

1Q

22



Earnings Call

April 21st 2022



Grab a coffee!
webcast will start
at 11:05 am EST

Si quieres escuchar la llamada en español
presiona en la opción de interpretación en la
barra de herramientas

Forward Looking Statements

This presentation contains certain forward-looking statements and information relating to Grupo Rotoplas S.A.B. de C.V. and its subsidiaries (collectively, “ROTOPLAS”) that are based on its knowledge of present facts, expectations and projections, circumstances and assumptions about future events. Many factors could cause the actual results, performance or achievements of ROTOPLAS to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic, political, governmental, and business conditions globally and in the countries in which ROTOPLAS operates, ROTOPLAS’ ability to continue developing innovative solutions, changes in interest rates, changes in inflation rates, changes in exchange rates, the cyclical activity of the water sector generally, changes in demand, consumer preferences, and prices of our solutions, ROTOPLAS’ ability to execute its corporate strategies to new markets and regions, changes in raw material and energy prices, changes in business strategy, changes in the prevailing regulatory framework, competition, natural disasters and other unforeseen events and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or targeted. Forward-looking statements are made as of the date hereof, and ROTOPLAS does not intend, nor is it obligated, to update these forward-looking statements, whether as a result of new information, future events or otherwise.

Copyright Grupo Rotoplas S.A.B. de C.V. and its Subsidiaries

Speakers



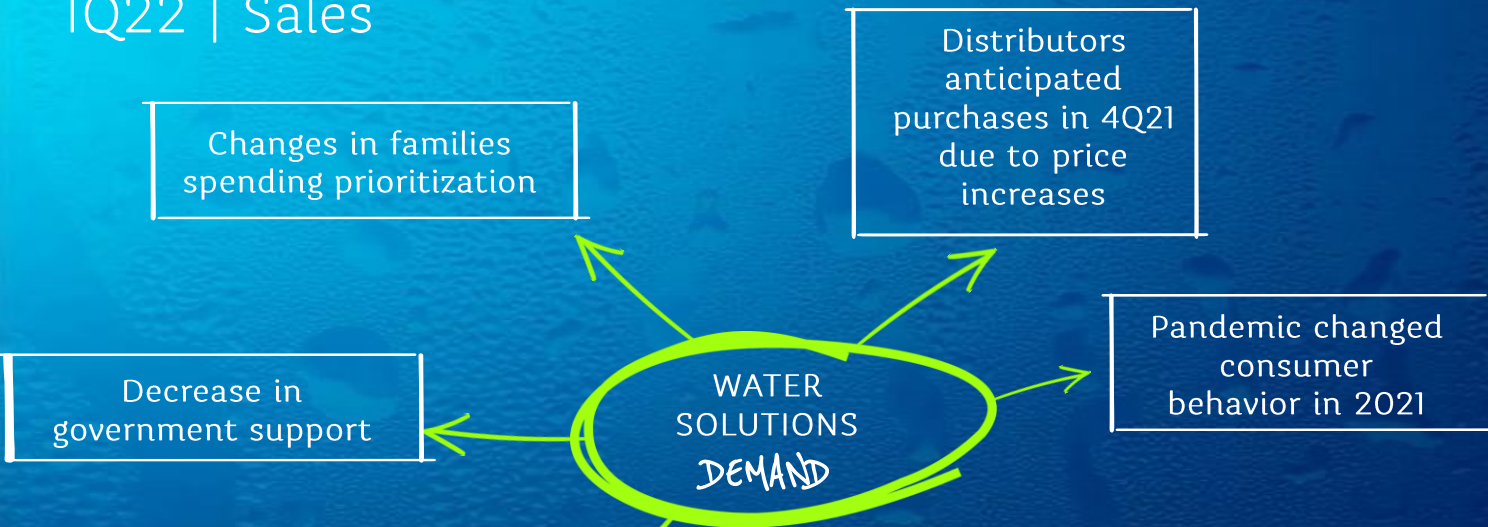
Carlos Rojas Aboumrad
CEO



Mario Romero Orozco
CFO



1Q22 | Sales



Growth vs 1Q21

Argentina	34%
USA	30%
Mexico	3%
Other	(14%)

Growth vs 1Q21

Products	11%
Services	(18%)

GROSS MARGIN

- 2021 was an inflationary year and price strategy helped us gain market share
- 110 pb decrease vs. 1Q21
 - lower fixed cost absorption + raw material & logistic cost increases

EBIT & EBITDA MARGIN

- \$45 million impact related to expenses for:
 - the expansion of e-commerce platform and the septic business in the US
 - the accelerated growth pace in bebbia

MEASURES

- Control travel expenses
- Monitor spending allocated to developing businesses
- Track our market share and raw material & logistics cost behavior
- Maintain a consistent pricing strategy to achieve a balance between growth and profitability

Million MXN



Home > Nuevo León News > Monterrey has no water and the nightmare has already started in one...

Nuevo León News

Monterrey has no water and the nightmare has already started in one of Mexico's largest cities

March 25, 2022 👁 1216



Companies are draining Mexico's water supply amid drought: Activists

LATIN AMERICA REPORTS | Article Published: April 9, 2022 | [LEAVE A COMMENT](#)

For instance, in the northeastern city of Monterrey, water cuts have been implemented to combat a looming water crisis in one of Mexico's wealthiest cities. On March 25, reports regarding water supply in Monterrey detailed that **the city had water for only 60 days.**



BREAKING NEWS

"Save it's up to you": water cuts begin in the state of Nuevo León

Faced with the drought that the entity is going through, the government has decided to implement measures to mitigate the effects it may cause

Newsroom Infobae
March 22, 2022



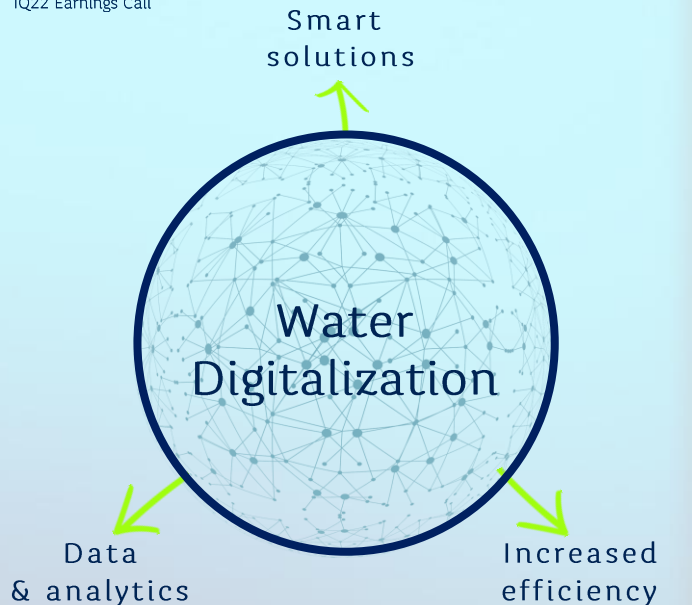
La Boca dam, one of Monterrey's water sources, is at 15% of its full capacity.

Drought brings water restrictions in Nuevo León

Water consumption increased on Tuesday, as ~~residents rushed to fill tanks and buckets~~

Published on Thursday, March 24, 2022





2025

GOALS

— 2x revenue (vs 2020)

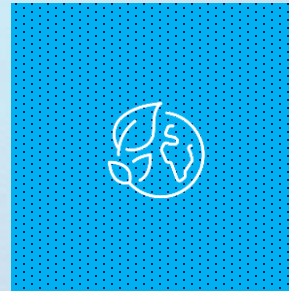
— ROIC ~20%

Flow

— +1,800 initiatives

→ 160 initiatives in 1Q22

BUSINESSES IN DEVELOPMENT



- Online maintenance scheduling
- Instant messaging to communicate with customers

- Merging of e-commerce operations with septic business
- Points of presence - online sales in hardware stores

2021 Annual Integrated Report

We invite you to read our
Annual Integrated Report 2021!

Release date: April 29

We adhered to the following frameworks:

- **GRI** (*Global Reporting Initiative*)
- **SASB** (*Sustainability Accounting Standards Board*)
- **WEF Stakeholder Capitalism** (1st year)





1Q22

Financial Highlights

COVID-19 | Operations Status

	January	February	March
Mexico	●	●	●
USA	●	●	●
Argentina	●	●	●
Peru	●	●	●
Central America	●	●	●

 Continuous Operations Restricted Operations

1Q22 | Highlights

	1Q22	1Q21	Δ %/bps
Net sales	2,660	2,434	9%
Cost of Sales	1,592	1,428	11%
Gross Profit	1,068	1,006	6%
<i>Margin</i>	40%	41%	(110) bp
Operating Income	222	305	(27%)
<i>Margin</i>	8%	13%	(410) bp
Financing Result	155	122	(1%)
Taxes	(20)	50	(140%)
Adjusted EBITDA¹	322	473	(32%)
<i>Margin</i>	12%	19%	(730) bp
Net Profit	88	134	(50%)

Million MXN

Volume growth, both in legacy and new products

Expenses control

Keep a close eye on raw materials and logistics costs to manage pricing

¹ Adjusted EBITDA considers: operating income + depreciation and amortization + non-recurring expenses (donations and Flow implementation expenses). In 1Q21 it considers Ps. 75 million of Flow expense and Ps. 2 million donations. In 2022, Flow expense adjustments will no longer be made and during 1Q22 there were no donations.

Sales | Per country



	1Q22
Δ Sales	3%
EBITDA Margin	16%

- Products growth **compensates** weaker performance in **services**
- Increase in expenses for **bebbia expansion** & **on-site events**
- Continued **raw material price increases**



	1Q22
Δ Sales	34%
EBITDA Margin	14%

- Double-digit **growth** across **all categories**
- Efficient **commercial execution** & **brand leadership**
- **Growth** with **profitability**



	1Q22
Sales	30%
EBITDA Margin	(6%)

- Product **availability** & geographical **coverage** boost **e-commerce**
- Addition of **installation** & **maintenance** providers for **septic business**
- **Expenses** related to **expansion** of **e-commerce platform** & **pre-operating** expenses of **septic business** impacted margins

Sales | Per country



- Price increase at the end of 2021 led distributors to anticipate their purchases affecting 1Q22 sales



- Increased penetration of water flow & improvement
- Third COVID wave and the government's suspension of subsidies to the population affected purchasing power



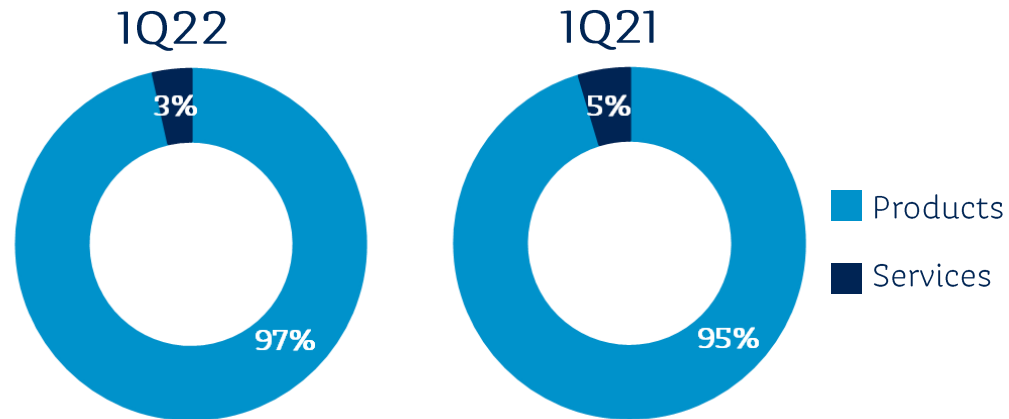
- Stable number of water treatment and recycling plants
- Projects under construction have not yet started to record sales



	1Q22
Δ Sales	(14%)
EBITDA Margin	10%

Sales | Products & Services Mix

- More than 68,000 *bebbia* users
- 10,700 e-commerce clients
- Strength in *products* offsets *services*
- Public sector sales:
1Q22 – 3.0%



	1Q22
Products	11%
Services	(18%)

Cash Position

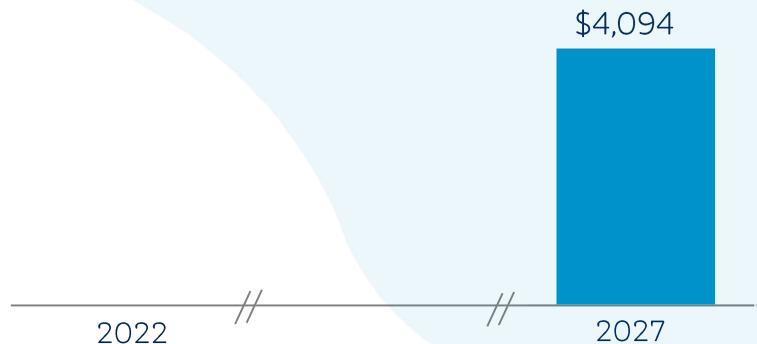
Million MXN

Current Leverage

Balance Sheet	3M22	3M21	Δ %
Cash & Cash equivalents	1,443	2,854	(49%)
Total Debt	4,094	4,200	(3%)
Net Debt	2,650	1,347	97%
Net Debt / Adjusted EBITDA	1.6x	0.8x	0.8x

- Cash Conversion Cycle increased by 26 days
- Leverage within the Company's debt guideline of 2.0x

Debt Maturity Profile

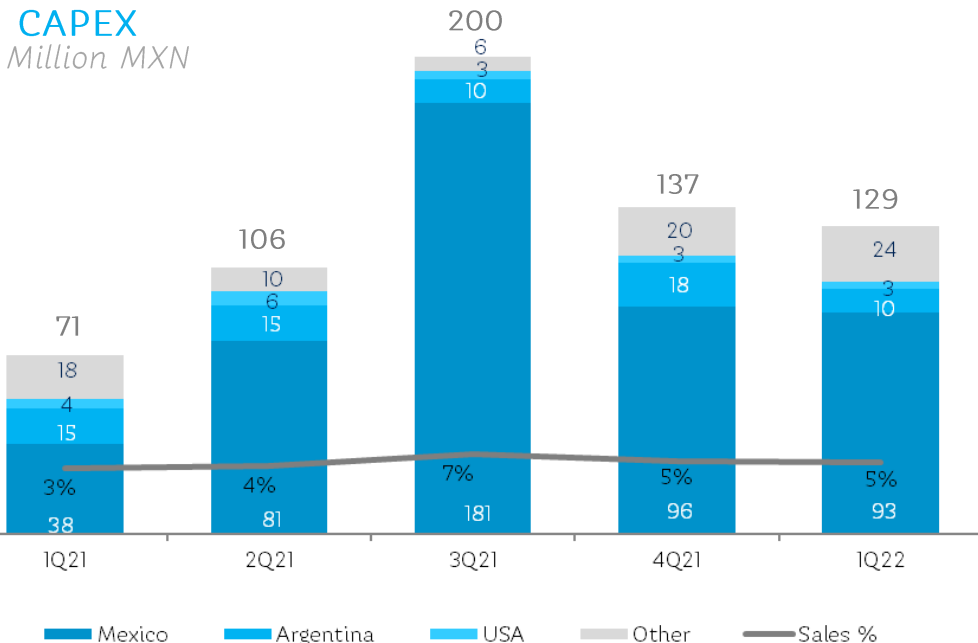


\$4 billion from the issuance of our sustainable bond AGUA 17-2X



Discipline in Capital Allocation

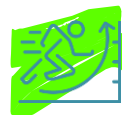
CAPEX
Million MXN



Investment towards shaping the Rotoplas of the future



New technology to produce the new generation of storage solutions & to improve machinery to increase production capacity

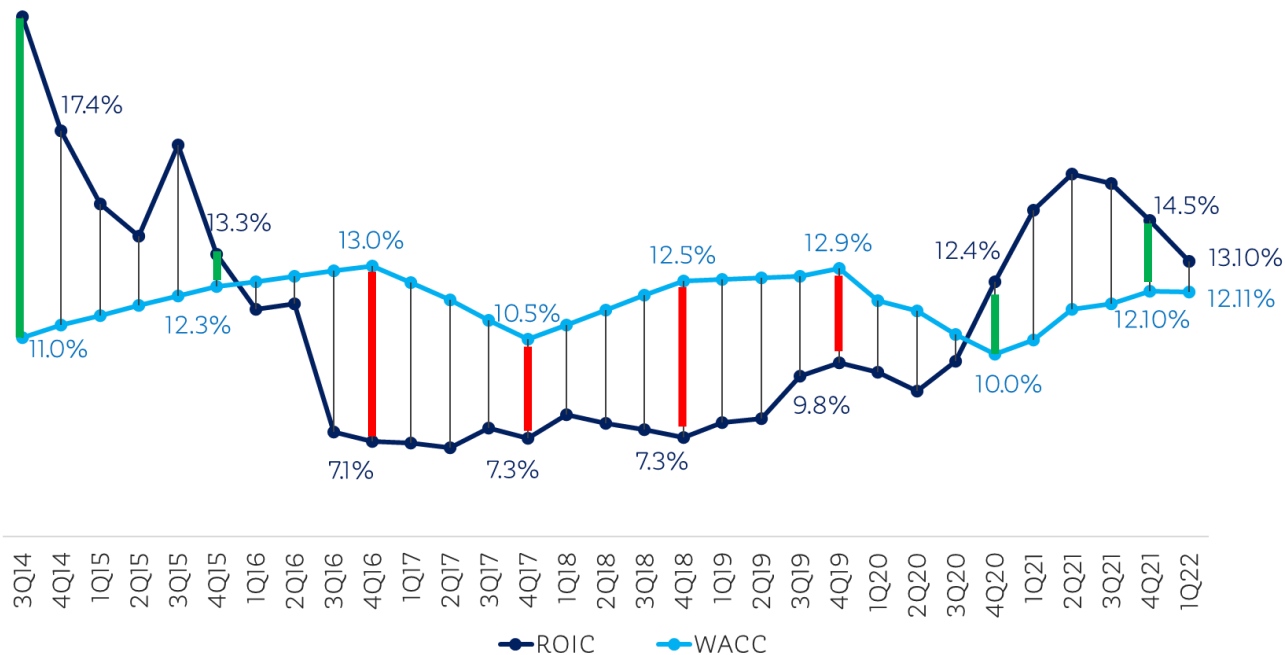


16% of the total amount of CapEx allocated to water treatment and recycling plants in Brazil

Record investment for a first quarter

ROIC | Sustainable value creation

ROIC above WACC



ROIC = WACC + 100 bps

In the last 12 months:

* ROIC decreases 170 bps

* Cost of capital increases 160 bps

ROIC: NOPAT L12M/Average Invested Capital t, t-1.

Invested Capital: Total Assets – Cash and Cash Equivalents – Short-Term Liabilities.

ROIC excludes Flow program execution costs from 2Q20 to 4Q21 as they are one-off.

ESG Initiatives & Progress

Rotoplas 2021

Materiality analysis	█
ESG Committee or dedicated ESG team	█
Aligned with SDGs	█
Aligned with TCFD	█
Aligned with Science Based Targets	█
Aligned with CDP	█
Signatory of UN Global Compact	█
Signatory of CEO Water Mandate	█
External verification for the report	█
Reporting under GRI methodology	█
Reporting under SASB methodology	█

Water, energy and sanitation pilot project with Acciona, implementing 25 water collection systems in a community in Oaxaca

We installed 20 hand-washing stations in the largest market in Mexico City in alliance with the Red Cross.



We held the first of 3 Diversity and Inclusion sessions with the leadership team and the entire Company

We defined the ESG evaluation framework for our suppliers



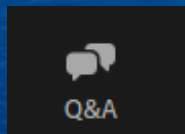
Guidance 2022 & AGUA*

	<u>Updated</u> Guidance 2022
Sales	≥ 15%
EBITDA	15.5% ~ 16.5%
ROIC	WACC + 100bps
Net Debt / EBITDA	≤ 2x

-  Shareholders' meeting on April 29th
Proposals:
 - Capital reimbursement in cash of 45 cents per share
 - Ratification or appointment of the members of the Board, and Audit, Corporate Practices and Compensation Committees
-  Apalache started coverage of AGUA*
 - Buy recommendation
 - TP \$39.40 pesos



Thank you!



You can submit a question by pressing the “Q&A” button.

Please include:

*Name

*Fund or Company