

# 2Q24

# Earnings Call

July 25<sup>th</sup> 2024

## Forward Looking Statements

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# Speakers

 Carlos Rojas Aboumrad  
CEO



 Mario Romero Orozco  
CFO



# Water situation





**Valle de Bravo, Edo Mex**



**Cuitzeo Lake, Michoacan**



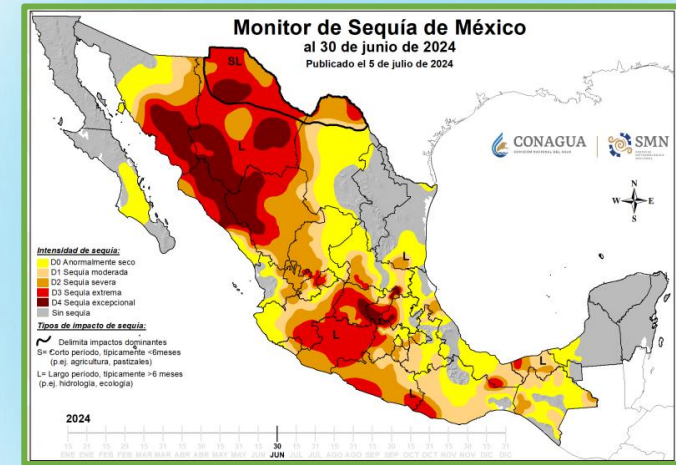
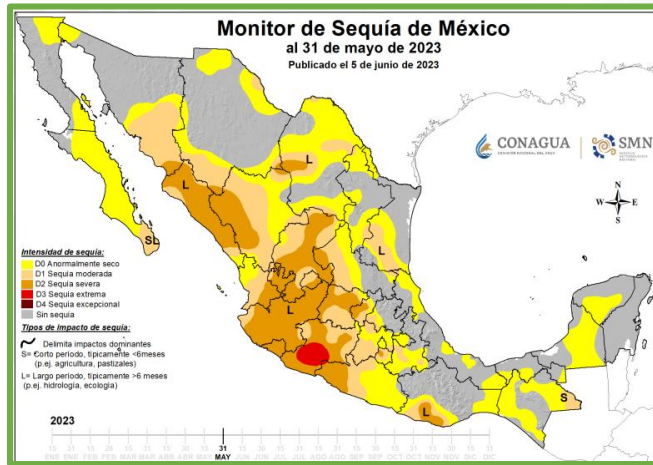
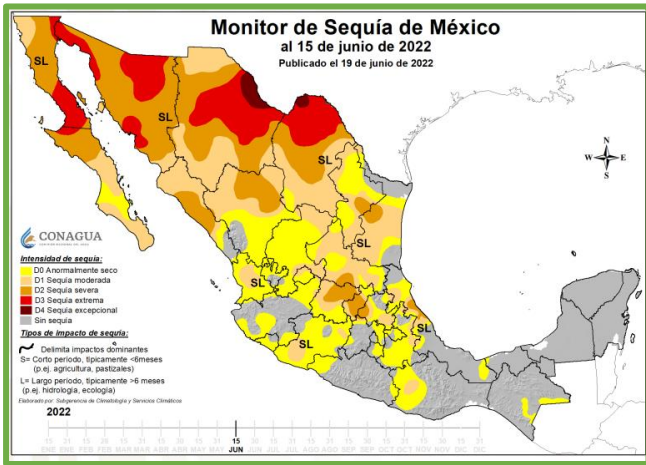
**La Boca Dam, Nuevo León**



**Mexico City**



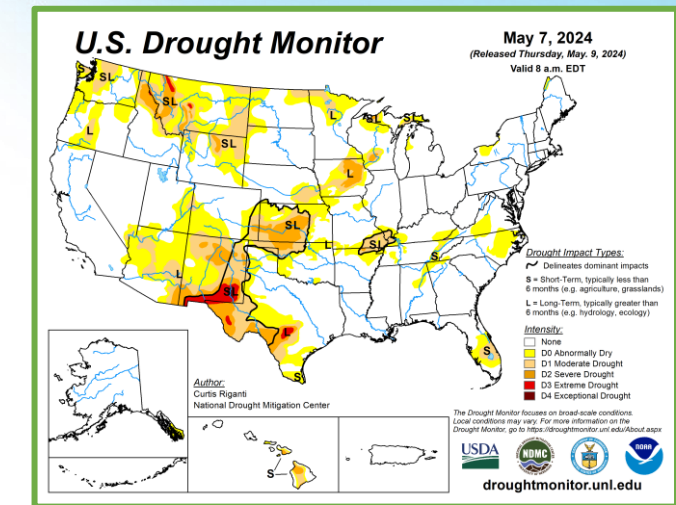
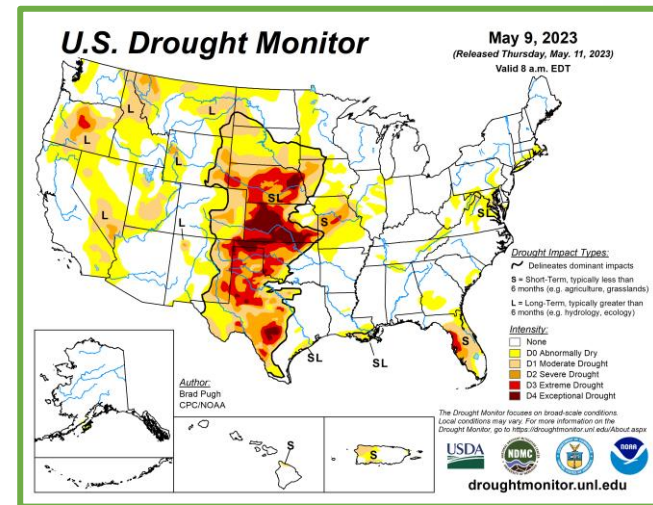
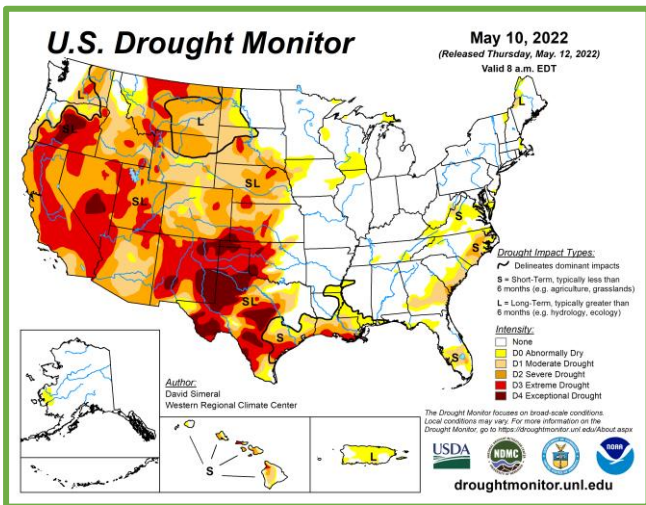
# Drought Situation



2022

2023

2024



# Peru | Winter 2024



Year	Avg. Winter Temperature (°C)	Max. Winter Temperature (°C)	Min. Winter Temperature (°C)
2019	17.5	19.6	15.4
2020	17.3	19.4	15.2
2021	17.2	19.3	15.1
2022	17.0	19.1	14.9
2023	16.9	19.0	14.8
2024	16.8	18.9	14.7



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# 2Q24 Performance Overview



## 2Q24 Scenario

### Challenges



- Meet demand and support growth



- Meet demand for water heaters
- Economic and political instability affecting demand for storage and piping



- Continue business development and secure new contracts



- Marked economic recession



- Absence of drought due to increased rainfall

### Action Plan

- Complete the implementation of SMART technology in plants
- Construction of the megasite in Ixtapaluca to increase production capacity
- Maintain efficient fixed costs and expenses to adjust operations to demand without impacting profitability
- Improve commercial strategy and expand value offerings, e.g. consultancy and digital data services
- Team focused on navigating volatility
- Find growth avenues and return to profitability through a turnaround plan

# ESG Progress



## Renewable Energy

- León Manufacturing Facility

## Initiative with UNDP

- Program to donate products to municipalities with high water stress.



## Rotogotas de ayuda

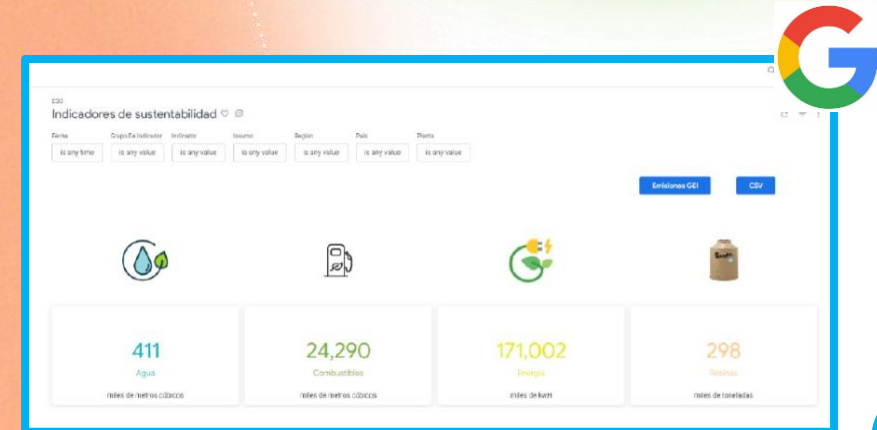


## Donation Campaign

- Community earns points through activities, allowing Rotoplas to donate water tanks

## Environmental KPIs online platform

- Platform to track and improve our levels of efficiency and environmental performance





# 02

## Financial & Strategy Highlights

# P&L | Financial Highlights

Figures in million MXN

	2Q24	2Q23	Δ %/bps	6M24	6M23	Δ %/bps
Net sales	2,972	3,004	(1%)	5,639	5,750	(2%)
COGS	1,582	1,640	(4%)	2,898	3,075	(6%)
<b>Gross Profit</b>	<b>1,390</b>	<b>1,363</b>	<b>2%</b>	<b>2,742</b>	<b>2,674</b>	<b>3%</b>
<i>Margin</i>	47%	45%	140 bp	49%	47%	210 bp
SG&A	1,083	930	16%	2,014	1,803	12%
<b>Operating Income</b>	<b>307</b>	<b>433</b>	<b>(29%)</b>	<b>728</b>	<b>872</b>	<b>(16%)</b>
<i>Margin</i>	10%	14%	(410) bp	13%	15%	(230) bp
Financial Expenses	187	439	(57%)	250	850	(71%)
Taxes	60	19	NA	114	9	NA
<b>Net Result</b>	<b>60</b>	<b>(24)</b>	<b>NA</b>	<b>364</b>	<b>12</b>	<b>NA</b>
<i>Margin</i>	2%	(1%)	280 bp	6%	0%	620 bp
<b>EBITDA</b>	<b>450</b>	<b>554</b>	<b>(19%)</b>	<b>1,005</b>	<b>1,107</b>	<b>(9%)</b>
<i>Margin</i>	15%	18%	(330) bp	18%	19%	(150) bp

	2Q24	6M24
Sales growth ex. Argentina	14%	10%
EBITDA mg. ex. Argentina	18%	20%

	6M24	6M23	Δ %
Without hedging impact	49.1%	46.5%	260 bp
With hedging impact	48.6%	37.8%	1080 bp



## Sales | Per Country



	2Q24	2024
Δ Sales	19%	16%
EBITDA Margin	24%	26%

- Record sales in **storage** solutions, driven by water supply disruptions.
- Rapid **growth** in **services** like bebbia, RSA, and riego.
- EBITDA margins** contracted due to **increased operating** expenses.



	2Q24	2024
Δ Sales	(37%)	(34%)
EBITDA Margin	3%	9%

- Sales impacted** by economic recession and currency **devaluation**.
- Lower** sales **volumes** and **dollarized expenses** hurt margins.



	2Q24	2024
Δ Sales	(11%)	(15%)
EBITDA Margin	(12%)	(14%)

- Sales decreased** due to **easing drought** and increased **competition**.
- Septic** tank **services refocused** geographically, primarily in Texas.
- Cost containment strategies** are improving negative EBITDA.



	2Q24	2024
Δ Sales	15%	3%
EBITDA Margin	9%	13%

- Peru:** Sales driven by high demand of water heaters.
- Central America:** Growth with record sales of storage solutions.
- Brazil:** Water treatment projects continue to progress.

# Sales | Products & Services Mix

Figures in million MXN

**+121,000 bebbia** units

**+55,000 hectares** in riego

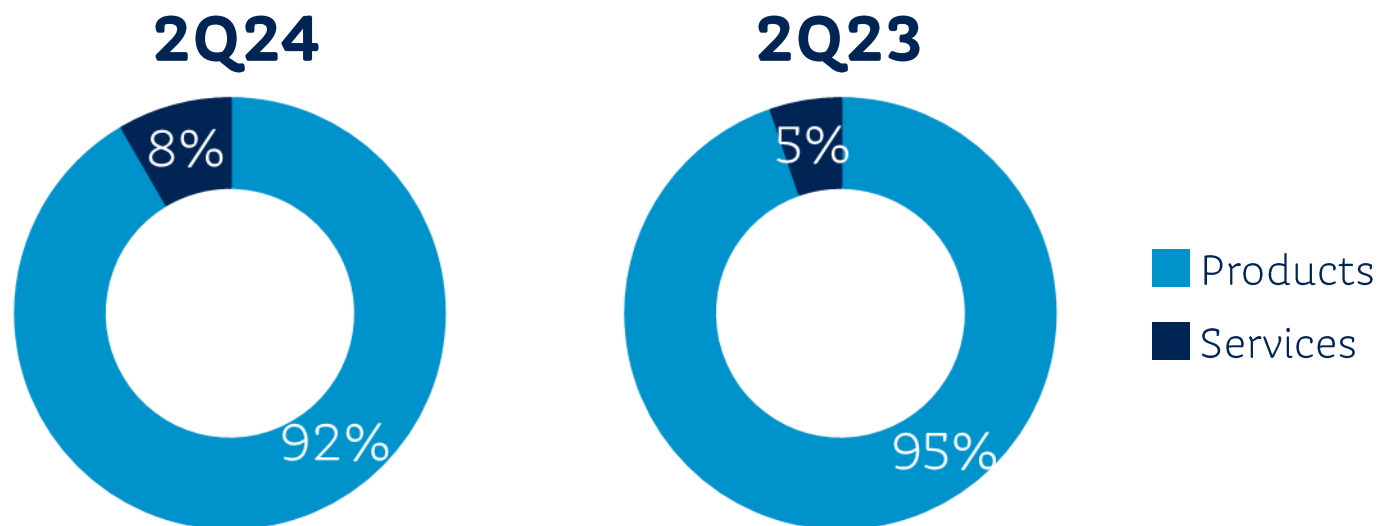
**+6,000 e-commerce** clients

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

Public sector sales:

2Q24 – 4.1%

6M24 – 4.1%



		2Q24	2Q23	%Δ	2024	2023	%Δ
<b>Products</b>	Sales	2,729	2,862	(5%)	5,174	5,465	(5%)
	EBITDA	528	618	(15%)	1,136	1,217	(7%)
	% Margin	19%	22%	(220) pb	22%	22%	(30) pb
<b>Services</b>	Sales	243	142	71%	466	285	64%
	EBITDA	(78)	(64)	22%	(131)	(110)	19%
	% Margin	(32%)	(45%)	1,300 pb	(28%)	(39%)	1,060 pb
<b>Total</b>	Sales	2,972	3,004	(1%)	5,639	5,750	(2%)
	EBITDA	450	554	(19%)	1,005	1,107	(9%)
	% Margin	15%	18%	(330) pb	18%	19%	(150) pb



# Cash Position

Figures in million MXN

## Current Leverage

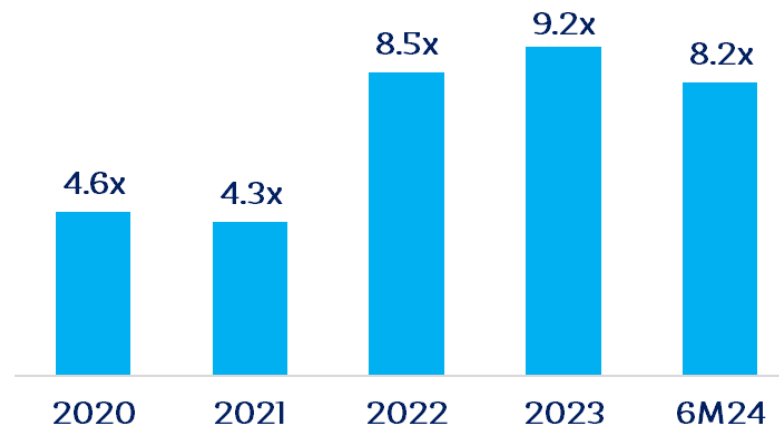
Balance Sheet	2024	2023	Δ %
Cash & Cash equivalents	666	536	24%
Total Debt	4,332	4,187	4%
Net Debt	3,667	3,652	0%
Net Debt / EBITDA	1.8x	1.6x	0.2x

- Cash conversion cycle optimized by 23 days
- Leverage within the Company's debt guideline of < 2.0x

## Debt Maturity Profile

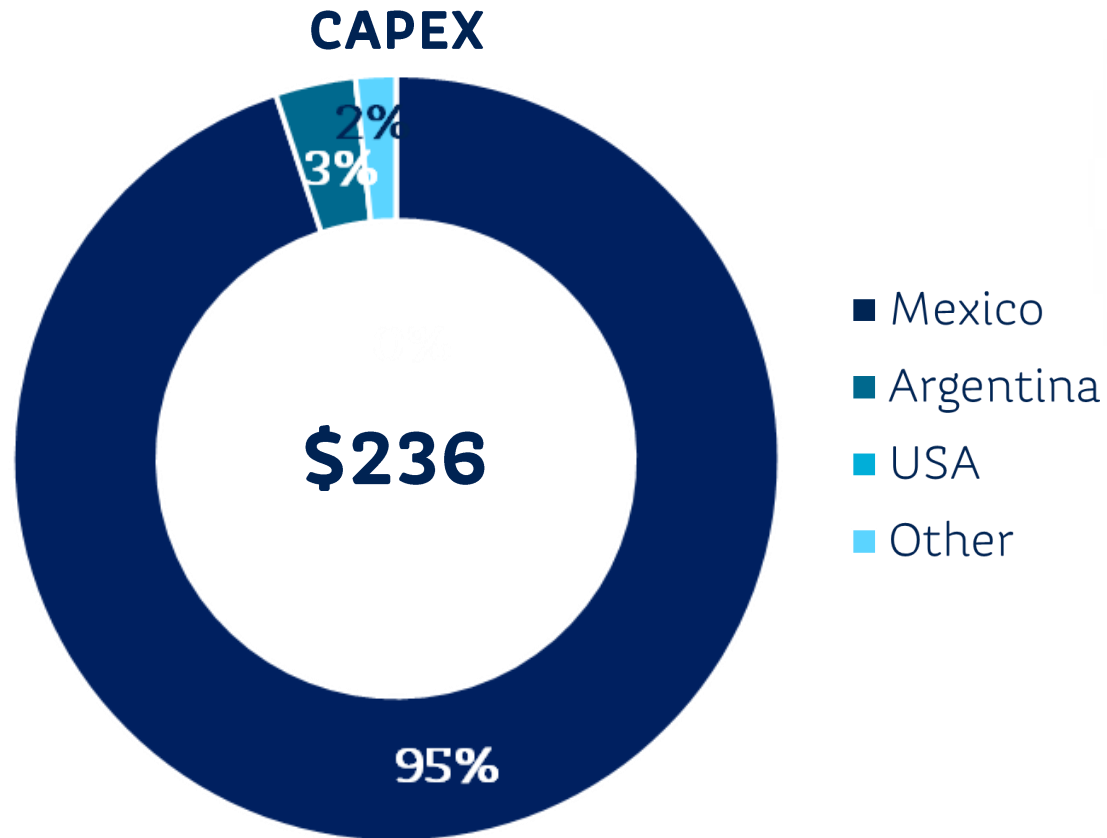


## Interest coverage



## Discipline in Capital Allocation

Figures in million MXN

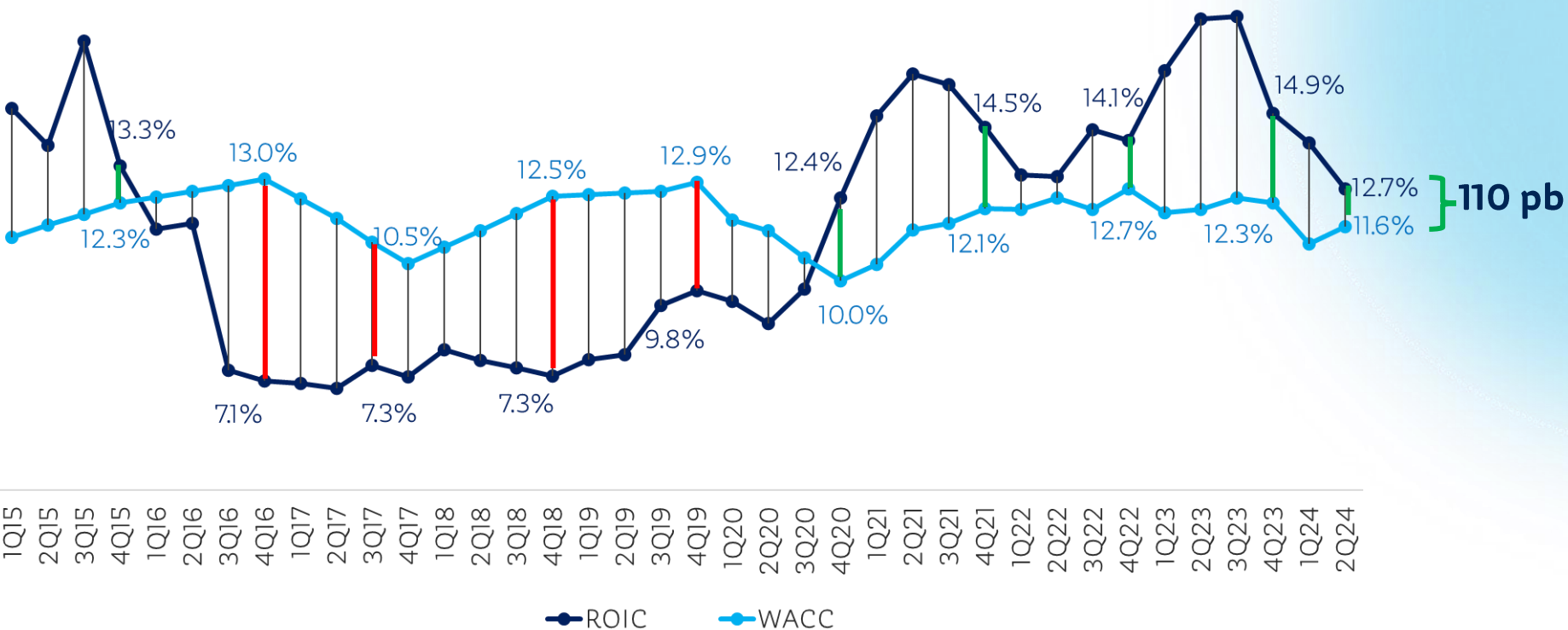


Investments for the **long-term sustainability** of the business:

- Investment in **technology** to produce the **new generation** of **water tanks**
- **\$53 million** allocated to **bebbia**
- **\$22 million** to **RSA** treatment plants



# ROIC | Sustainable value creation



ROIC decreased by 490 basis points compared to 2Q23 due to:

- Results in Argentina
- Higher effective tax rate in Mexico and Central America

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.

# Revised 2024 Guidance

## 2024 Guidance

**Sales** > 10%

**EBITDA Margin** 18% - 19%

**Net Debt / EBITDA** < 2.0x

**ROIC** WACC + 200 pb



## Revised 2024 Guidance

**Sales** 0% - 5%

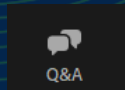
**EBITDA Margin** 17% - 18%

**Net Debt / EBITDA** < 2.0x

**ROIC** ≥ WACC



# Thank you!



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

Please include:

- \*Name
- \*Fund or Company