

Grupo Rotoplas

2Q21 Conference Call

Operator

Good morning and welcome to Grupo Rotoplas' results conference call. Please note that today's call is being recorded and all participants are currently in listen-only mode to prevent background noise. The host will open the floor for questions later.

[DISCLAIMER]

Today's discussion contains forward-looking statements. These statements are based on the environment as we currently see it and as such there may be certain risk and uncertainty associated with such statements. Please refer to our press release for more information on the specific risk factors that could cause actual results to differ materially. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, further events or otherwise.

Please allow me to remind you that the company issued its earnings press release yesterday after market close. It can be found in the investor's section of its website. Also, the presentation for the call and the webcast link are in the investor's section.

[PRESENTERS]

Today's call will be hosted by Mr. Carlos Rojas Aboumrad, Chief Executive Officer and Mr. Mario Romero, Chief Financial Officer.

I will now turn the call over to Mr. Carlos Rojas.

Carlos Rojas Aboumrad:

Good morning everybody. Thank you for being here with us today. As always, I am pleased to have the chance to talk about our latest results with you. I am really happy with the work we did this quarter and the results we achieved, and I would like to take this opportunity to thank our committed and talented team for that.

[Sustainable Growth]

We registered a historical record sales level during the second quarter.

Even when this same period last year in 2020 was the most affected by the pandemic last year, we managed to grow 1%. And if we were to adjust our calculations for this quarter to account for the effects of the pandemic on the results of the most affected countries like Argentina and Perú, we would still register double digit growth.

We have, in other words, not only recovered the lost ground, but we have grown further, taking full advantage of the opportunities that exist in what is becoming the new normal across our markets.

Our growth this quarter was driven by both natural events and water infrastructure issues in some of our markets, as well as by the changes in consumer habits brought about by the pandemic that we have discussed before. In particular, there were droughts, heat waves and water-supply disruptions in some of the countries we operate in, all of which are part of the water scarcity trends that impact our societies. We also continue to see a growing demand for domestic, industrial and agricultural decentralized water solutions, as our customers continue to adjust to the new normal. These are all positive trends for our sector, which continues to grow and in which we continue to expand our market share.

In addition to these external factors, we have continued to rely on our internal growth drivers as well. As we continue to reach some goals of our transformation process, Flow. We are now generating and implementing even more initiatives that help us to provide the best and most innovative solutions for our clients, allowing them to adjust to the changes in their circumstances in the best possible way. Be it a family that has moved out of a big city because of the pandemic and needs a reliable source of water,

or a farmer who needs to increase her production with the same or less amount of water, or a company that wants to make better use of this resource, Rotoplas aims to have an innovative and top-quality solution for each and every one of them. And to do so, not only do we continue to introduce new solutions at a higher speed than ever before, but we have also strengthened our salesforce and opened new sales channels. This has led to significant growth group wide, and I would like to highlight the increased growth and profitability that we have achieved in the United States and Argentina, as well as continued good results in Mexico.

[FLOW DnA and Agile]

Furthermore, within the framework of two of Flow's core enablers, digital and analytics and agile innovation, we have now introduced the Agile methodology, which consists in creating empowered, autonomous, and multifunctional teams that are tasked with addressing arising consumer needs with shortened, more efficient development cycles for products and services. In this first stage, Agile is being implemented in the septic tanks business in the U.S. And we have chosen bebbia as a lighthouse for leveraging digital and analytics.

All in all, this internal evolution will enable us to make the most of the growth trend of our sector, allowing us to reach even more customers, increase our market share and cement our leadership position. As we have mentioned before we will not only seek to continue a path of growth, but to achieve a Sustainable Growth Story.

[ROIC > WACC]

The new culture created through Flow, through our transformation, has also produced another, very significant, result that I would like to highlight and that Mario will discuss in further detail: we have now achieved a rate of return on invested capital greater than our cost of capital. This is a crucial component of our 2021-2025 sustainable growth strategy to create value for our investors. And I am pleased to tell you that as to the end of June our ROIC was 450 basis points above our cost of capital, reaching 16%, the highest ROIC in more than 5 years.

[Challenges, Change]

Our corporate culture has also allowed us to deal with some important challenges during the semester and adapt accordingly. As I already mentioned, we faced increases in the prices of raw materials during the quarter, as global supply chains have been affected by the pandemic and other factors. This is, however, a sector-wide problem that also affects our competitors and given our financial and commercial strength, we decided to take it as an opportunity to continue growing and increase our market share by absorbing these price increases. As a matter of fact, we estimate that we will eventually generate more than four times the value of the costs we absorbed. Moreover, we increased our working capital, building inventories to ensure we meet the growing demand for our solutions in the months to come.

We will adjust our approach as necessary, but we believe it will have significant benefits in the medium and long run, both in terms of our growth and our profitability, as growing our market share will enable us to adjust our pricing strategies in the future, and to exploit the synergies between our businesses. At the same time, this new approach entails changes in our guidance, which Mario will discuss in further detail. Nevertheless, I can tell you that we will increase our sales target and maintain our EBITDA in terms of volume, or amount of money in absolute terms, and we expect to compensate some of the effect on the margins through growth and our internal execution discipline. We remain committed to the overarching objectives of our sustainable growth strategy 2021-2025 and to our triple focus on people, planet and profits.

[People, Planet, Profits]

We remain committed to the best ESG practices, while providing the best, leading solutions across our markets, ensuring that we create value for our investors. And we do so by leveraging and boosting our team's talents and capabilities with the ultimate objective of increasing the quality of life of our customers, whom we are passionate about. And last, but not least, we aim to have a positive impact on the environment by reducing our own footprint across our operations and most importantly, by empowering our clients to use water efficiently and sustainably.

This triple focus at the core of our sustainability strategy, ensures that our results are not only beneficial for our investors and our customers, but ultimately for our societies and the environment as well. All of our efforts must contribute, in the end, to our common well-being. That is our way forward and our reason for being.

I will now turn the call to Mario so that he can discuss our quarterly results in further detail. I look forward to your questions. Thanks for being with us.

[FINANCIAL HIGHLIGHTS]

Mario Romero Orozco:

Thank you, Charlie. Thank you all for being with us here today. We certainly had a strong quarter and as Charlie said, we believe it highlights our ability to address the changes that are taking place and make the most of the opportunities they present, leveraging the trends across our markets and our internal growth drivers.

Our quarterly sales registered a historical record growth for the company. And perhaps just as importantly, this growth was driven by the demand for our solutions in the context of persisting trends: water stress, droughts and the new consumption habits brought about by the pandemic. This means we have been successful in addressing our customers' needs in a changing landscape and growing sustainably. In fact, if we were to adjust for the operating restrictions that were put in place during the second quarter last year, we would still have grown 29%.

[COVID | Operations Status]

This was our second quarter of the year with lower restrictions across our operations since the beginning of the pandemic. Nevertheless, we remain vigilant, and we continue to comply with the strictest safety and hygiene protocols in our manufacturing operations and in the field. Furthermore, our administrative staff continues to work remotely.

[Financial Highlights]

In terms of our financials. Net sales increased 48% in the quarter, with double digit growth across our markets. Sales also grew 37% during the first semester, compared to the first half of 2020.

Sales of products grew 52% during the quarter and 41% during the first semester, a strong level of demand driven by the trends we have described and by the initiatives we have undertaken internally. Initiatives like; bringing new solutions to the market, increasing the efficiency of our sales force, and opening new sales channels.

The continuing strength of product sales compensated for the effects of the pandemic on sales of services, which fell 4% during the quarter. This contraction is mostly attributable to the ongoing school closures, which affect the water fountains business, and to the slow recovery of the water treatment and recycling plants business.

However, our drinking water platform, bebbia, continues to grow at a rapid pace, reaching record sales and expanding its subscriber base. We have installed more than 52 thousand equivalent units.

Our gross margin decreased by 260 basis points during the quarter and 280 basis points in the semester, due to increases in raw materials prices.

However, this is a sector-wide problem and with a long-term vision, we decided to leverage our financial and operational strength to temporarily absorb these cost increases in order to grow, increase our market share and strengthen our leadership across our markets. The decision resulted in an impact of Ps. 130 million in the quarter. Nonetheless, we estimate that this strategy increases the annual growth rate at the group level by 5.1% due to a better positioning of the brands, thus generating a long-term value of 4.8x the absorbed cost.

Moreover, we have also been able to leverage the efficiencies and improved execution discipline brought about by Flow and reduce the operating expenses as a percentage of sales by 190 basis points. This lowered the

impact of costs increases on the EBITDA margin, which decreased by 50 basis point during the quarter and 10 basis points in the semester.

During the quarter and the semester, we recognized one-time expenses associated with the implementation of Flow program and donations. Our adjusted EBITDA, after accounting for one-time expenses, grew 43% in the second quarter and 36% in the first six months of the year.

Net income for the period was Ps. 65 million compared to a net loss of Ps. 59 million in 2Q20, the period most affected by the pandemic.

Net profit contracted during the semester; it is worth noting that this is attributed to the fact that in the first quarter of 2020 we recognized a one-time gain when we closed our FX coverage position at a significant profit. Excluding this factor, net profit would have increased 150%.

Now, as to our geographic breakdown.

[Sales per Country | Mexico, Argentina, US]

Sales in Mexico grew 35% during the quarter and 21% in the first six months of the year due to the strong demand for our storage, waterflow and improvement solutions, including the new products we have introduced in the previous months. This growth compensated for the contraction in sales of services, as I mentioned earlier.

Net sales in Argentina grew 85% quarterly and 81% in the first semester, driven by a strong growth across all three categories, storage, waterflow and heaters; as well as a pricing strategy that outpaces inflation.

Sales in the second quarter of last year were affected by operating restrictions, nonetheless, compared to de second quarter of 2019 Argentina grew 46%.

The increase in sales and prices, combined with an improved cost absorption helped offset the increase in raw materials prices and resulted in an adjusted EBITDA margin for the quarter and the semester of 14%. And while the situation in the country remains complex and there are still

some challenges, such as guaranteeing the availability of supplies for our operations there, we believe that we have achieved the necessary stability to move forward. We want to emphasize the importance of having grown with profitability in the country.

Sales in the United States grew 20% quarterly and 24% during the first six months of the year representing 12% of Group's total sales. This growth was driven by the reopening of the economy and the droughts and heat waves that occurred in some states. We also strengthened our e-commerce platform, increased the staffing at our call center and opened two new service centers, one in California and one in Texas and, as Charlie mentioned, we implemented the agile methodology to our septic tanks business.

These initiatives, combined with our pricing strategy and improved deliveries, increased our profitability, as EBITDA margin reached 7%.

[Sales per Country | Others]

Sales in Central America increased by double digits during the quarter and the semester, driven by the reopening of the economy, the reactivation of the housing industry, and the growing demand for decentralized water solutions in the region.

Sales in Peru tripled during the second quarter as a result of the change in consumer habits and the economic incentives provided by the Peruvian government to mitigate the economic effects of the pandemic. The second quarter of 2020 was the most impacted for Peru but even when compared to the second quarter of 2019, sales grew double digits.

Finally, we continue to focus on strengthening the presence of our water-as-a-service platform in Brazil as our pipeline there grows. We now have our first treatment and recycling plants in operation.

[Sales | Products & Services Mix]

In terms of our portfolio mix, sales of products during the quarter and the first six months of the year accounted for 95% of total sales, growing 52%

and 41% respectively. Sales of services on the other hand decreased 4% and 11% percent in the quarter and the first half, due to the ongoing school closures and a slow pace in water treatment contracts, as I mentioned before. However, bebbia, continued to register record sales and continues to gain subscribers, and rieggo, our agricultural venture continues to grow.

Our government sales as a percentage of total sales amounted to less than 4% in the quarter, well below our 10% goal.

[Strong Cash Position]

We optimized our cash conversion cycle by 42 days, and we continue reviewing our terms with related parties through the weekly cash control tower.

Our net debt to EBITDA ratio is 1x, well below our 2x ratio policy and a level that we believe is more than adequate to maintain a sustainable accelerated growth rate as we continue to take advantage of the opportunities that are arising. It is worth noting that our debt position considers the sustainable bond AGUA 17-2x, which as we have discussed in the previous quarters, netted 4 billion pesos, has a maturity date of June 2027 and was issued at an 8.65% rate. It also considers the bridge loan in Argentinean pesos for working capital, which strengthened our balance sheet due to favorable FX effects, and the Peruvian government loan denominated in soles that we have discussed in previous calls.

[Discipline in Capital Allocation]

CAPEX was 3.4% of total sales during the first semester, amounting to \$178 million.

It is worth noting that a significant percentage of our capital expenses are focused on the improvement of our production processes, increasing their efficiency and sustainability and, most importantly, enabling us to meet the increase in demand across our markets. We are, investing in shaping the Rotoplas of the future, in line with our sustainable growth strategy 2021-2025. Our transformation has enabled us to make the most of the

opportunities created by the new normal in our societies and we will continue to seize these opportunities in the future.

[ROIC vs Cost of Capital]

As Charlie pointed out, our ROIC reached 16% during the first semester, more than 4 percentage points above our cost of capital, which was 11.5%. We achieved this result by pursuing a range of initiatives and actions within the Flow framework and we will continue to pursue new opportunities and efficiencies to ensure we create value for our investors.

[ESG Initiatives & Progress]

Moving forward to the next slide about our ESG strategy.

As you may remember we have a triple bottom line focus: people, planet and profits at the same level of importance, and from those pillars we have built our Sustainability Strategy 2021-2025, which is included in our Annual Report 2020 and is available at our website. If you have not done so yet, I would like to invite you to take a look to learn more about the actions we are taking and their contribution to the UN's Sustainable Development Goals.

The sustainability strategy focuses on creating 360-degree value, that is, for all stakeholders and throughout the water cycle.

The strategy includes 6 lines of action (2 for each dimension; people, planet and economic benefit) and the direct and indirect contribution to 10 UN Sustainable Development Goals.

[ESG Actions]

Additionally, during the quarter we undertook a number of actions and initiatives, of which I would like to highlight the following:

- We applied and were accepted to the UN Global Compact's Climate Ambition Accelerator and the Target Gender Equality accelerator programs, which help companies with their climate action and

women representation and leadership goals. This is important as Rotoplas is fully committed to diversity as an integral issue and to the fight against climate change.

Besides, as part of our water stewardship efforts:

- We launched “A Fluir”, an open call to partner with NGO’s to provide and install rainwater collection systems in underserved communities.
- We partnered with the Fundación UNAM to establish the Rotoplas-FUNAM Prize to recognize and support research and innovation in water treatment. Likewise, we partnered with the Interamerican Development Bank, The Nature Conservancy and other companies to launch a call for water projects to be showcased during Water Week in Stockholm.
- Finally, Hand in hand with Un Kilo de Ayuda and Harpic we were part of *El Poder de Estar Juntos* program, which started by providing rainwater collection, storage and plumbing solutions to 50 Mazahua families in Mexico State.

I would also like this opportunity to encourage you to think about how each and everyone of us can reduce our individual environmental footprint. There is this great tool online called climatehero.me that allows you to calculate your carbon footprint in just 5 minutes and gives recommendations as to how to reduce it. And it is important to consider the small actions we can take as well in our everyday lives, such as reusing water, avoiding bottled water, utilizing reusable containers, reducing our dependence on automobiles and others. This kind of change at the individual level can truly have an enormous impact.

We are committed to achieving a Sustainable Growth Story, creating value for our investors while improving the life of our customers and communities and helping them to make the most efficient use of the increasingly scarce water resources. As I may have mentioned in other

occasions, we create value for our investors while upholding the best ESG standards and practices and, crucially, becoming an ally for those who work towards the common good. Sustainability is at the core of both our purpose and our DNA.

[Guidance 2021]

Now, let me turn to our guidance.

Taking into account the demand for our solutions and the success of internal initiatives to capture opportunities in the water industry, as well as the strategy of absorbing costs to prioritize the positioning of our brands in the market to create long term value, we have decided to update our guidance:

We are increasing our sales growth to 17% or above. We also now expect our EBITDA margin to be between 17 and 18%. We still expect to keep the Net Debt over Adjusted EBITDA ratio below 2x, and finally, we also expect to continue creating value with a return on invested capital at least 200 basis points above our cost of capital. (100 basis points higher than our previous guidance)

It is of great importance for Rotoplas management team to reach the absolute amount of EBITDA in pesos that was set at the beginning of the year. We are updating sales growth and EBITDA margin but the EBITDA in pesos remains the same as in the previous guidance.

[AGUA*]

About our stock AGUA*:

It might be of interest to you as well to review GBM's "deep dive", which was published recently and classifies AGUA as a market outperformer and sets a target price of \$47 pesos for 2021.

Likewise, Punto Casa de Bolsa released a report in May stating a target price of \$42 pesos and a buy recommendation.

Finally, Miranda Global Research and Miranda ESG initiated coverage this week, with a target price of \$45 pesos and also a buy recommendation.

As far as I know, Rotoplas is the first issuer of the Mexican Bolsa that has an ESG analyst coverage. Miranda ESG published an ESG scorecard in which it compares Rotoplas to other public companies involved in the water industry from a sustainable practices perspective.

With these recommendations and a consensus price of \$44.7 pesos, an upside of more than 35% is expected for this year.

[Q+A]

That's all from my side, thank you very much for your time. We look forward to your questions.

[Q&A SESSION]

From: Anonymous

Institution: -

Q: What are the strategies to mitigate higher raw materials prices? When do you expect the cost of raw materials to normalize?

A: As indicated in the previous call, now that we have increased our market share, the strategy is to start increasing the prices. This will happen during the third quarter. From our last estimate for raw material cost normalization, we believe it's going to happen anywhere between September and October, considering the last energy sector forecast.

From: Rodrigo Salazar

Institution: AM Advisors

Q: Could you expand in the US? Why are margins lower than the 1st Quarter given that seasonality should benefit, what's the pricing strategy in that region? The US is still relatively small, how do you expect to reach the 2025 guidance in the US? Where does growth come from?

A: Prices from suppliers in the US have increased continuously, we've been successful in reflecting those prices quickly to our customers. Still, we're investing heavily in developing our platform, as we do so, a lot of it goes into expenses.

We are hiring staff to meet demand, we opened two new stores to combine with our e-commerce platform. This created expenses but perspectives for the future are brighter. Right now, we expect to grow in the US while investing heavily in technology. Secondly, we expect good growth for the coming years in the US, we are targeting to represent 25% of our business in 2025.

Q: Given you are giving priority to market share growth over profitability, when do you expect to resume pricing strategy, and do you expect to retain all the market share gained? How has the competition reacted to this, or how do you expect them to react?

A: We think we'll retain part of the market share gained but not necessarily all of it, since we will increase prices if needed. We have a strategy for pricing increase as the cost of raw materials changes and we seek to make decisions as nimbly as possible based on our financial analysis. We are trying to optimize for value generation in the long-term.

We have an office doing price management, they try to balance prices with the price elasticity demand model. We run a lot of analysis while trying to preserve much of the gained market share. We can also say we are leaders in almost every single segment we participate in. We have a good distance between the competition, so we think our market will follow us in price increases.

Regarding how the competition has reacted, they have tried to be as aggressive as possible. They were not necessarily as capable as we were in obtaining raw materials to supply demand. Over the last year, we invested way more than the competition, we even did a very high level of investment compared to our historical investments, while the competition didn't invest much in developing capabilities.

It was challenging to address the increase in demand in a successful way, so during this process, we increased our capabilities to address the demand, and we also got much closer to our customers with our loyalty programs, which benefitted both distributors and plumbers. We are seeing

tremendous benefits from the loyalty programs, harvesting today what we sowed last year.

Q: Can you give us an update for the services segment? How are the new water treatment contracts developing? And when do you expect to reach break-even for Bebbia?

A: We finally started to see the project reactivation for these kinds of solutions: water treatment plants. We are very excited to see how our pipeline is building both in Mexico and Brazil. We are enthusiastic of what we might achieve probably in the next twelve months, we will be able to share some news on our next quarterly report since we identify good opportunities for the next three months. In terms of the break even for bebbia, it depends on our growth rate. By the end of last year, we slowed our growth rate because we did not spend as much on it, so most likely we'll achieve the break-even point at some point between 1Q and 2Q of next year. We discussed this with the board as well, there's a conversation between short-term profitability and economic value for the future. Due to the type of business, we record everything that goes into activating one client (equipment, installation, etc.) into the Income Statement, not to the Assets. If we plug it back into the model, value and profits for the company are being created. As long as the Customer Acquisition Cost creates value, we'll be pushing fast growth for the business.

Also, the reactivation of the economy has a direct effect on the growth of our business. We are seeing small growth, yet not the expected one. Businesses and hotels were heavily affected during the pandemic, but since they are coming back to their activities gradually, so are contracts.

From: David Gomez

Institution: GBM

Q: Do you plan on growing bebbia, up in the northern states of Mexico?

A: The initial focus for bebbia was to develop the offer and eventually develop the platform. We are satisfied with the development we've had on the platform. We are happy with what we've delivered to customers and now we'll focus on improving the platform in terms of automatization and digitalization, so we can meet the accelerated and growing demand. We'll be focusing on new markets, which have already been chosen, focusing on the biggest cities in the country, allowing us to gain access to a very

important part of the market and also allowing us to develop these capabilities. We will expand to the rest of the country, which will happen in a more accelerated way at the end of this year and the beginning of next year as well.

From: David Seaman

Institution: -

Q: Can you quantify what the percentage revenue contribution was for new product launches? Secondly, are the product launches at higher gross margin than the average?

A: This quarter, 2.8% of revenues came from new products, which are defined as the “launches we’ve had during the last 6 months”. We also believe this percentage will grow to 5-6% in the las quarter of the year.

Regarding the new products launches and their respective gross margin, it would be appropriate to calculate it on a contribution level, since fixed expenses for the company and for the platform need to be covered. We probably look at a 35% contribution margin before working capital needs and taxes.

From: Martín Lara

Institution: Miranda Global Research

Q: With respect to the guidance, you said that you expect sales to increase 17% this year, but they were up 37% in the first half. Isn't it a little bit conservative?

A: It is conservative, but we are vigilant of the new COVID Delta variant. We are still trying to understand how it is going to affect us, and the rest of the country / economy. This is the reason why we decide to keep on the conservative side.

Q: How do you see the EBITDA margin in Mexico during the rest of the year?

A: We will see a pickup in the margins in Mexico going into the third quarter of the year, mainly due to the price increase we mentioned earlier. You will also see a more normalized EBITDA in Mexico for the fourth quarter.

We also aim, in a long-term period, to double sales in 2025 compared to 2020. The sale increase of 17% sets us on a very good path to achieve our

goal in 2025, regardless of the volatility around the world. While the increase in sales may seem conservative in the short-term, it's a more aggressive strategy in the long-term.

From: Anonymous

Institution: -

Q: Could you give us more color about the growth expectations for the US operation in the following 5 years?

A: We expect the US to represent 25% of total revenue by 2025, which represents a growth of 30% from 2020 to 2025.

Q: We continue to see significant growth in the product business in Mexico, but how long do you expect sales can continue to grow at double-digit in the product business?

A: As you know, we are really starting to see some of the benefits that the transformation brought compared to when we started it, 18 months ago. Just to give you an idea, we have about 400 initiatives going in the company, even though only a quarter of them have reached the "money step". 204 initiatives are going from business plan to "money step". This is bringing growth to both products and services, and speaking about their maturity, you'll start to see new products coming in, and along with a better salesforce performance, we believe that better growth rates will come for the product business.

Q: The business of water treatment plants continues with a negative impact due to the pandemic environment. Would it be correct to assume a lower growth rate during this environment?

A: Not necessarily. Our consumer's investment for this type of solution may have been postponed, but it can only be postponed for so long. The underlying reason for needing water treatment, which is water scarcity, has not changed. As consequence, the water demand will not change either, on the contrary, people are using more water. The need for this kind of solutions continues to build and we will probably see strong growth rates as we move into the future.

From: Anonymous

Institution: -

Q: There has been a decrease in the percentage of women in your workforce, so now that you've joined the Target Gender Equality Initiative, are you expecting to see an increase in female participation in the following quarters?

A: We would like to see that. We do review these numbers regularly and we seek diversity. We are true believers that diversity in talent brings very strong performance, as well as increasing the quality of the work we do regarding the evolution we look for in the company. We would like to see an increase in the number of women working in Rotoplas. We are looking to increase this KPI as part of our transformation. On weekly meetings, we review hiring candidates and the initiatives they would oversee. On those meetings, we keep pushing people from human capital, so they bring in more women candidates to be considered to join the company, with the idea of increasing their participation in Rotoplas' ecosystem.

From: David Seaman

Institution: -

Q: Another follow up on bebbia: How has the cohort behavior evolved? Specifically, what trend are you seen in churn?

A: In general, churn has been low, we expect customers to be with us for more than ten years and what we have seen is validation rather than change. A change and behavior we observed due to the pandemic is that consumers are drinking more water to promote health, along with the fact that consumers are also looking for high quality water, which is one of the reasons they are adopting bebbia. We are satisfied that people think of us as a solution for more and better water, which is our mission.

From: Anonymous

Institution: -

Q: Do you think customers have the right perception of how eco-friendly some of your products are?

A: We hope so. We work very hard on communicating it. We still identify opportunities on our communication, since it's not easy to understand how a plastic product can be friendly with the environment. Yet, when you understand it and produce a plastic product that is meant to last a lifetime,

then that's when you are really making the most out of plastic. There is a difference between one-time use plastic products and using plastic products that will allow you to enjoy a solution for a very long period of time. We continuously make strong efforts to use recycled materials to be more eco-friendly, not only in terms of plastic, but also on the level of contribution our products have on improving the environment. We try to communicate this at all times since it's part of our sales arguments, but we probably have opportunity to do it better.

Additionally, we try to communicate the traditional water solutions in terms of centralized infrastructure vs. the small dis-centralized approach of Rotoplas, since it's the most environmentally friendly way to use water. We need to collect water from the rooftops, treat it and use it as many times as possible. Hopefully, it gets infiltrated through irrigation. Humans have used centralized infrastructure for so long, it's hopeful that people are changing their perception, and we look to progress on it.

Also, people are now more aware of climate change. Some lakes are drying up and we are starting to experience things that have never happened before, which is why people are more aware that the situation is for real. New generations are much more aware of it, trying to reduce their carbon footprint. We are promoting ways to do it.

Finally, we are bringing new products which aim to help the consumers with leakages on their systems, which will reduce their carbon footprint. Our commercial clients have given us positive feedback. We not only look for profitability, but for good ESG indicators. We aim to connect Rotoplas' products and services to people's awareness.