



Grupo Rotoplas S.A.B. de C.V.

Corporate Presentation

First Quarter 2021



Forward-looking statements



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ADDITIONAL INFORMATION AND WHERE TO FIND IT

rotoplas.com.mx/investors

www.bmv.com.mx

Ticker: AGUA*



In Rotoplas we are more and better water

- +3 decades in the water industry
- Experts in water products and services
- Presence in 14 countries
- Focused on 360° value creation





Investment Considerations

1 WATER
A nascent industry of opportunities

2 PROVIDING SOLUTIONS
Market leaders

3 WHERE WE ARE GOING
Growth and value opportunities

4 STRONG FINANCIALS
Sustainable focus



MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

1

WATER

A nascent industry of opportunities



Water Demand

Population Growth

| | <u>2020</u> | <u>2050</u> |
|-------|-------------|-------------|
| Rural | 3.0B | 3.0B |
| Urban | 4.0B | 7.0B |
| Total | 7.0B | 10.0B |

The demand for water for non-agricultural uses increases 2.5x faster than the population



General population will grow by an average of 77 million people in the next 20 years

Water Supply



Imbalance in water distribution

10 countries control 60% of the global fresh water supply



Across the world, water supply & sewer systems are



and in many cases have reached the end of their useful lives

40%

decrease in renewable water

per capita in the last 22 years

Water Challenges for Humanity

2.4 billion

people worldwide live without access to adequate sanitation services



2/3

of the world's population live in areas that have water scarcity at least once a month



Market Size & Dynamics

\$ USD 780 billion market

Growing at a

3.3% CAGR



\$ USD 225 Billion market in Latam and North America



24% Market reach for Rotoplas

Horizontal to all sectors

Sectors of interest for Rotoplas:



Water scarcity & quality



Water management & recycling



Agricultural yield

Case Study – Mexico City



“Nowadays, 40% of inhabitants have problems regarding water access and quality“

| | 2018 | 2030 | Δ |
|---------------------------|------|------|-----|
| Water service reliability | 56% | 8% | -7x |
| Shortages | 17% | 35% | 2x |
| Poor quality | 4% | 17% | 4x |

i.e. Nowadays in Tlalpan neighborhood the local government spends US\$7M annually in water trucks

CDMX International Airport

- The city's water system provides 8% of the supply.
- Water trucks from private companies supply the rest
 - 38 trucks a day | 14 thousand trips per year
- Spending on water trucks in 2018 - 64.7 million pesos | 616 million liters

Economically and environmentally unsustainable



Bringing water in and out of the city -2,240m altitude- is energy intensive and very expensive



Renewable water in Mexico will decrease 11% by 2030



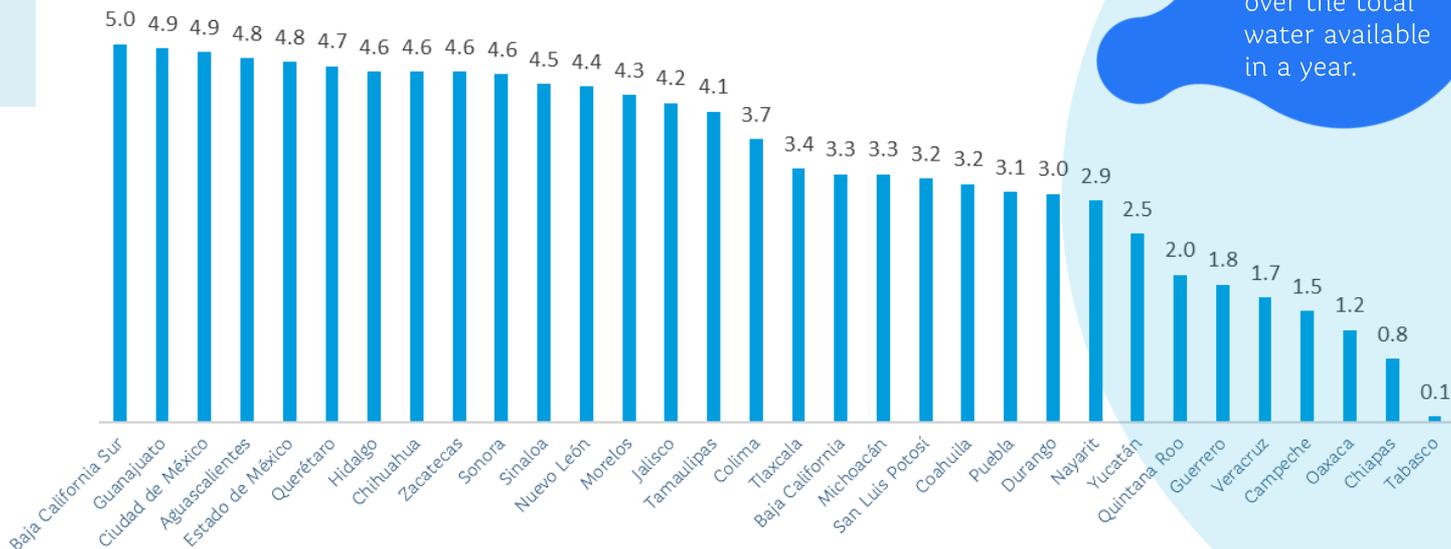
Mexico exceeds the world's average water footprint in 42% (1,978 vs 1,385 m³/hab/year)

Water situation in Mexico



| Country | Ranking | Risk |
|-------------|---------|------|
| Mexico | 24 | 3.86 |
| Guatemala | 57 | 2.36 |
| Peru | 66 | 2.05 |
| USA | 71 | 1.85 |
| El Salvador | 78 | 1.66 |
| Argentina | 92 | 1.31 |
| Costa Rica | 107 | 0.92 |
| Brazil | 112 | 0.78 |
| Honduras | 133 | 0.27 |
| Nicaragua | 137 | 0.21 |

General water risk¹



¹In relation to the percentage of consumption over the total water available in a year.

0-1 low 1-2 low-medium 2-3 medium-high 3-4 high 4-5 extremely high

2 PROVIDING SOLUTIONS

Market leaders



The Company

1994 Storage Products



1 country
800 direct clients
500 employees
3,000 points of sale
2 product lines
8 plants
1 innovation and development center

Sales
MXN 500mm

EBITDA
MXN 70mm

4Q20 Water Market Leader



14 countries (14x)¹
53,500+ points of service
3,400+ employees (7x)¹
29,000+ points of sale (10x)¹
27 product lines (14x)¹
18 plants (2x)¹
1 innovation center

Sales
MXN 9,152mm (CAGR: 4.9%)²

EBITDA
MXN 1,688mm (CAGR: 10.1%)²

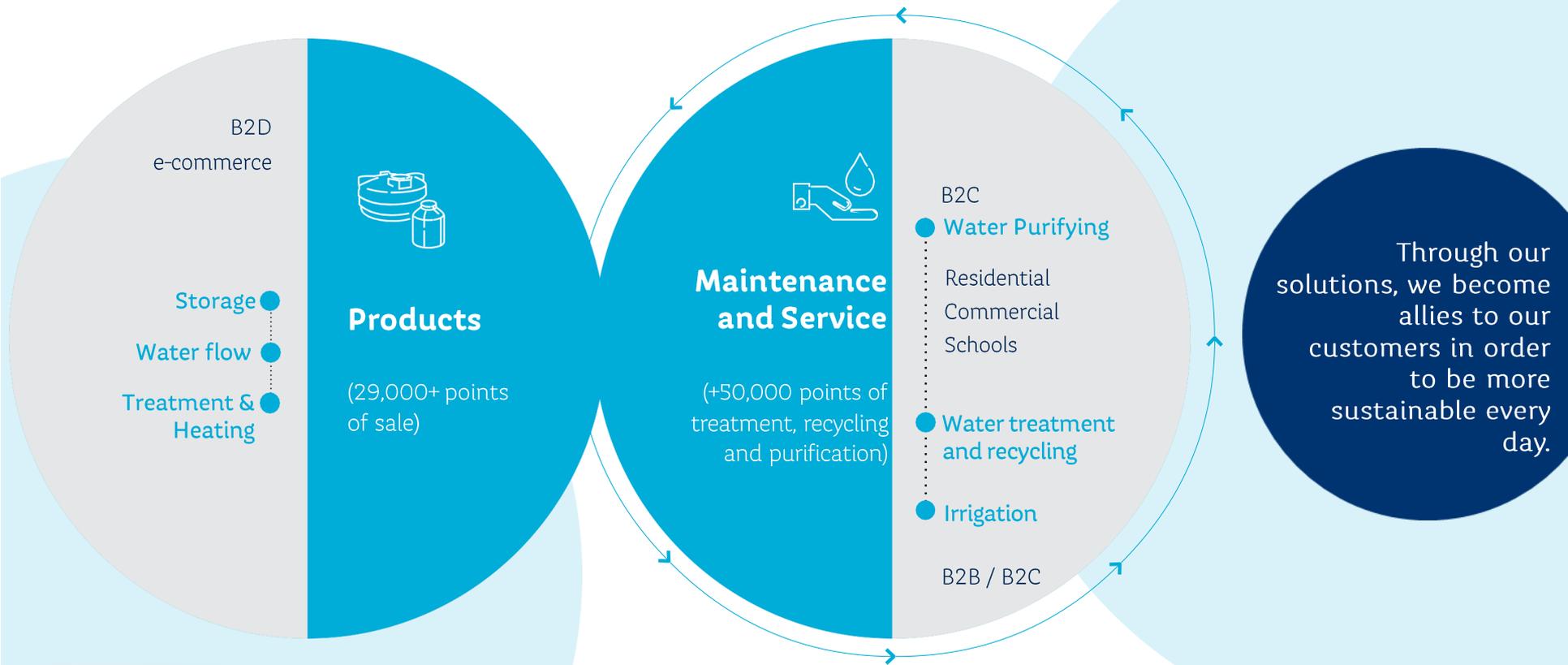
¹ Comparación contra 1994

² TACC 2014 – U12M20

Key metrics 2014 – LTM21

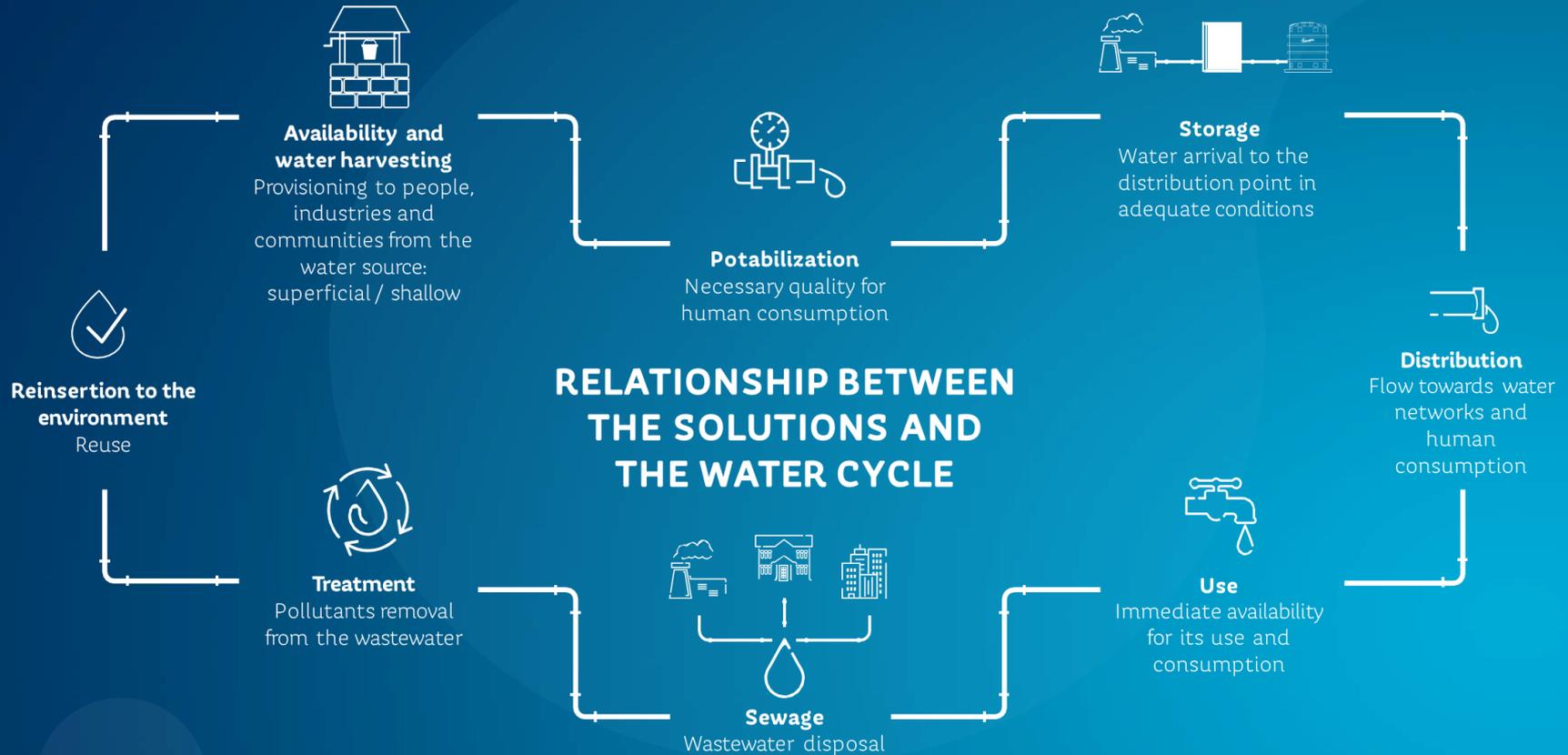


Business Model | Decentralized Water Solutions



B2B: Business to Business
B2C: Business to Consumer
B2D: Business to Distributor

Our products and services are present throughout the water cycle.



PRODUCTS

**STORAGE****Water tanks**

Dual tank
Low- and mid-range tank

Cisterns**Industrial and agricultural**

Storage tanks for Water and Chemicals
Inductor tanks
Horizontal tanks
Feeders

**WATER FLOW****Piping**

Ultraflex
Hydraulic
Fortech-CT pipes

Plastic bolts and Connectors**Valves**

Check Control valve

Pumps

Hydropneumatic systems
Centrifugal, peripheral, submersible, circulating pumps

Sanitary Catch Pits**IMPROVEMENT****Heaters**

4-stage electric showerhead
Water heaters, boilers

Biodigesters**Filters**

Filters: standard, jumbo, refrigerator, tap, jug with integrated filter

Water purifiers

Countertop, over sink, under sink, reverse osmosis
Water purifier and alkalizer

Family-orchard-type agricultural irrigation system**Domestic wastewater treatment**

Residential septic tanks

**SELF-SUSTAINABLE****Rural rainwater harvesting system****Urban rainwater harvesting****Outdoor toilet with biodigester****Water treatment and recycling**

Wastewater Treatment Plants (WWTP), Post-industrial and Pre- consumption water

Water Purification Plants
Desalination Plants

Rainwater harvesting systems for industries (complementary to treatment plants).

Sytesa. Empresa de Grupo Rotoplas

**Drinking water purification**

Residential and commercial purifiers

bebbia.

School drinking water fountains

Rotoplas

**Management of agricultural water**

Intelligent irrigation systems for the agricultural sector

rieggo.

Trade names:

Favorable Growth Drivers | Tailwinds



PRODUCTS

Storage

- Rapid urban growth = supply interruption → higher demand for water storage products
- Water demand > centralized system capacity (old infrastructure and poor city planning)
- Growing trend of circular economy - use of recycled resins in water tanks

Flow

- New technologies for cleaner and "zero leakage" water systems
- Urban growth > rural growth
- Growing customer needs water data measurement & control

Treatment & heating

- Lack of centralized sewage infrastructure in developed & developing countries
- Energy efficiency for a sustainable world
- Increasing levels of contamination in water tables

SERVICES

Purification

- New generations seeking to reduce water & carbon footprint = sustainment = ∅ plastic bottles
- Largest generation (millennials) favors subscription economies
- Large addressable markets (i.e. 86% people drink bottled water in Mexico)

Treatment & recycling

- Environmental awareness
- Regulation enforcement towards higher standards for residual water
- Increase in water prices

Purification

- New generations seeking to reduce water & carbon footprint = sustainment = ∅ plastic bottles
- Largest generation (millennials) favors subscription economies
- Large addressable markets (i.e. 86% people drink bottled water in Mexico)

Competitive Advantages

- Value
- Quality
- Social Responsibility



- Focus on **ESG (Environmental, Social & Governance)**
- Operational excellence in our **processes** backed by a SAP platform
- **Customer Centric** culture
- **Strategy** with a robust coherence matrix for capital allocation within the water space

- Over **29,000** points of sale in America
- Over **53,500** points of treatment, recycling and purification



- Focused on **innovative** projects
- Rotoplas allocates **5% of its EBITDA to R&D**

Water footprint – 16 products (ISO 14067)
Carbon footprint – 5 products (ISO 14046)

Environmental Cards



Water
Footprint



Carbon
Footprint

ESG focus



+28,300 hrs¹
training collaborators on human rights, processes, health and safety, among other topics



+9,500¹
plumbers trained



+1,153,000²
children benefited



+70%
energy from sustainable sources



Circular economy “Green Project”
program to use recycled resins in our products
+10% of resins



54% independent
Board Members



Audit, Compensation and Corporate Practices Committees chaired by independent Board Members



Sustainability Committee
reporting indirectly to the Board of Directors

- DJSI MILA Pacific Alliance (Sustainability Index)
- S&P/BMV IPC Sustainable Index
- ESG Bloomberg - **Top 10 in Mexico**

2018 GRI Exhaustive Standards and verified Annual Report

2017 GRI Exhaustive Standards

2016 Annual Integrated Report elaborated under GRI Standards

2015 Annual Integrated Report under GRI 4

For more about our ESG performance visit our website www.rotoplas.com

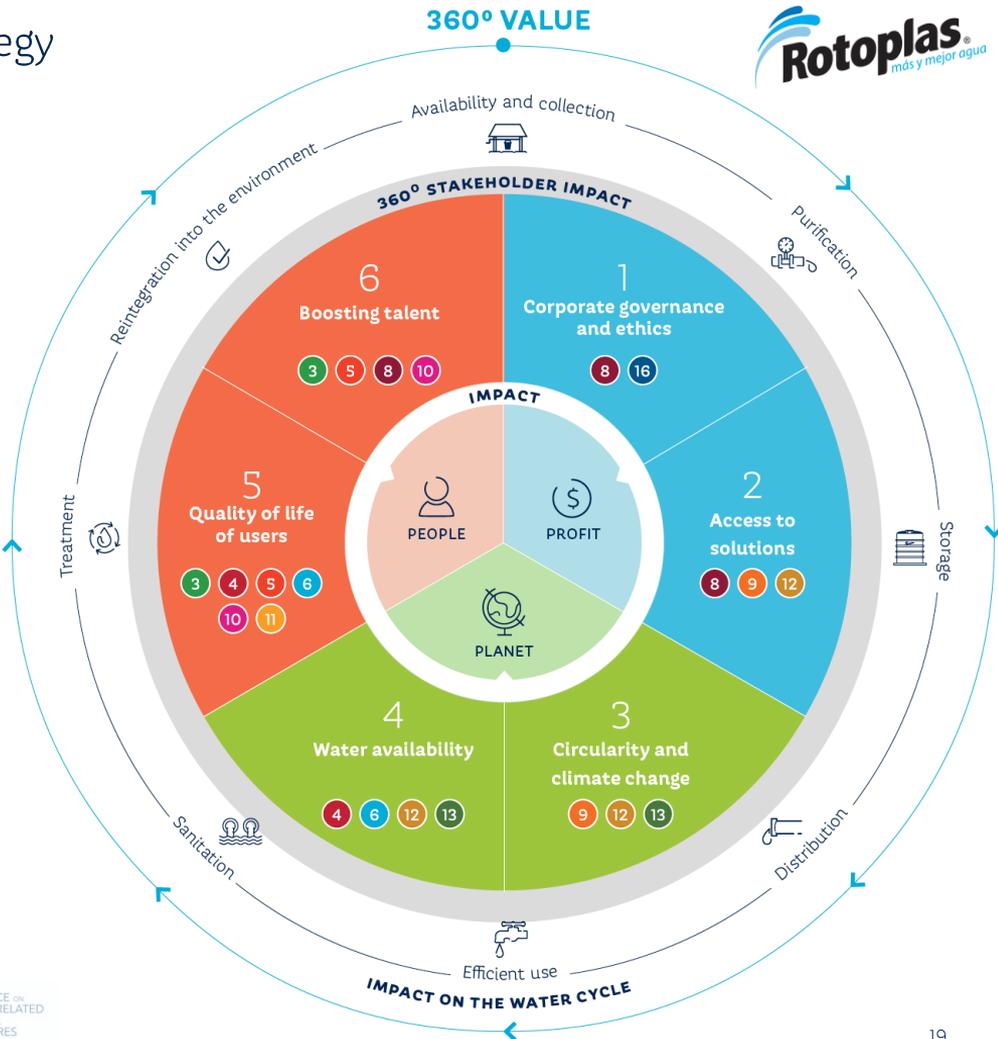
¹During 2020.

²Cumulative and including only INIFED water fountains beneficiaries.

360° Value | 2021-2025 Sustainability Strategy



360° stakeholder impact



2016-2020 Sustainability Strategy

2016 | SDG Contribution

2017 | First Sustainable Bond in Latam

2017 | DJSI MILA Pacific Alliance

2019 | S&P/BMV Total Mexico ESG Index



Climate Change Strategy

Seeks to mitigate risks and capitalize on opportunities raised by climate change for Rotoplas and its stakeholders

Rotoplas measures its GHG emissions scope 1,2,3 as well as its water footprint



| | | |
|--|----------------------|--|
| | Mitigation | Reducing Greenhouse Gas Emissions (GHG) |
| | Adaptation | Reduce vulnerability to Climate Change |
| | Opportunities | Capitalize on opportunities in water & climate change - products and services |

Action items for stakeholders:

1. Culture of leadership against climate change
2. Climate change in the supply chain
3. Strengthen Rotoplas' resilience using technology and innovation
4. Climate change criteria in distribution
5. Awareness of climate change mitigation and adaptation

Climate Change Strategy



• Renewable energy supply - solar panels -



• Incorporation of recycled resins (own and third party)



• Development of blow-molding process for the manufacture of water tanks, more efficient in terms of energy and water consumption



• Reuse of water by offering treatment and recycling services



• Energy efficiency projects in rotomolding and compounds plants (e.g. fuel substitution and thermal sleeve replacement in gas injectors)

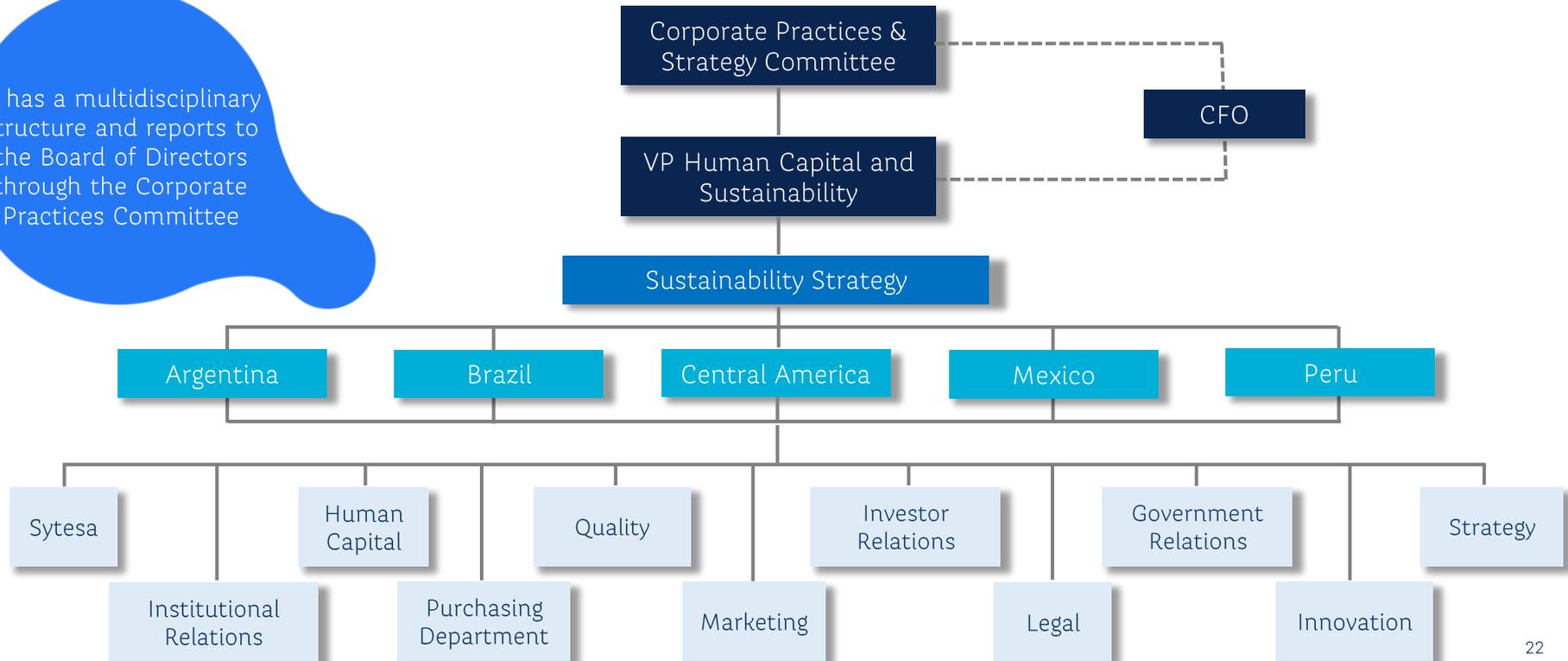
Main initiatives|
energy & materials
circularity



Sustainability Organizational Structure

The Sustainability Committee is responsible for promoting, coordinating and monitoring the different initiatives related to the Sustainability Model and the Sustainability Strategy.

It has a multidisciplinary structure and reports to the Board of Directors through the Corporate Practices Committee



Best Corporate Governance Practices



Independent Members / Total Members

Our board of directors:

- Transparency — ➤ 54% Independent Members
- Diversity — ➤ 5 international Board Members
- Innovation — ➤ Represented by 4 different generations
- Equality — ➤ Gender equality in the Board, 8% women
- Experience — ➤ Board Members with diverse industry backgrounds & more than 500 years of combined experience
- Meetings — ➤ 4 ordinary meetings annually

3 WHERE WE ARE GOING

Growth and value opportunities



Flow | Transformational program for a sustainable growth

What is it?

It is an organizational transformation program.

What is it for?

To seek sustainable growth and the creation of economic, social, and environmental value

When did it start?

It was proposed in June 2019 and the work plan was launched in August 2019

Who participates?

All employees can participate by proposing initiatives.

In 2020, more than 45% of the workforce participated directly.

How does Flow work?

Through three pillars

- Profitability of the current portfolio
- Growth, executing opportunities, and finetuning capital allocation
- Culture and organizational health

How is it executed in the day to day?

Through the design and execution of initiatives which, to be approved, must demonstrate their alignment to the purpose, to the overall strategy, and to sustainability. They must also be supported by a business case, milestone scheduling, and the assignment of initiative managers.

Who oversees their fulfillment?

- The Steering Committee
- The Transformation Office (Vice -Presidency level)
- The Capital Allocation Committee

How to ensure the follow-up of the initiatives?

Initiatives and their follow-up are managed through a digital platform.

FIRST STAGE (Aug 19 - Dec 20)

"To achieve a ROIC higher than the cost of capital in under 18 months"

Result: ROIC above the cost of capital by 240 bps

SECOND STAGE

The 2021-2025 business plan aims to:

- Double company sales (vs. 2020)
- EBITDA Margin 20%
- Net Debt / EBITDA 2.0x
- Double-digit ROIC (about 20%)

How are interests aligned internally and externally?

Employees' variable compensation at the Group level is linked to the achievement of the ROIC target.

Employees who are directly involved in the execution of initiatives also receive additional compensation when the initiatives reach the objectives established.

Consultants have variable compensation linked to the achievement of the objectives.

Flow | Transformation Program

Enhance performance of current portfolio

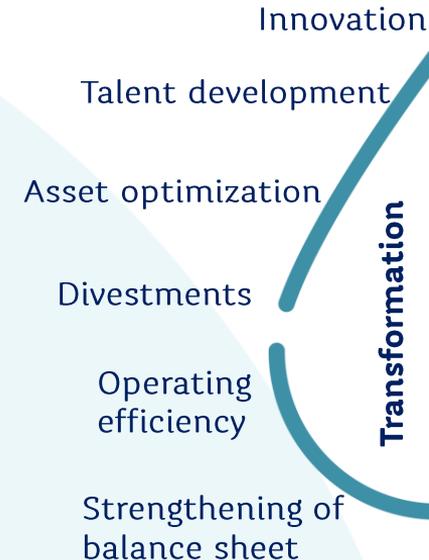
- Revenue levers
 - 1) Price & volume optimization
- Cost levers
 - 1) Procurement of materials
 - 2) Manufacturing efficiency
 - 3) Distribution costs optimization
- Working capital levers
 - 1) Inventory levels optimization
 - 2) Customization of accounts receivable & accounts payable policies

B. Growth initiatives

- Improve quality and execution on growth opportunities
- Clear set of opportunities:
 - 1) Cross Selling
 - 2) Boost the water-as-a-service platform
 - 3) Bolster growth of the e-commerce platform
- Improve capital allocation decisions

C. Improve organizational health

- Change management
- Project diligence and accountability
- Organizational Climate revision
 - 1) through OHI and GPTW Surveys



Cross selling opportunities

Rotoplas seeks to expand its solutions portfolio to meet population needs in every region

- Current offering
- e-commerce
- Plan



PRODUCTS

| | | | | | | |
|---------------------|-----|--|--|--|-----|--|
| Storage | | | | | --- | |
| Flow | --- | | | | --- | |
| Treatment & Heating | | | | | --- | |

SERVICES

| | | | | | | |
|-----------------------|-----|--|-----|-----|-----|-----|
| Purification | --- | | --- | --- | --- | --- |
| Treatment & Recycling | --- | | --- | | | --- |
| Irrigation | --- | | --- | --- | --- | --- |

Strategy per country or region



MEXICO

- Grow service platform
- Maintain products leadership
- Explore new business opportunities



bebbia® rieggo®

Sytosa® Empresa de Grupo Rotoplas



PERU

- Maintain leadership in storage and improvement
- Develop and grow water flow and control segment
- Maintain growth and profitability pace



USA

- Increase conversion ratio of websites
- Improve profitability
- Penetrate septic tanks business



tank-depot.com



plastic-mart.com



plasticwatertanks.com



CENTRAL AMERICA

- Maintain leadership in storage and improvement
- Fully capitalize regional synergy and presence
- Add products to the solutions portfolio



ARGENTINA

- Maintain leadership – market leading brands
- Price policy in line with inflation
- Boost exports platform to Mercosur Caribe & Africa
- Keep operations self-sustainable in terms of cash flow



BRAZIL

- Develop service platform through water treatment & recycling plants



Improve discipline in Capital Allocation

Resource allocation for:



Organic growth



Inorganic growth
Coherence matrix approach



Share buybacks



Dividend Payment



Debt Payment

Process:



Project proposal



Evaluation



$IRR > WACC$



Validation and
authorization



Quarterly status
update

Supported by a Capital Allocation Committee

Flow | Transformation results



| | Guidance 2020 | Results 2020 | |
|------------------------|------------------|-----------------|---|
| Sales | > 10% | 11.0% | ✓ |
| Adj. EBITDA Margin | ≥ 18% | 18.2% | ✓ |
| Net Debt / Adj. EBITDA | < 2x | 0.6x | ✓ |
| ROIC | ≥ WACC (10.0%) | 12.4% | ✓ |



>1,500
involved
employees

>350
Fully
executed initiatives

>20
Launching of new
solutions

34 days
Reduction of cash
conversion cycle



FLOW 1Q21

> Ps. 414 million
additional sales

6
new solutions
launched

> 40
fully executed
initiatives

> Ps. 100 million
contributed To EBITDA

14.8% > 10.5%
ROIC WACC



> **8%**
Increase in AGUA*
share price

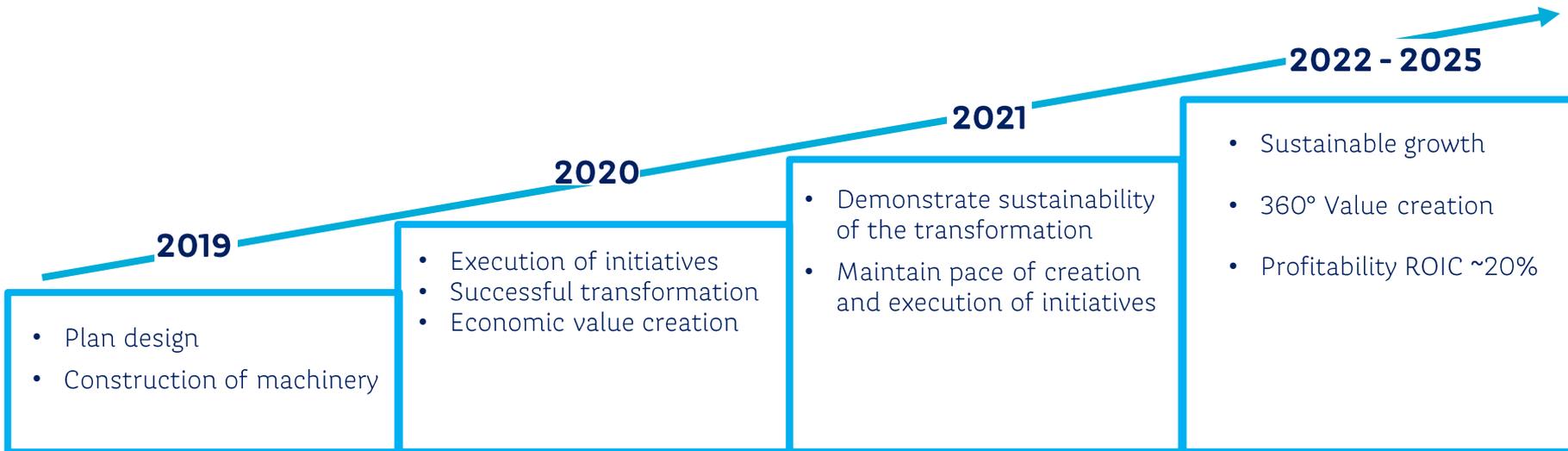
> Ps. 59 million
CapEx related to Flow
Initiatives

34-day
reduction in cash
conversion cycle

> 750
employees involved



FLOW | Transformation



What's next for Flow?

2025 Guidance

- 2x Sales
- Adj. EBITDA Margin $\geq 20\%$
- Net Debt / Adj. EBITDA. $\leq 2.0x$
- Double digit ROIC > WACC
(20%'s Neighborhood)

Growth Avenues

 **Water-as-a-service Platform**
Mexico & Brazil

bebbia® Sytesa.  Empresa de Grupo Rotoplas

rieggio®

 **ACUANTIA**
United States



 **Launching of new solutions**

 **Synergies between operations**

 **D&A Platforms**



2025 | Expected Growth

2025

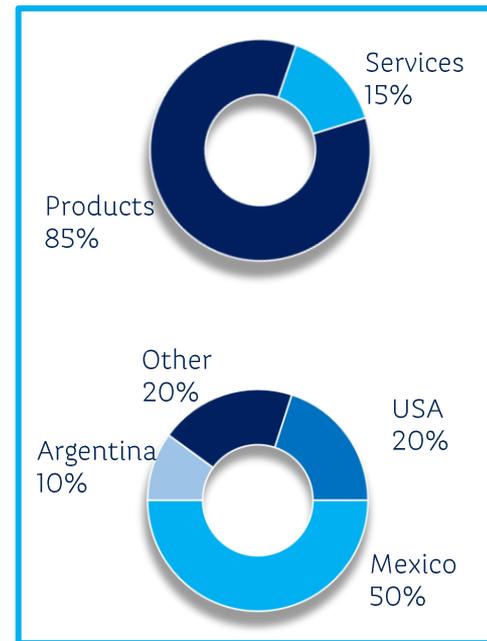
— 2x revenue

— 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% |

Revenues 2025



2025 | Strategy

1. FLOW

470 Initiatives with approved business case

\$5.8 bn Incremental sales

\$3.1 bn Incremental Adj. EBITDA

60% Success 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

- PER**
- Develop water flow & control segment

- CA**
- Capitalize regional synergies
 - Add products to solutions portfolio

- BRA**
- Grow water treatment & recycling plants business



- Sales growth $\geq 10\%$
- Adj. EBITDA Margin $\geq 19\%$
- Net Debt / Adj. EBITDA $\leq 2.0x$
- ROIC = WACC + 100 bp





ROTOPLAS COMMITMENTS

- To being driven by our **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

4 STRONG FINANCIALS

With a sustainable focus

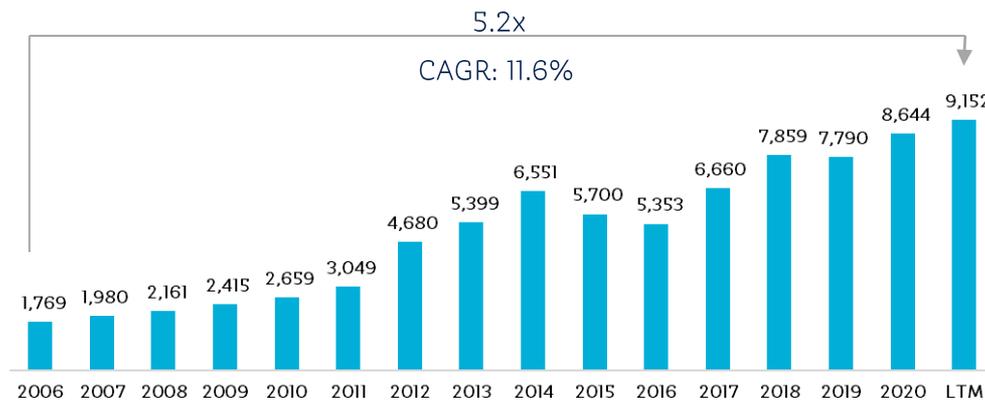


Business Model Resilience

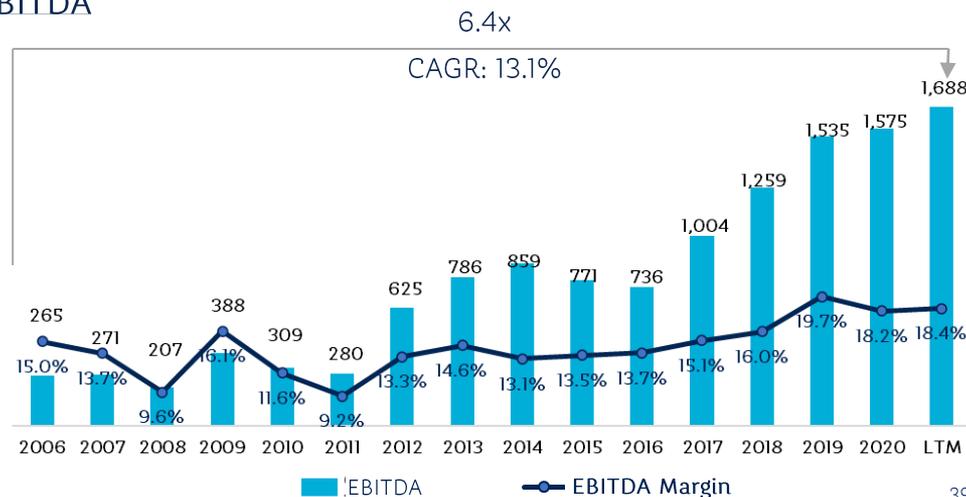
- Continuous growth
- Double digit margins
- Strong Management

- Mexico – 41 years
- Central America – 23 years
- Peru – 21 years
- Argentina - 21 years
- Brazil – 20 years
- USA – 5 years

Sales

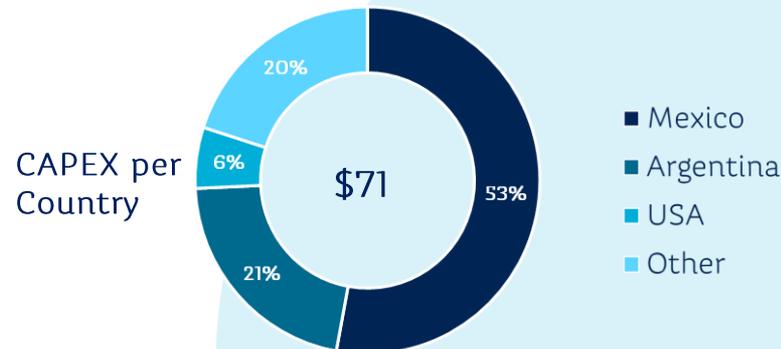
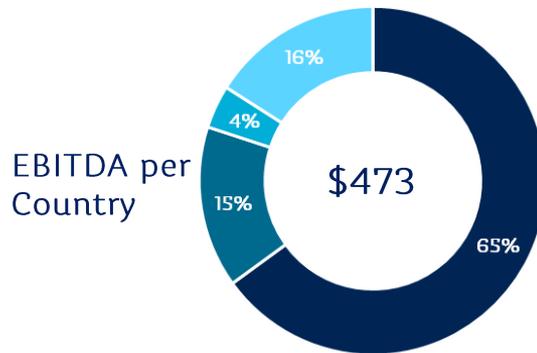
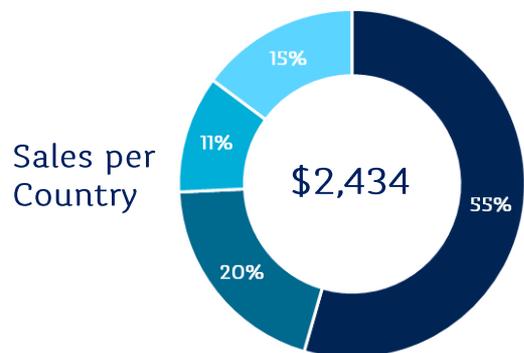


EBITDA



1Q21 Results

MXN mm



- Mexico
- Argentina
- USA
- Other

| | 1Q21 | 1Q20 | Δ %/bp |
|--------------------------------|--------------|------------|--------------|
| Net Sales | 2,434 | 1,926 | 26% |
| COGS | 1,428 | 1,083 | 32% |
| Gross Profit | 1,006 | 843 | 19% |
| Margin | 41.3% | 43.8% | (250) |
| Operating Income | 305 | 278 | 10% |
| Margin | 12.5% | 14.4% | (190) |
| Comprehensive Financing Result | 122 | (392) | (131%) |
| Taxes | 50 | 188 | (73%) |
| Adjusted EBITDA | 473 | 360 | 31% |
| Margin | 19.4% | 18.9% | 70 |
| Net Profit | 134 | 463 | (71%) |

Cash Conversion Cycle
77 days



Inventory Days
61



Accounts Receivable Days
50



Accounts Payable Days
34

Sound Financials

MXN mm



Debt Maturity Profile



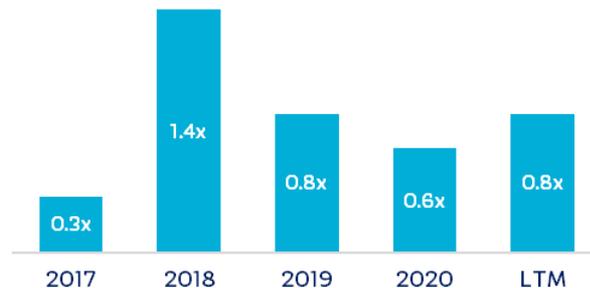
Strong Balance Sheet to support growth

| | March 2021 |
|-----------------------------|---------------|
| Cash and Equivalents | 2,854 |
| Other Assets | 10,084 |
| Total Assets | 12,938 |
| Debt | 4,200 |
| Other Liabilities | 2,503 |
| Total Liabilities | 6,703 |
| Equity | 6,235 |
| Liabilities + Equity | 12,938 |

Interest coverage*



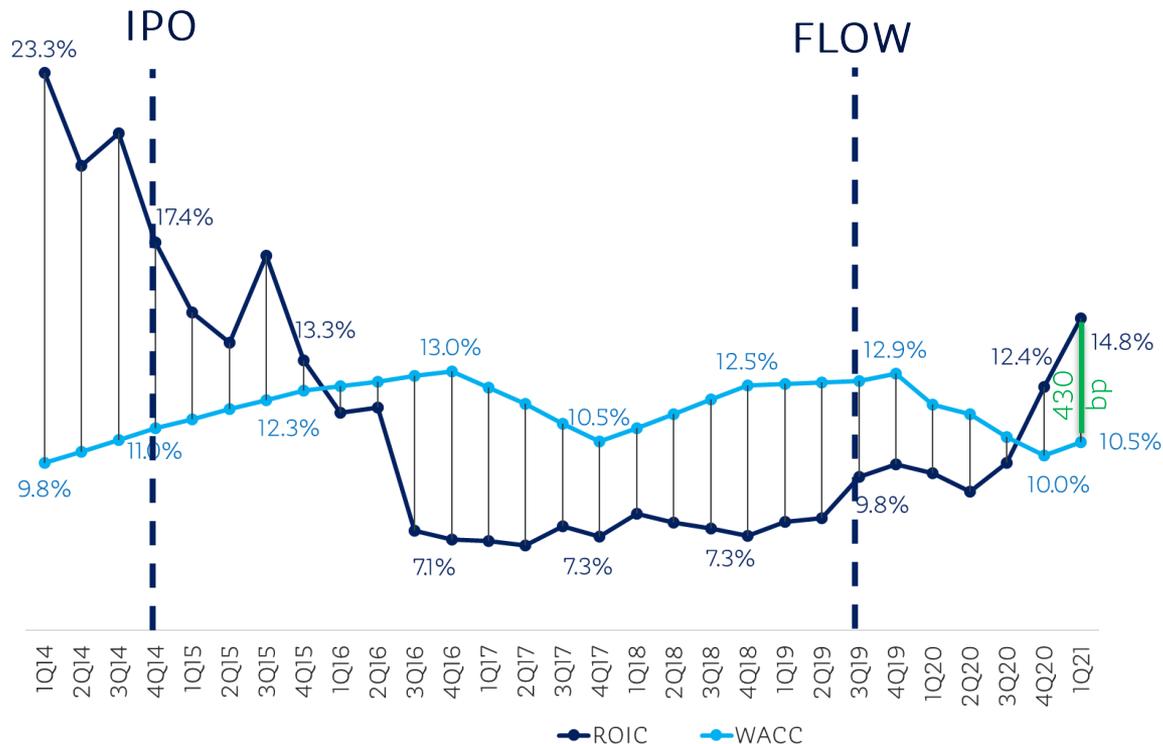
Net debt / EBITDA



*Los gastos financieros utilizados para el cálculo consideran los intereses pagados derivados de los pasivos con costo

*Cálculo de cobertura de intereses: EBITDA/Intereses a cargo

ROIC vs Cost of Capital



Improvement in ROIC through the Flow transformational program:

- Greater discipline in Capital Allocation (Control Tower).
- Increased production efficiency in manufacturing process.
- Strict discipline on spending.



ROIC: NOPAT L12M/Invested Capital t, t-1
 Invested Capital: Total Assets – Cash and cash Equivalents– Short-Term Liabilities ROIC excludes Flow program execution costs in 2Q20, 3Q20, 4Q20 and 1Q21 as they are non-recurring.



Thank you!

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