

1Q24

Corporate Presentation



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

Our Purpose

We exist to transform everyone's quality of life by ensuring water is used to its fullest extent

Our Mission

For people to have more and better water

Our Vision

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

We are currently at a crucial point in addressing water-related problems.

40% deficit between water **supply** and **demand** by **2030**.

36 billion USD to **renew** drinking **water** and sanitation **infrastructure** in **Mexico**.

2/3 of **companies** at **risk** due to **water stress**.

Investment considerations

- 01 Our water management solutions
- 02 Clear structure for a sustainable future
- 03 Solid Financials
- 04 Water, a resource at risk

01

Our water management solutions

Key Messages

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

Clear climate change and diversity targets

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

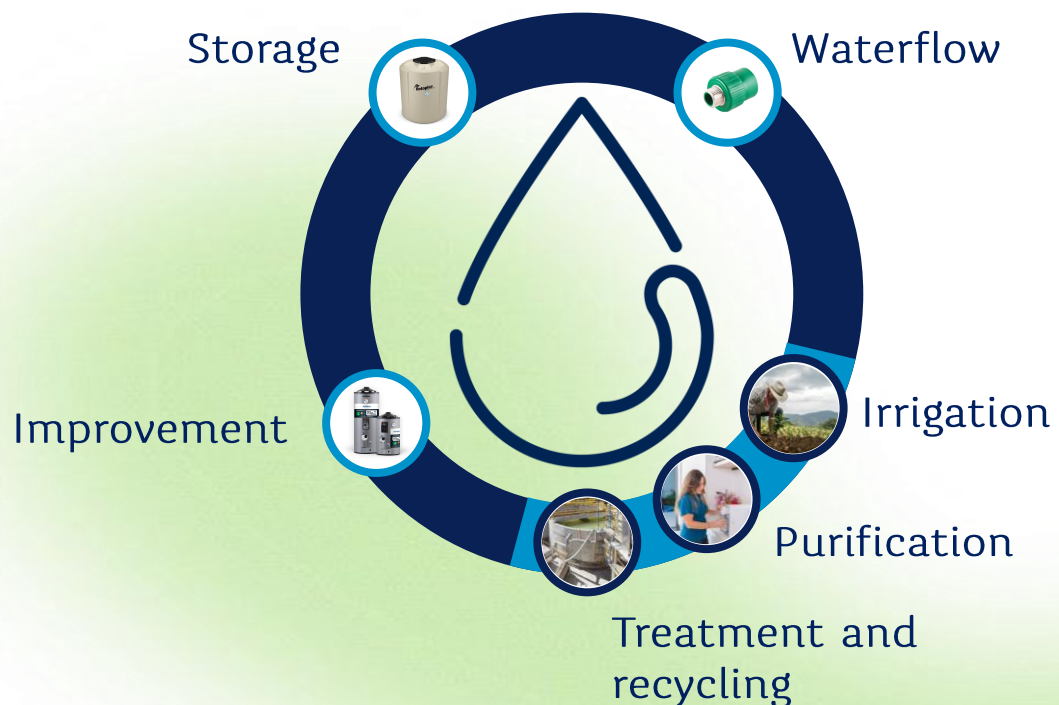
Upside potential

Analyst Coverage

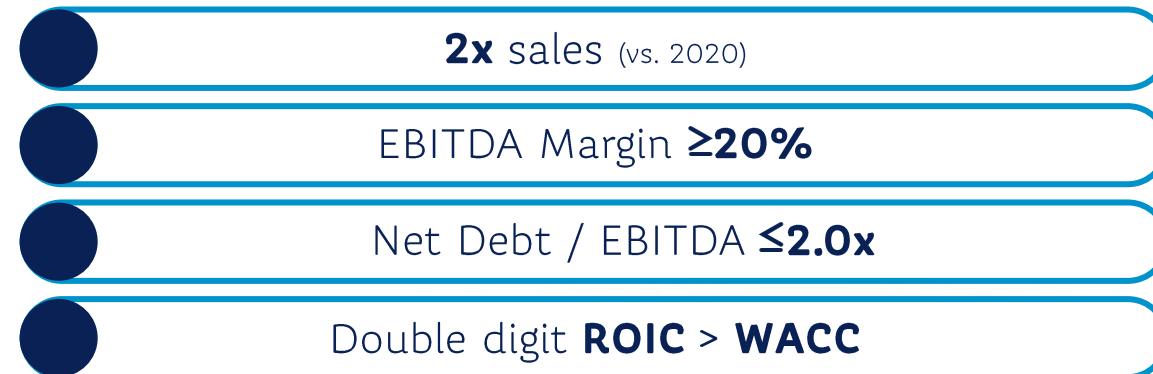
GBM	Buy	\$50.00
Signum / Punto	Buy	\$39.00
Miranda Research	Buy	\$46.00
BTG Pactual	Neutral	\$43.00
Apalache	Buy	\$44.00
Consensus		\$42.60

Leveraging Rotoplas' leadership in the water industry

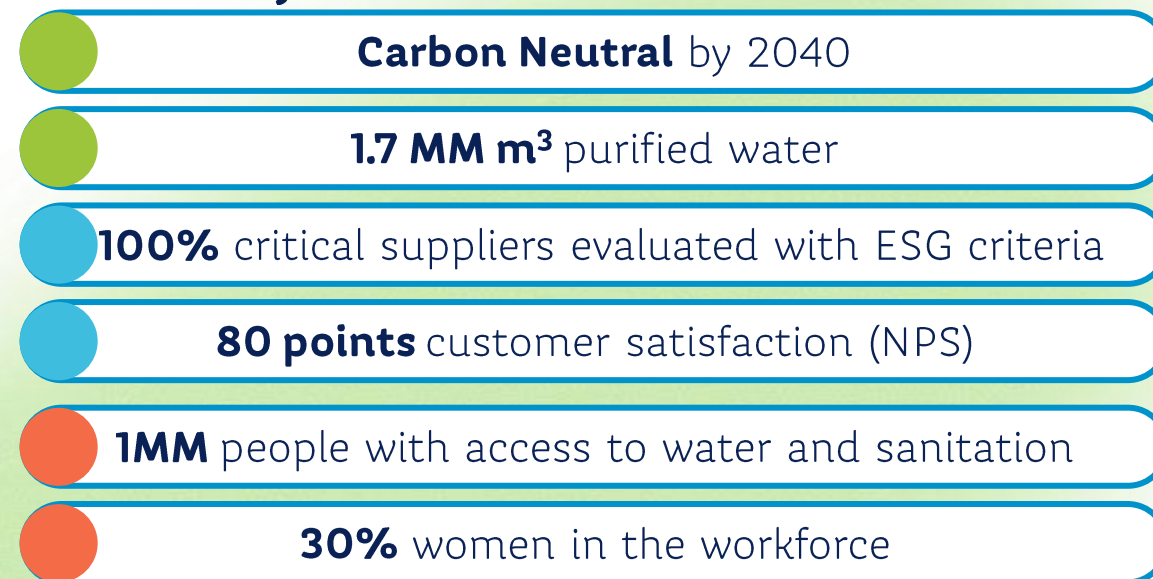
Leading products and services in a rapidly growing and high-impact industry.



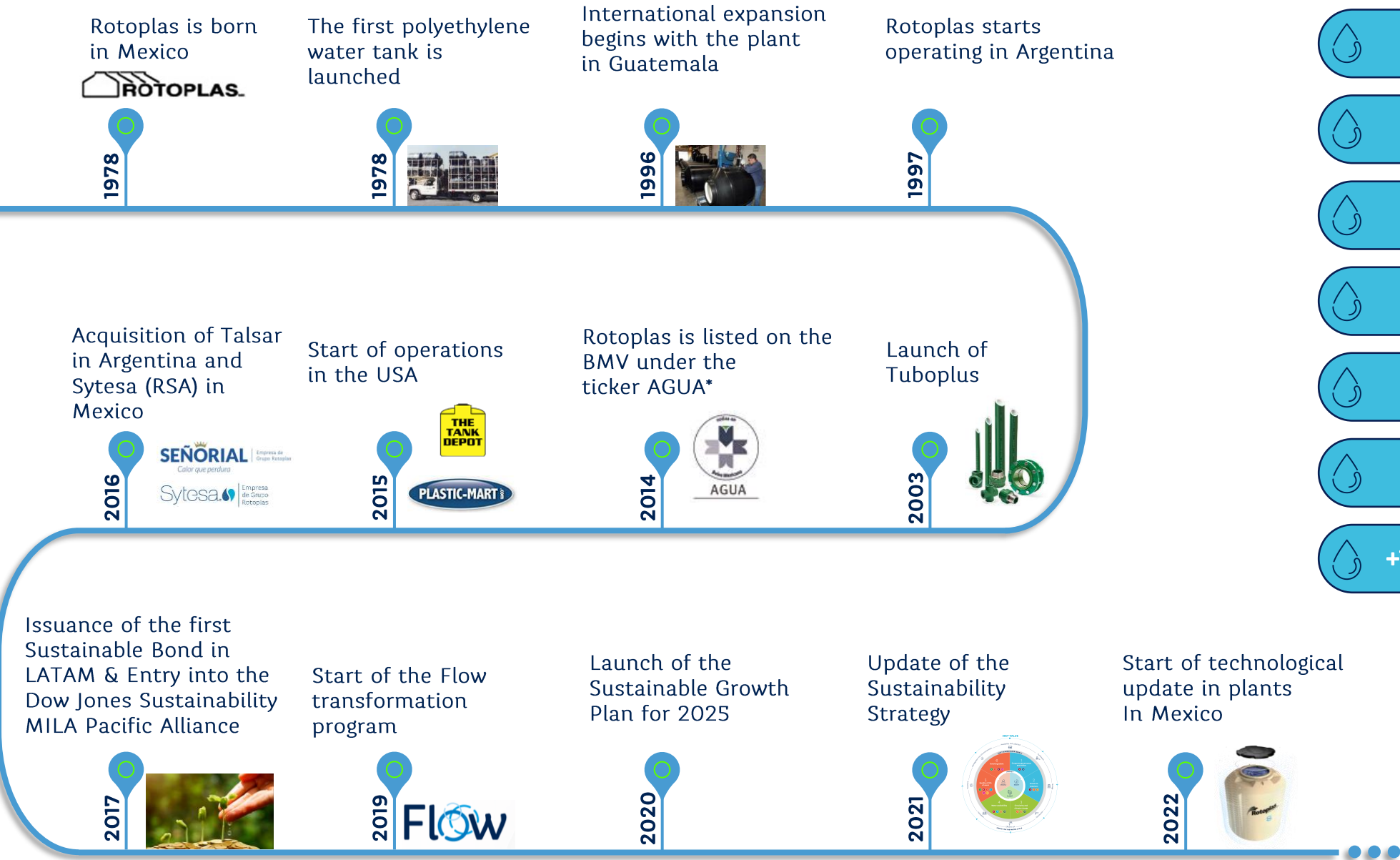
Financial Guidance 2025



Sustainability Guidance 2025



A story motivated by water



- 14** countries
- 18** plants
- +3,400** employees
- 27** product lines
- 3** Service lines
- +32,000** points of sale
- +110,000** points of service

Our Products | Solutions for adapting to climate change

STORAGE



Rotoplas
más y mejor agua

WATERFLOW



Tuboplas



Instalamos
confianza
AGUA, GAS y DESAGÜE






IMPROVEMENT



SEÑORIAL
Calor que perdura

Rotoplas
más y mejor agua

Value Traditional Business

-  Leading brands
-  Strong market share
-  Strong cash flow
-  Steady EBITDA – 1Q24 \$607
-  Dividend payment

Our Services | Climate change mitigation solutions

PURIFICATION



bebbia®

TREATMENT & RECYCLING



rsa | Rotoplas
servicios
de agua | Acuantia.

IRRIGATION



riego®

Growth New Businesses

- Investment phase:
negative cash flow
- Negative EBITDA – 1Q24
(\$52)
- Strong earnings growth
potential

Rotoplas' presence

Portfolio by country

We provide an extensive array of products and services tailored to meet the unique requirements identified in each market where we operate.

- Mature Market

Expanding Market

Emerging Market

Explore

Plan

PRODUCTS



SERVICES



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

Sustainable Growth Plan 2025

2025 Guidance

2x Sales

EBITDA Margin **≥20%**

Net Debt / EBITDA **≤2.0x**

Double digit **ROIC > WACC**

Growth Drivers:

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

	Growth CAGR 23-25	
	Revenue	EBITDA
PRODUCTS	15 – 17%	20 – 22%
Mexico	15 – 17%	15 - 17%
Argentina	12 - 14%	12 - 14%
USA ¹	24 – 26%	margin > 5%
Other	16 - 18%	16 – 19%
SERVICES²	82 – 84%~	Margin > 0%
TOTAL	20 – 22%	26 - 28%

New Businesses Growth

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

rieggo®

- 350 M USD

- Focusing on high-yield crops
- Enhancing automated irrigation solutions

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

rsa Rotoplas
servicios
de agua

- 1 Bn USD

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

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

Acuantia. 

- 800 M USD

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

360° Value | 2021-2025 Sustainability Strategy

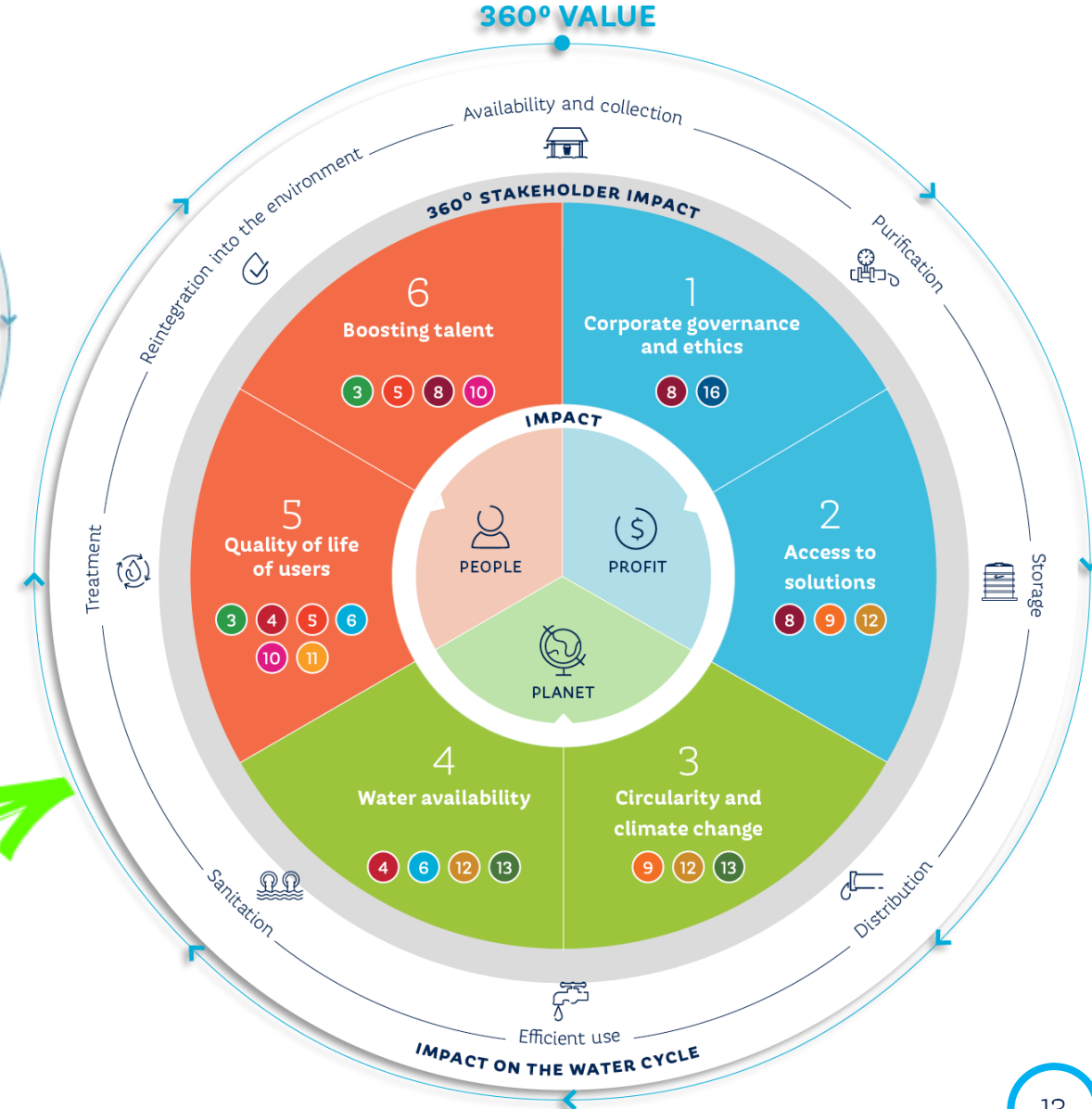


Sustainability Achievements 2016-2020

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



360° Value generation



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 2023	1Q24	Target 2024	Target 2025
50%	50%	75%	100%
76	75	76	80
0.43	0.43	0.43	0.41
759K	172K	1.2M	1.7M
800K	884K	894K	1M
24%	24.3%	27%	30%

Indices & Recognitions



Categoría Gobernanza



Categoría Social



Now a Part of S&P Global



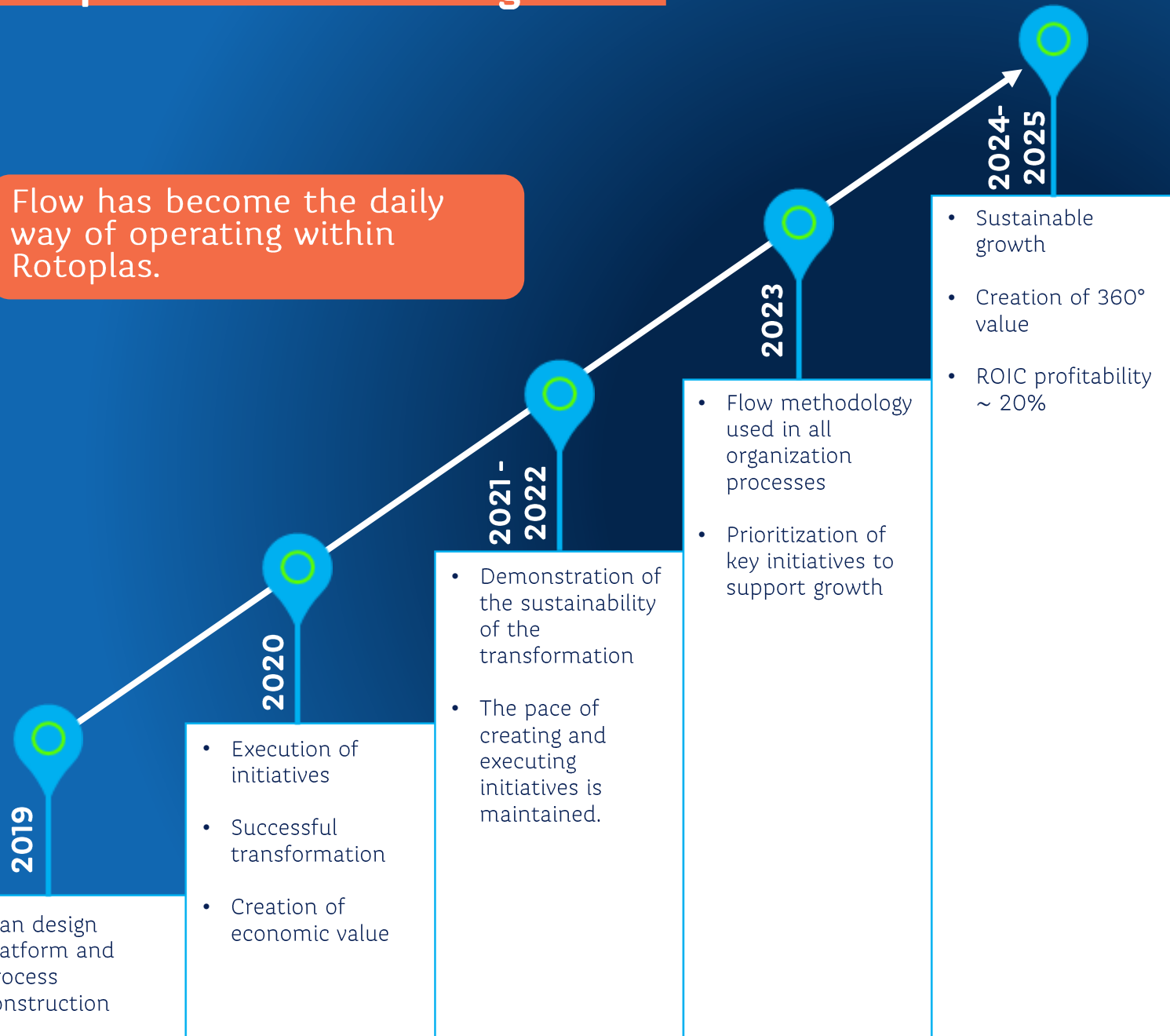
"45% of the suppliers classified as "Critical - Tier 1."

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

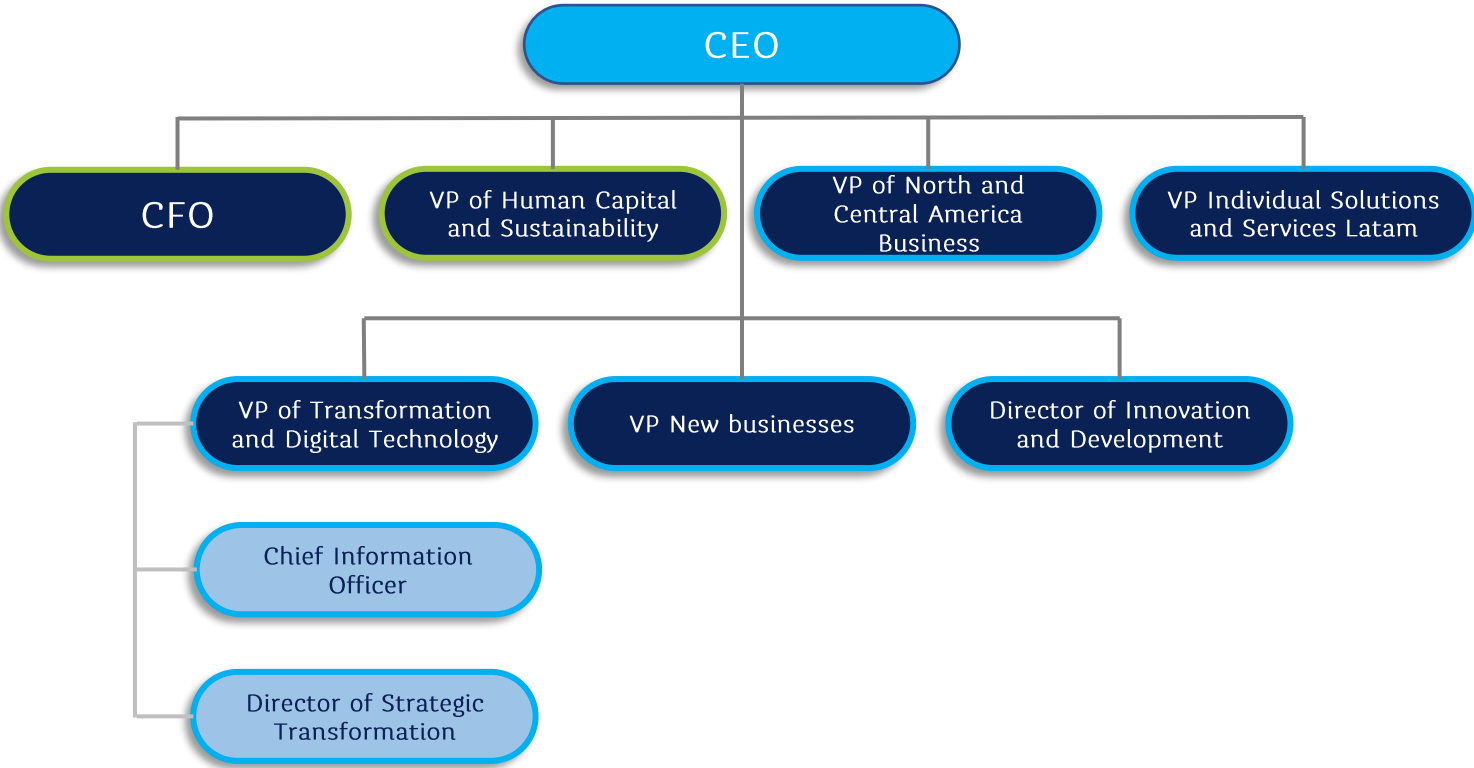
Diversity → 7 **international** members

Innovation → Represented by 3 different **generations**

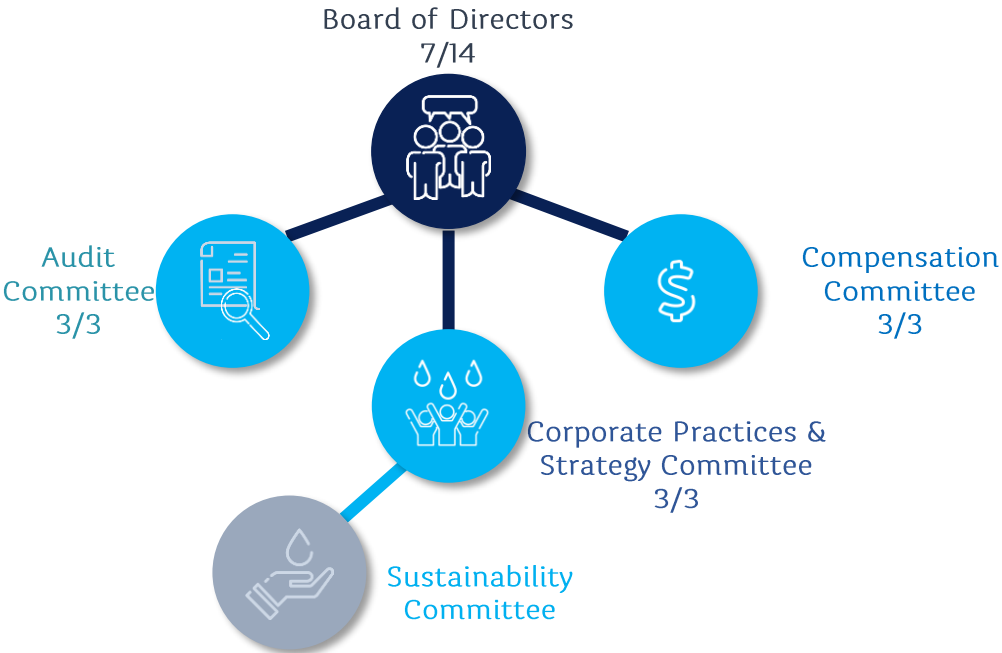
Equality → **Gender equality** on the Board, 14% women

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

Meetings → **4 Ordinary Meetings** annually



 Responsible for the execution of the Sustainability Strategy



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



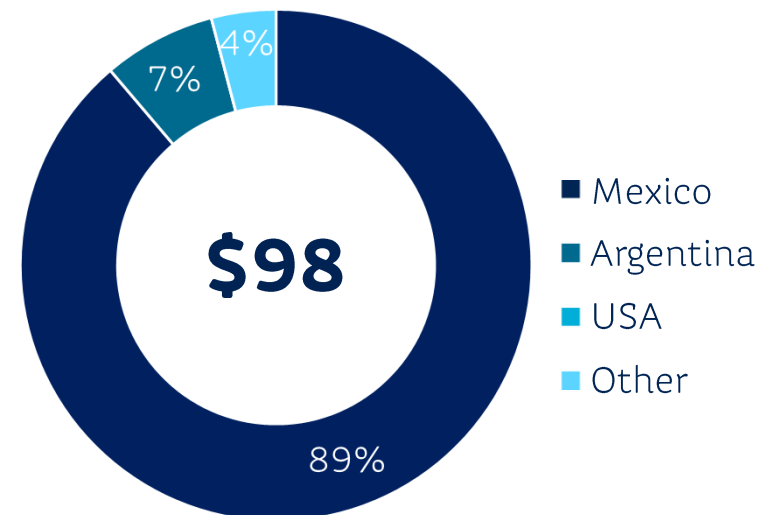
Validation and approval



Quarterly status update

Supported by a Capital Allocation Committee

CAPEX 1Q24

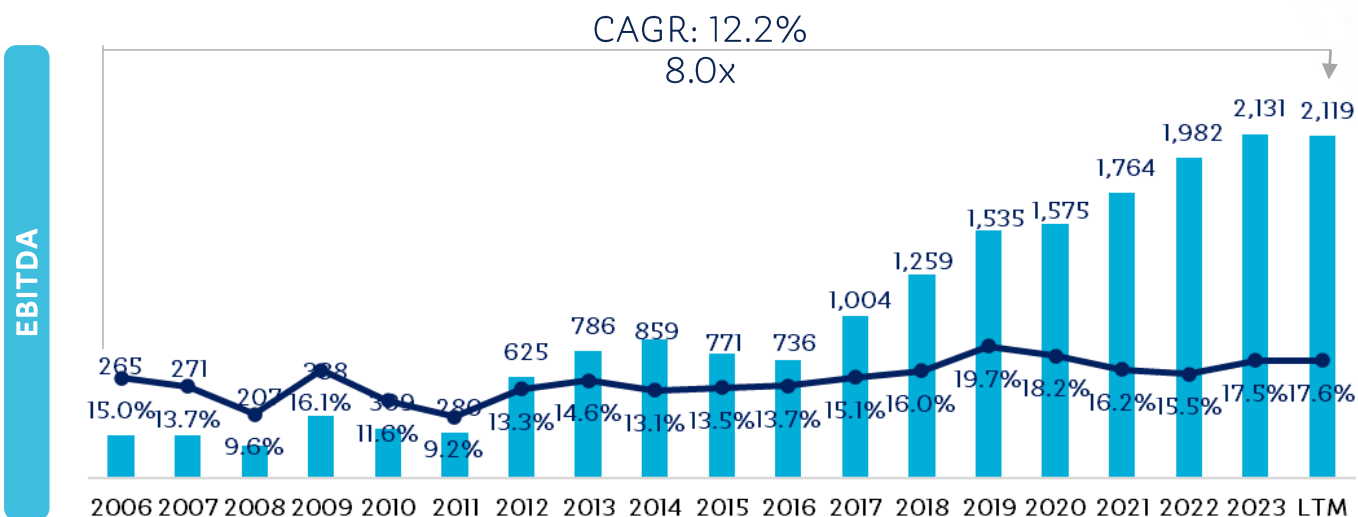
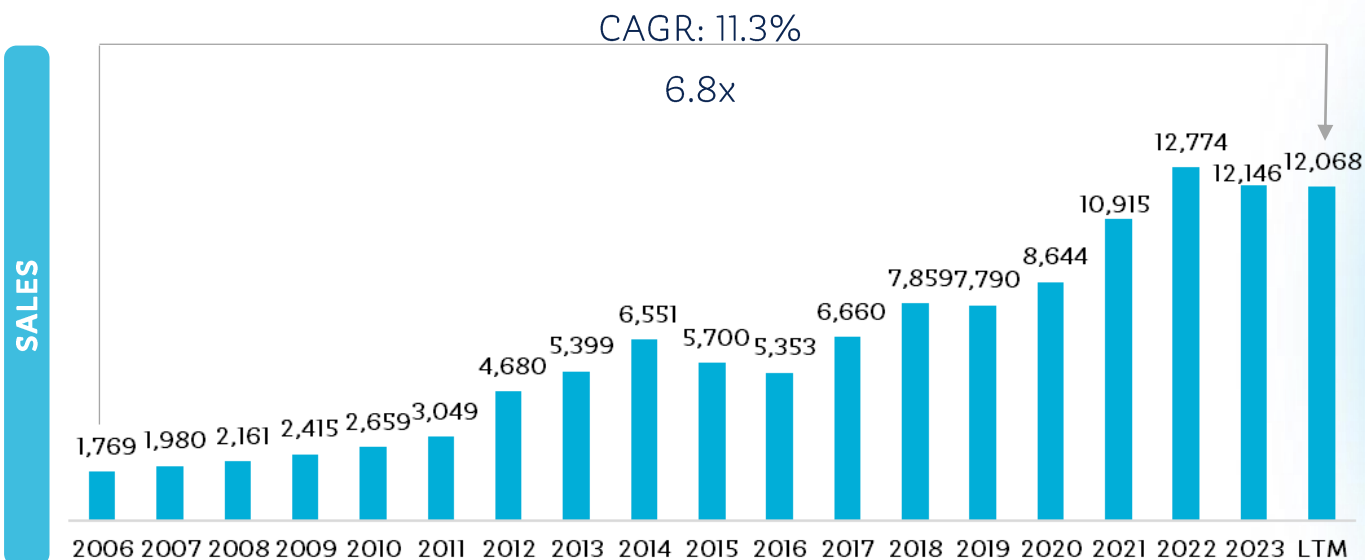


03

Solid Financials

Business Model Resilience

MXN mm



Continuous growth

Double-digit margins

Strong Management

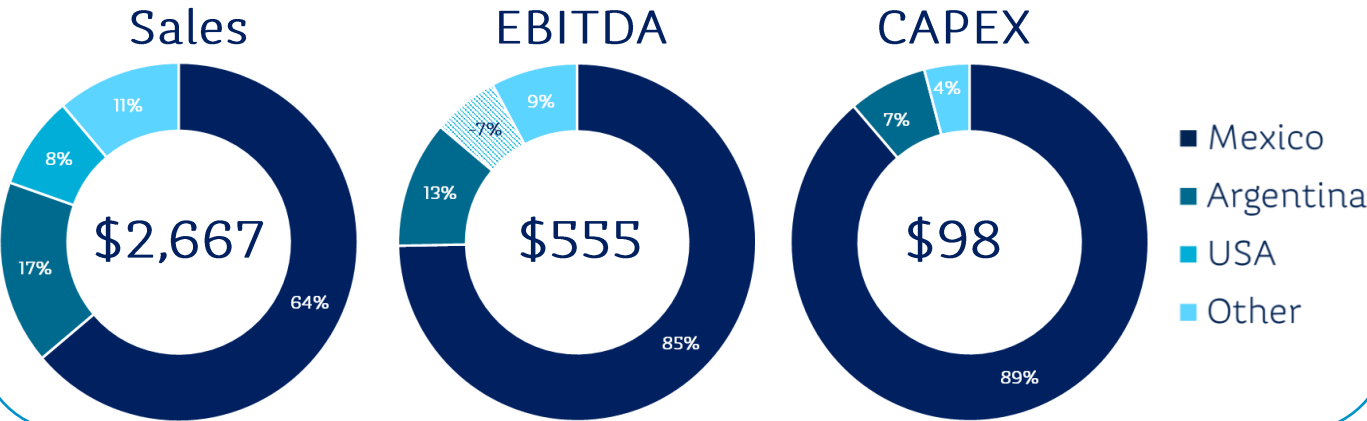


- Mexico – 45 years
- Central America – 23 years
- Peru – 21 years
- Argentina – 21 years
- Brazil – 20 years
- USA – 5 years

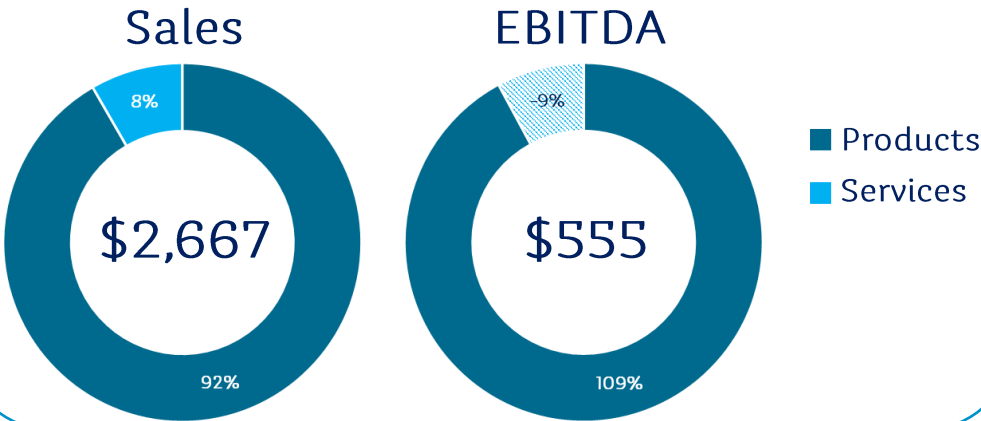
1Q24 Results

MXN mm

By Country



By Solution



		1Q24	1Q23	Δ %/bps
Income Statement	Net sales	2,667	2,746	(3%)
	Cost of Sales	1,316	1,435	(8%)
	Gross Profit	1,352	1,311	3%
	Margin	51%	48%	300 pb
	Operating Income	421	438	(4%)
	Margin	16%	16%	(20) pb
	Financing Result	64	411	(85%)
	Taxes	54	(9)	NA
	EBITDA	555	553	0%
	Margin	21%	20%	70 pb
	Net Result	304	37	NA

Cash Conversion Cycle 30 days

- Inventory Days
76
- Accounts Receivable Days
59
- Accounts Payable Days
105

1Q24 Results

MXN mm

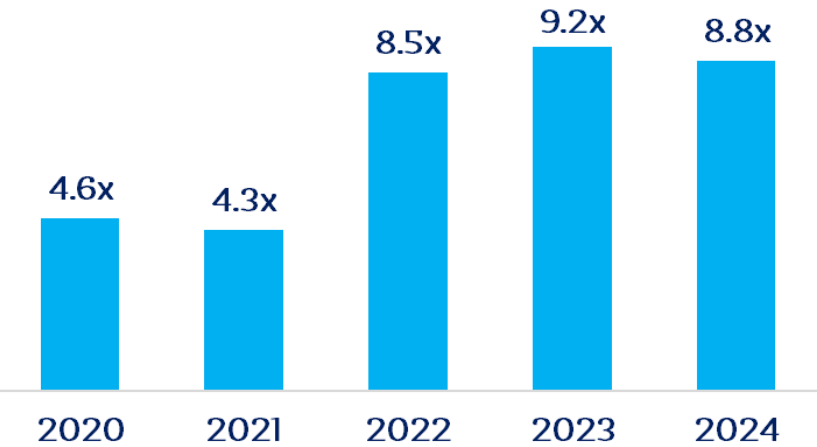
Debt Maturity Profile



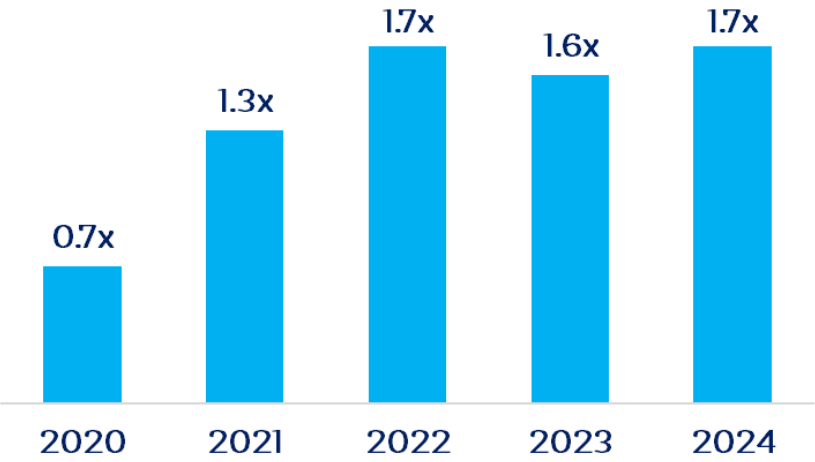
Strong Balance Sheet to support growth

	March 2024
Cash and Cash Equivalents	570
Other Assets	12,437
Total Assets	13,007
Debt	4,123
Other Liabilities	2,679
Total Liabilities	6,802
Equity	6,205
Liabilities + Equity	13,007

Interest coverage*

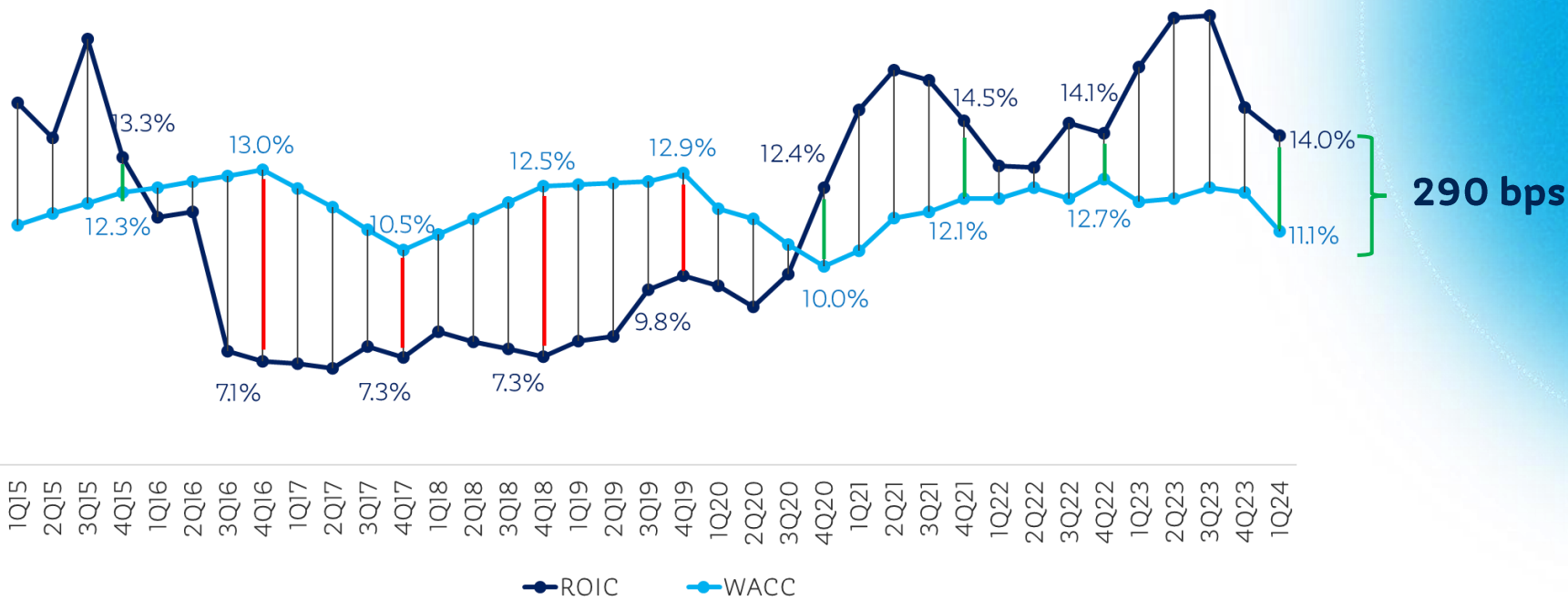


Net debt / EBITDA



**Considers net interest paid = interest expense – interest income
*Calculation of interest coverage: LTM EBITDA/ LTM Net interest expense

ROIC | Sustainable value creation



Spread ROIC-WACC
in line with guidance
ROIC = WACC + 200bps

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.

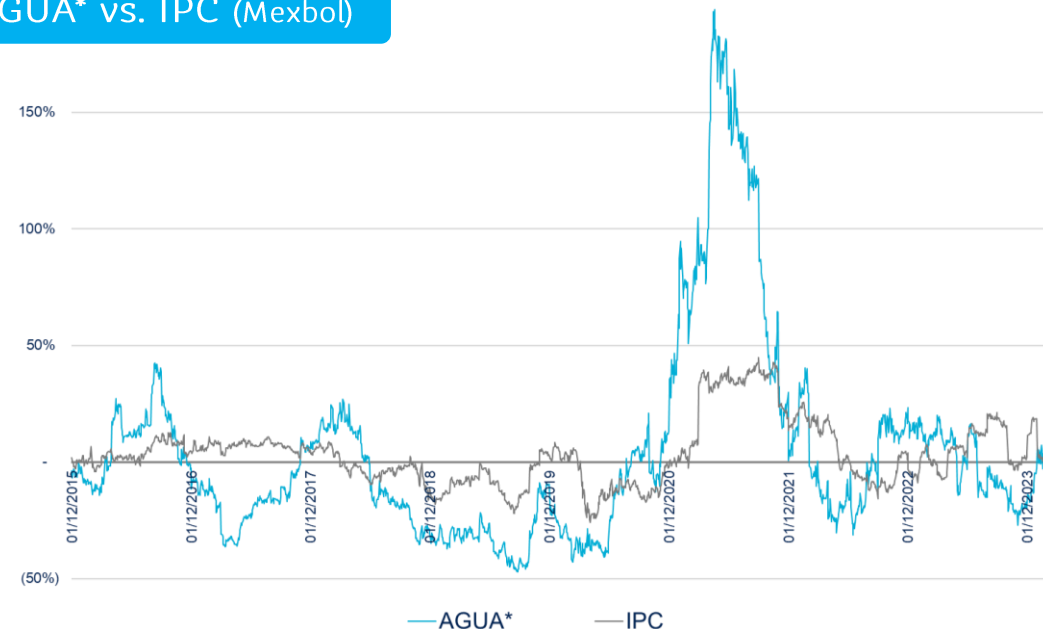
AGUA*

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%
FLOWERVE 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%

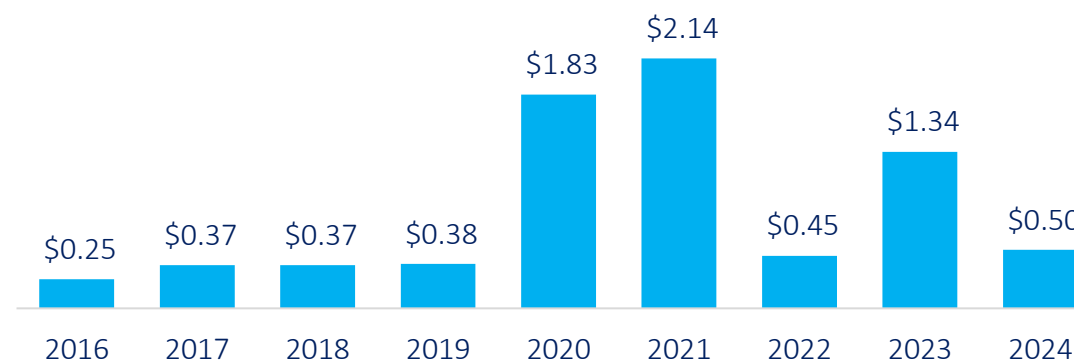
AGUA* trades at a 7.7x multiple compared to 14.1x industry median, despite:

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

AGUA* vs. IPC (Mexbol)



Dividend History*



Source: Bloomberg & SiBolsa

* Capital reimbursements for 2020 and 2021 include stock reimbursements.

2024 Guidance

Sales

> 10%

EBITDA Margin

18% - 19%

Net Debt / EBITDA

< 2.0x

ROIC

WACC + 200 pb

04

Water, a resource at risk

Global Water Industry | An immense opportunity

What you need to know:



- **5%** of our planet is **covered** by **water**, but **less** than **1%** is **usable**.
- Water **demand** has **increased** by **40%** over the last 40 years and is **expected** to **rise** an additional **25%** by **2050**, while **supply** has more than **halved** since **1970**.
- We could **exhaust** our **fresh water supply** by **2040** at the current rate of **consumption**.
- **80%** of global **wastewater** is **discharged** into the **sea without** adequate **treatment**.
- **Microplastics** are present in **83%** of **drinking water**.
- **57%** of global freshwater **aquifers** are **overexploited**.
- **One third** of **freshwater** in pipelines is **lost** due to **leaks**.
- The **climate** and **water crises** are **interconnected**: for every **+1°C**, there is a **20% reduction** in renewable **water**.
- At least **69%** of the **impact** of **climate change** is **manifested** through the **water cycle**.
- **Every dollar invested** in water access and sanitation **could yield \$7** in **returns**¹.
- **Solving** the global **water crisis** would **cost** only **1%** of the **annual GDP** until **2030**.
- Approximately **78%** of the **capital employed** in **water security** comes from the **public** sector, but it is **expected** to **fall** to **43%** in the next decade, while **private capital** will **increase** from 3.8 to **12.6 trillion** dollars².

1. World Bank
2. Global Water Intelligence

Regional Outlook



Water scarcity is most acute in its northern and central regions, where overexploitation of aquifers meets with insufficient management. Pollution further diminishes water quality, impacting urban and rural communities. Mexico faces a critical need to balance usage and improve water quality controls.



Argentina's principal water issue is the disparity in water distribution, leading to scarcity in arid regions and contamination from industrial and agricultural sources in others. Essential resources are unevenly spread, with significant areas facing drought conditions and water quality challenges.



In the United States, water scarcity in the west and pollution issues are critical, exacerbated by old infrastructure (70-100 years) that causes inefficiencies and water loss, highlighting the urgency for updated systems and sustainable management practices.



Peru's water crisis primarily stems from the uneven geographical distribution of water, with abundant resources in the Amazon but scarce availability in coastal and Andean regions. Pollution from mining and poor wastewater management further aggravates water quality issues in populated areas.



Central America deals with dual threats of water scarcity in some areas and excess in others, compounded by pollution from inadequate waste management. These issues strain limited water management capabilities, affecting both human health and regional biodiversity.

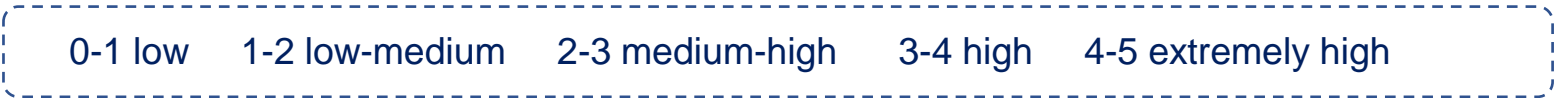
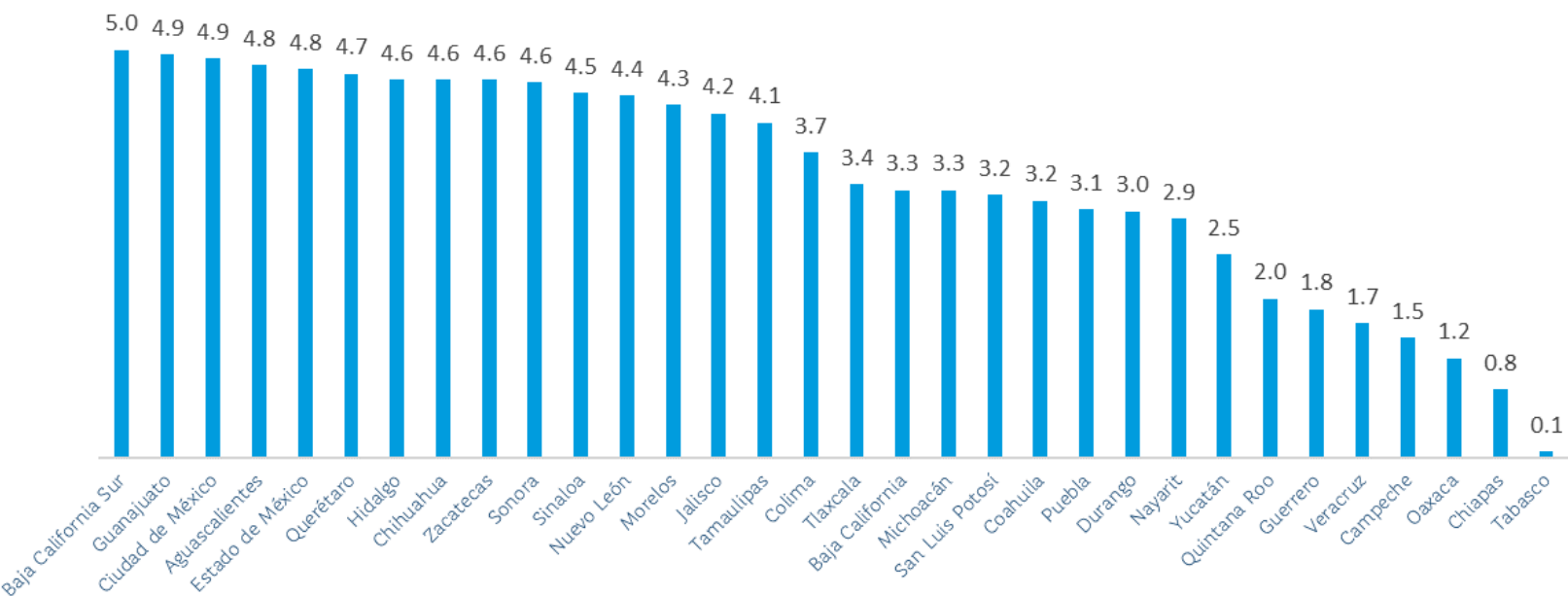


Brazil grapples with regional water scarcity in the Northeast and pollution concerns across urban areas, despite abundant resources in the Amazon. Inadequate sanitation infrastructure exacerbates water quality problems, presenting significant health and environmental challenges.

Across these regions, **climate change exacerbates existing water challenges**, intensifying droughts and floods, altering rainfall patterns, and putting additional pressure on already strained water management and conservation efforts.

Situación hídrica en México

General water risk¹



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

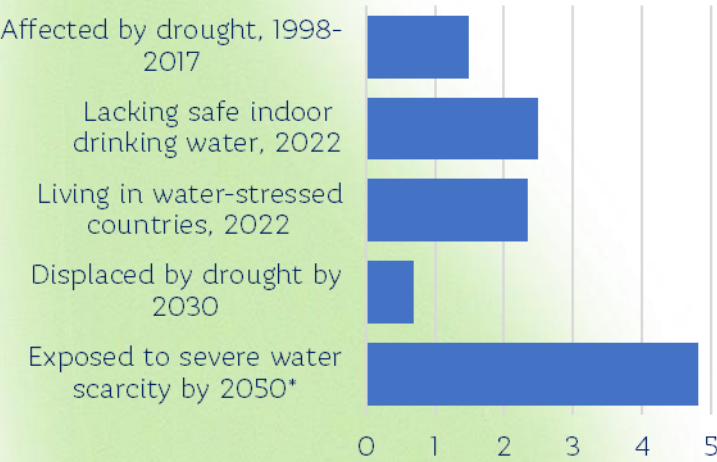
²UN Global Land Outlook

Source: World Resources Institute (WRI)

General water risk America¹

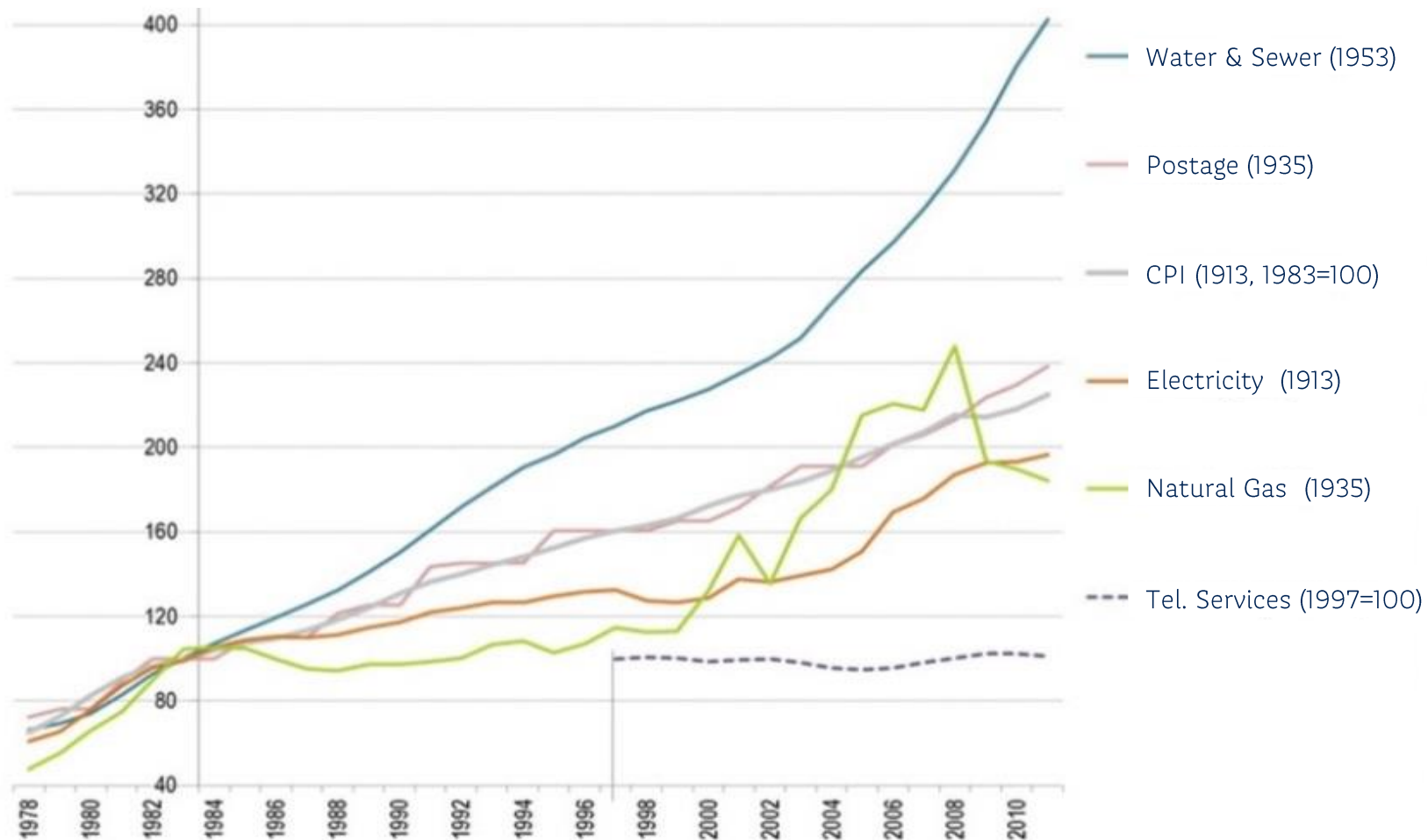
Country	Ranking	Risk
Mexico	24	3.86
Guatemala	57	2.36
Peru	66	2.05
USA	71	1.85
El Salvador	78	1.66
Argentina	92	1.31
Costa Rica	107	0.92
Brazil	112	0.78
Honduras	133	0.27
Nicaragua	137	0.21

Global estimated, bn people²



Evolución del costo del agua | EEUUA

Trends in consumer prices (CPI) for utilities



Water is the fastest
rising utility **cost**

Nearshoring | Opportunities in the Water Industry

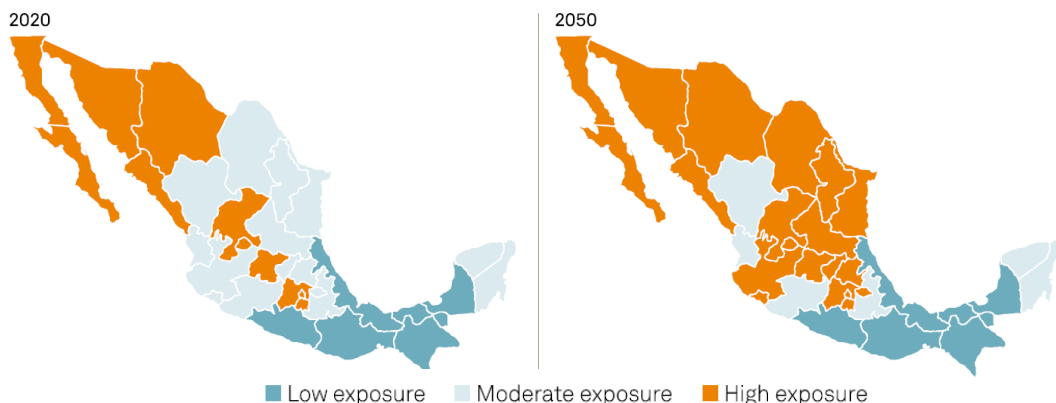
Companies are beginning to move their production chain to Mexico, and this represents a great opportunity for our market.

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**.

Thank you!



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