



2023

2Q

Earnings Call

July 27th 2023

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





 Carlos Rojas Aboumrad
CEO



 Mario Romero Orozco
CFO



01

2Q23 Performance Overview

5 year business plan | 2023 strategy

We remain firmly committed to our goals for 2025.

Guidance 2025

2x Sales

EBITDA Margin **≥20%**

Net Debt / EBITDA **≤2.0x**

Double digit **ROIC > WACC**

6M23 Results

Sales growth **> 10%**

EBITDA Margin **16% – 17%**

Net Debt / EBITDA **≤2.0x**

ROIC = WACC + 150 pb



Bright spots:

- Protect market share in products
- Maintain leadership of brands
- Double-digit growth in services
- Surpass 3/4 items in guidance
- Record EBITDA for a semester

02

Financial & Strategy Highlights

2023 Environment | Strategy

Challenging external factors

Foreign exchange “Super peso”

- affects conversion of foreign sales to MXN



Weather conditions

- heavy rains and snow in US, mild winter in Peru and Argentina



Unfavorable macro environment

- Peru and the US are facing scenarios of uncertainty

High comparison base 2022

- extreme drought in MTY in Mexico, water scarcity & heat waves in US

Competitive market dynamics

- lower raw material costs putting pressure in products prices

Rotoplas' priorities:



Operating profitability



Brands leadership



New businesses growth

P&L | Financial Highlights

Figures in million MXN


	2Q23	2Q22	Δ %/bps	6M23	6M22	Δ %/bps
Net sales	3,004	3,447	(13%)	5,750	6,107	(6%)
COGS	1,640	1,991	(18%)	3,075	3,583	(14%)
Gross Profit	1,363	1,456	(6%)	2,674	2,524	6%
Margin	45%	42%	320 bp	47%	41%	520 bp
Operating Income	433	429	1%	872	651	34%
Margin	14%	12%	200 bp	15%	11%	450 bp
Financing Result	(439)	(195)	NA	(850)	(349)	NA
Taxes	(19)	(113)	84%	(9)	(93)	90%
EBITDA	554	528	5%	1,107	850	30%
Margin	18%	15%	310 bp	19%	14%	540 bp
Net Result	(24)	122	NA	12	210	(94%)

EBITDA historical record for a first semester

YTD

- ❖ **1% decrease** excluding the **effect** of the strong Mexican peso
- ❖ **\$187 million** impact in **EBITDA** related to **new businesses**
- ❖ **Absolute EBITDA** and **EBITDA margin** above **guidance**
- ❖ **\$520 million loss** in **FX coverage** instruments

Sales | Per Country

	2Q23	6M23
 Δ Sales	(12%)	(3%)
EBITDA Margin	28%	29%


- ⊗ **Challenging comparison** with the previous year's high base
- ⊗ Agile **pricing strategy** to **safeguard market** share and **maintain profitability**
- ⊗ **Strong** growth in **services**, driven by the **successful** performance of **bebbia** and **RSA**

	2Q23	6M23
 Δ Sales	(7%)	(4%)
EBITDA Margin	15%	14%

- ⊗ **Sales double** in **local currency** related to **price** and **volume** increases
- ⊗ Water **heaters** were **impacted** by a **mild winter** during the second quarter

	2Q23	6M23
 Sales	(22%)	(19%)
EBITDA Margin	(16%)	(17%)

- ⊗ Sales affected by **adverse weather conditions** impacting demand, along with a **weaker agricultural** sector, particularly in the **Midwest**
- ⊗ Above-ground **water tank** in key states like California, Oregon, and Washington **decline**, **affecting overall demand** in the region

	2Q23	6M23
 Δ Sales	(22%)	(11%)
EBITDA Margin	13%	16%

- ⊗ **Peru:** demand affected by **lower** available **income**, high **inflation** and a **warm winter**
- ⊗ **Central America:** Sales **growth** in **local currency** due to **commercial & pricing strategy**
- ⊗ **Brazil:** WWTPs **pipeline** & **portfolio** continues to **expand**

Sales | Products & Services Mix

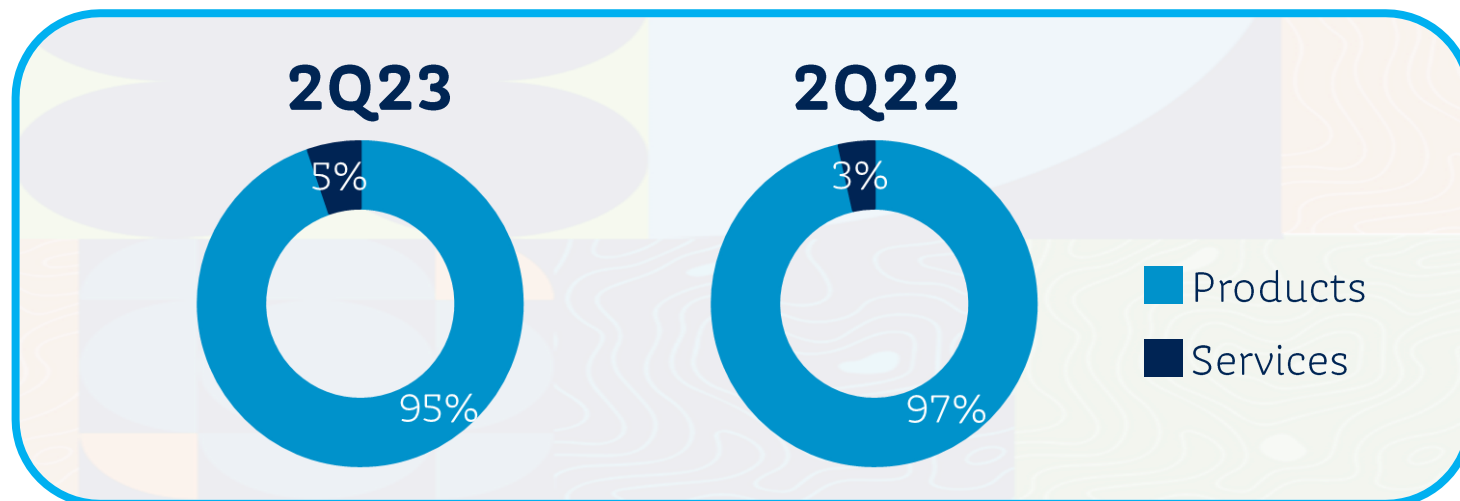
+98,000 bebbia users

+5,400 e-commerce clients

Services experienced **significant growth**

Public sector sales:
2Q23 – 3.2%
6M23 – 3.1%

		2Q23	2Q22	%Δ	6M23	6M22	%Δ
Products	Sales	2,862	3,340	(14%)	5,465	5,907	(7%)
	EBITDA	618	611	1%	1,217	1,003	21%
	% Margin	22%	18%	330 pb	22%	17%	530 pb
Services	Sales	142	107	33%	285	199	43%
	EBITDA	(64)	(83)	(22%)	(110)	(153)	(28%)
	% Margin	(45%)	(77%)	NM	(39%)	(77%)	NM
Total	Sales	3,004	3,447	(13%)	5,750	6,107	(6%)
	EBITDA	554	528	5%	1,107	850	30%
	% Margin	18%	15%	310	19%	14%	540



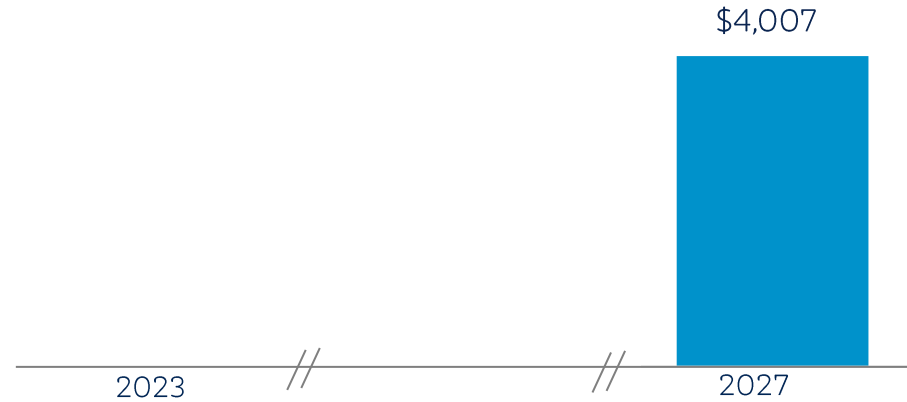
Cash Position

Figures in million MXN

Current Leverage

Balance Sheet	6M23	6M22	Δ %
Cash & Cash equivalents	536	1,079	(50%)
Total Debt	4,187	4,007	4%
Net Debt	3,652	2,928	25%
Net Debt / EBITDA	1.6x	1.6x	0x

Debt Maturity Profile



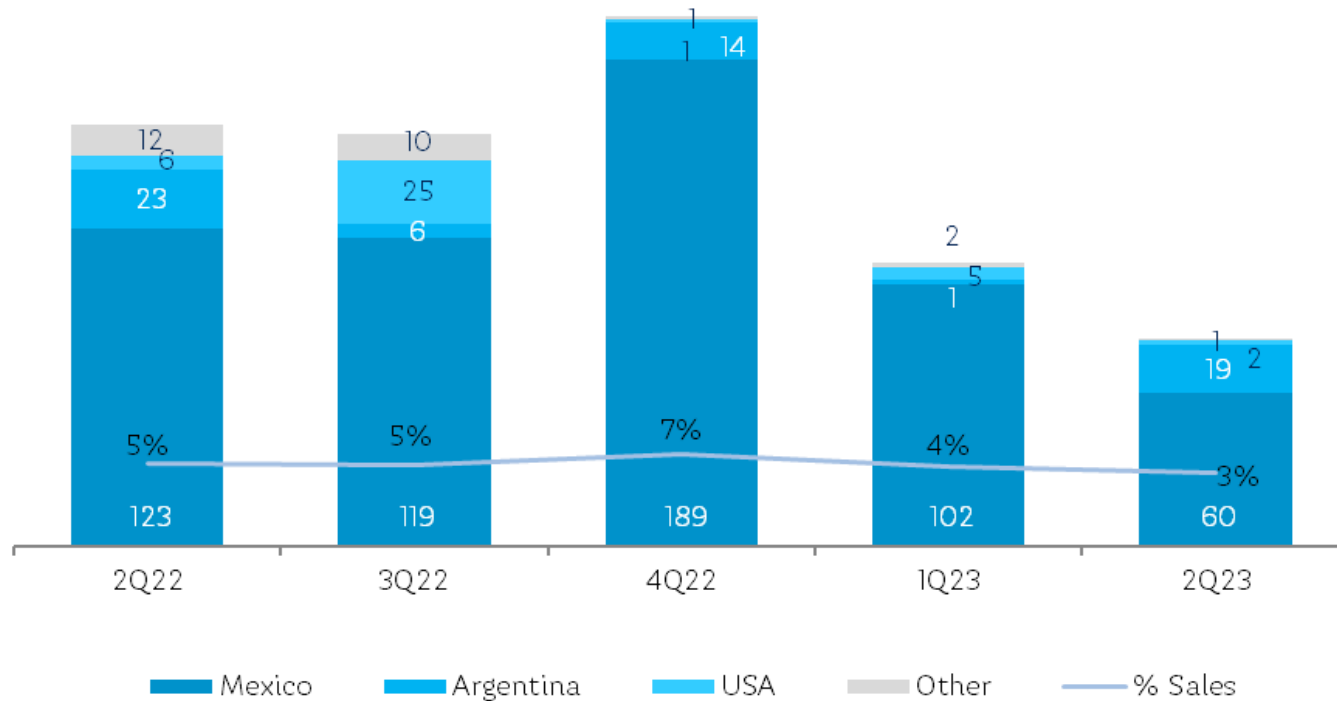
- Cash conversion cycle increased by 11 days
- Leverage within the Company's debt guideline of < 2.0x

- \$180 million working capital loan
- \$4 billion from the issuance of our sustainable bond AGUA 17-2X



Discipline in Capital Allocation

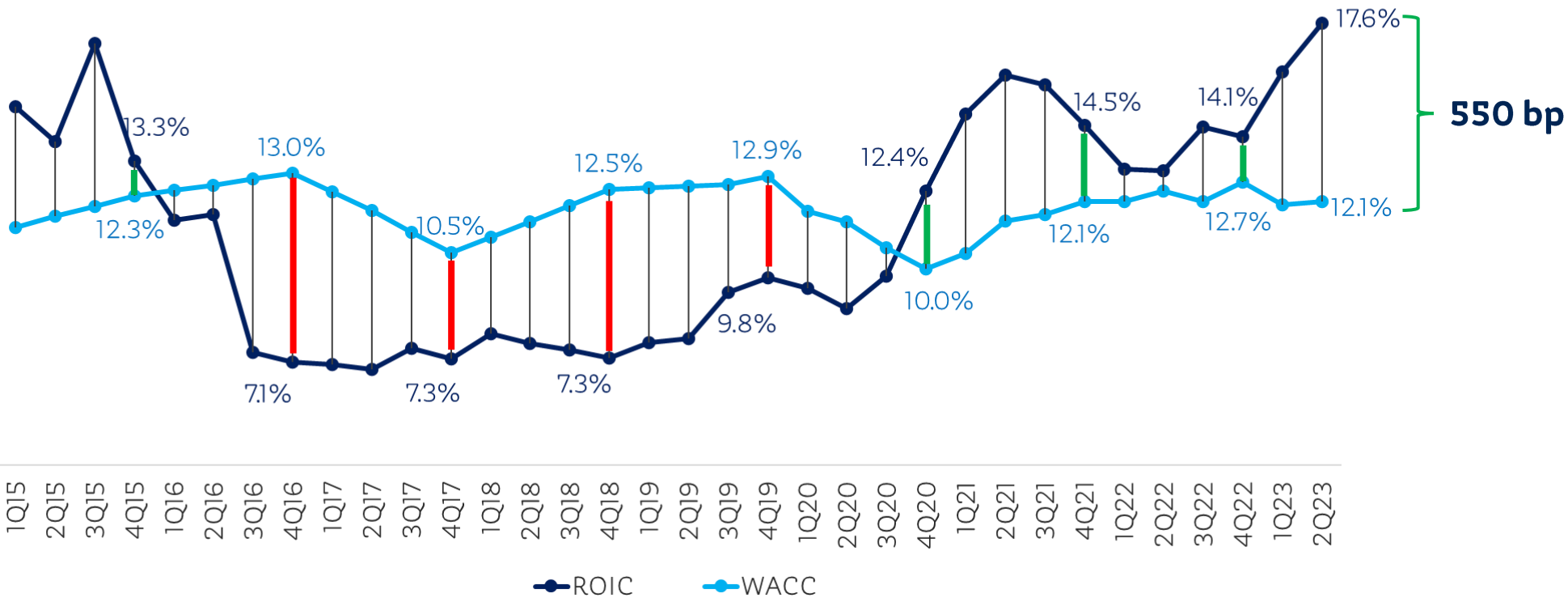
Figures in million MXN



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

- **\$168** million invested in new **technology** to produce **storage** solutions and in **machinery** to **increase production** capacity in Mexico and Argentina.
- **\$14** million for **treatment plants** in **Mexico** and **\$5** million in **Brazil**

ROIC | Sustainable value creation



ROIC-WACC spread exceeds earnings guidance by 400 bp

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.

2Q23 ESG Highlights



Empresa
con Gestión
Sostenible

Peru

- Received the [Sustainable Management Enterprise Distinction](#) by [Perú Sostenible](#) for the [sixth consecutive year](#).
- Undertook two projects [supporting local public schools](#) and a [forestry recovery initiative](#).



Hábitat
para la Humanidad®
Argentina

Argentina

- Partnered with [Hábitat para la humanidad](#) to provide [storage and treatment solutions](#) to [low-income families](#).
- Collaborated with other companies and associations in the "[El Agua en debate](#)" project to [raise awareness](#) about [water issues](#).



Group-Wide

- Launched a [campaign promoting a culture of tolerance, acceptance, and respect](#), in alignment with [Pride month](#).

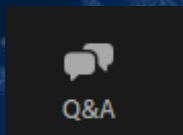
Guidance 2023

We modify our growth perspective in light of a more challenging environment. However, we are confident in achieving higher profitability through discipline and internal measures.

	Guidance 2023	1st Revised Guidance 2023 (April)	2nd Revised Guidance 2023 (July)
Sales	> 15%	≥ 10%	0%
EBITDA Margin	16.0% - 17.0%	16.0% - 17.0%	17.0% - 18.0%
Net Debt / EBITDA	<2x	<2x	<2x
ROIC	WACC + 150 pb	WACC + 150 pb	WACC + 250 pb



Thank you!



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

Please include:

*Name

*Fund or Company