



20

22

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

Corporate Presentation

Forward-looking statements

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ADDITIONAL INFORMATION AND WHERE TO FIND IT

rotoplas.com.mx/investors

www.bmv.com.mx

Ticker: AGUA*

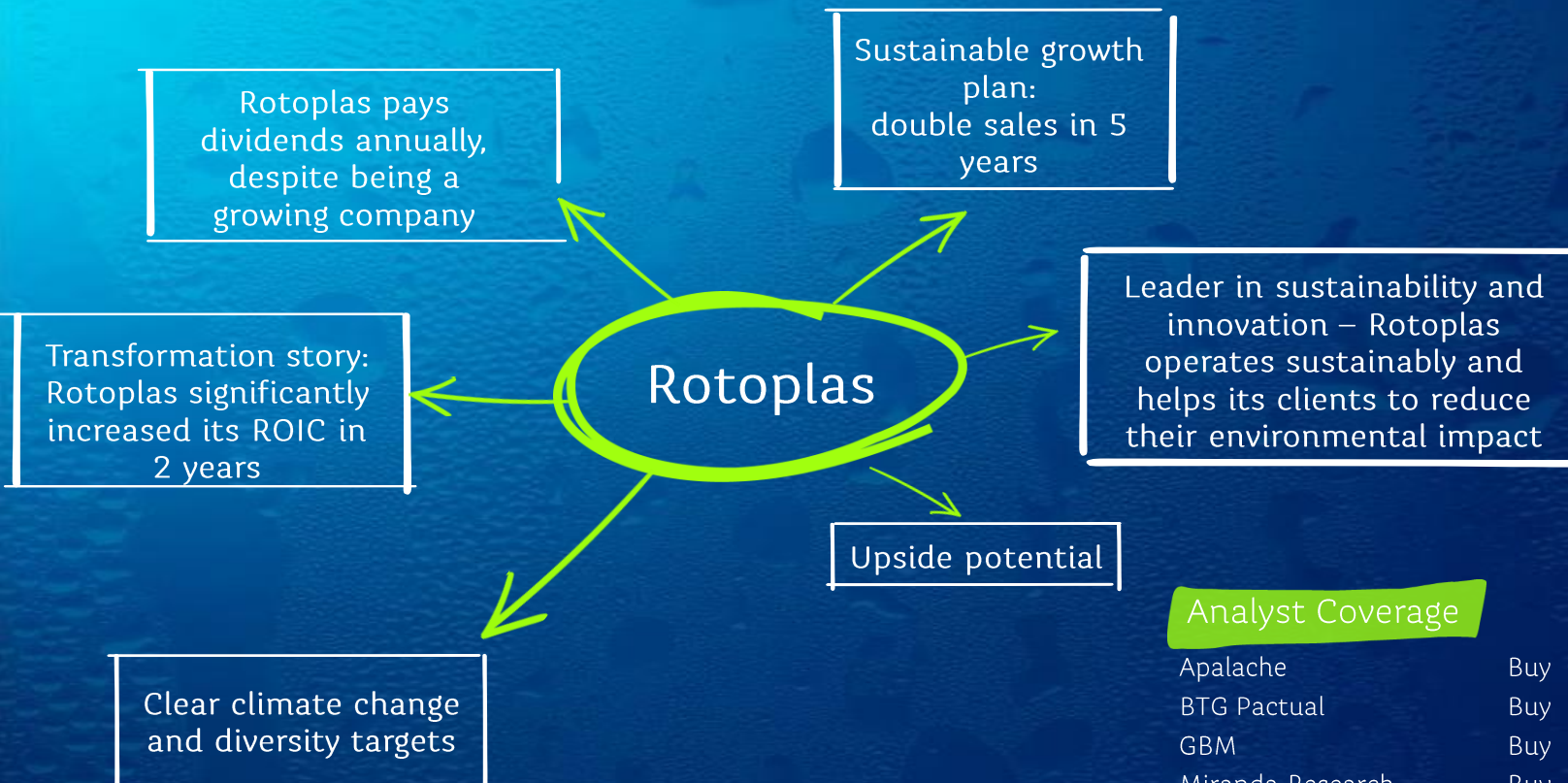


In Rotoplas we are more and better water

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



AGUA* | Key messages



Analyst Coverage

Apalache	Buy	\$39.40
BTG Pactual	Buy	\$39.00
GBM	Buy	\$48.00
Miranda Research	Buy	\$45.00
Signum / Punto	Buy	\$42.22
Consensus		\$42.72

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

01

WATER

A nascent industry of opportunities



Water Demand



Population Growth

	2020	2050
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



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

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

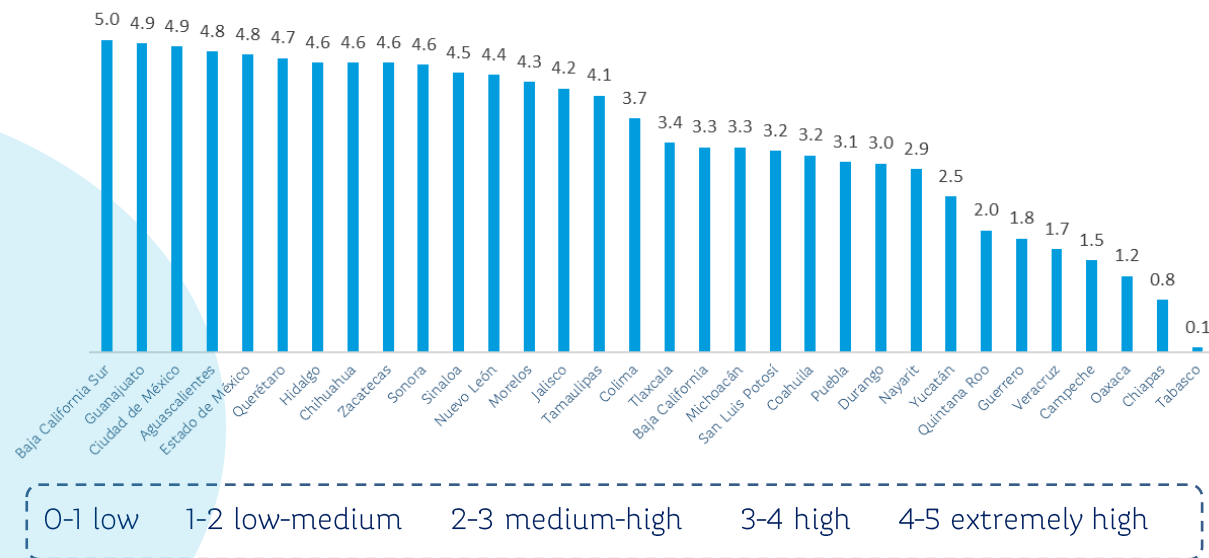


Mexico exceeds the world's average water footprint in 42%
(1,978 vs 1,385 m^3 /hab/year)

Water situation in Mexico



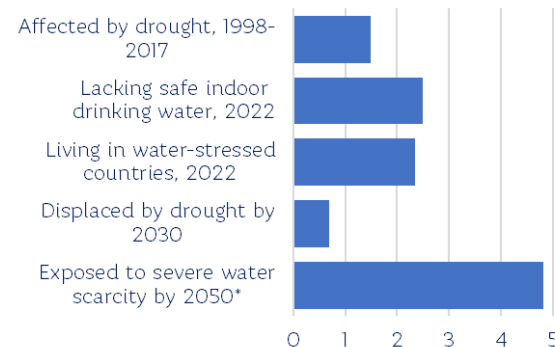
General water risk¹



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



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

²UN Global Land Outlook

Mexican city limits daily water access to 6 hours amid drought

Reuters



California's largest reservoirs at critically low levels - signaling a dry summer ahead

Images from Lake Oroville and Lake Shasta compiled by the state show 'a shocking drop in water levels' compared to years past



Mexico in a state of emergency due to extreme drought in various areas of the country

In Mexico, the National Water Commission (Conagua) declared the beginning of a **state of emergency** due to extreme drought. According to the report published by Conagua, the affected areas are the Baja California peninsula, the northwest and the Rio Grande. The Commission reported that in industrial and agricultural areas they may voluntarily provide third parties with partial or total use of water concessions.

BREAKING NEWS

"Save it's up to you": water cuts begin in the state of Nuevo León

Faced with the drought that the entity is going through, the government has decided to implement measures to mitigate the effects it may cause

Newsroom Infobae
 March 22, 2022

Companies are draining Mexico's water supply amid drought: Activists

LATIN AMERICA REPORTS | Article Published: April 9, 2022 | [LEAVE A COMMENT](#)

For instance, in the northeastern city of Monterrey, water cuts have been implemented to combat a looming water crisis in one of Mexico's wealthiest cities. On March 25, reports regarding water supply in Monterrey detailed that the city had water for only 60 days.

AMLO Asks Bottlers to Stop Producing Sodas, Beer in Nuevo León



Water regulation in Brazil



Law 14.026/2020 | "Marco Legal do Saneamento"

By 2033 the operating companies must attend 99% of the population with treated water and 90% with water from rainwater harvesting and treatment. The estimated investment of \$520 bn BRL (\$100 bn USD)

Context and opportunity

- Nearly **35 million Brazilians** live in places **without drinking water** supply.
- Almost **half** of the Brazilian **population** does not have a **sewer system**
- Of the total **wastewater** generated in the country, **only 46% is treated**, which means that the country discharges **more than 5,700 Olympic-sized pools of untreated wastewater** into nature on a daily basis.



02

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

2Q22 Water Market Leader



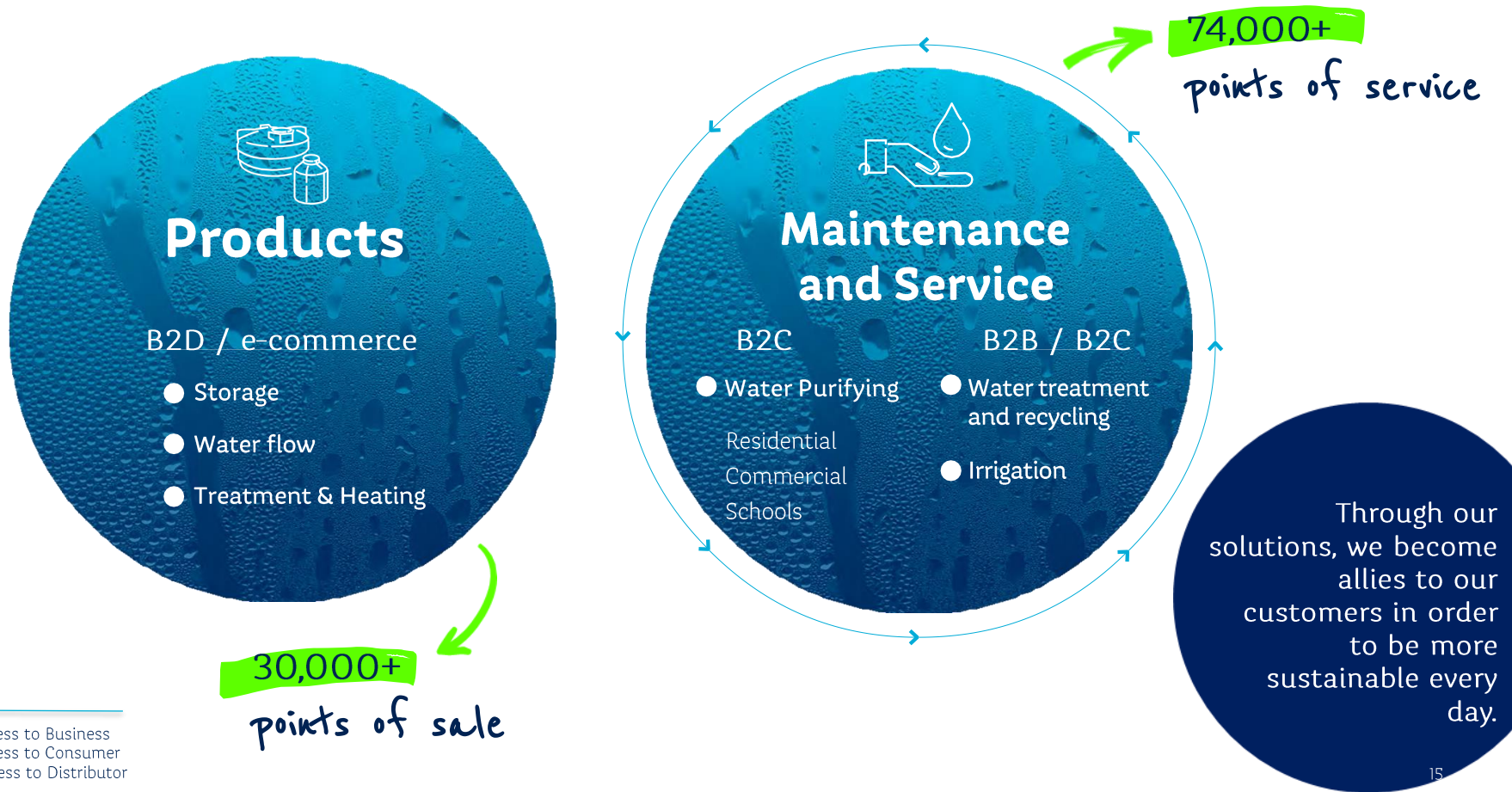
14 countries (14x)¹
74,000+ points of service
3,300+ employees (7x)¹
30,000+ points of sale (10x)¹
27 product lines (14x)¹
19 plants (2x)¹
1 innovation center

Sales
MXN 11,777mm (CAGR: 12.4%)¹

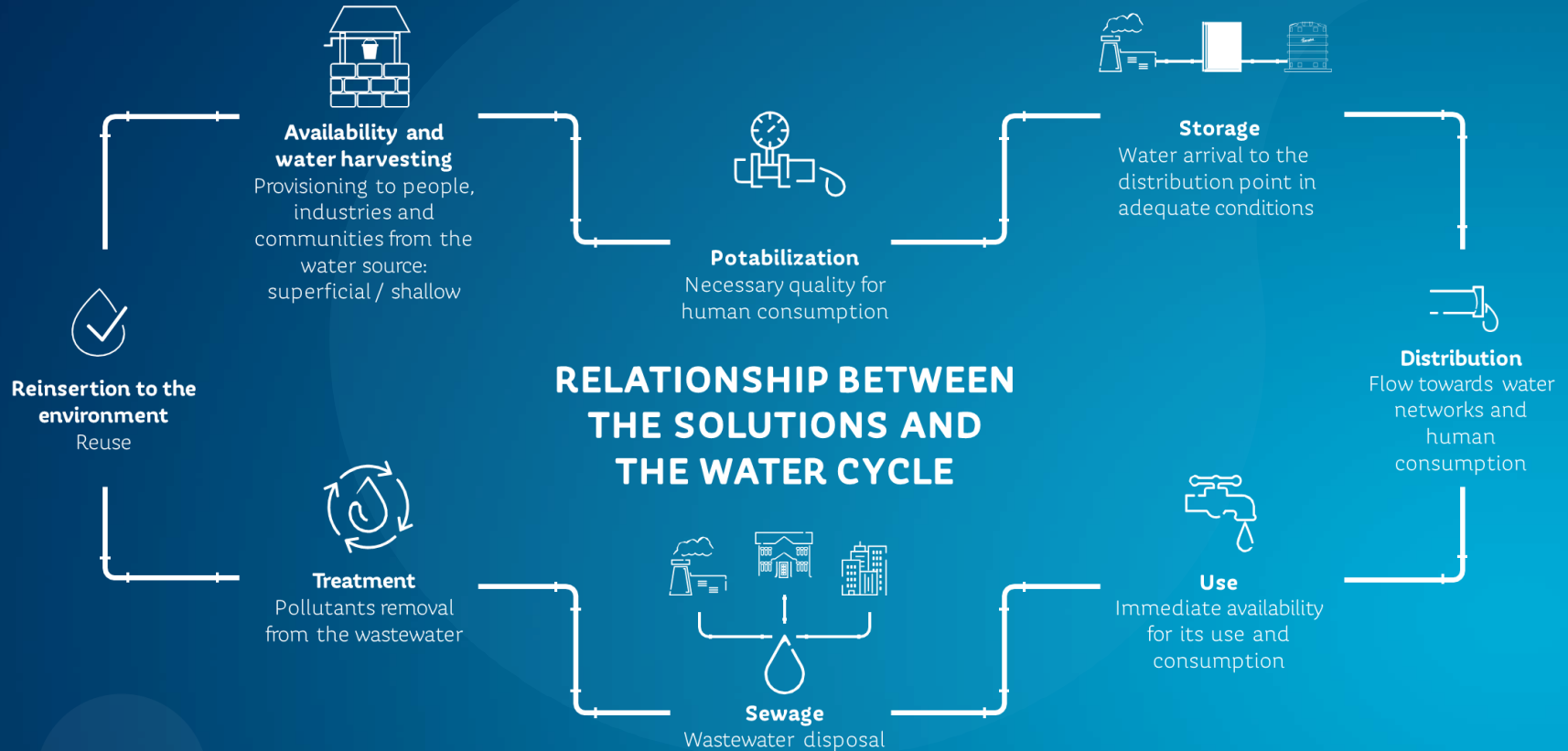
EBITDA
MXN 1,722mm (CAGR: 12.6%)¹

¹ Compared to 1994

Business Model | Decentralized Water Solutions



Our products and services are present throughout the water cycle.



Portfolio



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 الماء الأفضل



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

Waterflow

- 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 = Ø plastic bottles
- Largest generation (millennials) favors subscription economies
- Large addressable markets (i.e. 86% people drink bottled water in Mexico)

Treatment & recycling

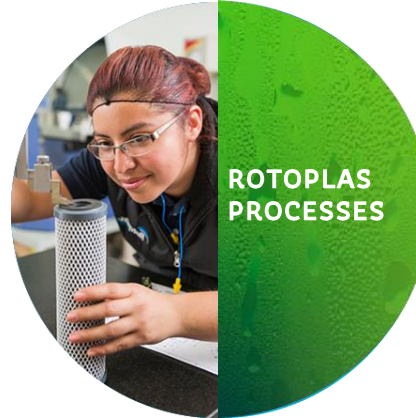
- Environmental awareness
- Regulation enforcement towards higher standards for residual water
- Increase in water prices

Irrigation

- Reduced water availability
- Inefficient irrigation methods dominate market
- Agricultural sector is not fully served

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 **30,000 points of sale** in America
- Over **74,000 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

+31,500 hrs¹

training collaborators on human rights, processes, health and safety, among other topics

+5,700¹

plumbers trained

+1,153,000²

children benefited



+70%

energy from sustainable sources



Circular economy “Green Project”

program to use recycled resins in our products
+12% compared to 2020



57% 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
- Rating MSCI **BBB**
- ESG Bloomberg - **Top 10 in Mexico**

2020 Filling of CDP questionnaire
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

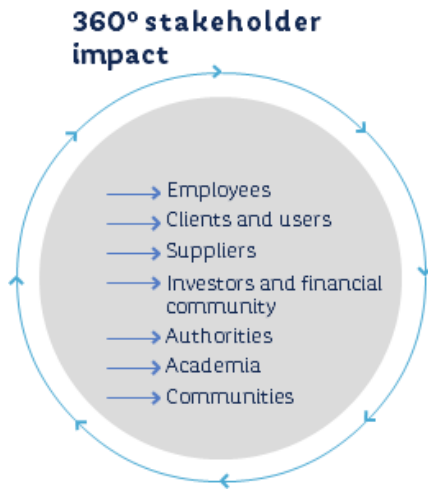
¹During 2020.

²Cumulative and including only INIFED water fountains beneficiaries.

360° Value | 2021-2025 Sustainability Strategy



TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



360° Value generation

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

Results and Targets | ESG

Profit

	2021	Target 2022	Target 2025
Suppliers evaluated with ESG criteria	-	20%	100%
Customer Satisfaction (NPS Score)	67	68	80

Planet

CO ₂ intensity - Scope 1 and Scope 2 per ton of processed resin	0.48	0.5	0.41
m ³ of water treated by our solutions (cumulative)	164K	314K	1.7 MM

People

People with access to water and sanitation	330K	549K	1 MM
Women in the workforce	23%	24%	30%

**To be a
carbon neutral
company by 2040**

**30% women in
our workforce by
2025**

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)

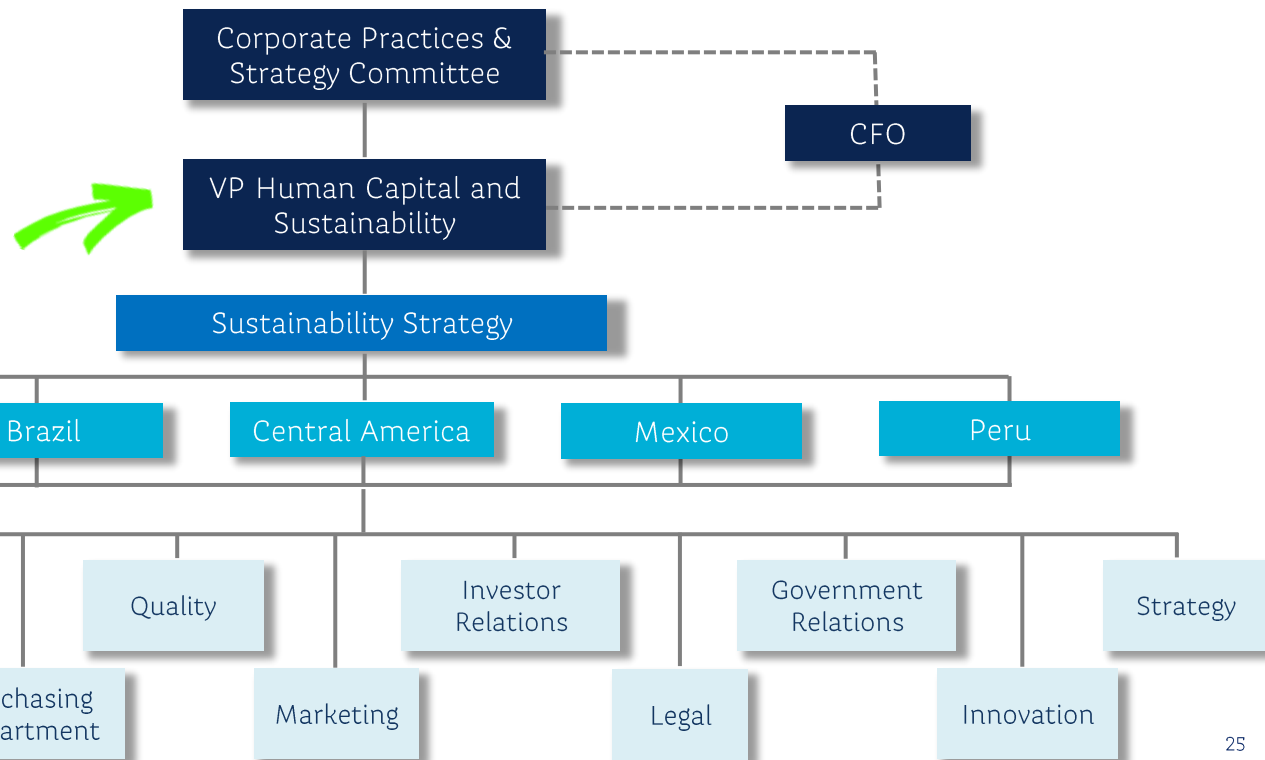
Main initiatives|
energy &
materials
circularity



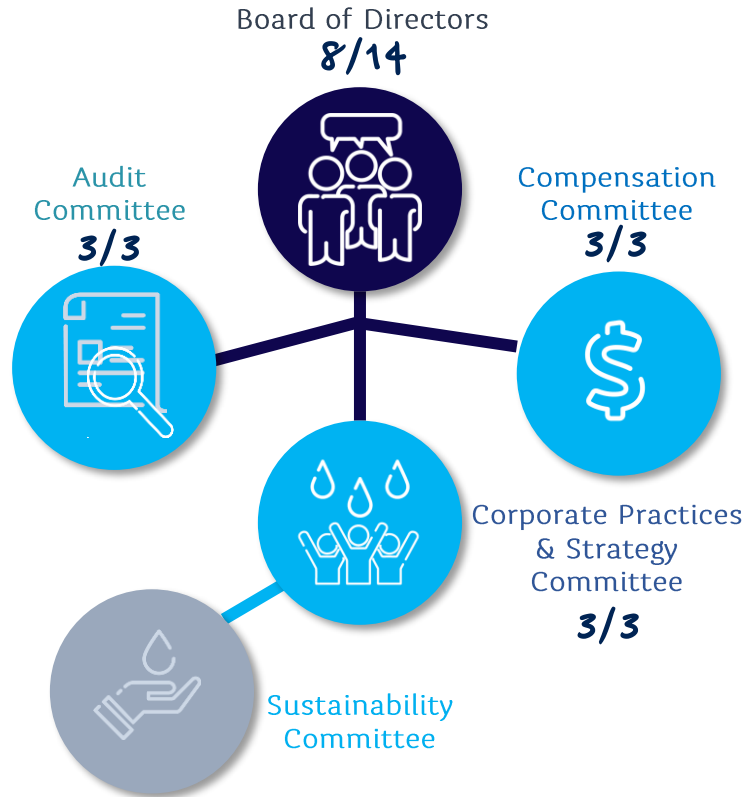
Sustainability Organizational Structure

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



Our board of directors:

- Transparency → 57% **Independent** Members
- Diversity → 5 **international** Board Members
- Innovation → Represented by 4 **different generations**
- Equality → **Gender equality** in 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

03

WHERE WE ARE GOING

Growth and value
opportunities



Flow | Transformation Program

A. 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

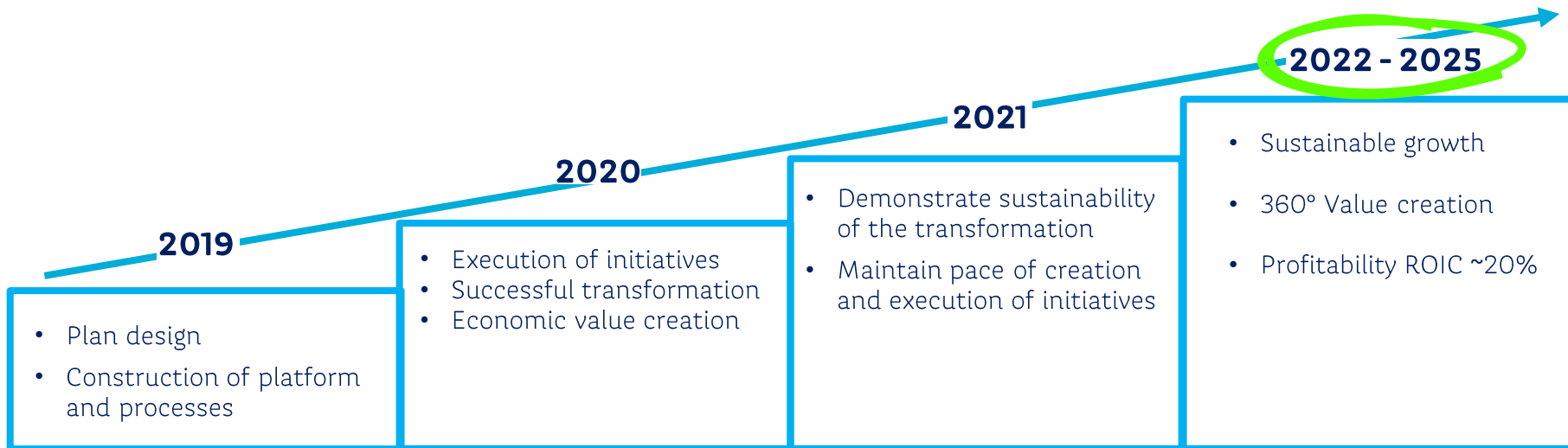
- Improve quality and execution on growth opportunities
- Clear set of opportunities:
 - 1) Cross Selling
 - 2) Boost the water-as-a-service platform
 - 3) Bolster growth of the e-commerce platform
- Improve capital allocation decisions

C. Improve organizational health

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



FLOW | Transformation



Cross selling opportunities

- Mature market
- Expanding market
- Emerging market
- Plan
- Explorar



PRODUCTS

SERVICES

Storage		Acuantia.	THE TANK DEPOT	Rotoplas	Rotoplas	Rotoplas		Rotoplas
Waterflow				Tuboplus	Tuboplus	Tuboplus		IPS Instalamos confianza
Improvement		Acuantia.		Rotoplas	Rotoplas	Rotoplas		SEÑORIAL Color que perdura
Purification				Rotoplas bebbia.				
Treatment and recycling				Sytessa. Empresa de Grupo Rotoplas				Acuantia.
Irrigation				riego.				

Strategy per country or region



MEXICO

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



bebbia® rieggo.

Sytesa. 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

Acuantia.



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



SEÑORIAL
Cariño que perdura



BRAZIL

- Develop service platform through water treatment & recycling plants

Acuantia.

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

What's next for Rotoplas?

2025 Guidance

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

Growth Avenues



Water-as-a-service Platform

Mexico & Brazil

bebbia®

Sytesa.®

Empresa
de Grupo
Rotoplas

rieggo®



ACUANTIA

United States



BIOROCK®
WASTEWATER TREATMENT



Launching of new solutions



Synergies between operations



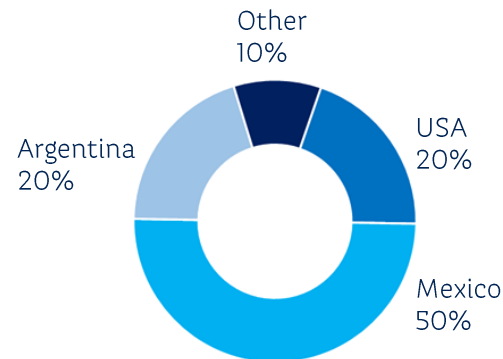
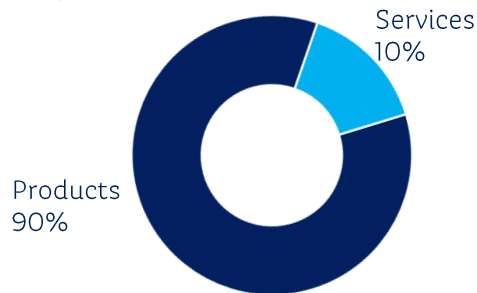
D&A Platforms



2025 Expected Growth

	Growth CAGR 21-25	
	Revenue	Adj. EBITDA
PRODUCTS	12 – 14%	12 – 14%
Mexico	10 – 12%	10 – 12%
Argentina	12 – 14%	9 – 11%
USA	29 – 31%	44 – 46%
Other	15 – 17%	15 – 17%
SERVICES	30 – 32%~	margin > 20%
TOTAL	14 – 15%	16 – 18%

Revenues 2025



— 2x revenue

— Adj. EBITDA Margin >20%

Guidance 2022

- Sales growth $\geq 15\%$
- Adj. EBITDA Margin 15.5% - 16.5%
- 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

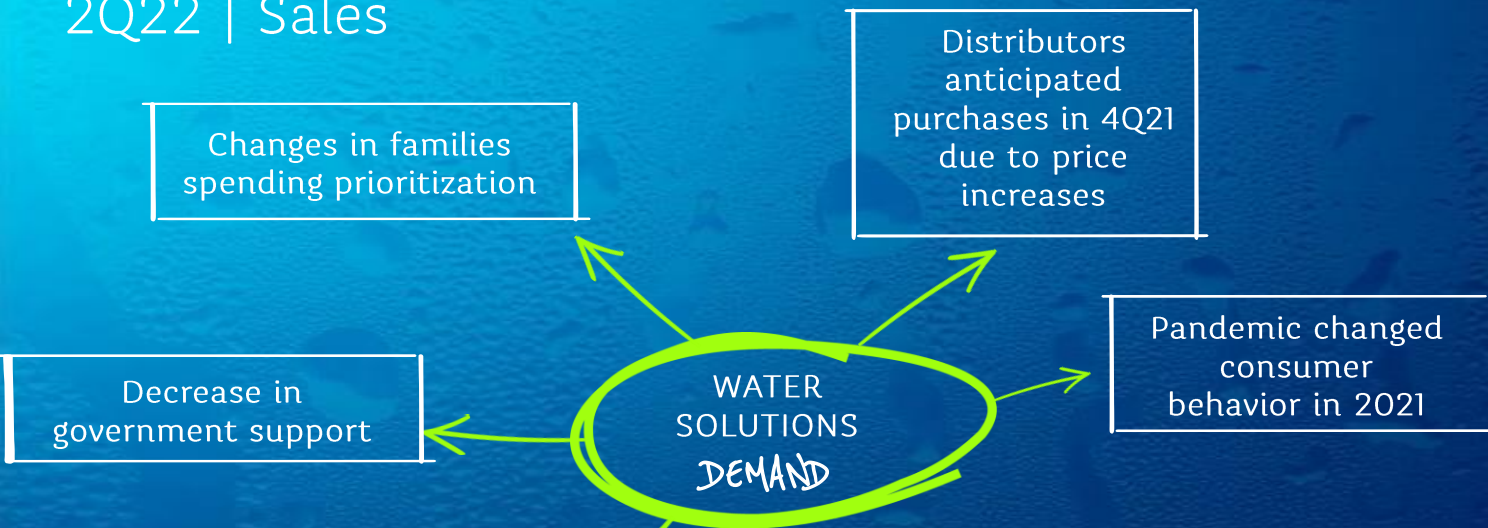
04

STRONG FINANCIALS

With a sustainable focus



2Q22 | Sales



Growth vs 2Q21

Argentina	60%
USA	4%
Mexico	16%
Other	8.1%

Growth vs 2Q21

Products	25%
Services	(27%)

GROSS MARGIN

- 2021 was an inflationary year and price strategy helped us gain market share
- 230 bps increase vs. first six months of 2021
 - Strength of brands that allowed price increases + operating efficiencies

EBIT & EBITDA MARGIN

- \$80 million impact related to expenses for:
 - the expansion of e-commerce platform and the septic business in the US
 - the accelerated growth pace in bebbia

MEASURES

- Control travel expenses
- Monitor spending allocated to developing businesses
- Track our market share and raw material & logistics cost behavior
- Maintain a consistent pricing strategy to achieve a balance between growth and profitability

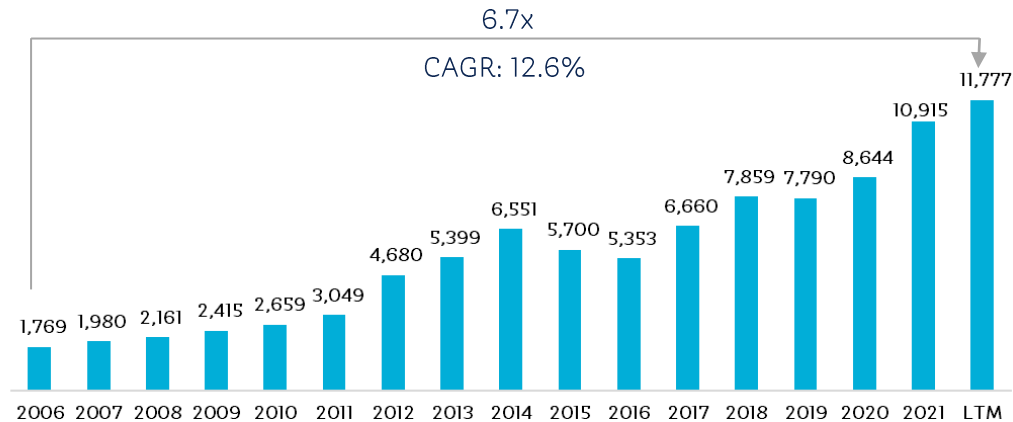
Million MXN

Business Model Resilience

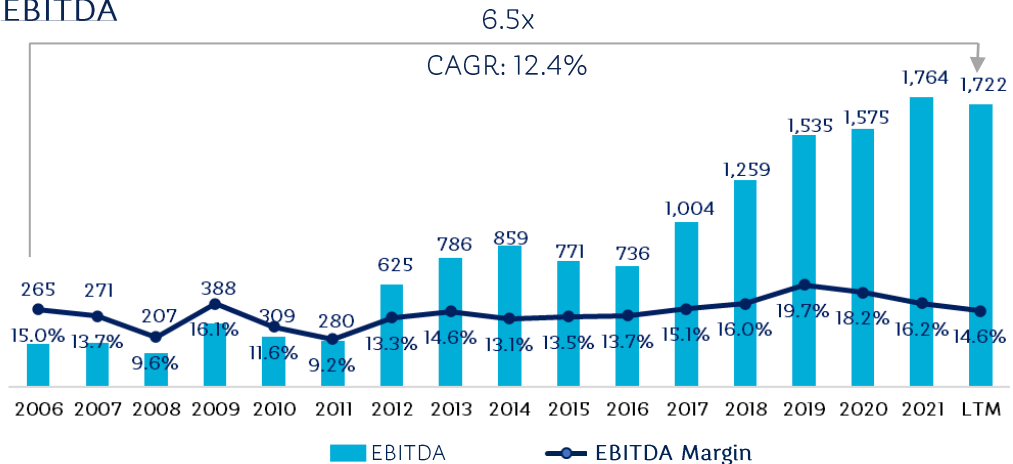
-  Continuous growth
-  Double digit margins
-  Strong Management

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

Sales



EBITDA

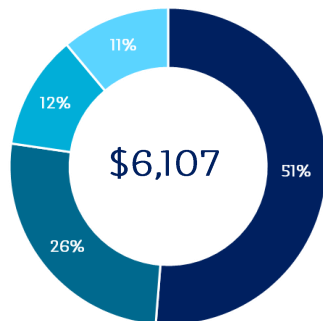


6M22 Results

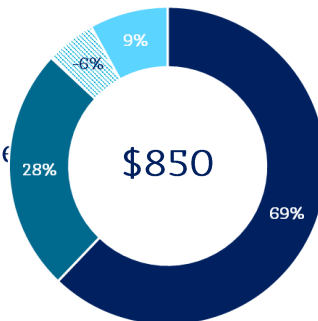
MXN mm



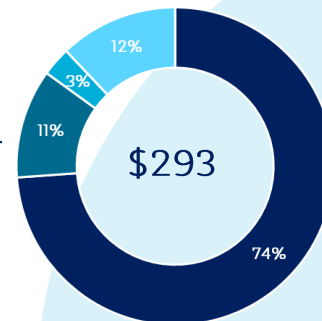
Sales per Country



EBITDA per Country



CAPEX per Country



■ Mexico
■ Argentina
■ USA
■ Other

Income Statement		6M22	6M21	Δ %/bps
	Net sales	6,107	5,244	16%
	Cost of Sales	3,583	3,197	12%
	Gross Profit	2,524	2,047	23%
	Margin	41%	39%	230 bp
	Operating Income	651	547	19%
	Margin	11%	10%	30 bp
	Financing Result	349	277	26%
	Taxes	93	72	30%
	Adjusted EBITDA	850	892	-5%
	Margin	14%	17%	(310) bp
	Net Profit	210	199	5%

Cash Conversion Cycle
59 days



Inventory Days
69



Accounts Receivable Days
60



Accounts Payable Days
70

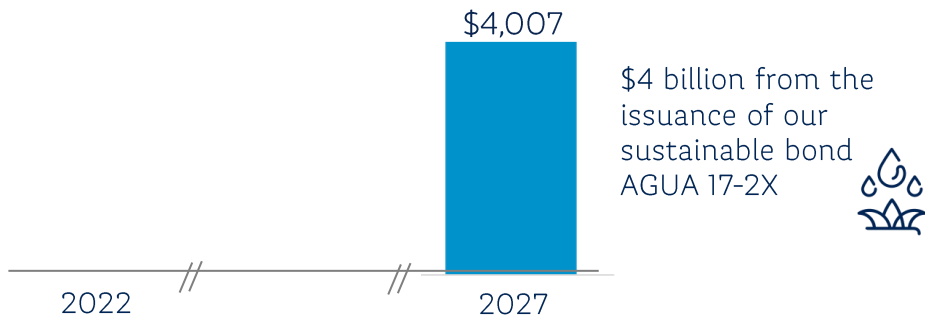
Adjusted EBITDA considers: operating income plus depreciation and amortization, plus non-recurring expenses (donations and Flow implementation expenses). In 2Q21 it considers Ps. 75 million of Flow expense and Ps. 6 million donations. On a cumulative basis, it considers Ps. 150 million of Flow expenses and Ps. 8 million donations. During 2Q22, there were no adjustments for Flow expenses, and no donations.

Sound Financials

MXN mm



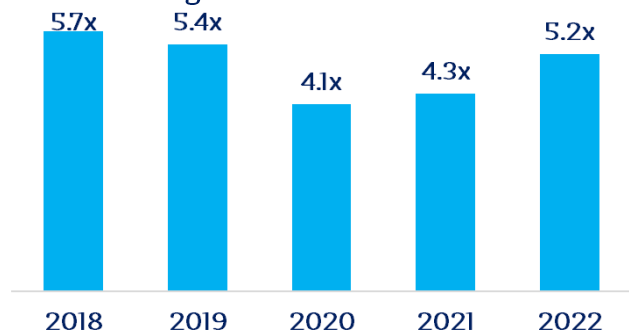
Debt Maturity Profile



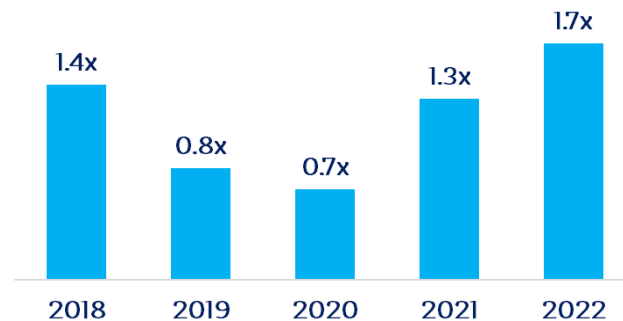
Strong Balance Sheet to support growth

	June 2022
Cash and Cash Equivalents	1,079
Other Assets	11,436
Total Assets	12,514
Debt	4,007
Other Liabilities	2,239
Total Liabilities	6,246
Equity	6,269
Liabilities + Equity	12,514

Interest coverage*



Net debt / EBITDA

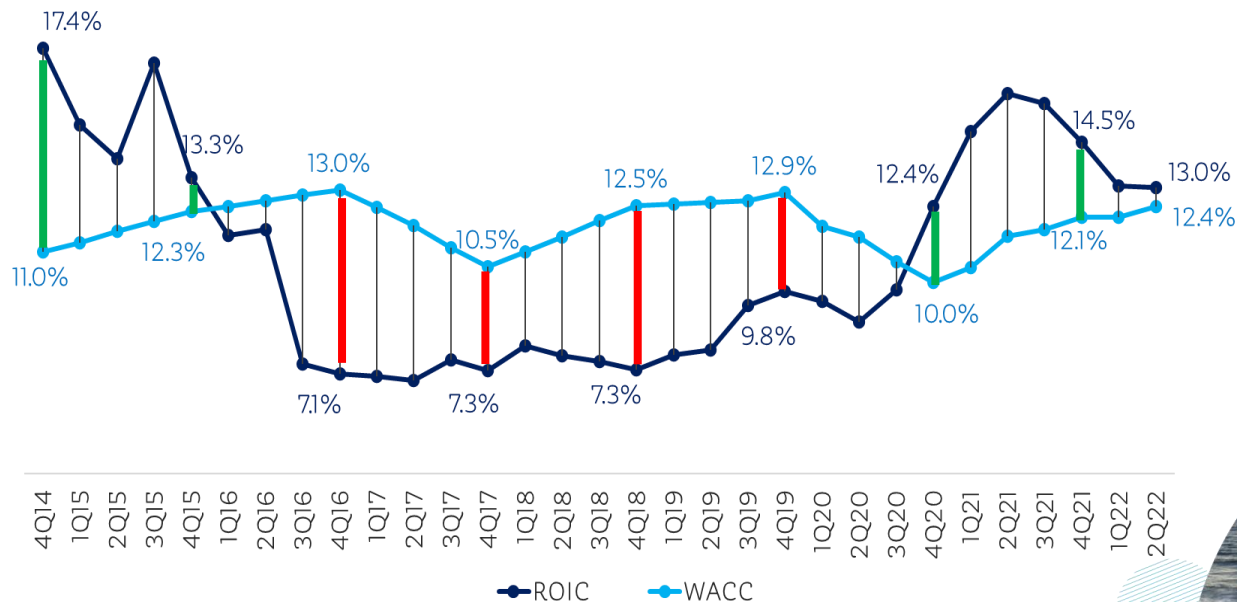


*Financial expenses used for the calculation consider interest paid on interest-bearing liabilities.

*Calculation of interest coverage: EBITDA/Interest payable

ROIC vs Cost of Capital

➔ **ROIC above WACC**



ROIC: NOPAT L12M/Average Invested Capital t, t-1.
 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..

Analyst consensus: BUY recommendation with an average target price of \$42.72

Apalache	Jorge Plácido	jorge.placido@apalache.mx	Buy	\$39.40
BTG Pactual	Mariana Cruz	mariana.cruz@btgpactual.com	Buy	\$39.50
GBM	Regina Carrillo	rcarrillo@gbm.com	Buy	\$48.00
Miranda ESG	Marimar Torreblanca	marimar.torreblanca@miranda-partners.com	-	-
Miranda Research	Martín Lara	martin.lara@miranda-gr.com	Buy	\$45.00
Signum / Punto	Alain Jaimes	alain.jaimes@signumresearch.com	Buy	\$42.22
Consensus				\$42.82



> 70% upside vs closing price July 22





Thank you!

INVESTOR RELATIONS

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