

# 1Q24



# Earnings Call

April 25<sup>th</sup> 2024

## Forward Looking Statements

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# Speakers

 Carlos Rojas Aboumrad  
CEO



 Mario Romero Orozco  
CFO



# Water situation



## Water Situation



Acute water scarcity, especially in the northern and central regions, exacerbated by overexploitation of aquifers and inadequate management



Uneven water distribution, worsened by industrial pollution and agricultural challenges that intensify the critical scarcity in arid zones



Infrastructure nearing the end of its lifespan, adding to the challenges of sustainable water management in a context of over-demand and contamination



Uneven geographical distribution of water resources, worsened by pollution from mining activities and inadequate wastewater management



Water scarcity in some areas and excess in others, further complicated by pollution due to poor waste management



Regional water scarcity in the Northeast and widespread pollution in urban areas, despite its abundant resources in the Amazon

**For every degree Celsius increase in global climate, there is a 20% decrease in the availability of renewable water.**

# 01

## 1Q24 Performance Overview

# 1Q24 Results

## Accomplishments

56% growth in services

Agile response to droughts in Mexico and Central America led to a performance improvement

Record high Gross Margin of 51%

Record high EBITDA margin of 21%

Net income at a normalized level

ROIC of 14.1% in line with guidance

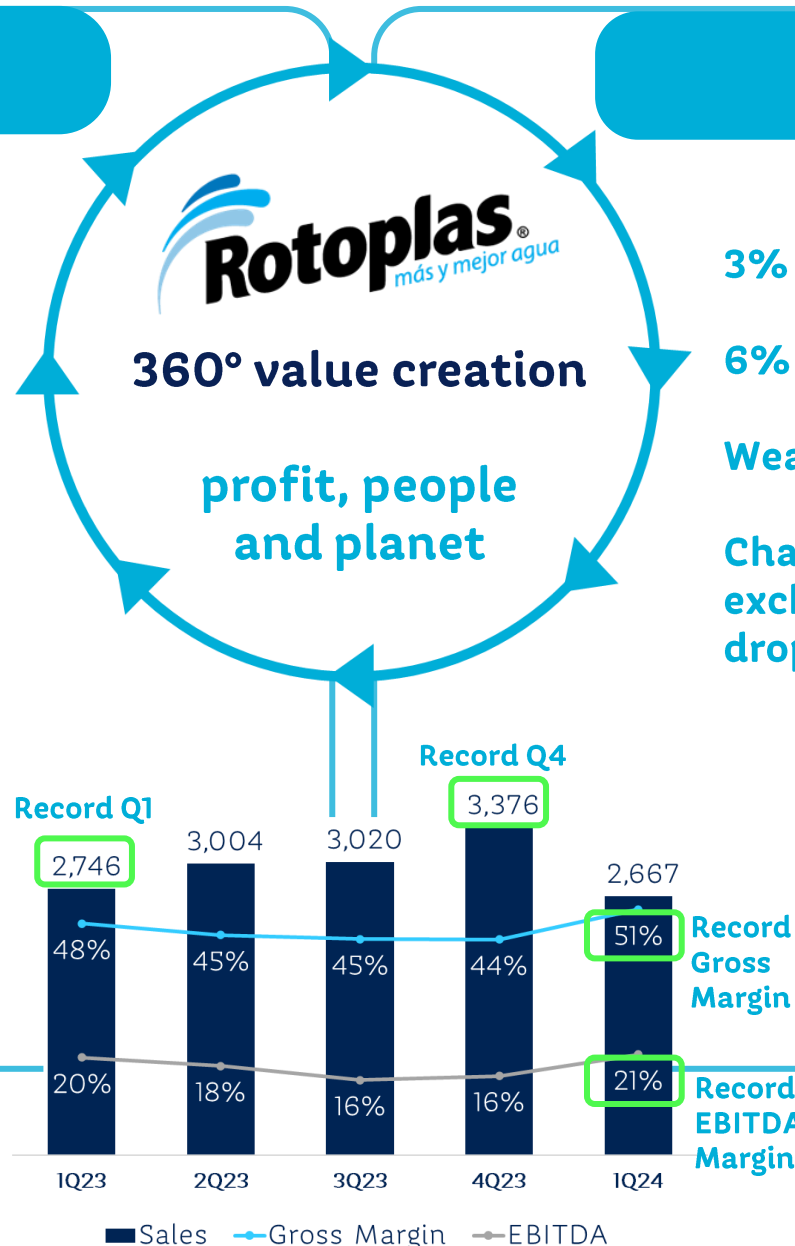
## Challenges

3% decrease in net sales

6% decrease in products

Weak demand in USA and Peru

Challenging environment in Argentina, exchange rates and recession lead to a drop in MXN





## Programmatic M&A



- **Make Programmatic M&A part of our core competencies**
- **Achieve sustainable growth through new capabilities and the reinforcement of existing competencies**
- **Reinforce our presence along the water cycle**

### 1Q24 Progress

rsa | Rotoplas  
servicios  
de agua

#### Treatment plant in Puebla

Operating treatment plant in Puebla, designed to serve the hotel and industrial sectors. This facility equals the combined capacity of 29 equivalent plants.

rieggio<sup>®</sup>

#### IrriVan

Mexican company specializing in advanced irrigation systems for agriculture.



## ESG Progress

### Environmental Projects

- High-level assessment of risks and opportunities related to climate change and water security

### "Socially Responsible Company"

- For the 14<sup>th</sup> consecutive year, Rotoplas has received the distinction of being a "Socially Responsible Company" in Mexico

### Diversity and Inclusion

- Activities for International Women's Day, including Rotoplas TV and webinars



# 02


## Financial & Strategy Highlights



## P&L | Financial Highlights

Figures in million MXN

	1Q24	1Q23	Δ %/bps
Net sales	2,667	2,746	(3%)
COGS	1,316	1,435	(8%)
<b>Gross Profit</b>	<b>1,352</b>	<b>1,311</b>	<b>3%</b>
<i>Margin</i>	<i>51%</i>	<i>48%</i>	<i>300 bp</i>
SG&A	931	873	7%
<b>Operating Income</b>	<b>421</b>	<b>438</b>	<b>(4%)</b>
<i>Margin</i>	<i>16%</i>	<i>16%</i>	<i>(20) bp</i>
Financial Expenses	64	411	(85%)
Taxes	54	(9)	NA
<b>Net Result</b>	<b>304</b>	<b>37</b>	<b>NA</b>
<i>Margin</i>	<i>11%</i>	<i>1%</i>	<i>1010 bp</i>
<b>EBITDA</b>	<b>555</b>	<b>553</b>	<b>0%</b>
<i>Margin</i>	<i>21%</i>	<i>20%</i>	<i>70 bp</i>

- 
**1% increase** in sales **excluding** the effect of the **strong Mexican peso** and the **devaluation** in **Argentina**
- 
**Historic high gross margin** and **EBITDA margin**
- 
**8.3x net income** growth due to **decreased financial expenses**

## Sales | Per Country



	1Q24
Δ Sales	13%
EBITDA Margin	28%

- 💧 **Solid products growth** despite lower prices than in 1Q23.
- 💧 **Services growth** driven by **bebbia** and **organic** and **inorganic** growth in **RSA** and **rieggio**.
- 💧 **EBITDA margin contraction** linked to **price reductions** and **increased expenses**.



	1Q24
Δ Sales	(31%)
EBITDA Margin	16%

- 💧 **Sales down** 31% in **MXN**, **up** 231% in **ARS** due to currency devaluation.
- 💧 **Market contraction** linked to **macroeconomic** policies affecting real wages.
- 💧 **Improvements** in **cost** and **expenses management** resulted in a stronger EBITDA margin.



	1Q24
Δ Sales	(20%)
EBITDA Margin	(17%)

- 💧 **Reduced demand** for water **storage** due to **lack** of **drought** conditions in key states.
- 💧 **Competitors** lowered their prices to clear **excess inventory**
- 💧 **EBITDA** margin **negative** due to **lower sales** impacting **cost absorption**.



	1Q24
Δ Sales	(7%)
EBITDA Margin	16%

- 💧 **Peru:** Focus on protecting margins and market share in a contracting market.
- 💧 **Central America:** Strong performance across categories.
- 💧 **Brazil:** Water treatment projects and partnerships increase qualified leads.



# Sales | Products & Services Mix

Figures in million MXN

**+115,000 bebbia** units

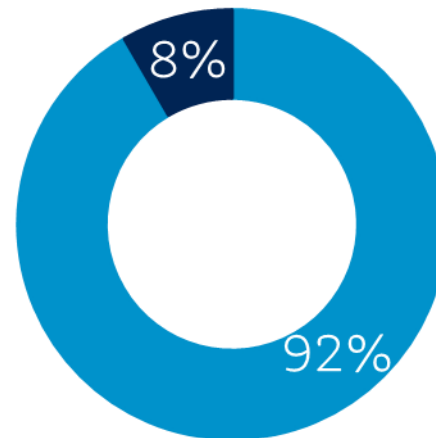
**+55,000 hectares** in riego

**+5,260 e-commerce** clients

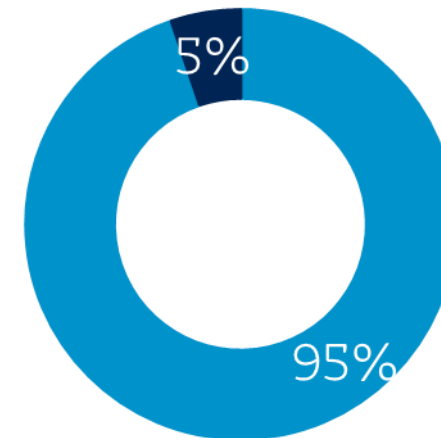
**Services** experienced **organic & inorganic growth**

Public sector sales:  
1Q24 – 4.2%

## 1Q24



## 1Q23



■ Products  
■ Services

		1Q24	1Q23	%Δ
<b>Products</b>	Sales	2,445	2,603	(6%)
	EBITDA	607	599	1%
	% Margin	25%	23%	180 pb
<b>Services</b>	Sales	223	143	56%
	EBITDA	(52)	(46)	14%
	% Margin	(23%)	(32%)	860 pb
<b>Total</b>	Sales	2,667	2,746	(3%)
	EBITDA	555	553	0%
	% Margin	21%	20%	70 pb

# Cash Position

Figures in million MXN

## Current Leverage

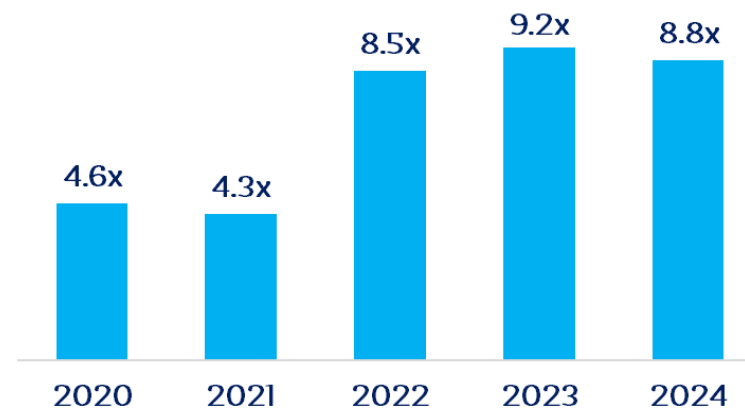
Balance Sheet	2024	2023	Δ %
Cash & Cash equivalents	570	682	(16%)
Total Debt	4,123	4,146	(1%)
Net Debt	3,553	3,464	3%
Net Debt / EBITDA	1.7x	1.6x	0.1x

- Cash conversion cycle optimized by 56 days
- Leverage within the Company's debt guideline of < 2.0x

## Debt Maturity Profile



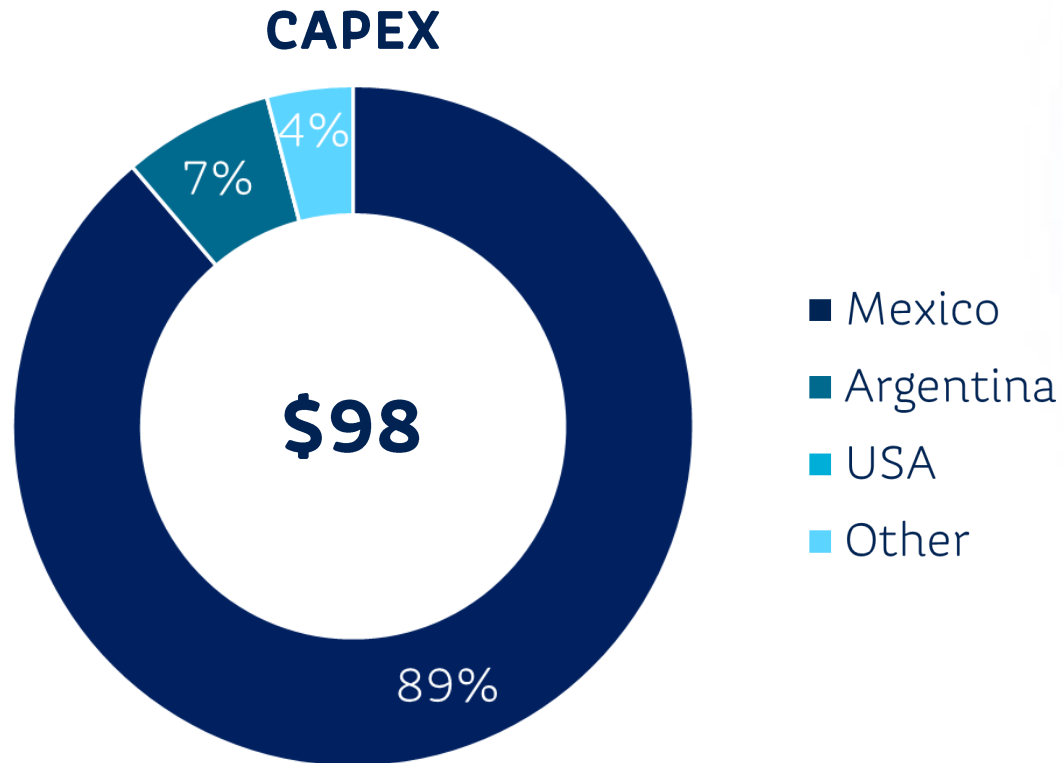
## Interest coverage





## Discipline in Capital Allocation

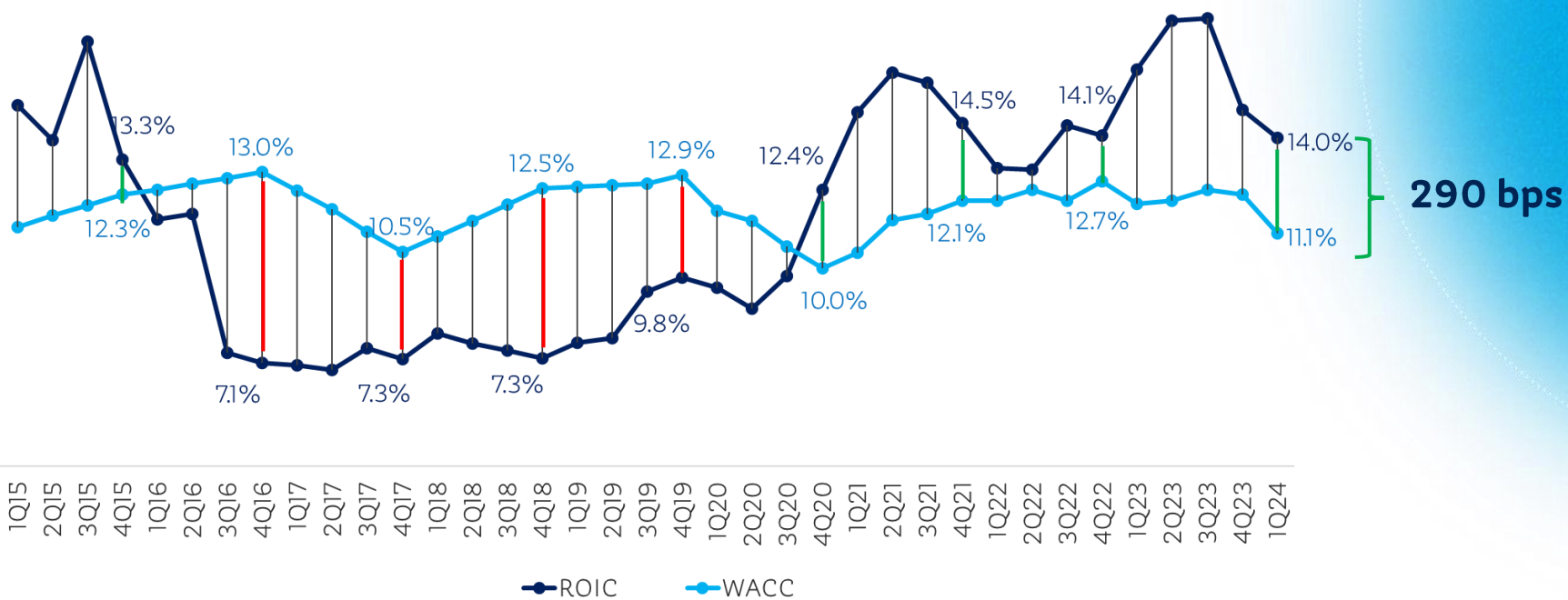
Figures in million MXN



Investments for the **long-term sustainability** of the business:

- Investment in **technology** to produce the **new generation** of **water tanks**
- **\$22 million** allocated to **bebbia**
- **\$14 million** to **RSA** treatment plants
- Investment in **Argentina** focused on **maintaining existing plants** and **increasing** production **capacity** in water **flow**

# ROIC | Sustainable value creation



**Spread ROIC-WACC  
in line with guidance  
ROIC = WACC + 200bps**

ROIC: NOPAT LTM/ Invested Capital LTM, monthly average  
 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.

# GSM | Proposals

## 1. Capital Reimbursement

Cash capital reimbursement to shareholders through a reduction in share capital amounting to **50 cents per share**.

## 2. Board of Directors



Increase the **independence** of our board to **53%**

Improve **gender diversity** by raising **female** representation to **13%**.

To achieve these targets and enhance diversity across gender, age groups, nationalities, and perspectives it will be proposed to appoint the following members:

**Regina García-Cuéllar**, an economist with a PhD from Harvard, recognized for her thesis on trade and the gender gap, has significantly enhanced profitability and market share at Izzi and redefined the customer experience at Citibanamex. She is also a noted advocate for education and gender equity, serving as co-chair of the Mexico chapter of 5050 Women on Boards.

**Marcos Westphalen** has over 17 years of experience in the digital industry, including significant roles at Google across Latin America, Europe, and globally. Currently leading the Google Customer Solutions organization for Hispanic America, his expertise in digital business has been acknowledged with several leadership awards, and he is also a respected educator in the field.



# Annual Integrated Report 2023

” We understand the strength of water and we identify with it. Our goals are clear, our purpose powerful. **At Rotoplas**, we flow, we adapt, and we pave the way with the firm conviction of creating a better future.

We are AGUA  
**We are ROTOPLAS**”



## 2024 Guidance

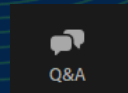
**Sales** > 10%

**EBITDA Margin** 18% - 19%

**Net Debt / EBITDA** < 2.0x

**ROIC** WACC + 200 pb

# Thank you!



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

Please include:

\*Name

\*Fund or Company