AGUA Day

Rotoplas 2025,
a sustainable growth story

Forward Looking Statements

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Rotoplas 2025 | sustainable growth story

AGENDA

- 15 min | Lapo | Water: A Humanitarian and Business Priority
- 15 min | Carlos | Flow & the Future
- 15 min | Mario | The numbers
- 15 min | José Luis | Sustainable Story
- ~45 min | **Q&A session**

Today's **Speakers**

Lapo Mori
McKinsey Water Expert

Carlos Rojas A.
Chief Excecutive Officer

Mario Romero O.
Chief Financial Officer

José Luis Mantecón G.
Sustainability & Human Capital VP

Lapo Mori
McKinsey Water Expert

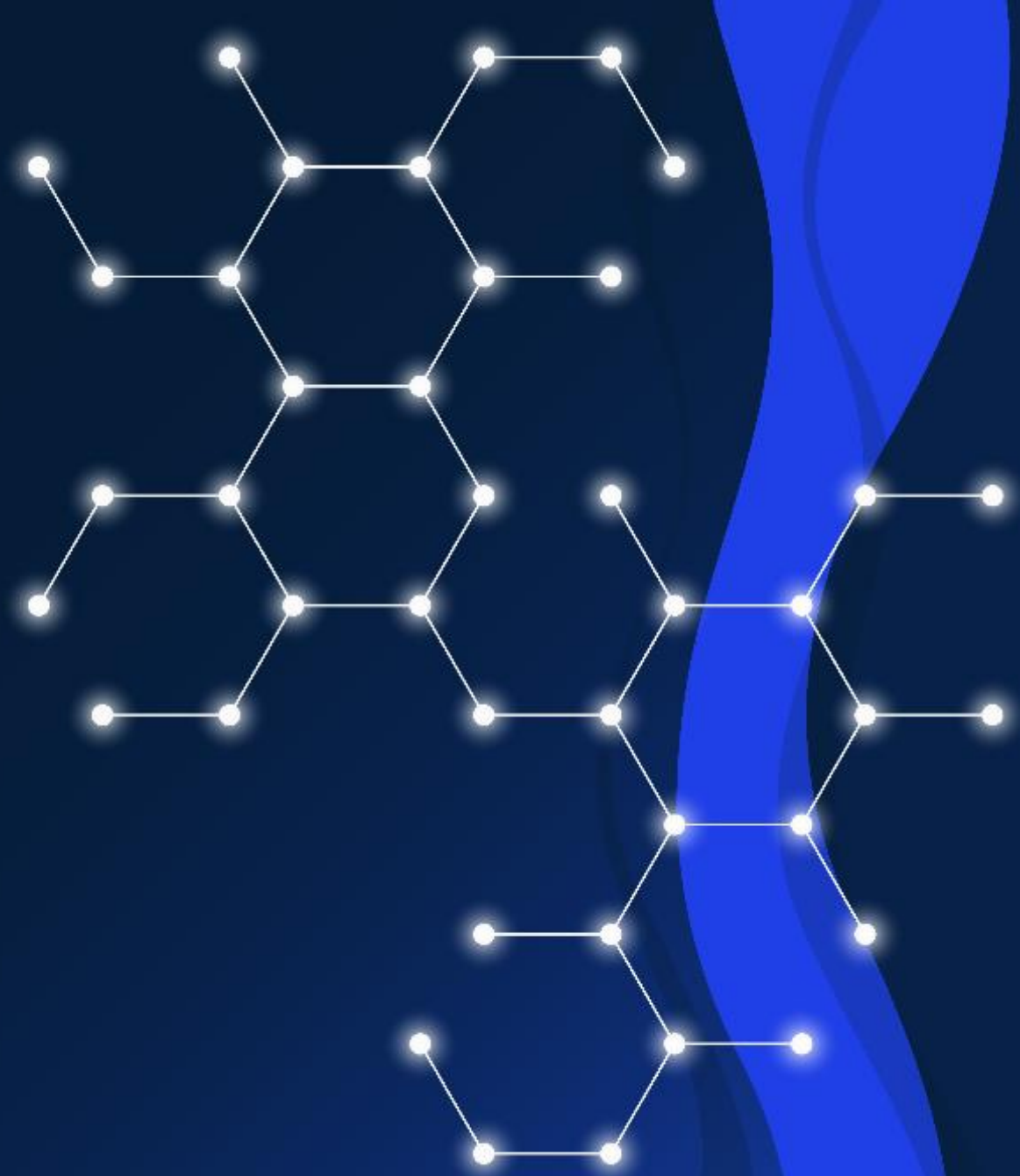
Water: A Humanitarian and Business Priority

McKinsey & Company

Water: A Humanitarian and Business Priority

Rotoplas 2025, a sustainable growth story

9 December 2020



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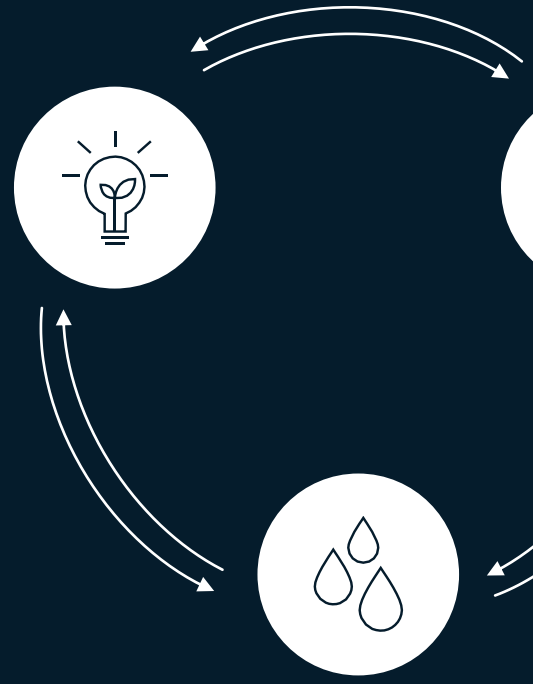
Water is becoming increasingly scarce as populations and economies continue to grow

By 2030, an additional 1B people will join us and the world will need…



25%
More energy

35%
More food

40%
More water

Without immediate action, we will not have the resources to support this growth

1.1B+
People today who lack access to clean freshwater

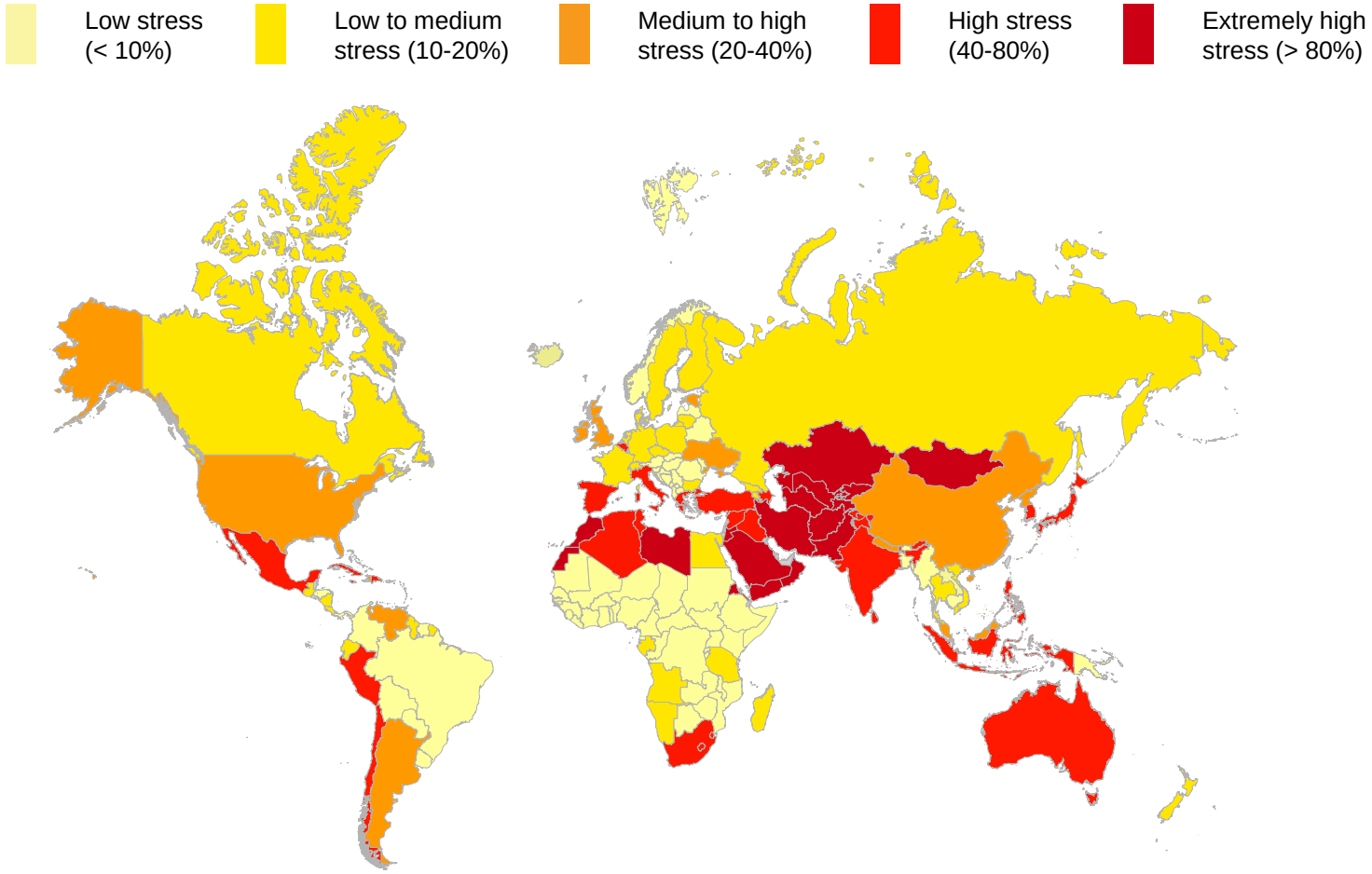
56%
Projected water deficit by 2030

3.5B+
People living in water-scarce regions by 2025

Sources: McKinsey Climate Report, WRI Aqueduct. Gasser' et al. 2013, WWF

The impacts of water stress are felt today…

Ratio of total water withdrawals to total renewable water supply



Sources: McKinsey Climate Report, WRI Aqueduct. Gasser' et al. 2013

…and expected to grow

5B+

People who lack sufficient water at least one a month per year by 2050

$700B+

Additional urban property damage due to flooding by 2030

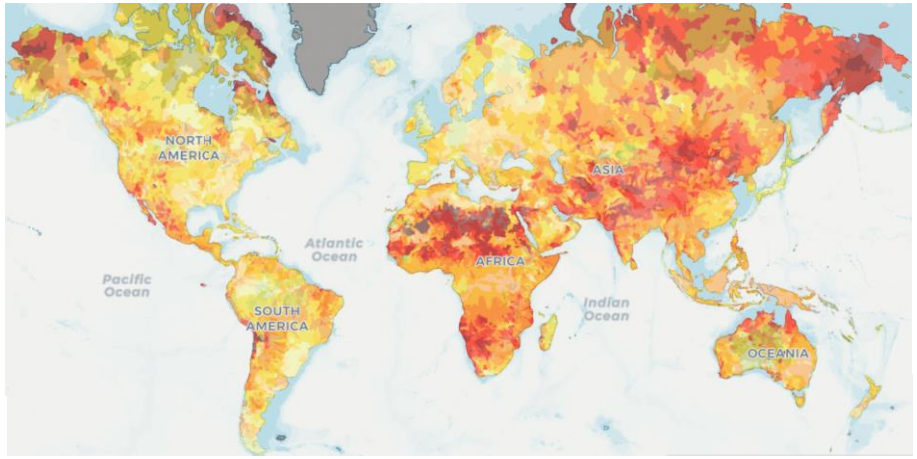
>70%

Decrease in mean annual surface water by 2050 in certain regions

Seasonal variability of water supply is high in many global regions and predicted to worsen by 2030

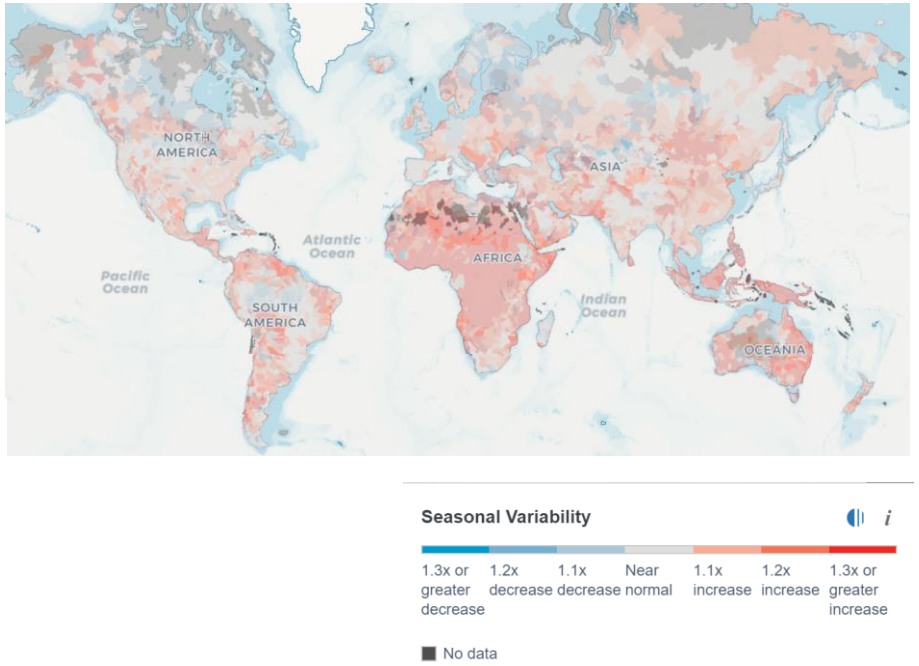
Seasonal variability of water supply

Renewable surface and ground water, 2019



Forecast change in seasonal water supply

By 2030



In addition to water scarcity, weather volatility, and enhanced regulations are **increasing** the risk to utilities and industry

Sources: Aquaduct Water Risk Atlas, WRI, 2019

Businesses and communities can increase water management and stewardship

Communities and businesses must improve water management to achieve stewardship goals…

- **Water stewardship** is ensuring sustainable quantity and quality water for business operations, as well as water access, sanitation and hygiene for surrounding communities
- **Water management** is how operators, utilities and users withdraw, treat, store, use, and discharge water to support needs
  - Effective water management solutions typically provide an end-to-end view and optimization of **how water is sourced, treated, stored, used, and discharged**
  - **Companies active in the water sector can employ DnA analyses** (e.g., geospatial, operational, financial) to help clients improve and de-risk water management

…to help mitigate these risks

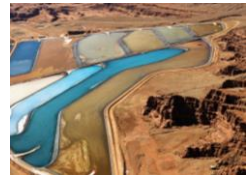
…which can drive a tangible impact globally

Reduce the 4.5T+ m^3 of water withdrawn each year by improving operations

Decrease the 1.5T+ m^3 of wastewater produced each year

Sanitation access for 2.3B+ people without

Advanced Analytics can help address water challenges in five primary domains

Water management domains	What is enabled?	Why is this difficult?	
Water sourcing and storage Control and identification and specification of water source required for the process	▪ Cost reduction for water purchases ▪ Predictable operations	Requires water source, weather pattern and flow modelling	
Water treatment Chemical- or membrane-based technologies to selectively remove water constituents	▪ Constituent source control ▪ Targeted treatment ▪ Predictable operations	Requires site-area modeling, mass/ flow sensors, combination of disparate datasets, and digital platform	
Water usage Inventory and forecast of water volume, quality, and accounting for withdrawal, use, and discharge	▪ Increased recycling ▪ Reduced withdrawal ▪ Improved water quality	Requires deep domain expertise, mass/ flow sensors, and process automation	
Water discharge Managed release of water into a defined catchment area in compliance with regulatory agencies	▪ Reduced waste storage ▪ Decreases flooding risks ▪ Enables mine closure	Requires catchment-area modeling, climate expertise, and knowledge of regulations; dimensional sediment transport and chemical fate analysis	
ESG & Sustainability Accelerating stewardship performance by quantification of climate and social impacts & management of regulatory environment and stakeholder relationships	▪ Optimized cash balance ▪ Improved mine planning ▪ Minimized regulatory risk	Requires financial and risk modeling expertise, combi-nation of disparate datasets, knowledge of policy/ regulations	

Use Case | Water discharge hydrodynamics of catchment area were modeled to sustainably increase treated-water discharge

Santitized case example

Background

A **client discharges >1 B gallons of treated water** into an adjacent creek between March and November

Variable creek flow is driven by myriad environmental factors, **limiting optimization**

Approach

Ingested >1 M data points of weather, flow, and constituent information **with real-time updates**

Created 12 interconnected models to forecast stream dynamics in advance

Modules deployed

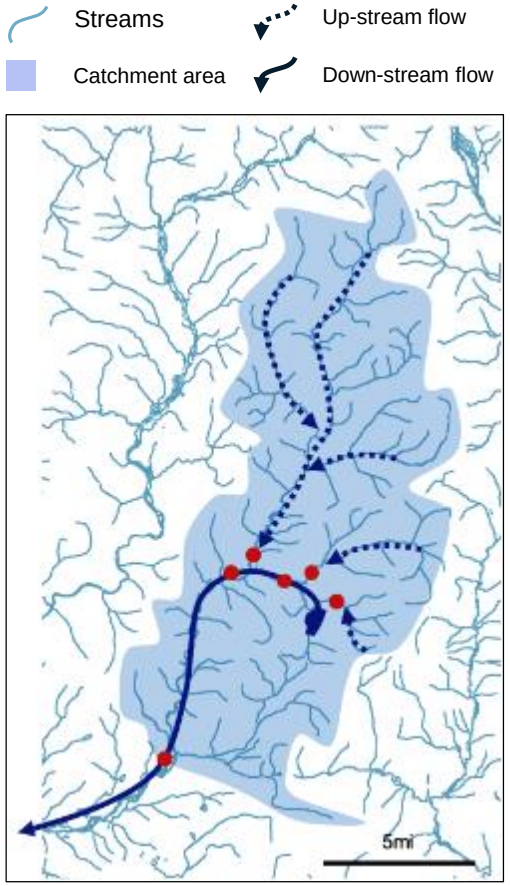
- Exogenous Data Connectors
- Discharge Optimization
- Hydrologic modeling
- Water Discharge Dashboard

Result

5% mean absolute percent error (MAPE) for stream flows predicted six hours in advance

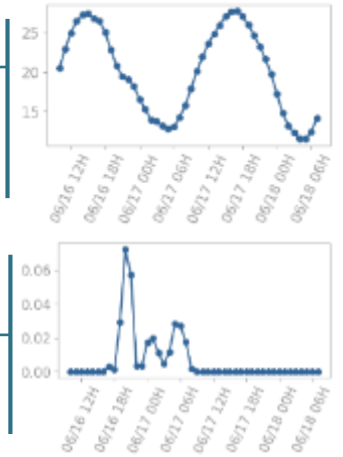
Up to 40 hours of advance notice of environmental changes to allow operators to modulate plant operations accordingly

Water system



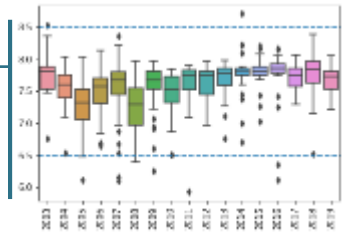
Environmental data

- Pressure
- Temperature
- Humidity
- Evaporation
- Precipitation
- Solar radiation
- Soil moisture
- Soil temperature
- Surface runoff
- Wind speed



Creek data

- Dissolved solids
- pH
- Flow rate
- Stage
- Metal constituents



Carlos Rojas A.
Chief Excecutive Officer

FLOW & THE FUTURE


Rotoplas®
más y mejor agua
Sytesa
Empresa de Grupo Rotoplas
rieggo.
bebbia®
PLASTIC-MART
IPS
Instalamos confianza
AGUA, GAS y DESAGÜE
THE TANK DEPOT
SEÑORIAL
Calor que perdura
PlasticWaterTanks

Flow | Evolution Process

Thorough Analysis

3-month bottom-up analysis

Diagnosis of:

- Operations
- Portfolio
- Geographies
- Return on assets

Opportunities & Challenges

Key Findings

Strong products & services

Geographic expansion

Positive social impact

↓

ROIC erosion

Game Plan

Innovation

Find new growth avenues

Commitment to ESG

Strict resource allocation

↓

Build new internal machinery

Aug 2019

Commitment to achieve in less than 18 months:

ROIC > WACC

Flow | Execution Mechanics

Idea – new inititative

Business case aligned to:

- ✓ Purpose
- ✓ Strategy
- ✓ Sustainability targets
- ✓ Value creation

Milestones schedule &
Responsibility assigned

Supervisory bodies

- ✓ Steering Committee
- ✓ Transformation Office
- ✓ Capital Allocation Committee

Digital platform

MAIN PILLARS

- **Profitability** of our products and services portfolio.
- **Growth** initiatives and execution.
- **Organizational** culture and **health.**

Flow | Achievements so Far

1. Divestment
product manufacturing business
USA & Brazil

2. Launching of
23 new solutions

3. Stronger
Balance Sheet
Leverage 1.1x → 0.5x

4. Optimization of
Cash convertion cycle
by 23 days

5. **21% contribution**
to YTD **EBITDA***

*Adjusted EBITDA

rieggo®

Idea – develop smart solutions for producers

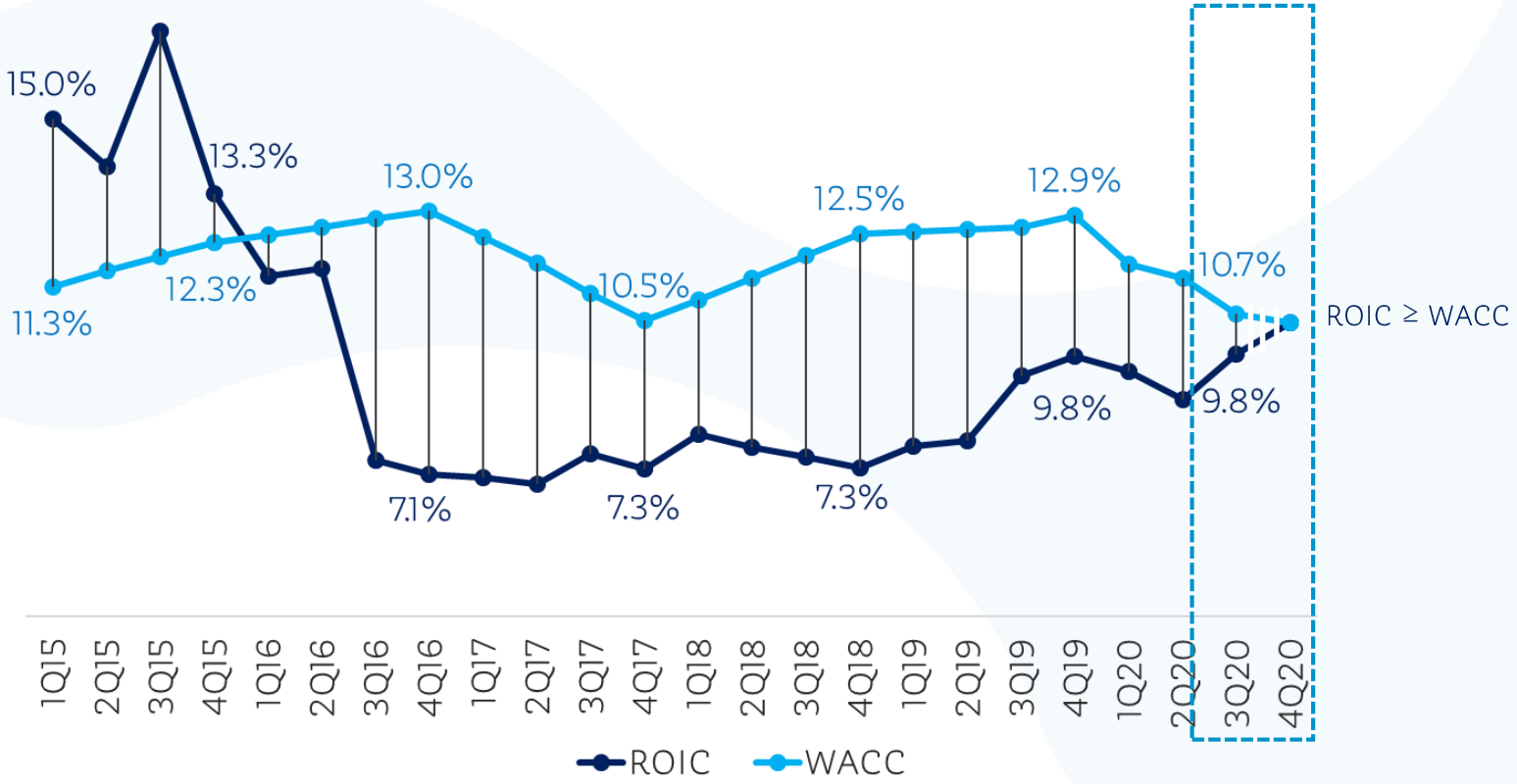
Business case aligned to:
- Purpose
- Strategy
- Sustainability targets
- Value creation

Milestones schedule & Responsibility assigned

Digital platform

Flow | Achievements so Far

6. ROIC Improvement 250 bps



2020
THESIS VALIDATION

- Water industry
- Decentralized & sustainable solutions
- Alignment to megatrends

Flow | The Next Stage

- Launching of new solutions
- Synergies between operations
- Digital & Analytics Platforms

2025

- 2x revenue
- Adj. EBITDA Margin ≥20%
- Net Debt / Adj. EBITDA ≤ 2.0x
- Double-digit ROIC > WACC
  (20%'s Neighborhood)

WATER-AS-A-SERVICE PLATFORM

Mexico & Brazil

bebbia®

Sytesa® Empresa de Grupo Rotoplas

rieggo®

ACUANTIA

United States

PlasticWaterTanks

PLASTIC-MART

THE TANK DEPOT

ROTOPLAS COMMITMENTS

- To being driven by out Company's purpose; best serving our customers and communities
- To ESG best practices, in line with our stakeholders' interests
- To creating value for our shareholders through sustainable growth
- To promoting society's well-being and safeguarding the planet we all share

Mario Romero O.
Chief Financial Officer

THE NUMBERS

Future | Expected Growth

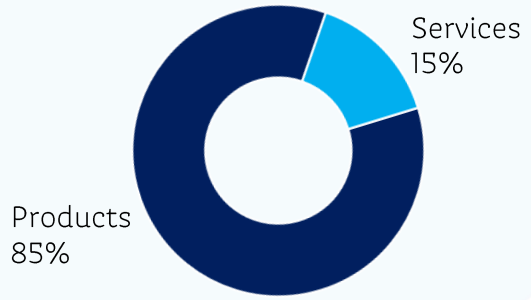
2025

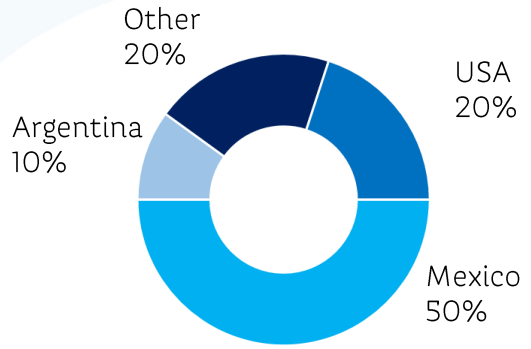
— 2x revenue

— Adj. EBITDA Margin >20%

	Growth CAGR 20-25	
	Revenue	Adj. EBITDA
PRODUCTS	12 - 14%	12 - 14%
Mexico	8 - 10%	9 - 11%
Argentina	5 - 7%	5 - 7%
USA	29 - 31%	44 - 46%
Other	22 - 24%	22 - 24%
SERVICES	30 - 32%~	margin > 20%
TOTAL	14 - 15%	15 - 16%

Revenue 2025





2025 | Strategy

1. FLOW

470	Initiatives with approved business case
$5.8 bn	Incremental sales
$3.1 bn	Incremental Adj. EBITDA
60%	Successs rate

2. THINGS TO CONSIDER

- Flow implementation costs ~$75 mm (6 quarters)
- CapEx 5% of sales
- Government sales < 10%.

3. STRATEGY

MEX
- Grow service platform
- Explore new business opportunities

USA
- Increase conversion ratio of website visits
- Penetrate septic tanks business

ARG
- Pricing policy in line with inflation & boost exports platform
- Self-sustainable cash flow & no local debt

PER
- Develop water flow & control segment

CA
- Capitalize regional synergies
- Add products to solutions portfolio

BRA
- Grow water treatment & recycling plants business

Road to 2025 | Tailwinds

Overwhelmed centralized water systems

Water stress and lack of sanitation infrastructure

Climate Change
- Environmental consciousness
- Natural disasters

E-commerce

Increase in water prices and regulation enforcement

2021

- Revenue growth ≥ 10%
- Adj. EBITDA Margin ≥ 19%
- Net Debt / Adj. EBITDA ≤ 2.0x
- ROIC = WACC + 100 bps

2025 | Capital Allocation Discipline

1. Project proposal
2. Evaluation
3. IRR > WACC
4. Validation and authorization
5. Quarterly status update

Capital Allocation Committee

2021

- Revenue growth ≥ 10%
- Adj. EBITDA Margin ≥ 19%
- Net Debt / Adj. EBITDA ≤ 2.0x
- ROIC = WACC + 100 bps

AGUA* & Peers

Company	Categories	EV/EBITDA 2020e	CAGR Revenue	CAGR EBITDA
Coway	Purification	5.8x	8%	4%
Evoqua	Water treatment & improvement	15.0x	6%	8%
Flowserv	Water flow & control	11.1x	2%	6%
Mueller	Water flow & control	10.3x	6%	8%
Pentair	Storage, purification, irrigation	16.6x	4%	2%
Primo	Purification	10.0x	6%	7%
Rexnord	Water flow & control	12.5x	3%	4%
Veolia	Water treatment and recycling	6.7x	4%	-28%
Watts	Storage, water flow & control, water improvement	17.1x	4%	7%
Xylem	Water flow & control, improvement, water treatment	25.9x	1%	-2%
	Average	13.1x	4%	2%
Rotoplas	Storage, flow & control, improvement, purification, treatment & recycling, irrigation	7.4x	15%	15%

CAGR 20-25
CAGR 20-24
CAGR 20-22

Source: Bloomberg

José Luis Mantecón G.

Sustainability & Human Capital VP

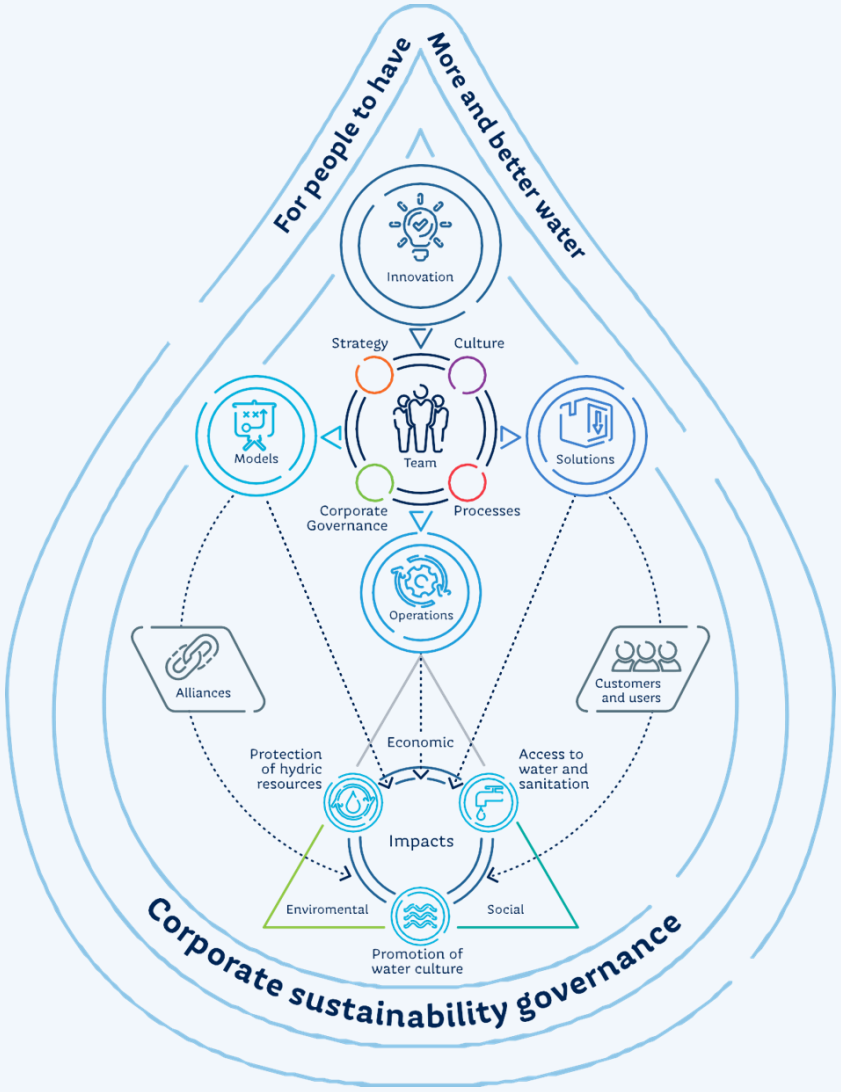
SUSTAINABLE STORY

For people to have
more and better water

Single Comprehensive Strategy

- Transversal to the whole organization
- Defines who we are and who we aim to be

Sustainability Strategy | 2016 - 2020



FOCAL POINTS

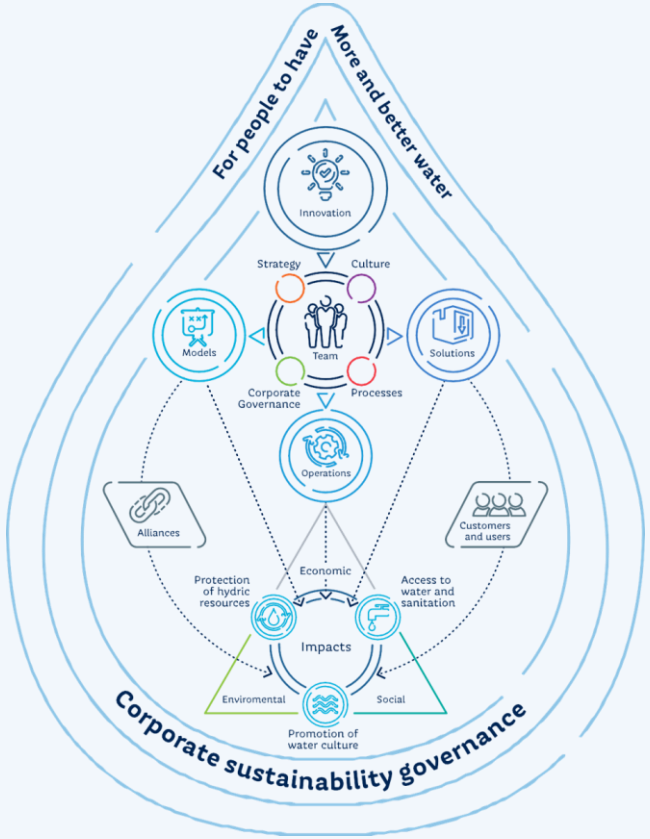
— **1.** Corporate sustainability governance

— **2.** Collaborative innovation with purpose

— **3.** Driving economic and social development

— **4.** Safeguarding water as a resource for the future

Sustainability Strategy | 2016 - 2020



2016 | SDGs Contribution

2017 | First Sustainable Bond in Latam

2017 | DJSI MILA Pacific Alliance

2019 | S&P/BMV Total Mexico ESG Index

95%
Completed

Download yearly sustainability results on:

Sustainability | Frameworks

Create value and promote well-being in a transparent and accountable way

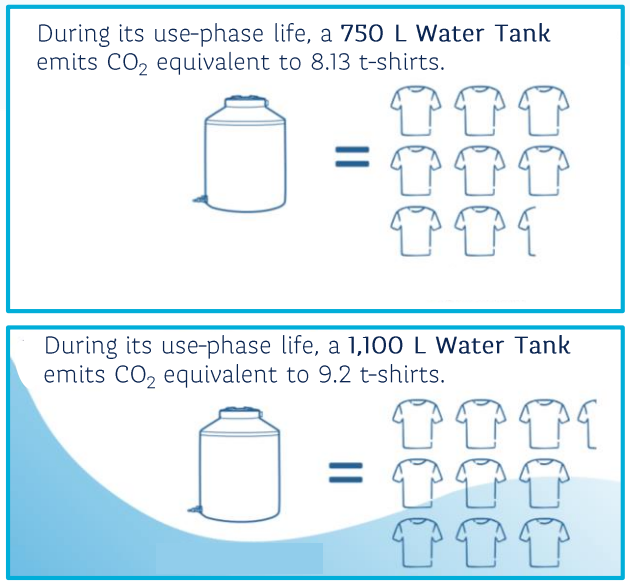
Sustainability | Key Results

Environmental

— Climate Change Strategy

— Use of recycled resins

— Disclosure of products' carbon & water footprint



Social

— Historically low accident rate

— Gender pay gap (woman/man)

	Fixed
Executives	0.93
Middle management	0.97
Individual contributors	1.16
Operations staff	1.07

— Special COVID Committee

— Donations

>1 million liters of storage capacity

>3 million liters of drinking water

mobile handwashing stations

Governance

— Directors make a perfect fit with Rotoplas strategy

- 53% Independent Directors
- Represent 4 generations & 4 nationalities
- Diverse industry backgrounds
- 7% women | 93% men

— Public set of policies

Code of Ethics
Anticorruption Policy
Whistleblowing mechanism

Confía Rotoplas

Flow | Organizational Health

ESSENTIALS

— Empowering teams

— Making agile decisions

— Focusing on client needs

— Having appropriate tools & skills

3.6x **more likely** to achieve business goals

2020-2021 | Sustainability Strategy Evolution

2020

Materiality Assessment

2021

Launch of new Strategy

Environmental

Development of smart & decentralized solutions

Circular Economy

Upgrade Climate Change Strategy

Social

Strengthen Organizational Health

Promote collaborative innovation

Further diversity

Governance

Reinforce risk management processes

Broaden reporting disclosure

Visit our Sustainability Website

Q & A SESSION

We invite you to send questions through the Q&A button on your screen

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for 2 free months
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