

AGUA Day 2023

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# AGUA Day 2023

## Speakers



**Carlos Rojas | CEO**



**Mario Romero | CFO**



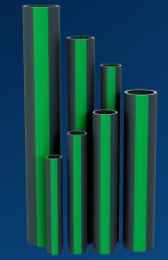
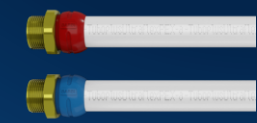
**José Luis Mantecón | CSO**



**Carlos Rojas**  
**CEO**

# CEO's strategic priorities 1 & 2

# Priority 1 | Sustainable Growth of the Traditional Business



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## Tinaco Plus+ | SMART Project



### Positive impact on occupational health

- Improved working conditions
- Increased involvement of women in manufacturing



### Sustainability efficiencies

- Shift from gas to electricity
- Optimization in the use of resins



### Strategic investment approach

- Total investment \$620M pesos
- 70% completed
- IRR ~20%

Implemented in 5 storage manufacturing plants



2024



Tinaco Plus+		Traditional Tinaco
9 kg CO <sub>2</sub> e	<b>CO<sub>2</sub> emissions</b>	16 kg CO <sub>2</sub> e
0.05 liters	<b>Water for cooling</b>	24 liters
40%	<b>% recycled material</b>	17%
6-7 minutes	<b>Manufacturing time</b>	22-25 minutes





# Tinaco Plus+ | Customer-centric improvements

**Screw-on lid**  
To prevent the entry of pollutants

**Lifting lugs**  
Better handling during installation

**Antibacterial layer with Expel technology**  
To inhibit bacterial growth, contributing to safer water storage

**Vertical supports**  
For increased stability and strength



# By offering a superior product we solidify Rotoplas' market position

- 💧 **Cost-effective design**
- 💧 **Differentiated product to maintain leadership**
- 💧 **Innovation and Sustainability**





# Priority 2 | Growth and Development of New Businesses

bebbia®

rsa | Rotoplas  
servicios  
de agua

Acuantia.

rieggio®

# Priority 2 | Growth and Development of New Businesses

bebbia®

**+100K Units in  
2023**



## Latest innovation in B2B purification:

- 💧 **Touchless**
- 💧 **Reverse osmosis and UF technology**
- 💧 **Digital display with temperature control and a child safety lock**

# Priority 2 | Growth and Development of New Businesses

-  Total Addressable Market
-  Served Available Market
-  Key Initiatives for 2024

## bebbia®

- 3 M households (B2C)
- 1 M institutional clients (B2B)
- 500 M USD annual recurring revenues
- Renewing purifiers portfolio
- Training technicians for enhanced service quality
- Implementing a Programmatic M&A strategy

## Acuantia.

- 1.35 Bn USD (septic business)
- Building capabilities to meet U.S. market needs
- Launching advanced septic solutions and improving customer service through a Design/Build delivery model

## rieggo®

- 350 M USD
- Focusing on high-yield crops
- Enhancing automated irrigation solutions

## rsa Rotoplas servicios de agua

- 1 Bn USD
- Generating bookings
- Focusing on water-intensive industries
- Exploring innovative technology and IoT solutions

## Acuantia.

- 800 M USD
- Continuing to build capabilities
- Generating bookings
- Focusing on water-intensive industries: Commercial, Food & Beverage, Chemicals, Automotive



# Mario Romero Orozco

## CFO

# Economic Value Creation

# 2023 | Strategy and key priorities

## 1. Operational Excellence and Profitability

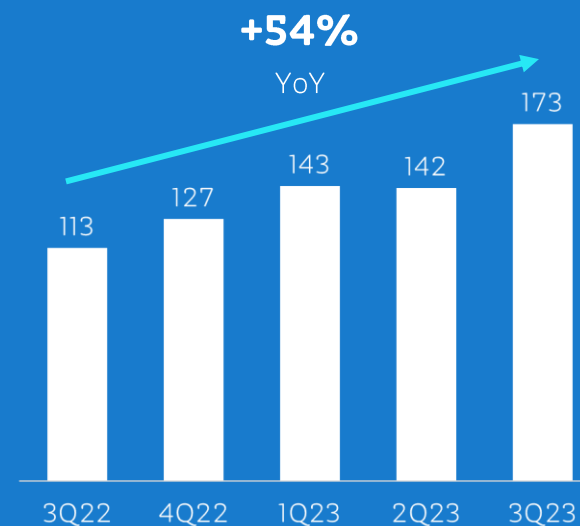
	9M23 vs 9M22	Guidance 2023
Sales	(9%)	(8%)
EBIT	+7%	-
EBITDA Margin	18%	17 – 18%
Net Income	(37%)	-
Leverage	1.6x	< 2.0x



vs 15% in 9M22

## 3. Expansion of New businesses

### Revenue | Services



**+47%**  
9M23 vs. 9M22

## 2. Brand Leadership

	USA	Mexico	Central America	Peru	Argentina
Storage	#1 (online sales)	#1	#1	#1	#1
Waterflow	-	#1	-	Under development	#1
Improvement	-	#1	-	#2	#1

Ranked according to market share or sales



# 2025 | Expected growth

	Growth CAGR 22-25		Updated growth CAGR 23-25	
	Revenue	EBITDA	Revenue	EBITDA
<b>PRODUCTS</b>	12 – 14%	20 – 22%	15 – 17%	20 – 22%
Mexico	10 – 12%	18 - 20%	15 – 17%	15 - 17%
Argentina	12 - 14%	14 - 16%	12 - 14%	12 - 14%
USA <sup>1</sup>	29 – 31%	margin > 7%	24 – 26%	margin > 5%
Other	15 - 17%	17 – 19%	16 - 18%	16 – 19%
<b>SERVICES<sup>2</sup></b>	30 – 32%	margin > 0%	82 – 84%	margin > 0%
<b>TOTAL</b>	14 – 15%	25 – 27%	20 – 22%	26 - 28%

1. Storage solutions (retail business)  
 2. Includes: RSA, bebbia and rieggo in Mexico, the Septic business in the US and Acuantia in Brazil  
 Adjusted growth expectations compared to previous Agua Day



## Growth drivers

- **Water risks** across our markets
- **Programmatic M&A** Strategy
- **New products** penetration

2025

- 2x revenue (vs 2020)
- EBITDA Margin >20%
- Net Debt/EBITDA ≤ 2x
- Double digit **ROIC** (~20%) > WACC

2023-2025

## CapEx

- 1.5% maintenance
- ~ 3% growth capex

Government sales < 10% total revenue

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## Mexico

- National rollout of Tinaco Plus+
- Promotion of New Products
- Implementation of Agile Pricing Strategies
- Scaling up *bebbia*
- Expanding Bookings in RSA
- Continuing *riego* development



## Argentina

- Responsive pricing strategies
- Sustainable cash flow
- Maintaining market leadership



## U.S.A

- Introduce advanced septic solutions
- Partner with installers and engineers for predictable project delivery
- Utilize stores as hubs for replacement parts and local services
- Expanding into light assembly
- Introduce smart water storage solutions with integrated sensors and software



## 2025

2x revenue (vs 2020)

EBITDA Margin >20%

Net Debt/EBITDA ≤ 2x

Double digit ROIC (~20%) > WACC

## Peru

- Maintaining profitability by aligning costs and expenses with demand

## Central America

- Develop synergies between countries, leveraging the Nicaraguan plant
- Continue penetrating the market with recent solution launches

## Brazil

- Continuing to build WWTP capabilities



# Programmatic M&A | Strategy

Elevating M&A to a core competence expected to contribute an additional 4% to 5% growth in the coming years

**Focus**

 Mexico  
 USA  
 Brazil  

In-depth market analysis leading to targeted acquisitions in the U.S., Mexico, and Brazil

**Key businesses**

- Water purification
- Treatment and recycling
- Irrigation

**Acquisition criteria**

- Strategic fit
- Financially attractive
- Accretive acquisitions
- Added operational capabilities
- IRR > 18%



**First acquisition under this strategy**

HiTech assets including the brand, inventory and clients database



# AGUA | Peers & Valuation

Company	5Y Revenue CAGR	5Y EBITDA CAGR	EV/EBITDA	ROIC
FLUIDRA SA	25.0%	37.9%	12.9x	4.7%
RELIANCE WORLDWI	15.8%	21.4%	9.5x	8.8%
GRUPO ROTOPLAS	13.9%	15.3%	7.7x	17.7%
FRANKLIN ELEC CO	12.7%	17.4%	13.4x	15.8%
TORO CO	12.5%	11.0%	15.4x	15.8%
VALMONT INDS	9.6%	9.6%	12.8x	7.4%
COWAY CO LTD	8.9%	10.4%	3.8x	17.5%
BADGER METER INC	7.0%	7.6%	31.0x	18.1%
GORMAN-RUPP CO	6.6%	1.8%	11.9x	8.3%
WATTS WATER TE-A	6.3%	11.3%	16.7x	18.6%
SMITH (A.O.)CORP	4.6%	5.3%	14.1x	30.8%
LINDSAY CORP	4.2%	17.9%	10.4x	13.0%
XYLEM INC	3.2%	3.7%	28.0x	5.6%
FLOWSERVE CORP	-0.3%	-5.9%	15.5x	10.1%
PRIMO WATER CORP	-0.5%	12.1%	NA	4.7%
PENTAIR PLC	-3.5%	-2.8%	16.3x	11.2%
IDEANOMICS INC	-6.9%	N.A.	NA	-198.0%
ZURN ELKAY WATER	-7.7%	-9.9%	20.5x	5.8%
Overall Peer Median	6.4%	10.4%	14.1x	10.7%

AGUA\* trades at a 7.7x multiple compared to 14.1x industry median, despite:

- 2.2x faster growth in Revenues
- 1.5x faster growth in EBITDA

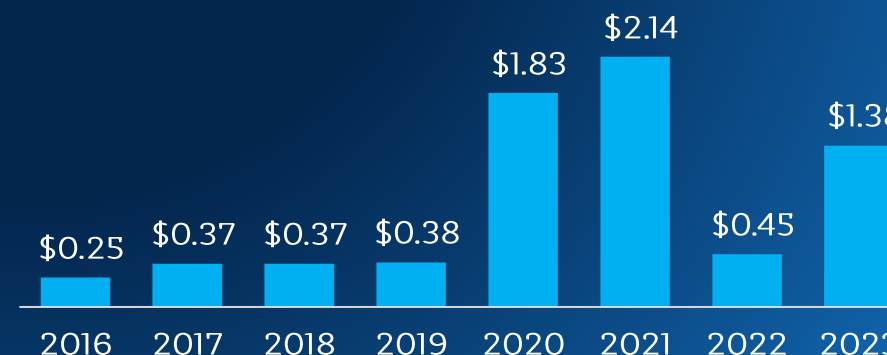
Investing in AGUA is a strategic choice for sustainable growth and enduring value

## Analyst Coverage

GBM	Buy	\$50.00
Signum / Punto	Buy	\$39.00
Miranda Research	Buy	\$44.00
BTG Pactual	Buy	\$40.60
Apalache	Buy	\$44.00
<b>Consensus</b>		<b>\$43.52</b>

>50% Upside potential

## Dividends History



Consistent dividend payment over the last 8 years with an average yield of 4.4%



**José Luis Mantecón**  
**CSO**

# Sustainable Value Creation



# Progress on ESG targets

## Profit

Tier-1 suppliers evaluated with ESG criteria

Customer satisfaction (NPS score)

## Planet

CO<sub>2</sub> intensity – Scopes 1 and 2 per ton of processed resin

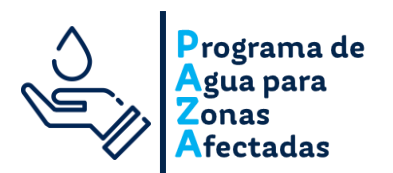
m<sup>3</sup> of water purified by our solutions

## People

People with access to water and sanitation (cumulative)

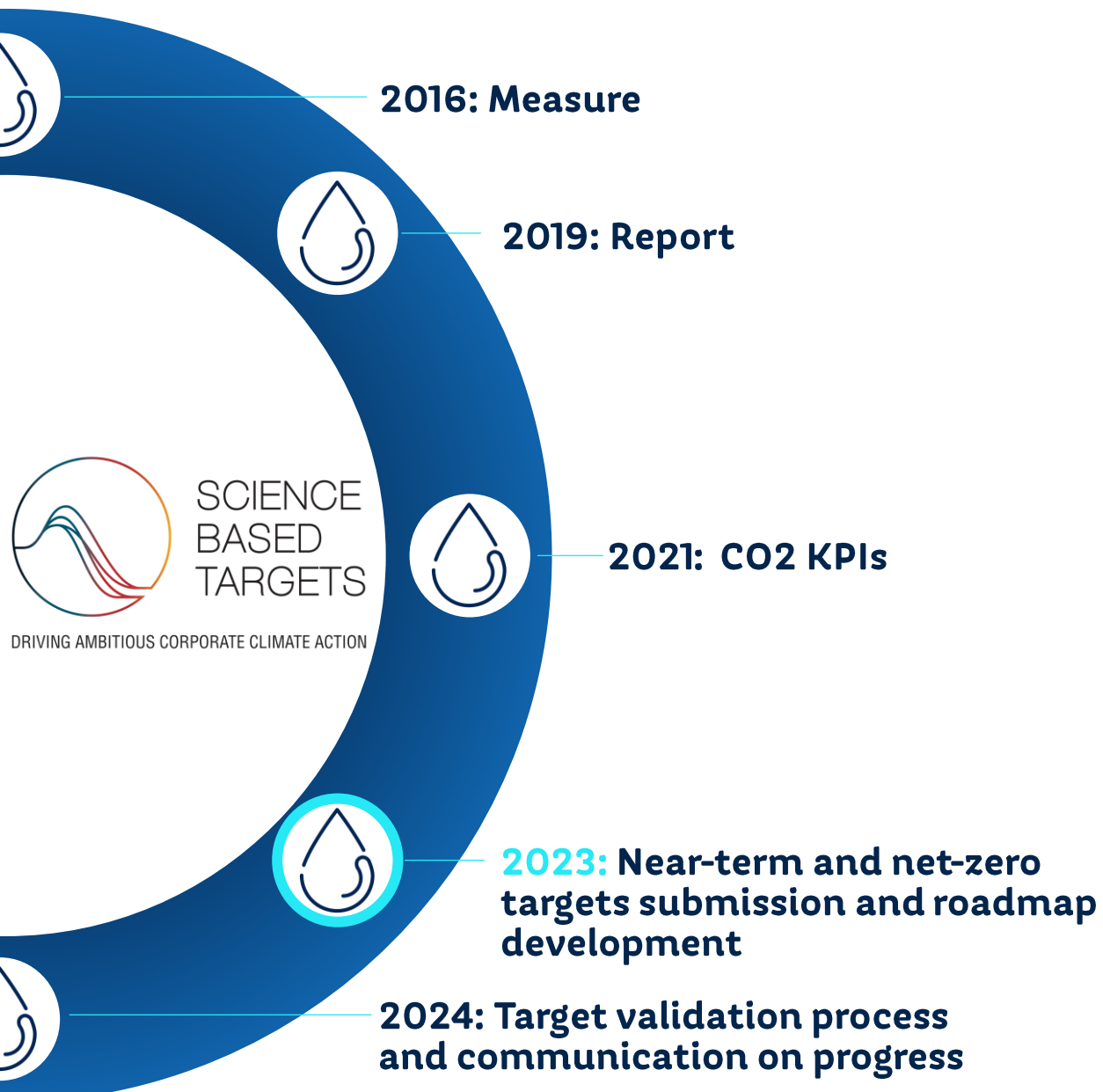
Women in the workforce

	2022	Target 2023	Progress 2023	Target 2025
Tier-1 suppliers evaluated with ESG criteria	20%	45%*	50%	100%
Customer satisfaction (NPS score)	72	73	72	80
CO <sub>2</sub> intensity – Scopes 1 and 2 per ton of processed resin	0.48	0.45	0.40	0.41
m <sup>3</sup> of water purified by our solutions	404K	656K	669K	1.7M
People with access to water and sanitation (cumulative)	553K	788K	776K	1M
Women in the workforce	24%	27%	24%	30%



\*45% of suppliers classified as critical level 1.

# Increasing our ambition to lead the way to a zero-carbon economy



**Before:**

Carbon Neutrality  
(scopes 1 and 2)

**Now:**

Net zero across all scopes



**Near-term targets (2030):**

- To reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2022 base year
- And reduce absolute scope 3 GHG emissions 25% within the same timeframe

**Long-term, net-zero targets (2050):**

- To reduce absolute scope 1, 2 and 3 GHG emissions 90% by 2050 from a 2022 base year.

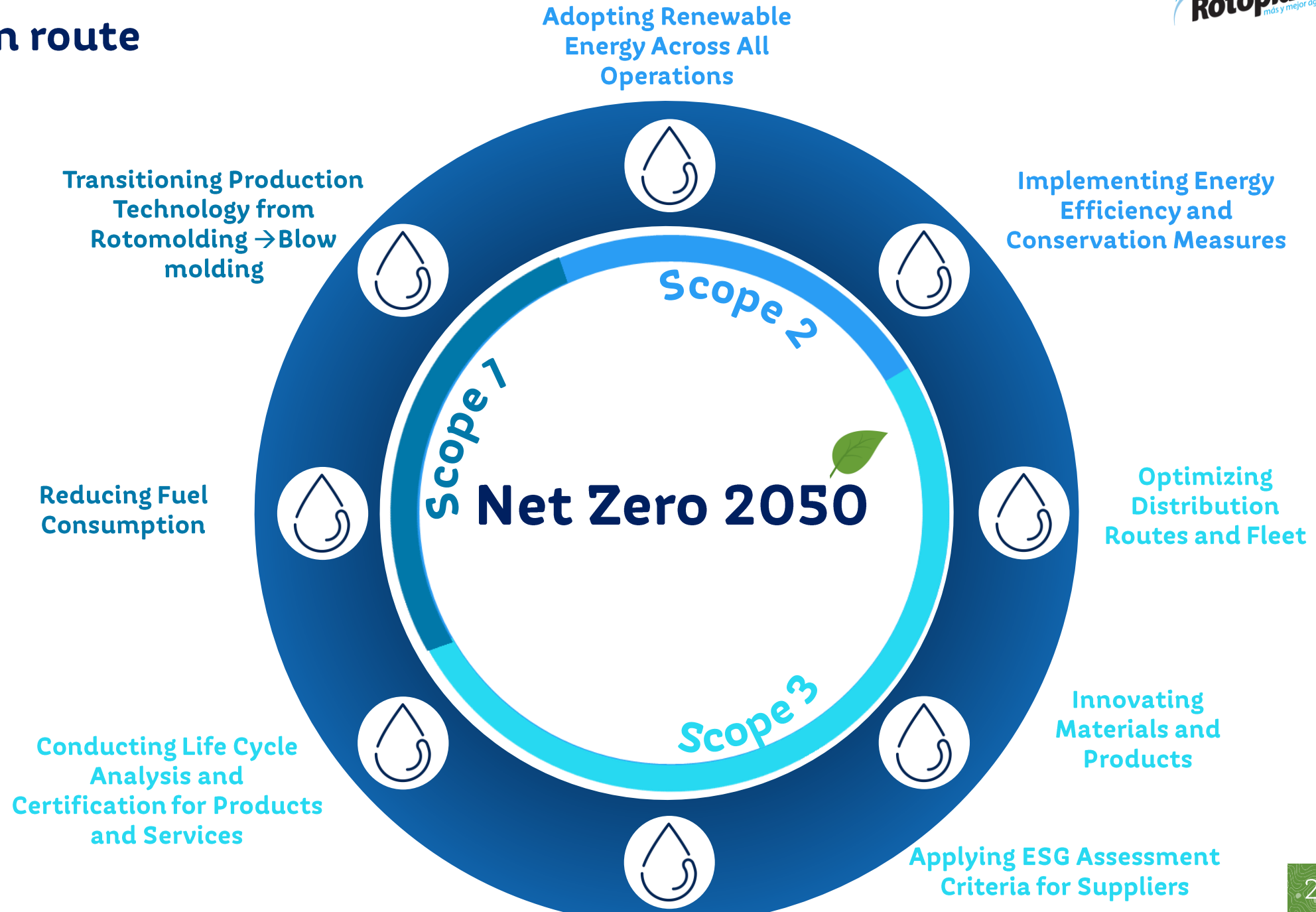
# Decarbonization route

**Scope 1:** 9%

**Scope 2:** 9%

**Scope 3:** 82%

Total emissions:  
247,039 tCO<sub>2</sub>e



# How sustainability is executed



**Environmental** 

- Circularity and Climate Change
- Clean Energy
- Environment, Health and Safety

**Social** 

- Diversity and Inclusion
- Talent Promotion
- Employees Wellbeing

**Governance** 

- Corporate Governance
- Internal and External Communication
- Operational Efficiency



**Carlos Rojas**  
**CEO**

# CEO's strategic priorities

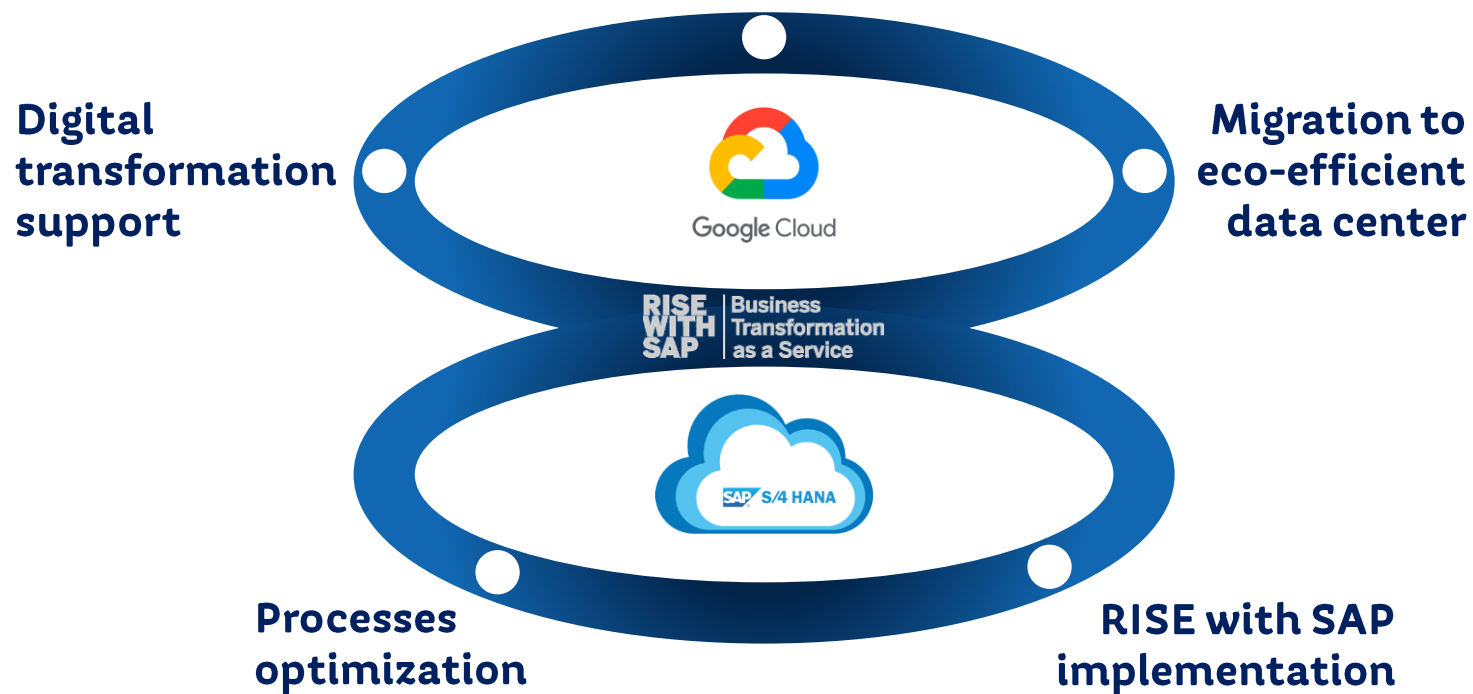
## 3 & 4



# Priority 3 | Digitalization of the Water Ecosystem

## Internal Processes

### Enhanced Cloud Services and AI Integration



### Focus Areas:

- **Process digitalization**
- **AI-driven customer experiences**
- **Workforce tech empowerment**
- **Climate strategy advancement through data**

# Priority 3 | Digitalization of the Water Ecosystem

## Digitalization of services for our clients



### Monitoring Systems

- Non-invasive water consumption tracking
- Providing data for compliance and reporting

### Water Management Database

- Developing a strategy for water footprint reduction and optimization
- Implementing data-driven measures for cost-saving

### Client Engagement & Efficiency

- Installing real-time monitoring systems
- Providing direct client reporting and alerts
- Achieving significant water consumption reduction



## Priority 4 | Commitment to Look After All Stakeholders



To being driven by our **Company's purpose**; to best serve our customers and communities

To having the **best ESG practices**, in line with our stakeholders' interests

To **creating value** for our shareholders through sustainable growth

To promoting **the well-being of society** and **protecting the planet** we all share

# Thank you!

Use the code  
**AGUADAY23**  
20% discount for 12  
months of our **bebbia**  
service



# Thank you, see you next year!

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