

2023



1Q

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

Corporate Presentation



Investment considerations

01

We are water solutions

02

Clear structure for a sustainable future

03

Strong Finances

04

Water, a treasure at risk

Mission | for people to have more and better water

Vision | Offer non-centralized and sustainable water solutions, with relevant benefits for our customers, within the Rotoplas Way

01

We are
water
solutions

Key Messages

Rotoplas pays dividends annually, despite being a growing company

Sustainable growth plan:
double sales in 5 years

Transformation story:
Rotoplas significantly increased its ROIC in 2 years

Leader in sustainability and innovation – Rotoplas operates sustainably and helps its clients to reduce their environmental impact

Upside potential

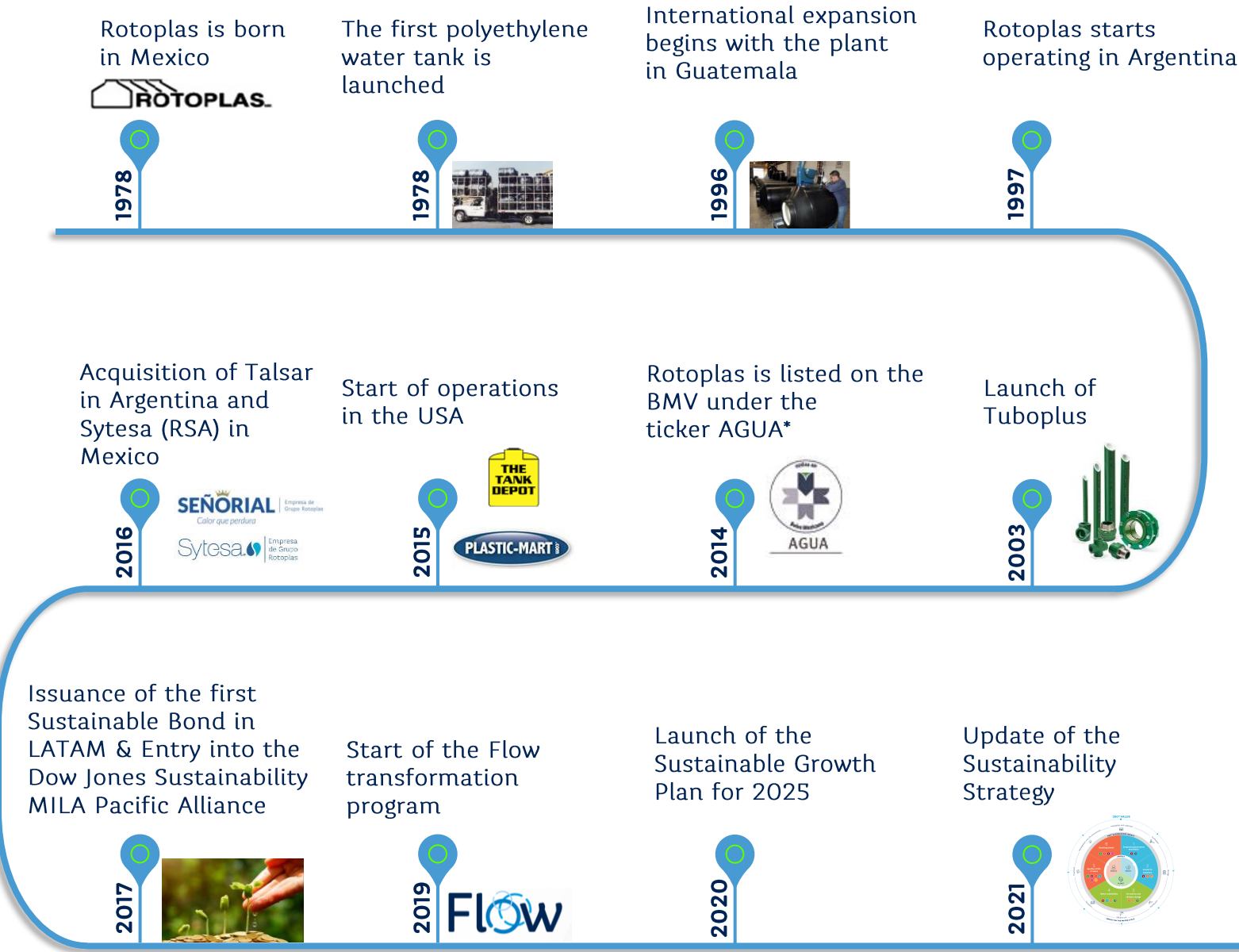
Clear climate change and diversity targets



Analyst Coverage

GBM	Buy	\$50.00
Signum / Punto	Buy	\$42.22
Miranda Research	Buy	\$44.00
BTG Pactual	Buy	\$39.50
Apalache	Buy	\$44.00
Consensus		\$43.94

A story motivated by water



14 countries

18 plants

+3,200 employees

27 product lines

3 Service lines

+32,000 points of sale

+90,000 points of service

Our Products | Solutions for adapting to climate change

Storage



Waterflow








Instalamos
confianza
AGUA, GAS y DESAGÜE

Improvement



Value Traditional Business

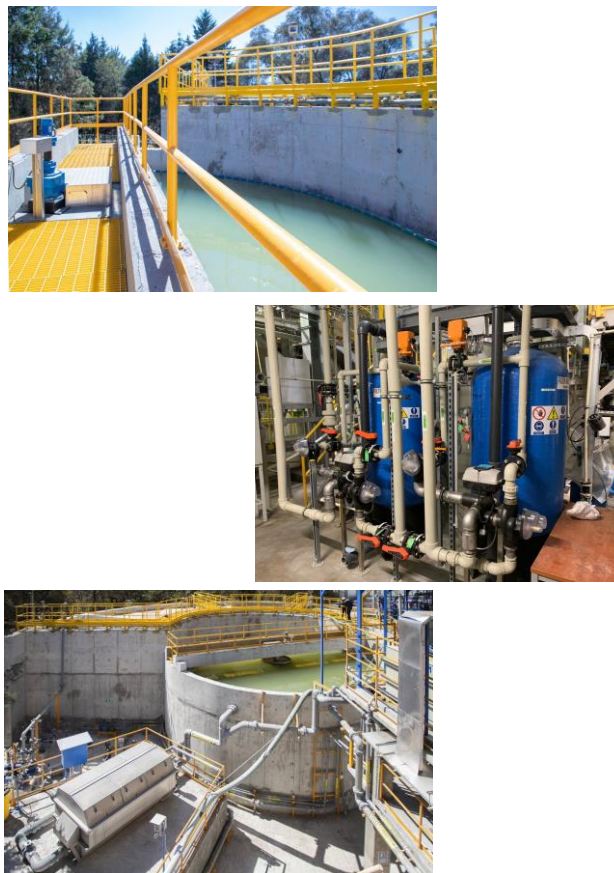
-  Leading brands
-  Strong market share
-  Strong cash flow
-  Steady EBITDA – YTD \$599
-  Dividend payment

Our Services | Climate change mitigation solutions

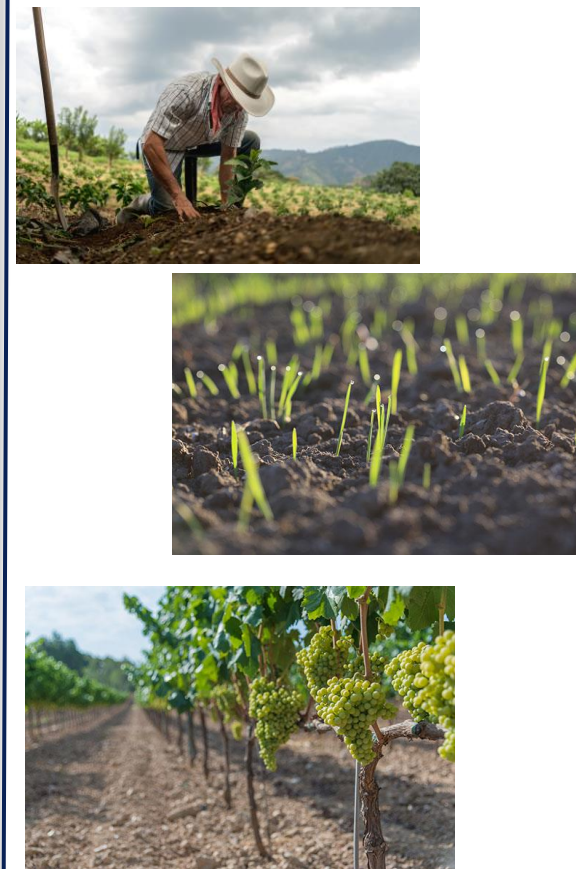
Purification






Treatment & recycling



Irrigation



Growth New Businesses

-  Investment phase: negative cash flow
-  Negative EBITDA – YTD (\$46)
-  Strong earnings growth potential

bebbia®

rsa | Rotoplas
servicios de agua

Acuantia.

riego®

Rotoplas' presence

- Mature market
- Expanding market
- Emerging market
- 🎯 Plan
- 🔍 Explore



PRODUCTS

SERVICES

Storage	■ Acuantia. THE TANK DEPOT	■ Rotoplas más y mejor agua	■ Rotoplas más y mejor agua	■ Rotoplas más y mejor agua		■ Rotoplas más y mejor agua
Waterflow		■ Tuboplus	■ Tuboplus	■ Rotoplas más y mejor agua		■ IPS Instalamos confianza AGUA, GAS Y DESAGUE
Improvement		■ Rotoplas más y mejor agua	■ Rotoplas más y mejor agua	■ Rotoplas más y mejor agua		■ SEÑORIAL Calor que perdura
Purification		■ bebbia®		🔍	🔍	
Treatment and recycling	■ Acuantia.	■ rsa Rotoplas servicios de agua		🔍	■ Acuantia.	
Irrigation		■ riego®				

Central America includes Guatemala, El Salvador, Costa Rica, Honduras y Nicaragua.

What's next for Rotoplas?

Guidance 2025

2x Sales

EBITDA Margin **≥20%**

Net Debt / EBITDA **≤2.0x**

Double digit **ROIC > WACC**

Growth Avenues

➔ Water as a Service Platform
Mexico & Brazil

bebbia®  Servicios de agua 

➔ ACUANTIA
United States

➔ Launching of new solutions



➔ Synergies between operations



➔ D&A Platforms



What's next for Rotoplas? | 2025 expected growth

	Growth CAGR 22-25	
	Revenue	Adj. EBITDA
PRODUCTS	12 – 14%	20 – 22%
Mexico	10 – 12%	18 – 20%
Argentina	12 – 14%	14 – 16%
USA*	29 – 31%	Margin > 7%
Other	15 – 17%	17 – 19%
SERVICES	30 – 32%~	Margin > 0%
TOTAL	14 – 15%	25 – 27%

Higher growth than the initial plan, 22% CAGR vs 14-15%

Growth Drivers:

- **Flow** transformation program
- **Water stress** related risks
- **CapEx** 5% of sales
- **Government sales** <10%

- **2x** sales
- EBITDA Margin **≥20%**

*USA, includes the e-commerce retail business and the septic solutions business

New Businesses Growth

■ Market Opportunity

■ Main Initiatives 2023

rieggo®

■ - 350 M USD

- Create success stories
- Strengthen strategic alliances with farmers and other market players

bebbia®

- 3 M households (B2C)
- 1 M institutional clients (B2B)
- 500 M USD annual recurring revenues

- Process automation
- Development of digital platform
- Optimization of field services
- Grow B2B

rsa | Rotoplas
servicios
de agua

■ - 1 Bn USD

- Generate bookings
- Focus on water intensive industries: Textile, Food & Beverage, Paper, Mixed Use, Aquiculture, Automotive, Hospitality

Acuantia. 

■ - 6 Bn USD (septic business)

- Optimization of online platforms
- Create strategic alliances
- Development of field services capabilities

Acuantia. 

■ - 800 M USD

- Continue to build capabilities
- Generate bookings
- Focus on water intensive industries: Commercial, Food & Beverage, Chemicals, Automotive

360° Value | 2021-2025 Sustainability Strategy



360° Value generation

Sustainability Achievements 2016-2020

- 2016 | SDG Contribution
- 2017 | First Sustainable Bond in Latam
- 2017 | DJSI MILA Pacific Alliance
- 2019 | S&P/BMV Total Mexico ESG Index

Results & Goals| ESG

Profit

Suppliers evaluated with ESG criteria

Customer Satisfaction (NPS Score)

Planet

CO₂ Intensity - Scope 1 and Scope 2 – per ton of processed resin

m³ of purified water using our solutions

People

People impacted with access to sanitation (cumulative)

Women in the workforce

	Results 2021	Goal 2022	Results 2022	Goal 2023	Goal 2025
Suppliers evaluated with ESG criteria	0%	20%	20%	45%*	100%
Customer Satisfaction (NPS Score)	67	68	72	73	80
CO ₂ Intensity - Scope 1 and Scope 2 – per ton of processed resin	0.41	0.50	0.48	0.45	0.41
m ³ of purified water using our solutions	164K	314K	404K	656K	1.7 MM
People impacted with access to sanitation (cumulative)	330K	543K	553K	788K	1 MM
Women in the workforce	23%	24%	24%	27%	30%

Indices & Recognitions



*45% of the suppliers classified as “Critical - Tier 1.”

Rotoplas | SWOT

Strenghts

- Market leadership
- Wide portfolio
- Healthy and robust financial position
- Relationship with customers and suppliers
- High-performance, diverse and inclusive teams
- Low customer concentration

Weaknesses

- Low technical-digital skills
- Developing online and social media presence
- Automation in certain processes has not reached optimal use
- Development of new solutions may be postponed

← -Investment in training, development and acquisition of key talent

-Team focused on improving online presence

-Investment in process optimization

-Clear processes for capital allocation and prioritization of initiatives

Opportunities

- Accelerated growth of the services market
- Increase in water demand
- Digital capabilities
- Digital marketing
- Strengthening of field services
- Greater environmental focus in regulations
- D&A

Threats

- Volatility in certain markets
- Complexity in developing more powerful tools for data security
- Rising cost of capital
- Socio-political changes
- Increased competition.

← -Sustainable Growth Plan

-Robust cybersecurity protocols

Nearshoring | Opportunities in the Water Industry

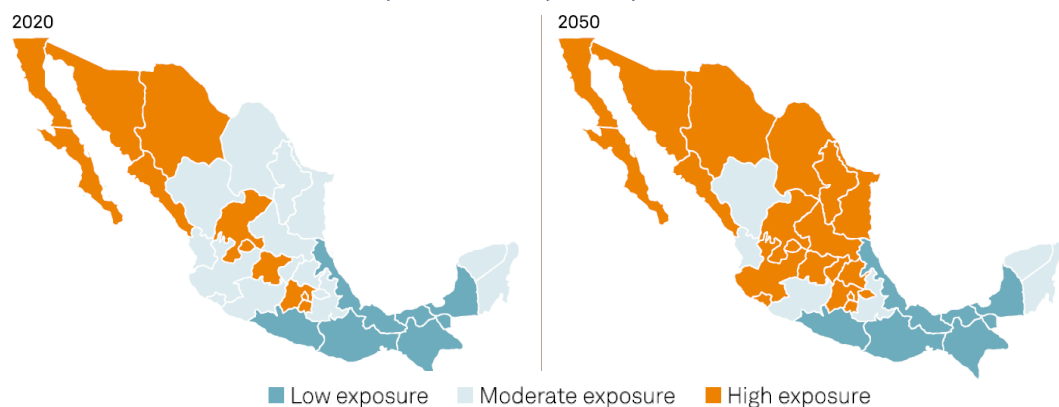
Companies are beginning to move their production chain to Mexico, and this represents a great opportunity for our market.

Why Mexico?



- Location
- Trade openness | 14 free trade agreements with 50 countries
- Disruption in global supply chains
- High-quality manufacturing at competitive costs
- Exposure to different industries and adaptability
- Low freight costs and adequate infrastructure
- Diversification of the supplier base

The number of Mexican states highly exposed to water scarcity could nearly double by the year 2050



Source: S&P Global Ratings

Opportunities for Rotoplas

We have **14 manufacturing plants** for products in Mexico and a **robust service platform** that can help solve a series of challenges.

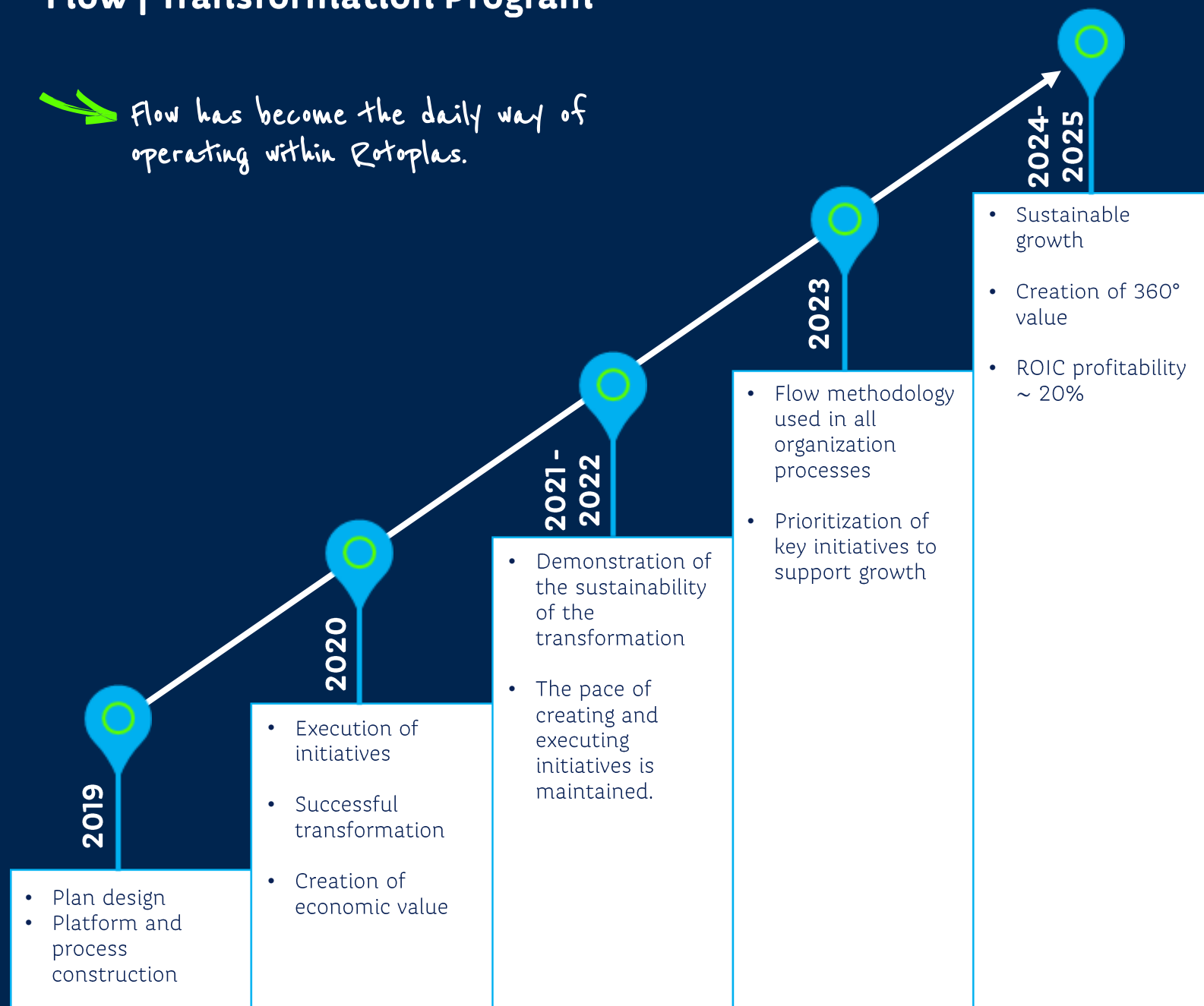
- There is an **estimated deficit** of **1 million homes** with decentralized **water** solutions **needs**.
- A **30% growth** in **demand** for **industrial parks** drives the need for wastewater treatment.
- Factory **construction processes** will **need water** solutions.
- **Regions** that will **benefit most** from nearshoring are those that **suffer most** from **water scarcity**.

02

Clear
structure for
a sustainable
future

Flow | Transformation Program

➔ Flow has become the daily way of operating within Rotoplas.



Flow focuses on **three pillars**

1. Enhance portfolio performance

- Revenue levers
- Cost levers
- Working capital levers

2. Growth initiatives

- Quality and execution of growth opportunities
- Cross-selling
- Service platform
- E-commerce growth
- Optimization of capital allocation

3. Organizational health initiatives

- Change management
- Diligence in projects and accountability
- Review of organizational climate

Corporate structure | Board & Top Management

Our board of directors

Transparency → 50% **independent** members

Diversity → 6 **international** members

Innovation → Represented by 4 different **generations**

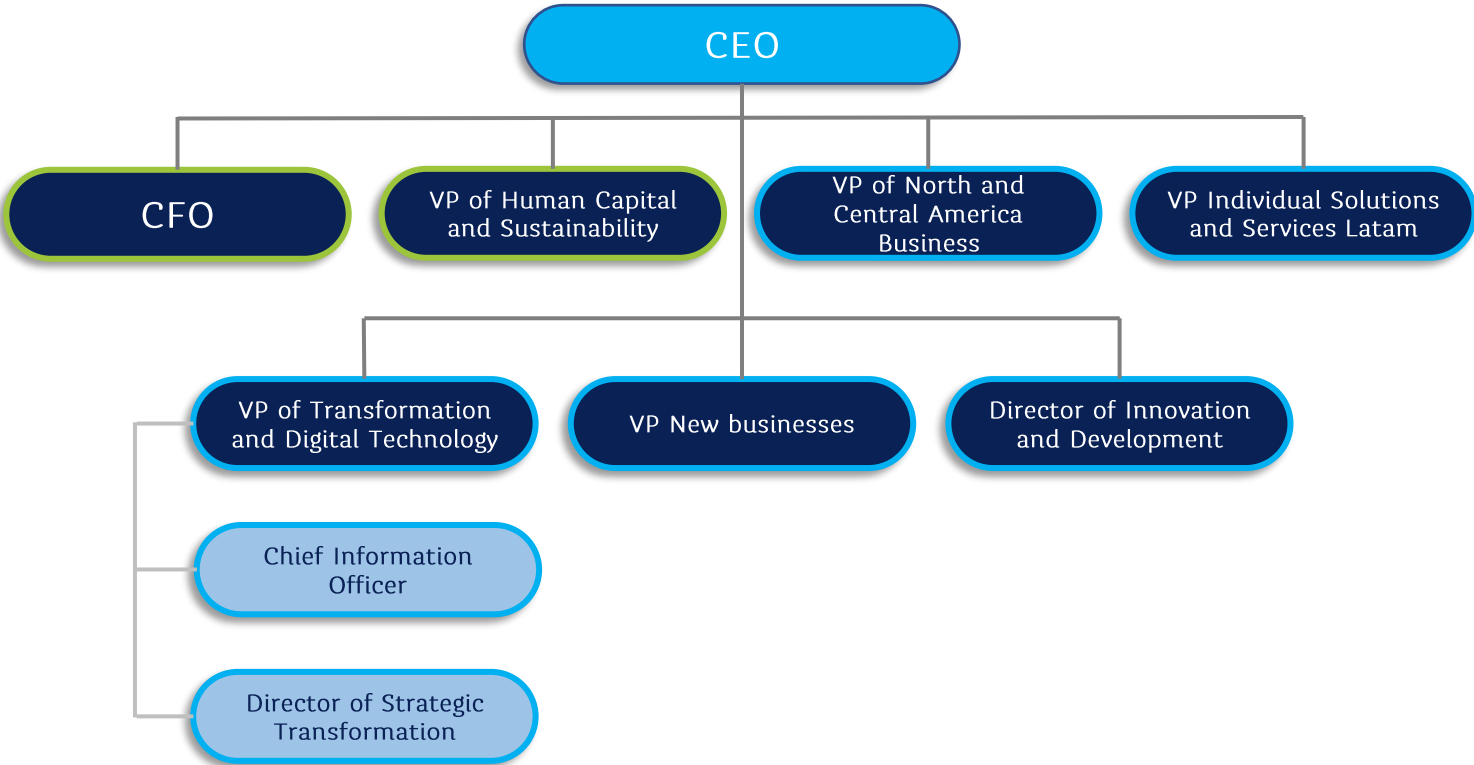
Equality → **Gender equality** on the Board, 7% women

Experience → **Board members** with diverse industry backgrounds & more than 500 years of combined experience

Meetings → **4 Ordinary Meetings** annually



Independent Members / Total Members



Responsible for the execution of the Sustainability Strategy

Discipline in Capital Allocation

Resource allocation for:



Process:



Supported by a Capital Allocation Committee

03

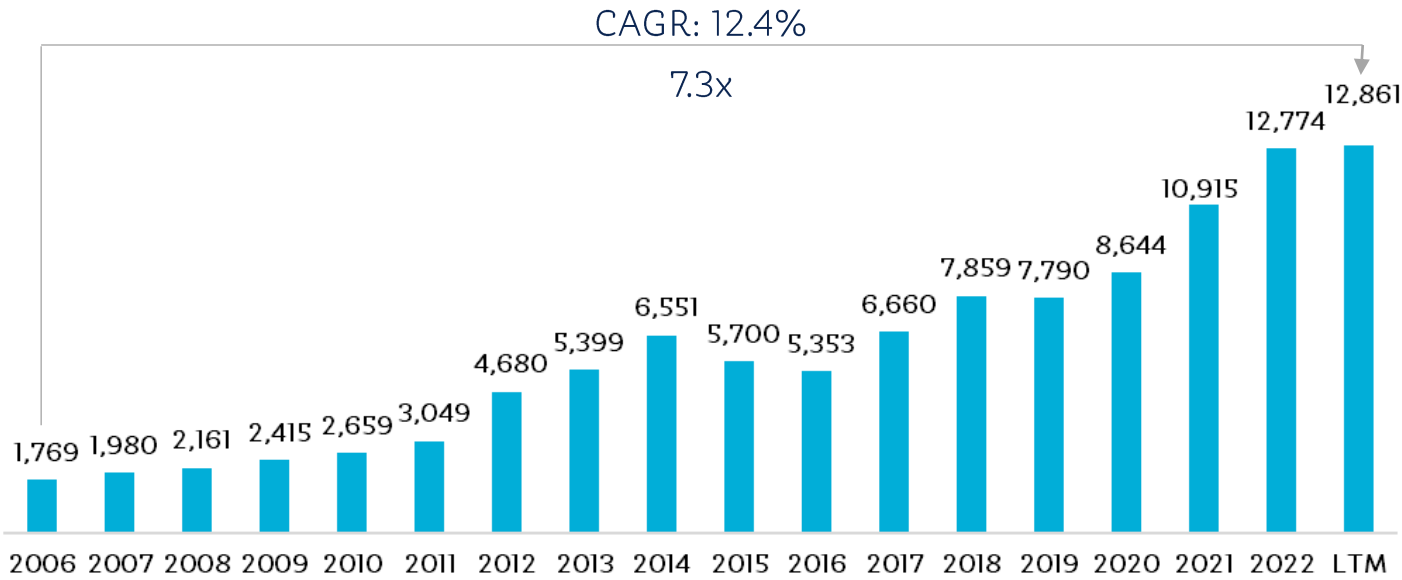
Strong Finances

Business Model Resilience

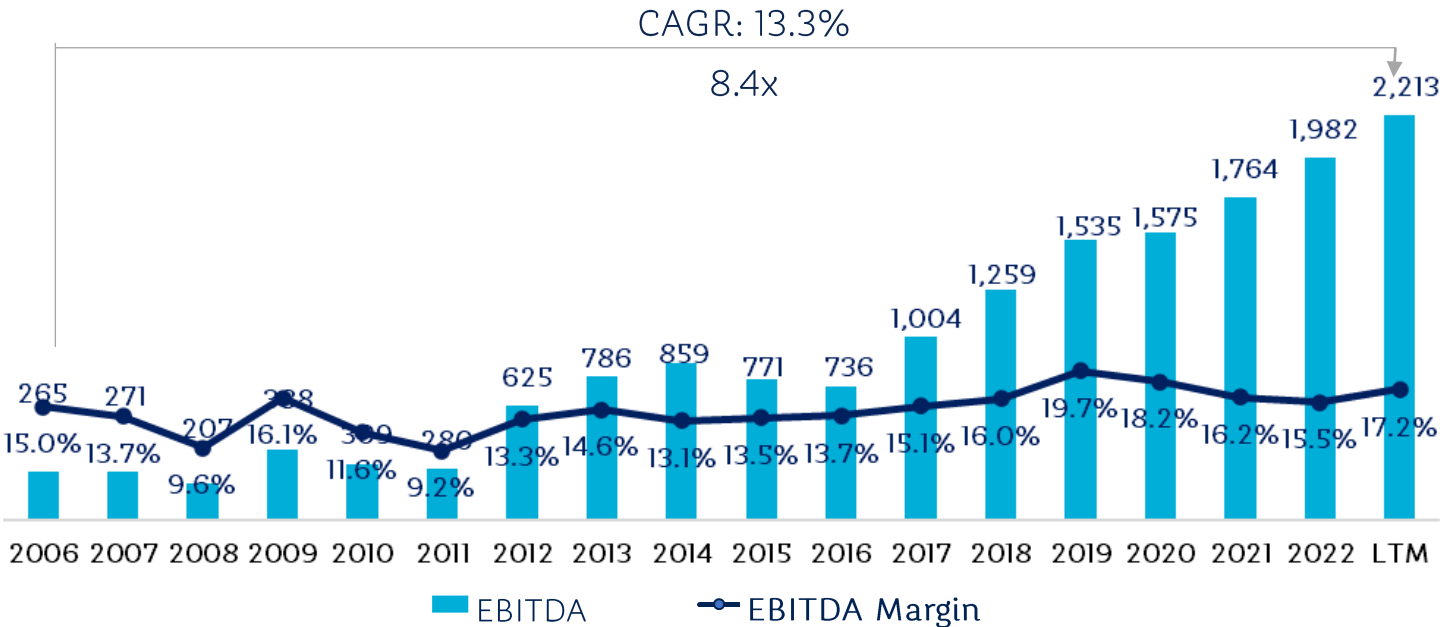
MXN mm



SALES



EBITDA



Continuous growth
Double-digit margins
Strong Management

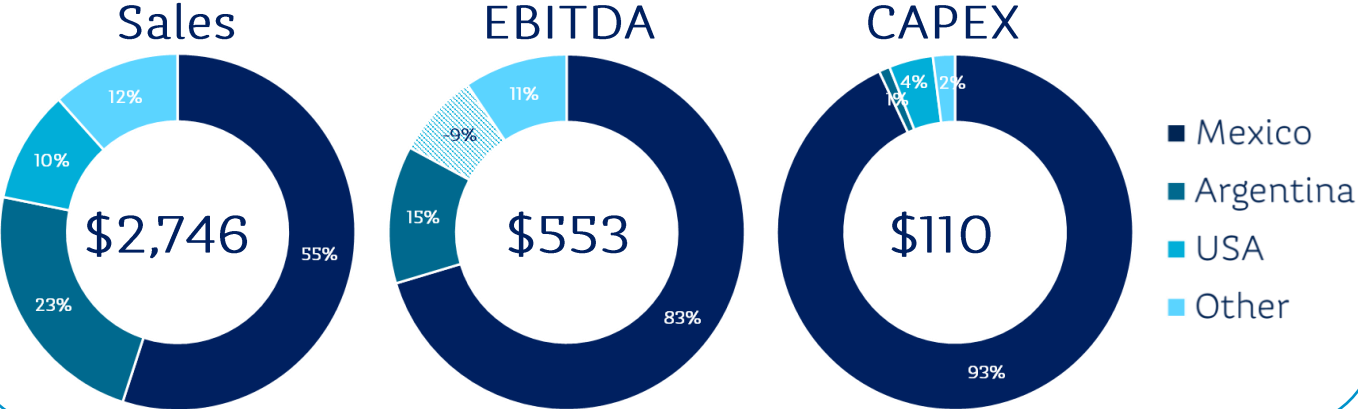


- Mexico – 45 years
- Central America – 23 years
- Peru – 21 years
- Argentina – 21 years
- Brazil – 20 years
- USA – 5 years

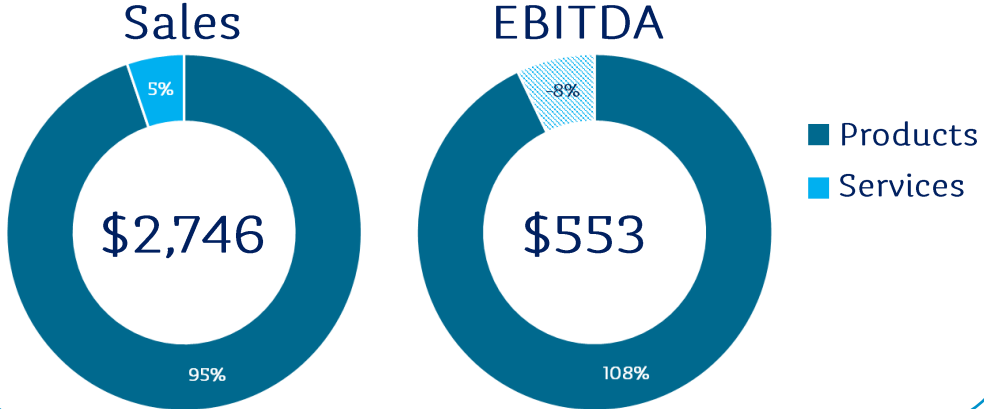
3M23 Results

MXN mm

By country



By solution



		1Q23	1Q22	Δ %/bps
Income Statement	Net sales	2,746	2,660	3%
	Cost of Sales	1,435	1,592	(10%)
	Gross Profit	1,311	1,068	23%
	Margin	48%	40%	750 pb
	Operating Income	438	222	97%
	Margin	16%	8%	760 pb
	Financing Result	(411)	(155)	NA
	Taxes	(9)	(20)	53%
	Adjusted EBITDA	553	322	72%
	Margin	20%	12%	800 pb
	Net Profit	37	88	(58%)

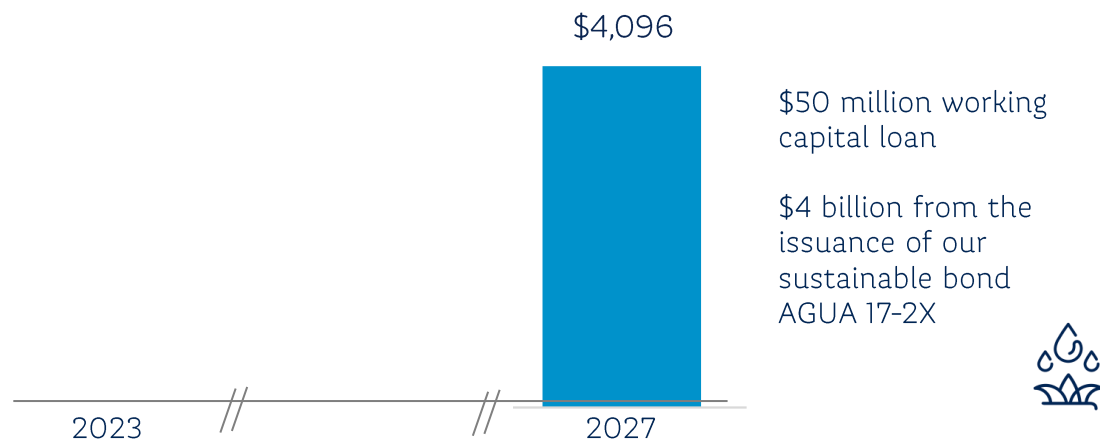
Cash Conversion Cycle
86 days

- Inventory Days
92
- Accounts Receivable Days
78
- Accounts Payable Days
84

3M23 Results

MXN mm

Debt Maturity Profile

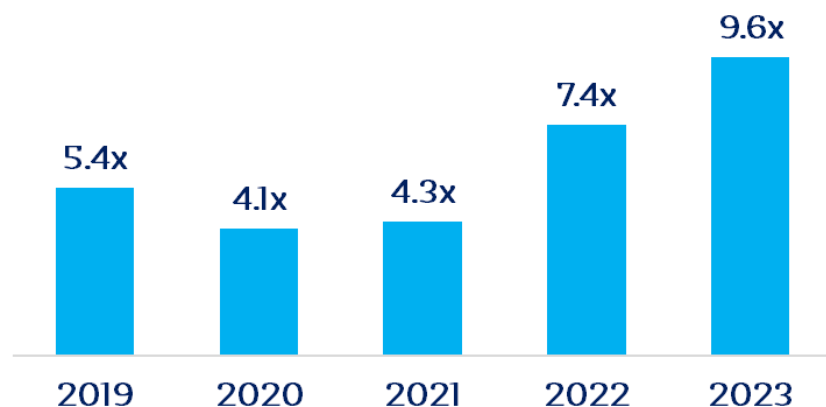


Strong Balance Sheet to support growth

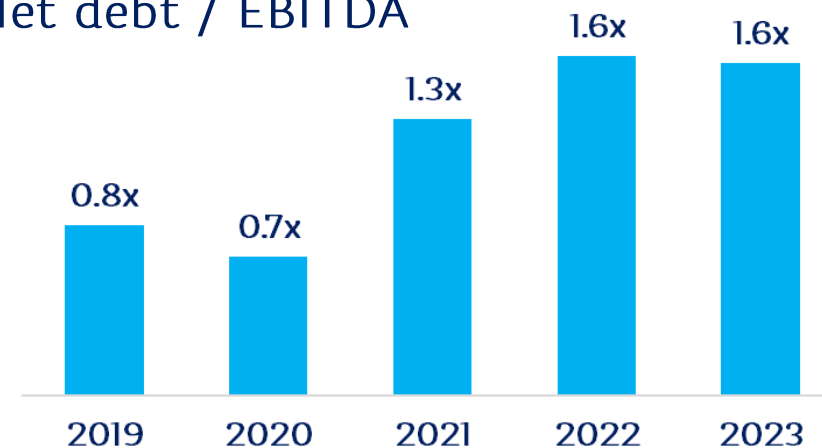
March 2023

Cash and Cash Equivalents	682
Other Assets	12,051
Total Assets	12,733
Debt	4,146
Other Liabilities	2,312
Total Liabilities	6,458
Equity	6,276
Liabilities + Equity	12,733

Interest coverage*



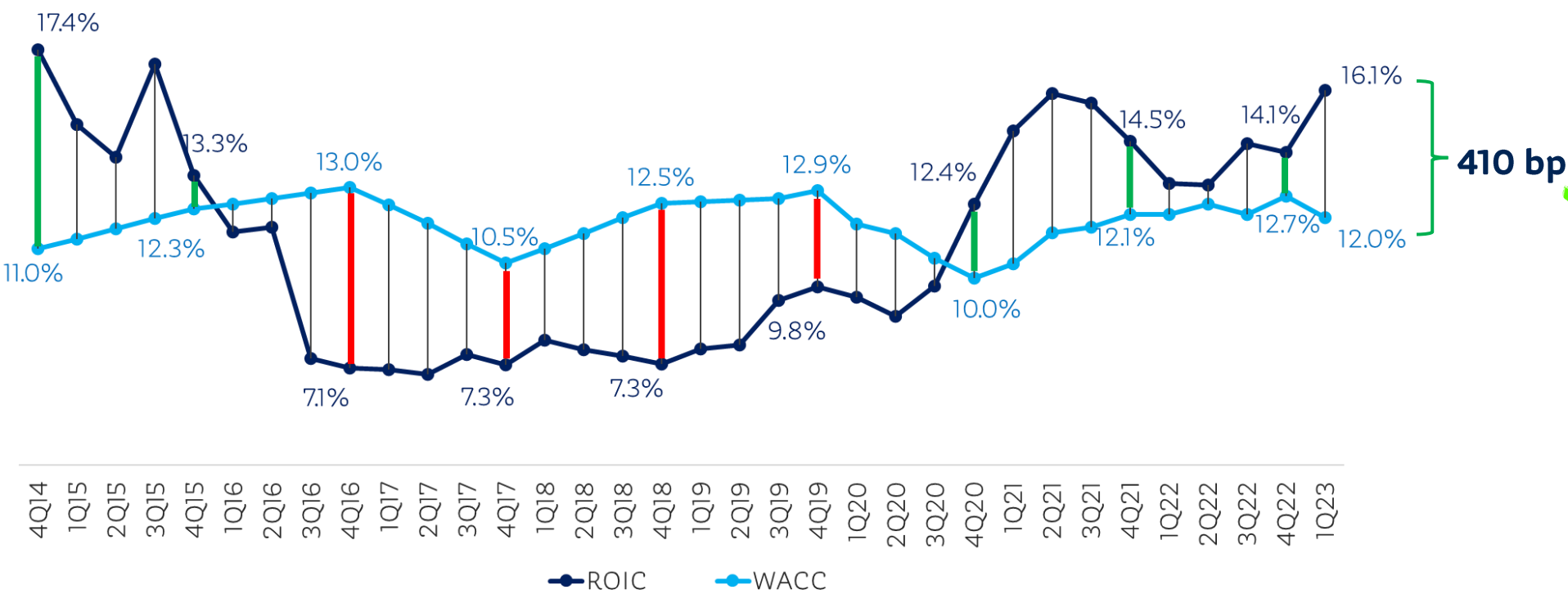
Net debt / EBITDA



**Considers net interest paid = interest expense – interest income

*Calculation of interest coverage: LTM EBITDA/ LTM Net interest expense

ROIC | Sustainable value creation



410 bp

ROIC-WACC
spread exceeds
earnings
guidance

ROIC: NOPAT U12M/Promedio Capital Invertido t, t-1
Capital invertido: activos totales – efectivo y equivalentes de efectivo – pasivos a corto plazo
El ROIC excluye los gastos ejecución programa Flow del 2T20 al 4T21 por ser no recurrentes.

AGUA*

Peer	EV/EBITDA 2023e	CAGR Sales	CAGR EBITDA
Rexnord	8.1x	11%	12%
Watts	14.7x	4%	4%
Veolia	6.1x	5%	5%
Xylem	19.2x	4%	-21%
Coway	3.4x	5%	0%
Flowserve	12.5x	3%	11%
Evoqua	20.4x	4%	5%
Pentair	13.1x	4%	5%
Mueller	11.3x	3%	7%
Primo	8.3x	4%	5%
Lindsay Corp	10.4x	5%	6%
Hayward	13.4x	7%	13%
Fluidra	9.9x	3%	3%
Toro	14.4x	5%	10%
Badger Meter	29.9x	7%	7%
Ecolab	19.0x	6%	11%
Franklin Electric	14.5x	1%	3%
Average	13.4x	5%	5%
Rotoplas	6.7x	18%	23%

AGUA* is trading at a **50%** discount

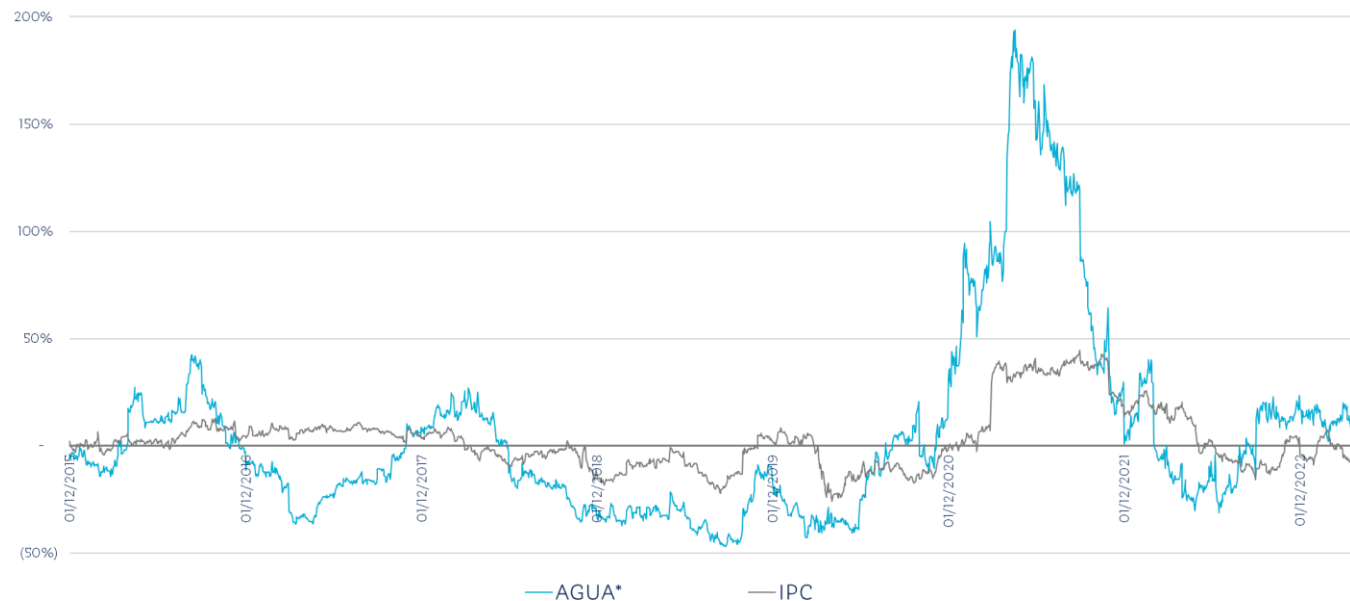
Growth **+3x** faster in revenue

Growth **+4x** faster in EBITDA

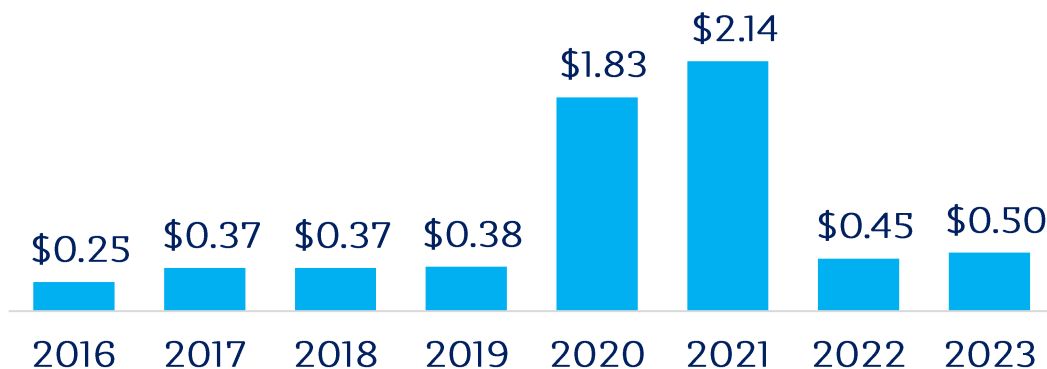
Source: Bloomberg & SiBolsa

* Capital reimbursements for 2020 and 2021 include stock reimbursements.

AGUA* vs. IPC (Mexbol)



History of dividends*



Guidance 2023



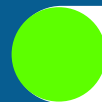
Sales $\geq 10\%$



EBITDA Margin 16% - 17%



Net Debt / EBITDA $\leq 2.0x$



ROIC = WACC + 150 bp

04

Water, a treasure at risk

Our water supply is at risk, requiring decentralized water solutions



Imbalance in water distribution

10 countries control
60% of the global fresh water supply



Across the world, water supply & sewer systems are

 **60-80**
years old

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

40%
decrease in
renewable water

per capita in the last 22 years

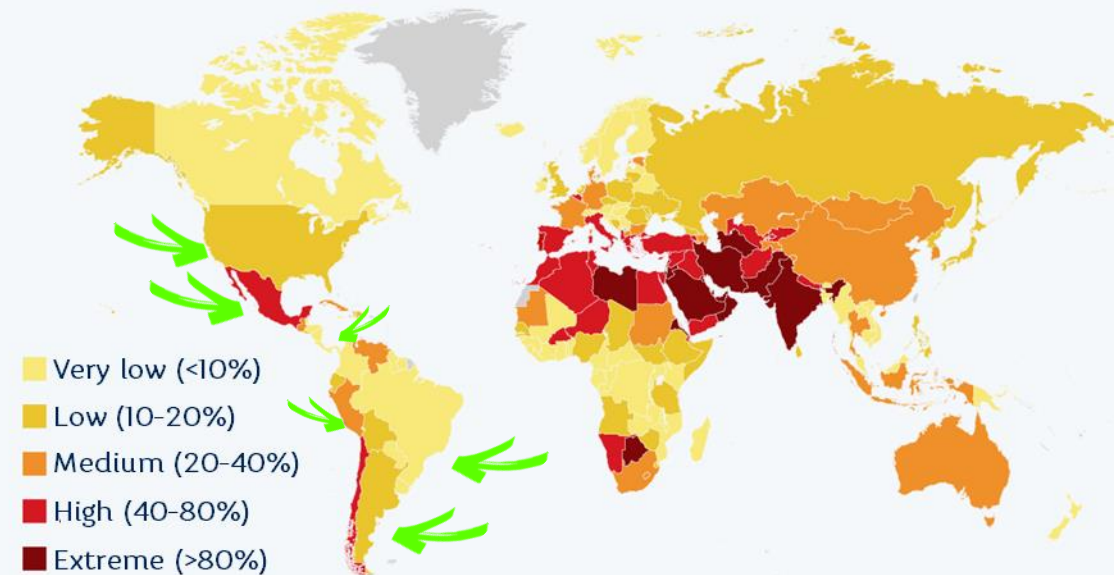


Population Growth

	2020	2050
Rural	3.0B	3.0B
Urban	4.0B	7.0B
Total	7.0B	10.0B

Which countries are most at risk of running out of water?

Level of vulnerability to water stress in the world*.



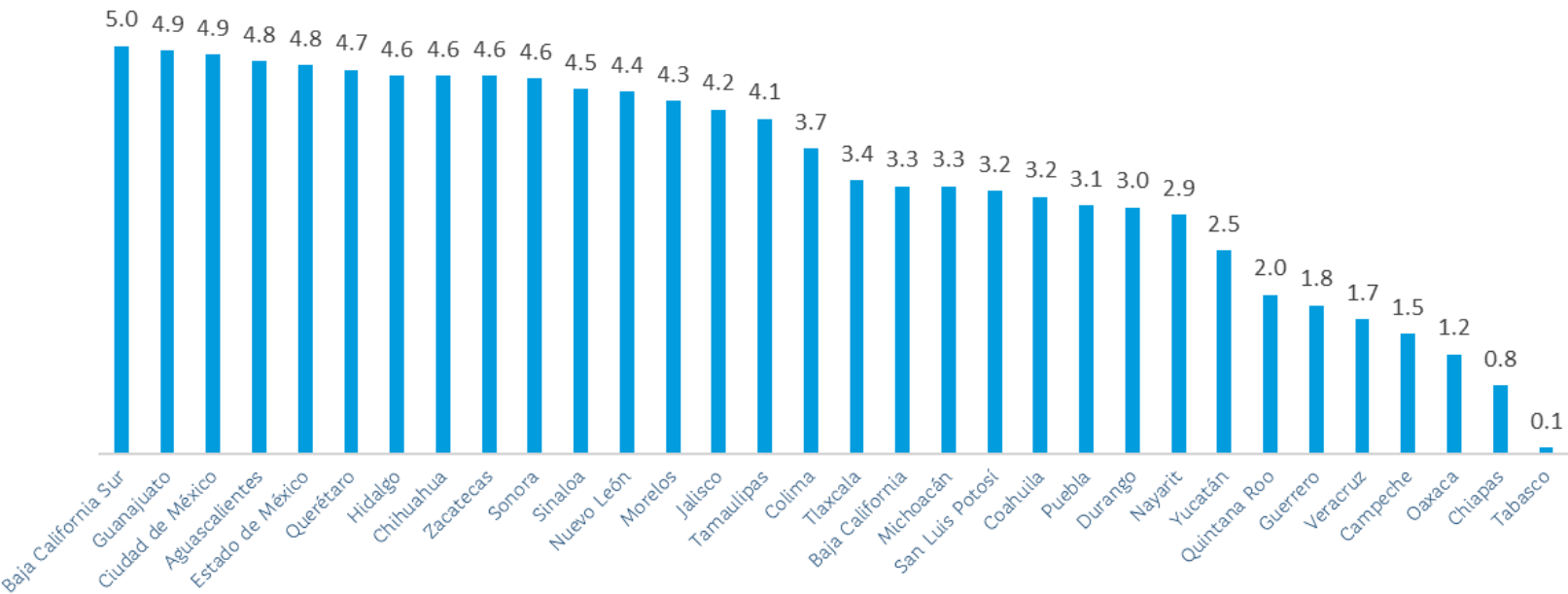
*According to the proportion of water used annually with respect to the available supply.

Source: 2020 Ecological Threat Register

Water situation in Mexico



General water risk¹



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

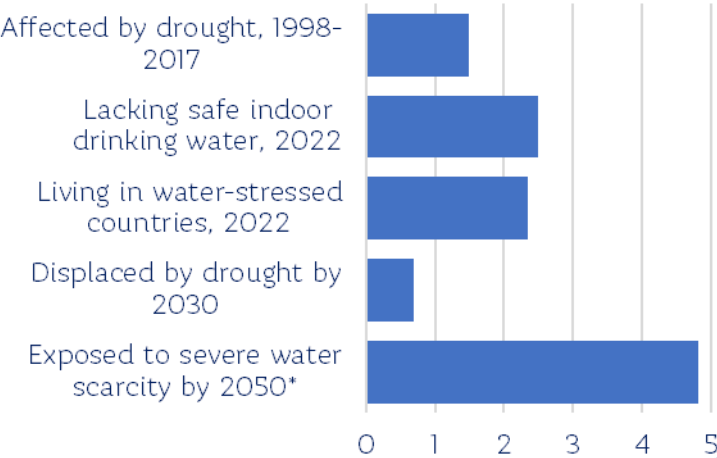
²UN Global Land Outlook

Source: World Resources Institute (WRI)

General water risk America¹

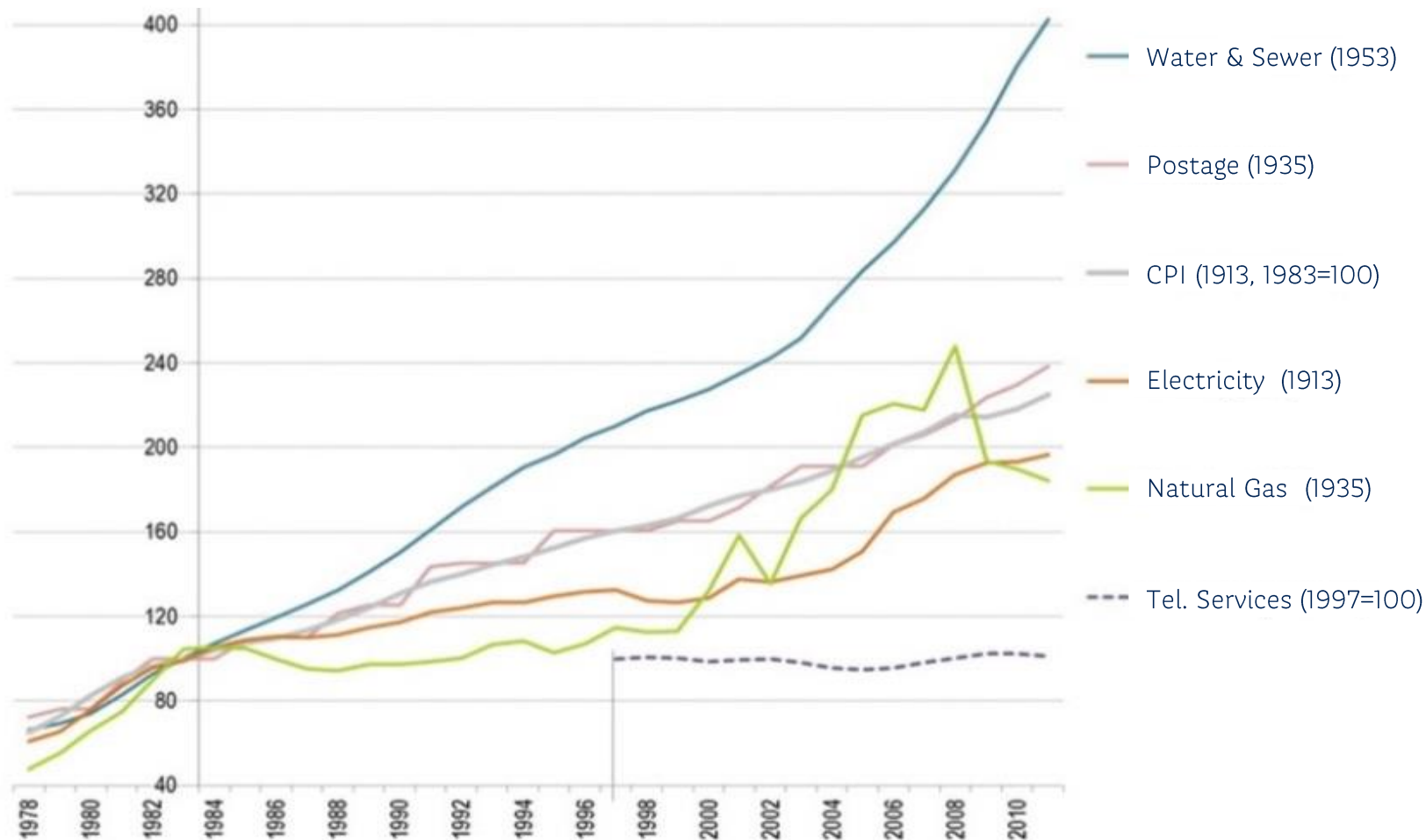
Country	Ranking	Risk
Mexico	24	3.86
Guatemala	57	2.36
Peru	66	2.05
USA	71	1.85
El Salvador	78	1.66
Argentina	92	1.31
Costa Rica	107	0.92
Brazil	112	0.78
Honduras	133	0.27
Nicaragua	137	0.21

Global estimated, bn people²



Water cost evolution | USA

Trends in consumer prices (CPI) for utilities



Water is the fastest **rising** utility **cost**

Thank you!



INVESTOR RELATIONS
Mariana Fernandez
mfernandez@rotoplas.com

Maria Fernanda Escobar
mfescobar@rotoplas.com

Institutional e-mail
agua@rotoplas.com

<https://rotoplas.com/inversionistas>