (130) bp | 41.6% | 42.8% | (120) bp |
| Operating Expenses | 704 | 557 | 26.5% | 2,553 | 2,160 | 18.2% |
| Operating Income | 315 | 317 | (0.6%) | 1,047 | 1,175 | (10.9%) |
| <i>Operating Income Margin</i> | 12.8% | 15.6% | (280) bp | 12.1% | 15.1% | (300) pb |
| Comprehensive Financing Cost | (258) | (158) | 63.2% | (203) | (551) | (63.2%) |
| Financial Income | 20 | 93 | (78.3%) | 480 | 91 | NM |
| Financial Cost | (278) | (251) | 10.8% | (682) | (642) | 6.3% |
| Earnings Before Taxes | 58 | 160 | (63.5%) | 846 | 625 | 35.3% |
| Taxes | (21) | 128 | NM | 264 | 251 | 5.2% |
| Net Income Before Discontinued Operations | 79 | 32 | NM | 582 | 374 | 55.5% |
| <i>Net Income Margin</i> | 3.2% | 1.6% | 160 bp | 6.7% | 4.8% | 190 bp |
| Adjusted EBITDA² | 476 | 402 | 18.4% | 1,575 | 1,502 | 4.8% |
| <i>Margin</i> | 19.4% | 19.7% | (30) bp | 18.2% | 19.3% | (110) bp |
| Profit/Loss from Discontinued Operations | (6) | (62) | (90.7%) | (165) | (322) | (48.9%) |
| Net Profit/Loss after Discontinued Operations | 73 | (30) | NM | 418 | 52 | NM |

¹ For comparative purposes, the figures vary from what was reported as they exclude the operations of the products business in Brazil as they are considered discontinued due to their sale in May 2020. This adjustment subtracts Ps. 56 million from net sales in 12M20, Ps. 72 million in 4Q19 and Ps. 89 million in 12M19. In addition, Adjusted EBITDA increased by Ps. 13 million for 12M20, by Ps. 18 million for 4Q19 and Ps. 89 million for 12M19.

² Adjusted EBITDA considers: operating income + depreciation and amortization + non-recurring expenses (donations and Flow implementation expenses). In 4Q20 it takes into account Ps. 71 million of Flow expenses and Ps. 1 million of donations and in 4Q19 it takes into account Ps. 2 million of donations. Cumulatively, it considers Ps. 167 million of Flow expenses and Ps. 10 million in donations in 2020 as well as Ps. 6 million for donations in 2019.

Balance Sheet

(Unaudited figures, in million Mexican pesos)

| | Dec-20 | Dec-19 | Δ % |
|---|---------------|---------------|----------------|
| Cash and Cash Equivalents | 3,132 | 1,848 | 69.5% |
| Accounts Receivable | 1,514 | 1,709 | (11.4%) |
| Inventory | 833 | 894 | (6.9%) |
| Other Current Assets | 829 | 589 | 40.7% |
| Current Assets | 6,307 | 5,041 | 25.1% |
| Property, Plant and Equipment – Net | 2,225 | 2,480 | (10.3%) |
| Other Long-term Assets | 4,179 | 3,909 | 6.9% |
| Total Assets | 12,712 | 11,430 | 11.2% |
| Short-term Debt | 63 | 606 | (89.6%) |
| Suppliers | 481 | 349 | 37.9% |
| Other Accounts Payable | 1,431 | 1,265 | 13.1% |
| Short-term Liabilities | 1,975 | 2,221 | (11.1%) |
| Long-term Debt | 4,054 | 2,329 | 74.1% |
| Other long-term Liabilities | 599 | 470 | 27.6% |
| Total Liabilities | 6,628 | 5,019 | 32.1% |
| Total Stockholders' Equity | 6,084 | 6,411 | (5.1%) |
| Total Liabilities + Stockholders' Equity | 12,712 | 11,430 | 11.2% |

Cash Flow

(Unaudited figures, in million Mexican pesos)

| | 12M20 | 12M19 | Δ % |
|--|--------------|--------------|----------------|
| EBIT | 1,047 | 1,175 | (10.9%) |
| Depreciation | 350 | 321 | 9.0% |
| Tax | (261) | (260) | 0.2% |
| Net Interest | (350) | (272) | 28.7% |
| Working Capital | (59) | (84) | (29.0%) |
| Other Current | 128 | (168) | NM |
| Operating Free Cash Flow | 854 | 712 | 20.1% |
| <i>Operating Free Cash Flow Conversion (%)</i> | <i>81.6%</i> | <i>60.6%</i> | <i>2104 pb</i> |
| Dividends | (173) | (174) | (0.2%) |
| CapEx | (291) | (329) | (11.7%) |
| Repurchase Fund | (615) | (7) | NM |
| Mergers and Acquisitions | 130 | 734 | (82.2%) |
| Short and Long-Term Debt | 1,065 | 0 | NM |
| Loans | (48) | (50) | (4.1%) |
| Other | 1,216 | 624 | 94.9% |
| Net Change in Cash | 1,284 | 797 | 61.0% |
| Initial Cash Balance | 1,848 | 1,050 | 75.9% |
| Final Cash Balance | 3,132 | 1,848 | 69.5% |



Press Releases

<https://rotoplas.com/investors/relevant-events/#1>

- ④ Rotoplas operations status update for December – January 4
- ④ AGUA DAY 2020 | Rotoplas 2025 a sustainable growth story – December 9
- ④ Rotoplas operations status update for November – December 1
- ④ Rotoplas ratified for the fourth consecutive year as part of the DJSI MILA Pacific Alliance – November 18
- ④ Proposals approved at the Extraordinary General Shareholders' Meeting – November 18
- ④ Call and proposals for the Extraordinary General Shareholders' Meeting November 2020 – November 3
- ④ Rotoplas operations status update for October – November 3
- ④ Fitch ratifies 'AA(mex)' rating for Grupo Rotoplas; stable outlook – October 26
- ④ Rotoplas and Renewable Resources Group announce the launch of Rieggo – October 7
- ④ Earnings Call Invite 3Q20 – October 6
- ④ Grupo Rotoplas renews market maker agreement with UBS – October 5
- ④ Rotoplas operations status update for September – October 1



Conference Call

Grupo Rotoplas
(BMV: AGUA*)

Cordially invites you to its Fourth Quarter 2020 Conference Call.

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

The management team will comment on the results for the quarter, followed by a Q&A session.

- Carlos Rojas Aboumrad – CEO
- Mario Romero Orozco – CFO

Register for the webcast:

https://rotoplas.zoom.us/webinar/register/WN_2sFAHAwhOwqUvzGnTl3WyQ

Password: Roto4Q2020

The conference recording will be available afterwards at:

<https://rotoplas.com/investors/>



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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 water solutions, including products and services for storing, piping, improving, treating and recycling water. With 40 years' experience in the industry and 18 plants throughout the Americas, Rotoplas is present in 14 countries and has a portfolio that includes water services and 27 product lines. Grupo Rotoplas has been listed on the Mexican Stock Exchange (BMV) under the ticker "AGUA" since December 10, 2014.

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