



2Q

22

# Earnings Call

July 21<sup>st</sup> 2022



Grab a coffee!  
webcast will start  
at 11:05 am EST

## Forward Looking Statements

This presentation contains certain forward-looking statements and information relating to Grupo Rotoplas S.A.B. de C.V. and its subsidiaries (collectively, “ROTOPLAS”) that are based on its knowledge of present facts, expectations and projections, circumstances and assumptions about future events. Many factors could cause the actual results, performance or achievements of ROTOPLAS to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic, political, governmental, and business conditions globally and in the countries in which ROTOPLAS operates, ROTOPLAS’ ability to continue developing innovative solutions, changes in interest rates, changes in inflation rates, changes in exchange rates, the cyclical activity of the water sector generally, changes in demand, consumer preferences, and prices of our solutions, ROTOPLAS’ ability to execute its corporate strategies to new markets and regions, changes in raw material and energy prices, changes in business strategy, changes in the prevailing regulatory framework, competition, natural disasters and other unforeseen events and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or targeted. Forward-looking statements are made as of the date hereof, and ROTOPLAS does not intend, nor is it obligated, to update these forward-looking statements, whether as a result of new information, future events or otherwise.

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# Speakers

Carlos Rojas Aboumrad  
CEO



Mario Romero Orozco  
CFO





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



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



Mexican city limits daily water access to 6 hours amid drought

Reuters



## 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.



Focus on improving margins while maintaining leadership in traditional business and growing new businesses

Identification of Flow initiatives with highest impact and value-creation potential

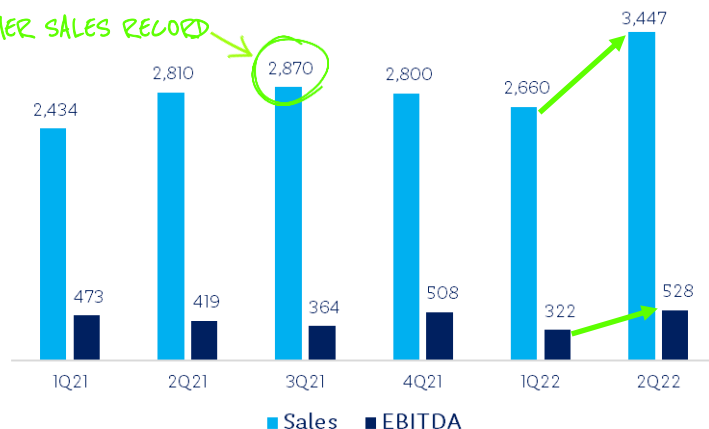
Monitoring of current macroeconomic trends and evolution of markets

Water industry has proven to be strong in economic downturns

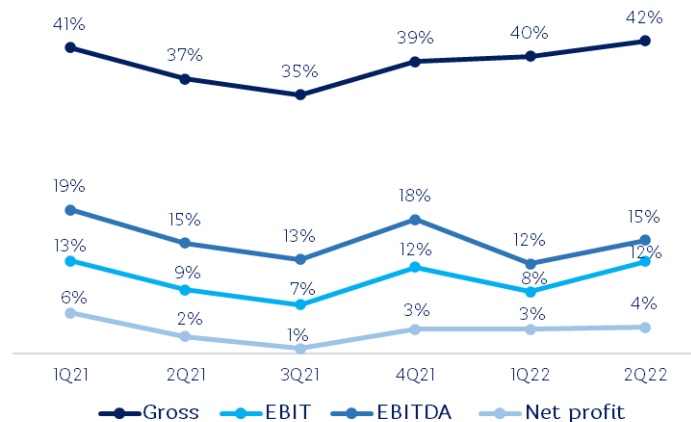
## SALES & Adj. EBITDA

Figures in million MXN

FORMER SALES RELOADED



## MARGINS





## Value

### Traditional businesses

- Leading brands
- Strong market share
- Strong cash flow
- Steady EBITDA – YTD \$1,003
- Pay dividends

## Growth

### New businesses

- Investment phase: negative cash flow
- Negative EBITDA – YTD (\$153)
- Strong earnings growth potential

**Acuantia.** bebbia.





# 2Q22

## Financial Highlights

# 2Q22 | Highlights

Figures in million MXN

## MEASURES

- Controlling expenses related to face-to-face activities
- Closely monitoring spending on business development
- Track our market share and our raw materials and logistics costs to execute an optimal pricing strategy

## New Businesses

- Impact to EBITDA:
  - 2Q22: \$80 million
  - 6M22: \$153 million

	2Q22	2Q21	Δ %/bps	6M22	6M21	Δ %/bps
Net sales	3,447	2,810	23%	6,107	5,244	16%
Cost of Sales	1,991	1,769	13%	3,583	3,197	12%
<b>Gross Profit</b>	<b>1,456</b>	<b>1,042</b>	<b>40%</b>	<b>2,524</b>	<b>2,047</b>	<b>23%</b>
<i>Margin</i>	42%	37%	510 bp	41%	39%	230 bp
<b>Operating Income</b>	<b>429</b>	<b>242</b>	<b>78%</b>	<b>651</b>	<b>547</b>	<b>19%</b>
<i>Margin</i>	12%	9%	380 bp	11%	10%	30 bp
Financing Result	195	155	26%	349	277	26%
Taxes	113	22	NA	93	72	30%
<b>Adjusted EBITDA <sup>1</sup></b>	<b>528</b>	<b>419</b>	<b>26%</b>	<b>850</b>	<b>892</b>	<b>(5%)</b>
<i>Margin</i>	15%	15%	40 bp	14%	17%	(310) bp
<b>Net Profit</b>	<b>122</b>	<b>65</b>	<b>87%</b>	<b>210</b>	<b>199</b>	<b>5%</b>

<sup>1</sup> Adjusted EBITDA includes non-recurring expenses (donations and Flow program expenses) of \$81 million in 2Q21 and \$158 million in 6M21. During 2022, no adjustments were made.

# Sales | Per country



	2Q22	6M22
Δ Sales	16%	10%
EBITDA Margin	21%	19%

- Products growth compensates weaker performance in services
- Salesforce and pricing efficiency
- Impact on margin related to bebbia's accelerated growth



	2Q22	6M22
Δ Sales	60%	49%
EBITDA Margin	15%	15%

- Record sales growth across all categories
- Continued cross-selling practices and penetration of new channels
- Focus on cashflow discipline



	2Q22	6M22
Sales	4%	15%
EBITDA Margin	NA	NA

- Omnichannel strategy drives growth of e-commerce platform
- Septic business continues to develop, increasing the number of partners to offer services
- Expenses related to expansion of e-commerce platform & pre-operating expenses of septic business impacted margins

# Sales | Per country



- Differentiated pricing strategy by customer, channel and product boosted sales
- Diversification strategy into waterflow and improvement categories



- Efficient commercial strategy and price increases offset volume declines amid adverse macroeconomic environment



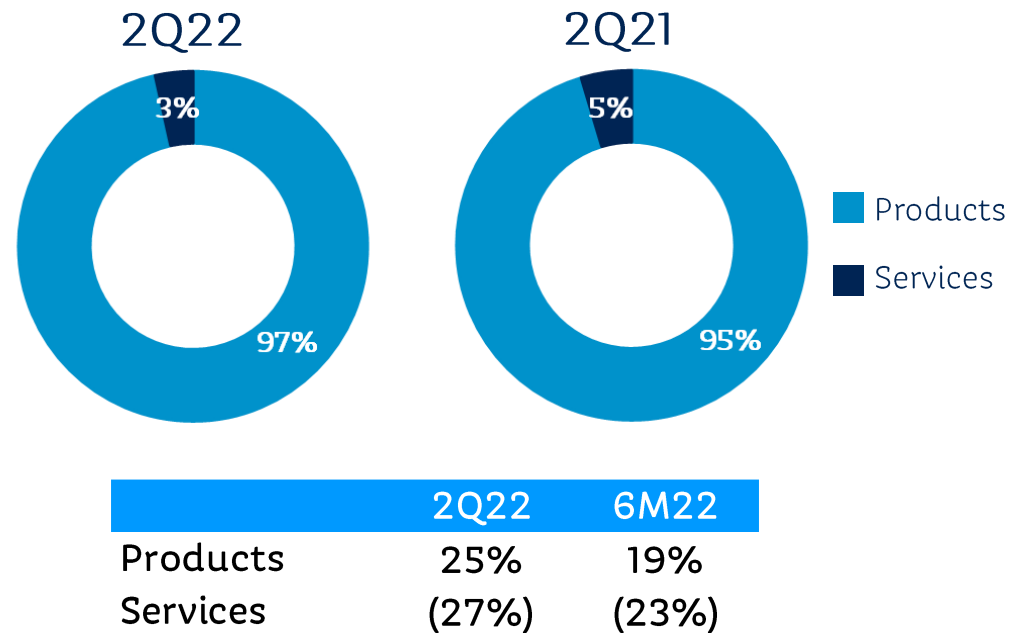
- Pipeline benefited from new legislation that encourages migration to a private water model
- Strategic alliances to increase the number of contracts



	2Q22	6M22
Δ Sales	8%	(3%)
EBITDA Margin	13%	11%

# Sales | Products & Services Mix

- More than 77,000 *bebbia* users
- 14,500 e-commerce clients
- Strength in *products* offsets *services*
- Public sector sales:  
     2Q22 – 2.8%  
     6M22 – 3.0%



# Cash Position

Figures in million MXN

## Current Leverage

### Balance Sheet

Cash & Cash equivalents

Total Debt

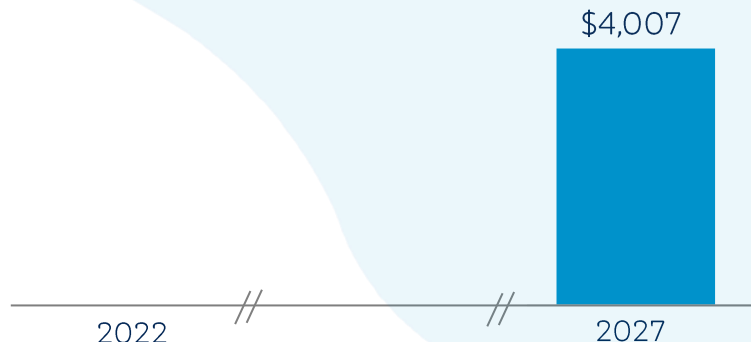
Net Debt

Net Debt / Adjusted EBITDA

	6M22	6M21	Δ %
Cash & Cash equivalents	1,079	2,449	(56%)
Total Debt	4,007	4,189	(4%)
Net Debt	2,928	1,740	68%
Net Debt / Adjusted EBITDA	1.7x	1.0x	0.7x

- Cash conversion cycle optimized by 10 days
- Leverage within the Company's debt guideline of 2.0x

## Debt Maturity Profile



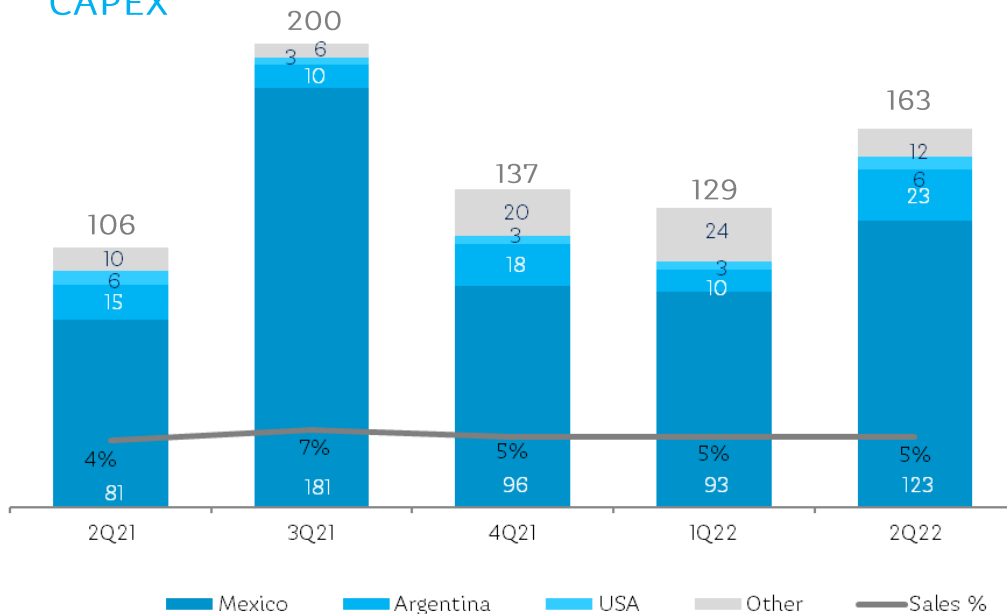
\$4 billion from the issuance of our sustainable bond AGUA 17-2X



# Discipline in Capital Allocation

Figures in million MXN

## CAPEX



Investment towards shaping the Rotoplas of the future



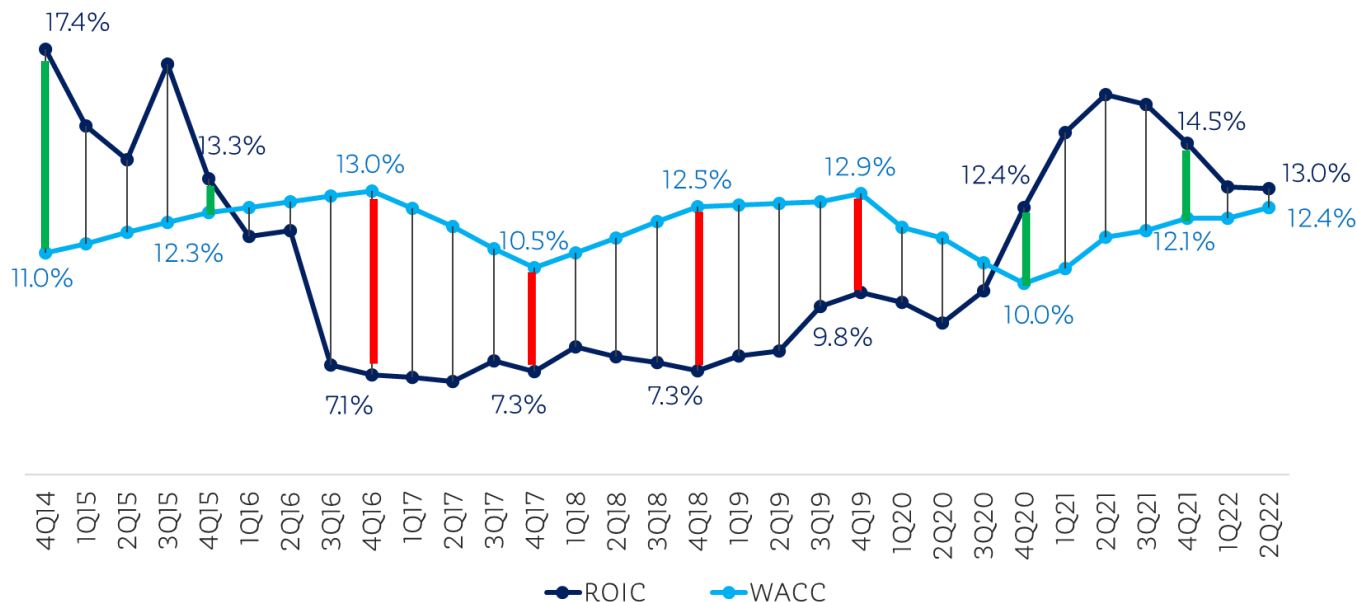
New technology to produce the new generation of storage solutions & to improve machinery to increase production capacity



10% of the total amount of CapEx allocated to water treatment and recycling plants

# ROIC | Sustainable value creation

 **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.

# ESG Initiatives & Progress

## People

**Training** for all administrative team members on **diversity, inclusion and human rights**

## Profit

Corporate Governance **Committee** concluded the **operating risks analysis** for the company and established a mitigation **roadmap**

## Planet

Start of the process with **Science Based Targets Initiative** to validate Rotoplas' goals to become **carbon neutral by 2040**



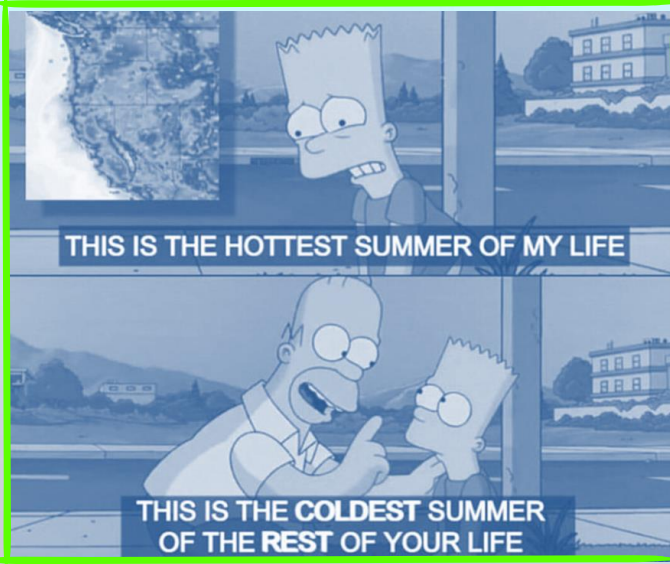
**AGUA\*** is included for another year in the sample of the **ESG index** of the **Mexican Stock Exchange (BMV)**



# Guidance 2022 & AGUA\*

## Guidance 2022

Sales	$\geq 15\%$
EBITDA	15.5% ~ 16.5%
ROIC	WACC + 100bps
Net Debt / EBITDA	$\leq 2x$

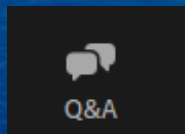


## Key Messages:

- **Solid** core business with **market-leading** brands
- High-potential **growth**
- **Solid** balance sheet
- Payment of **dividends** and stock buybacks
- Solutions to make the **best use** of water



# Thank you!



You can submit a question by pressing the “Q&A” button.

Please include:

- \*Name

- \*Fund or Company