

# 2Q24

## 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

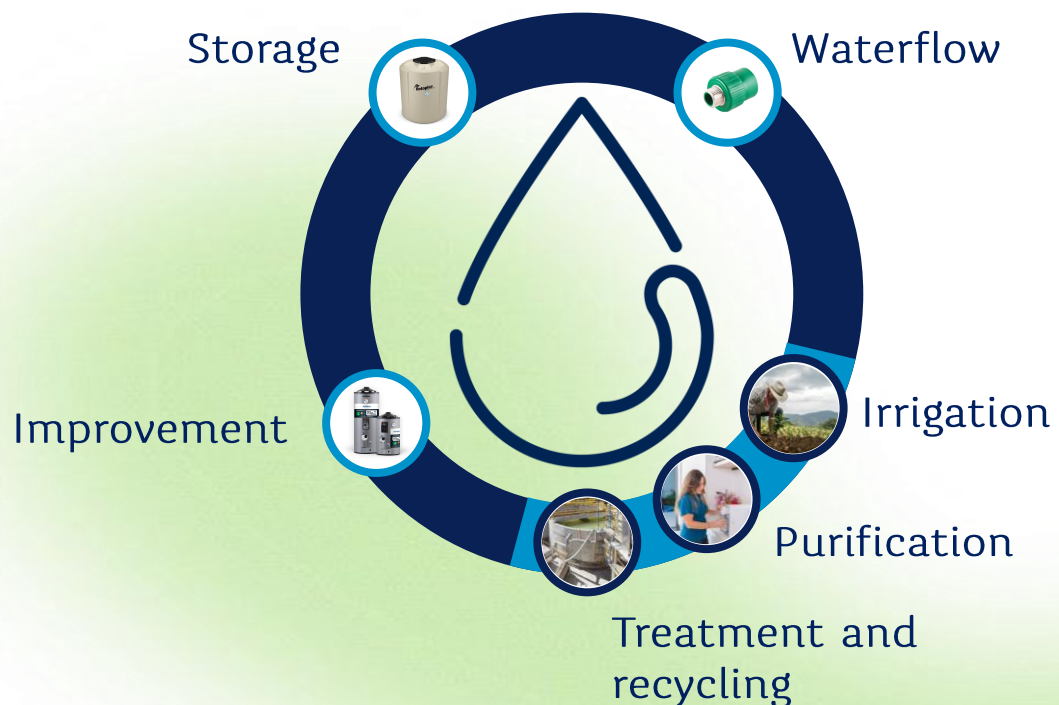
## Analyst Coverage

GBM	Buy	\$50.00
Signum / Punto	Buy	\$39.00
Miranda Research	Buy	\$44.00
BTG Pactual	Neutral	\$29.00
Apalache	Buy	\$44.00
Consensus		\$41.20

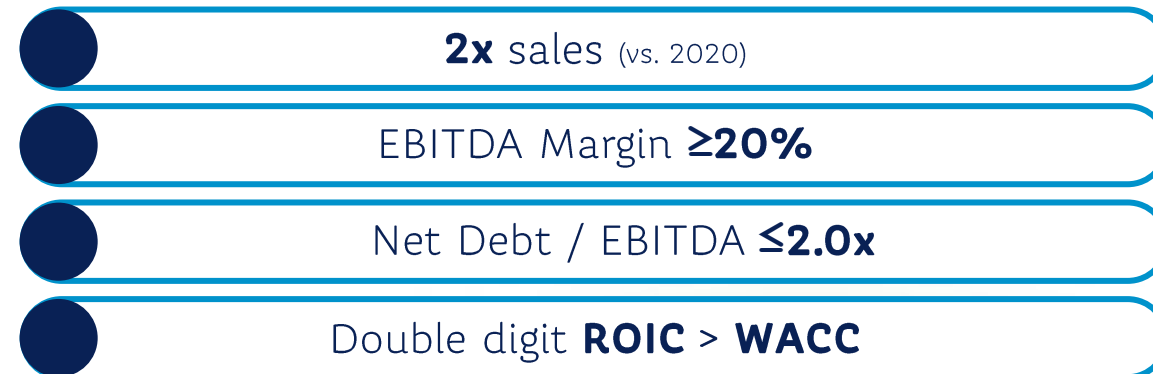


# Leveraging Rotoplas' leadership in the water industry

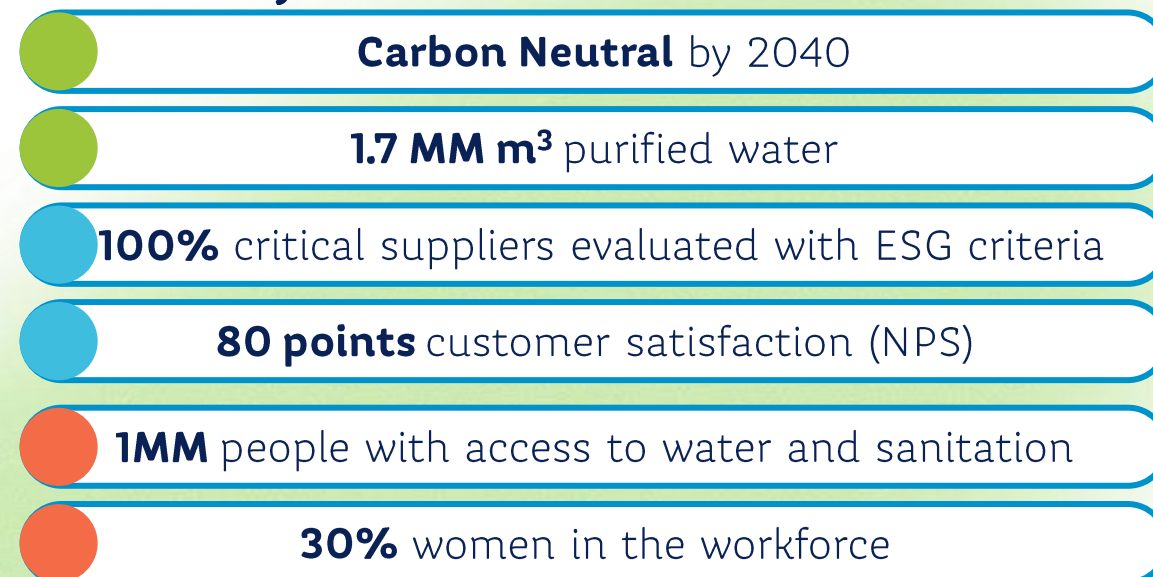
Leading products and services in a rapidly growing and high-impact industry.



## Financial Guidance 2025



## Sustainability Guidance 2025



# A story motivated by water

Rotoplas is born in Mexico



1978

The first polyethylene water tank is launched

1978



International expansion begins with the plant in Guatemala

1996



Rotoplas starts operating in Argentina

1997

Acquisition of Talsar in Argentina and Sytesa (RSA) in Mexico

2016



Start of operations in the USA

2015



Rotoplas is listed on the BMV under the ticker AGUA\*

2014



Launch of Tuboplus

2003



Issuance of the first Sustainable Bond in LATAM & Entry into the Dow Jones Sustainability MILA Pacific Alliance

2017



Start of the Flow transformation program

2019



Launch of the Sustainable Growth Plan for 2025

2020

Update of the Sustainability Strategy

2021



Start of technological update in plants In Mexico

2022



**14** countries



**18** plants



**+3,700** employees



**27** product lines



**3** Service lines



**+32,000** points of sale



**+121,000** 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 – YTD \$1,136
- 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 – YTD (\$131)
-  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 <sup>1</sup>	24 – 26%	margin > 5%
Other	16 – 18%	16 – 19%
SERVICES <sup>2</sup>	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

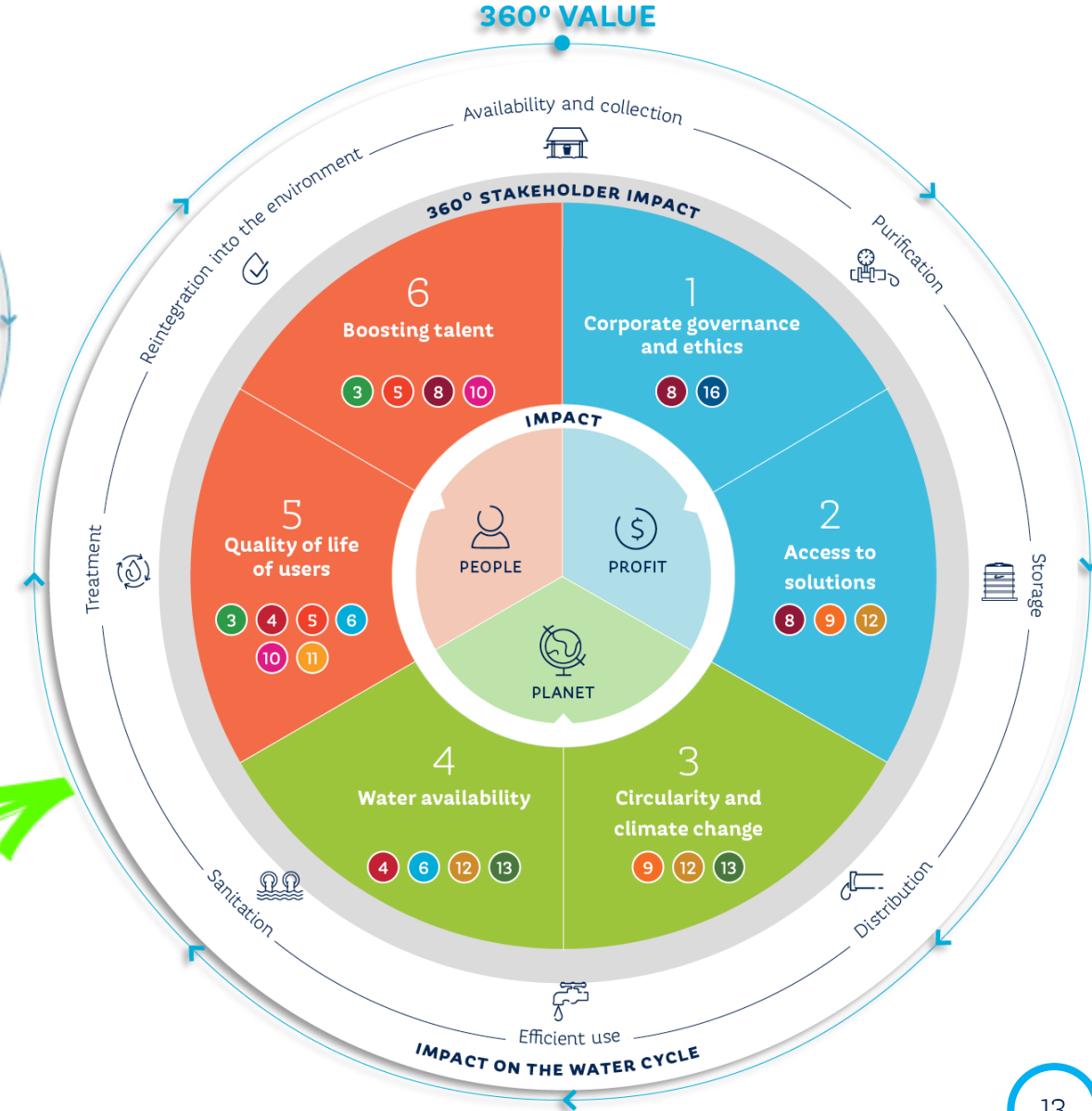
- Continuing to build capabilities
- Generating bookings
- Focusing on water-intensive industries: Commercial, Food & Beverage, Chemicals, Automotive

# 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

CO<sub>2</sub> Intensity - Scope 1 and Scope 2 – per ton of processed resin

m<sup>3</sup> of purified water using our solutions

## People

People impacted with access to sanitation (cumulative)

Women in the workforce

Results 2023	Results 2Q24	Target 2024	Target 2025
50%	55%	75%	100%
75	75	76	80
0.43	0.41	0.43	0.41
759K	467K	1.2M	1.7M
800K	975K	894K	1M
24%	24.9%	27%	30%

### Indices & Recognitions



Categoría Gobernanza



Categoría Social



Now a Part of S&P Global



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

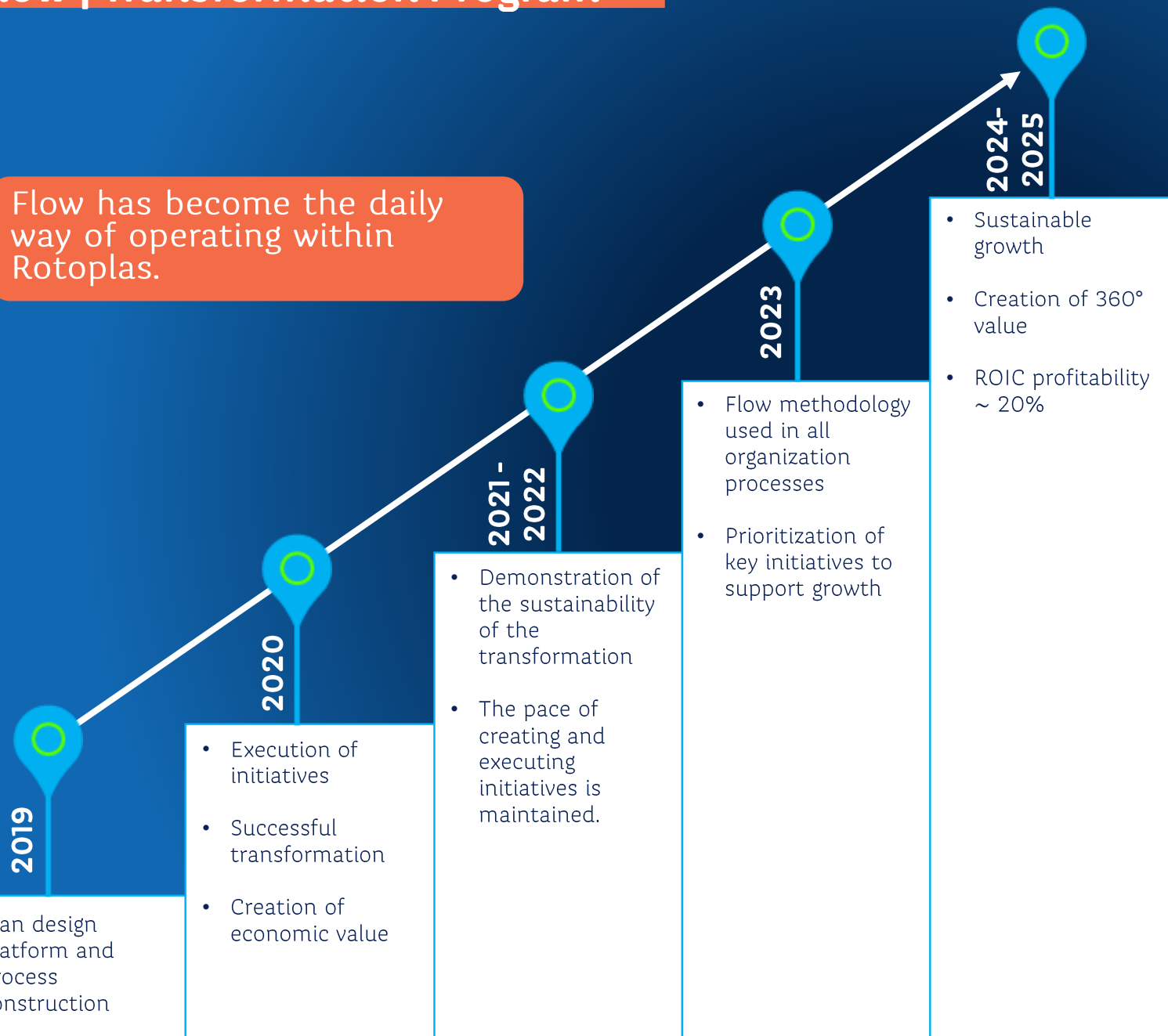


# 02

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

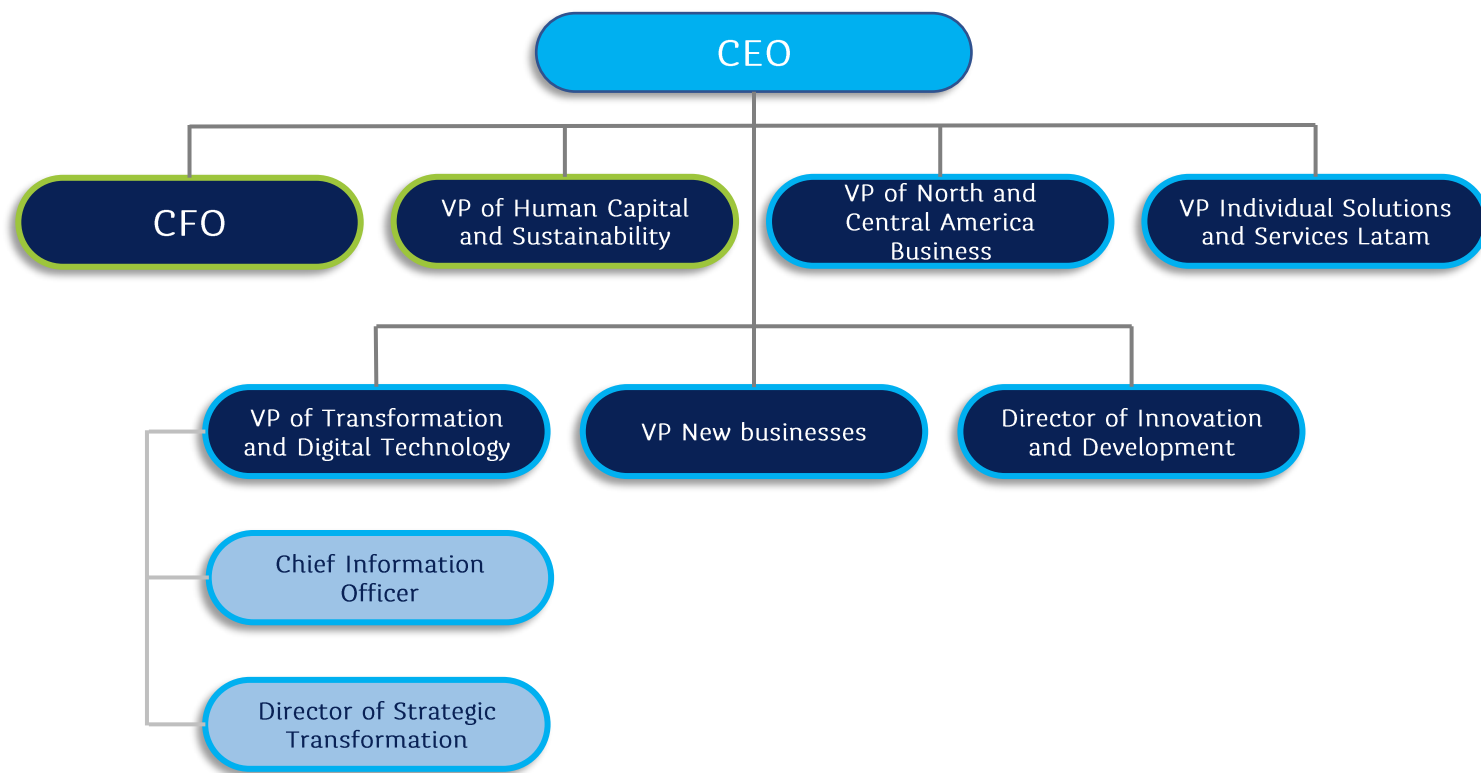
### 3. Organizational health initiatives

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

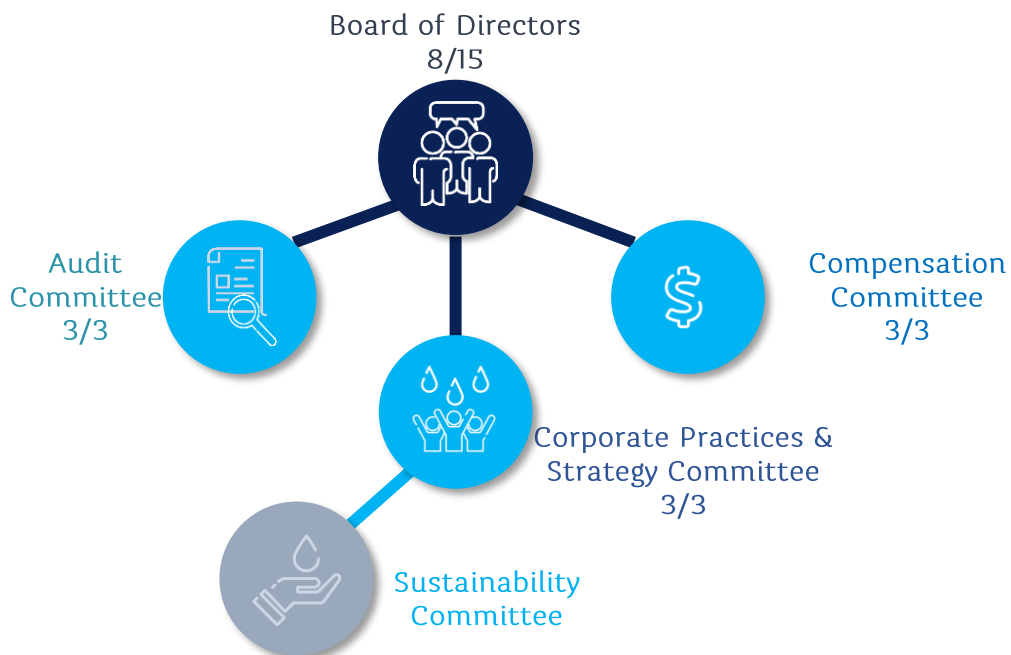
# Corporate structure | Board & Top Management

## Our board of directors

- Transparency → 53% **independent** members
- Diversity → 6 **international** members
- Innovation → Represented by 3 different **generations**
- Equality → **Gender equality** on the Board, 13% 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



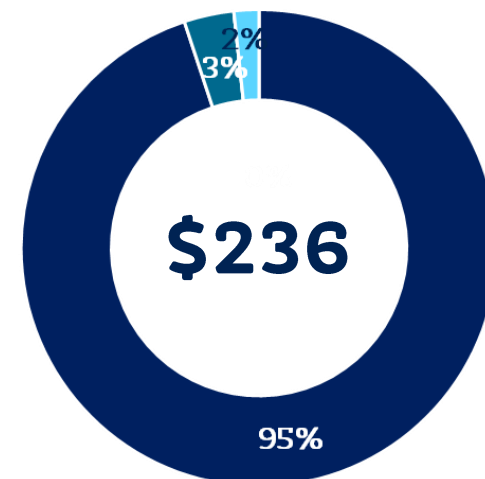
Validation and approval



Quarterly status update

Supported by a Capital Allocation Committee

## CAPEX 2Q24



■ Mexico  
■ Argentina  
■ USA  
■ Other

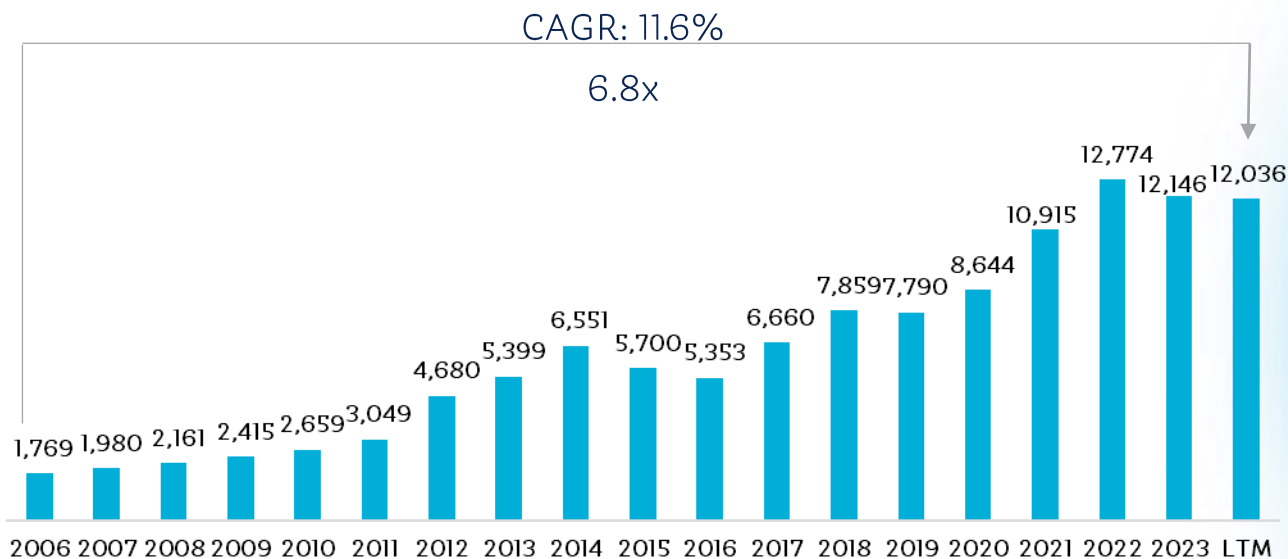
# 03

## Solid Financials

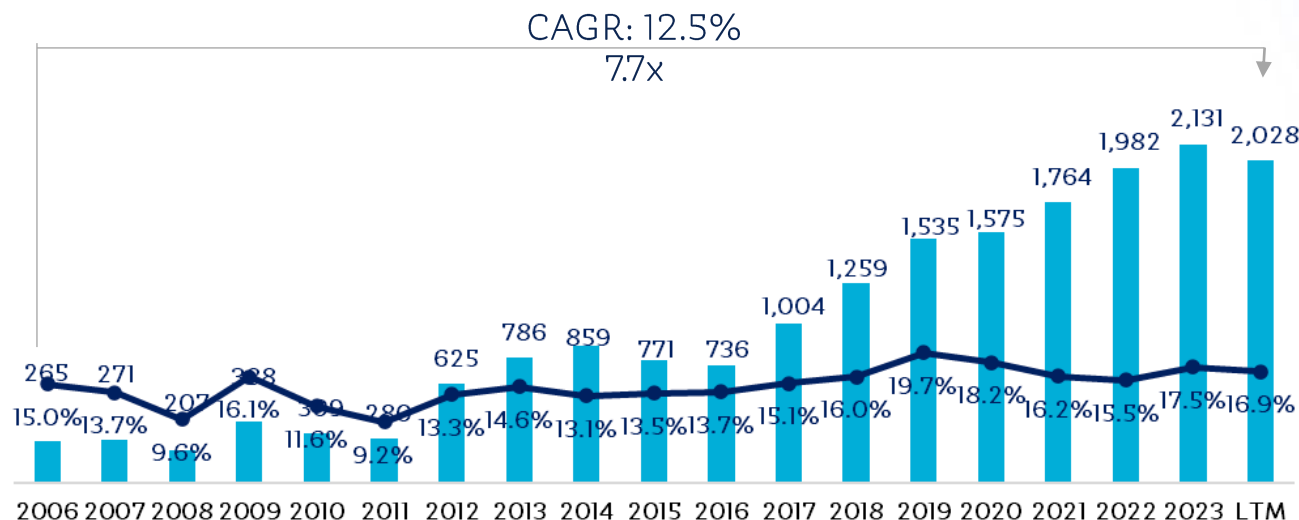
# Business Model Resilience

MXN mm

SALES



EBITDA



Continuous growth

Double-digit margins

Strong Management



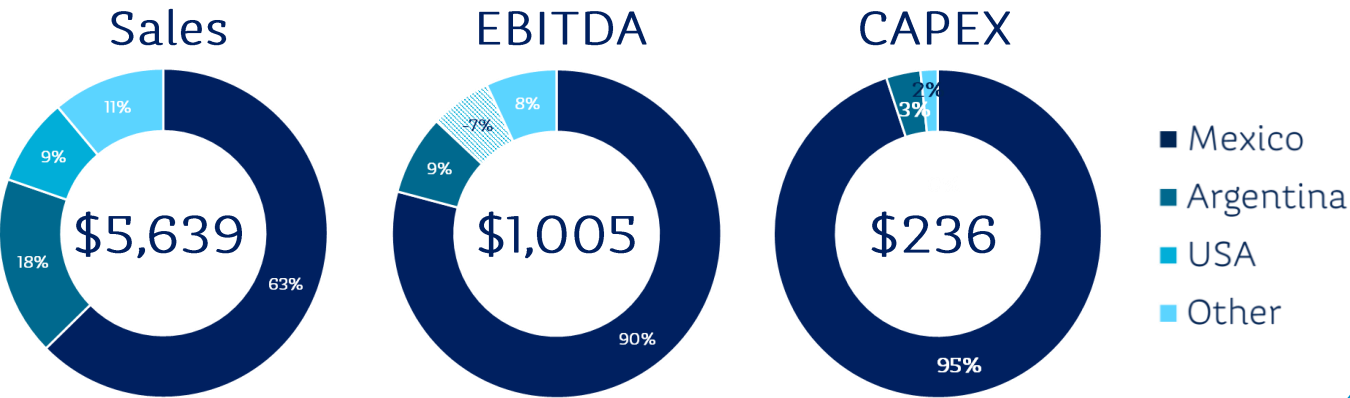
- Mexico – 45 years
- Central America – 23 years
- Peru – 21 years
- Argentina – 21 years
- Brazil – 20 years
- USA – 5 years



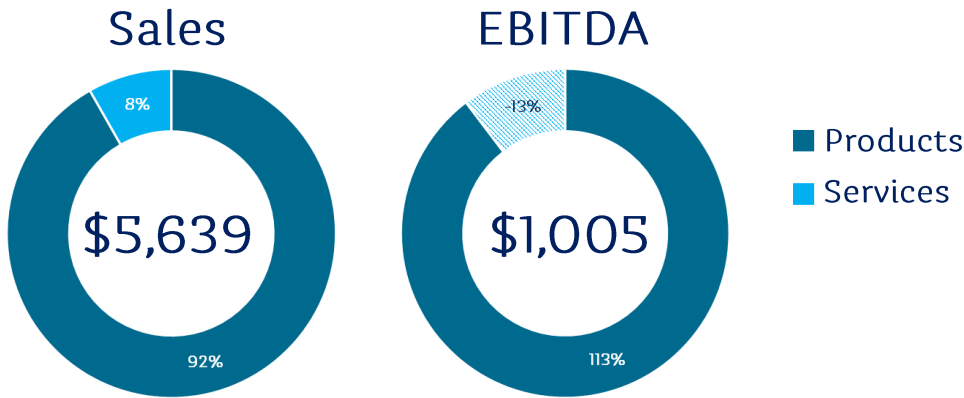
# 6M24 Results

MXN mm

## By Country



## By Solution



		6M24	6M23	Δ %/bps
Income Statement	Net sales	5,639	5,750	(2%)
	Cost of Sales	2,898	3,075	(6%)
	Gross Profit	2,742	2,674	3%
	Margin	49%	47%	210 pb
	Operating Income	728	872	(16%)
	Margin	13%	15%	(230) pb
	Financing Result	250	850	(71%)
	Taxes	114	9	NA
	EBITDA	1,005	1,107	(9%)
	Margin	18%	19%	(150) pb
Net Result		364	12	NA

Cash Conversion Cycle  
47 days

- Inventory Days  
70
- Accounts Receivable Days  
67
- Accounts Payable Days  
90

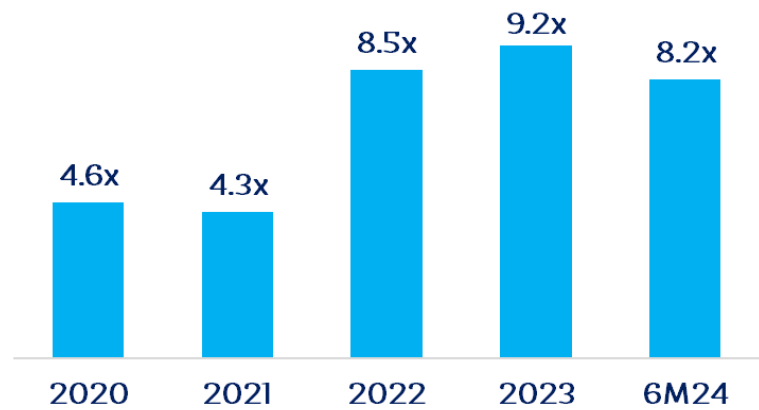
# 6M24 Results

MXN mm

## Debt Maturity Profile



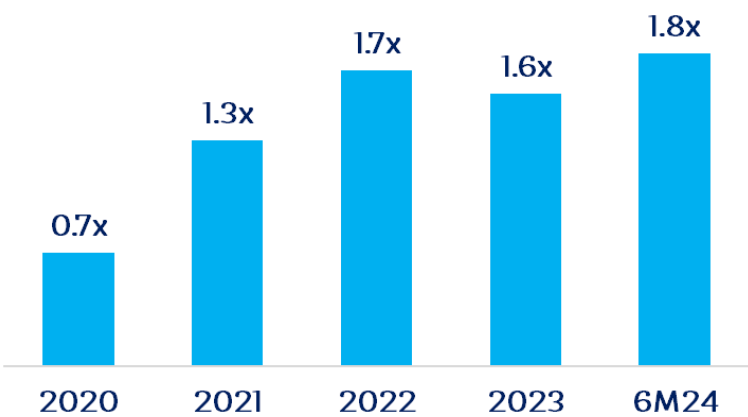
## Interest coverage\*



## Strong Balance Sheet to support growth

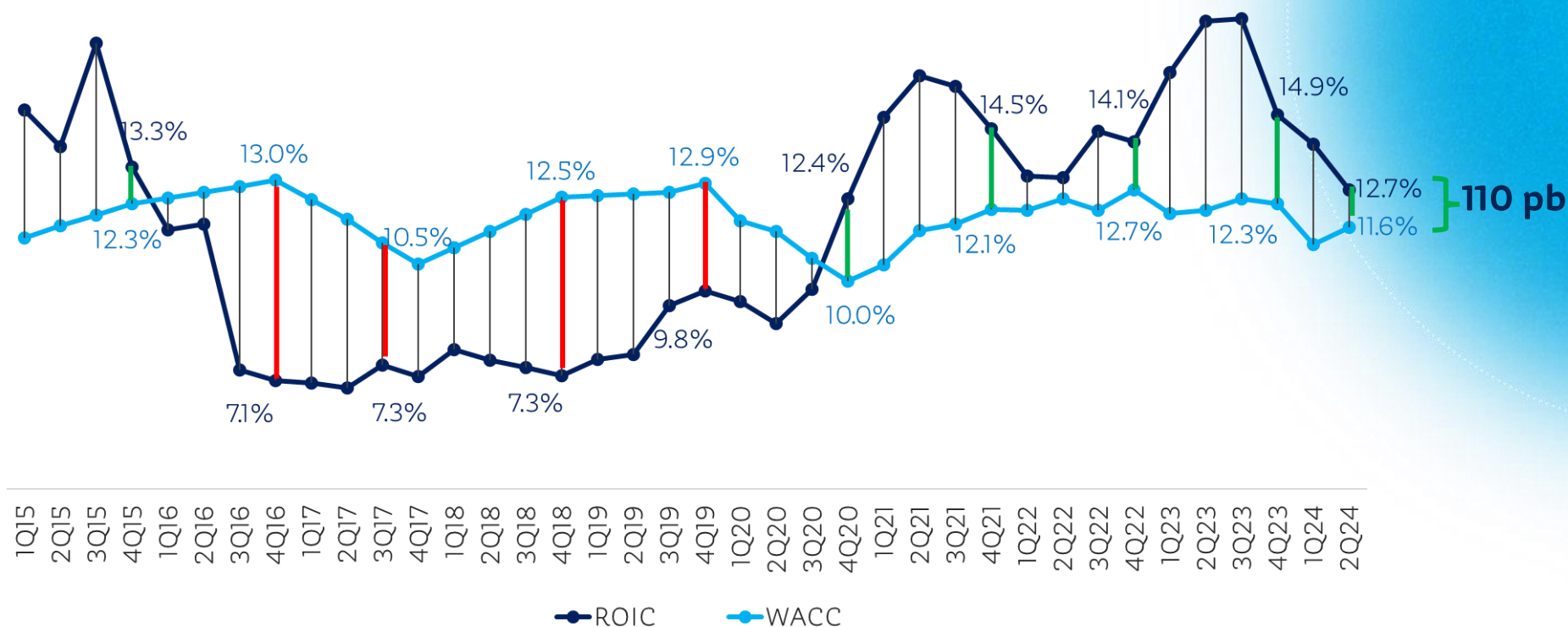
	June 2024
Cash and Cash Equivalents	666
Other Assets	12,819
Total Assets	13,484
Debt	4,332
Other Liabilities	2,871
Total Liabilities	7,204
Equity	6,281
Liabilities + Equity	13,484

## 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



ROIC decreased by 490 basis points compared to 2Q23 due to:

- Results in Argentina
- Higher effective tax rate in Mexico and Central America

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.



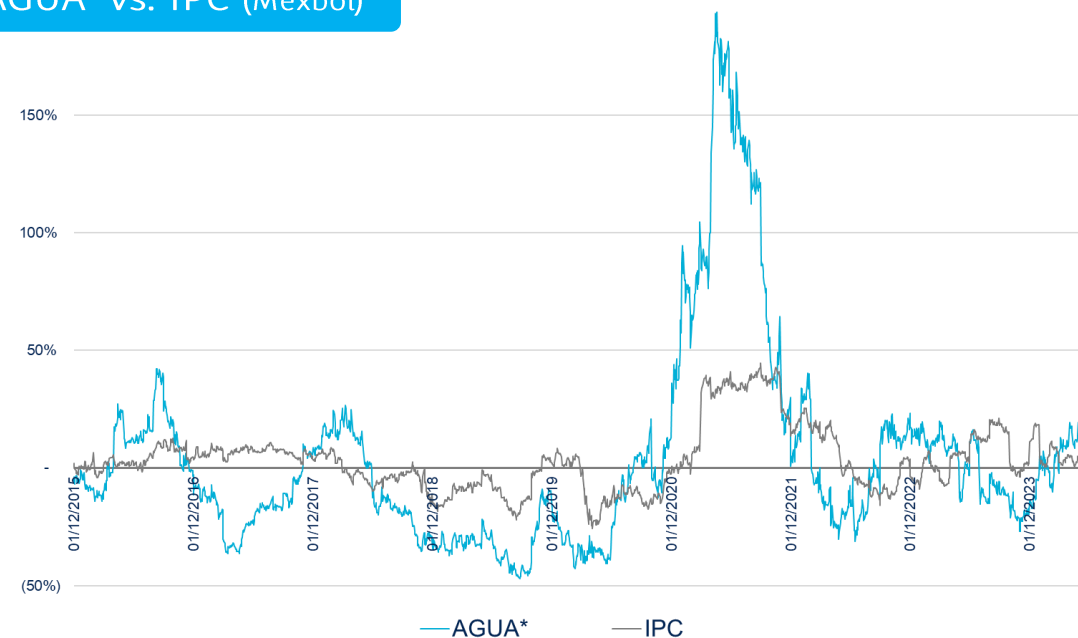
# AGUA\*

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%

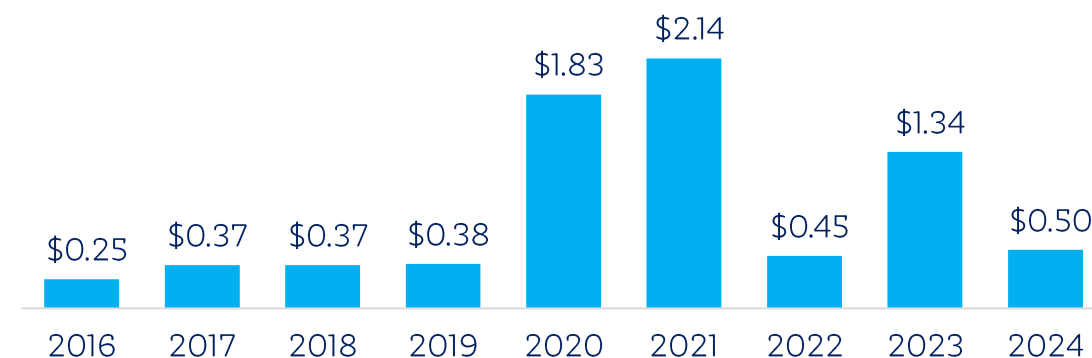
AGUA\* trades at a 7.7x multiple compared to 14.1x industry median, despite:

- 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**

0% - 5%

**EBITDA Margin**

17% - 18%

**Net Debt / EBITDA**

< 2.0x

**ROIC**

≥ WACC

# 04

## Water, a resource at risk



# Global Water Industry | An immense opportunity

## What you need to know:



- **75%** 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**<sup>1</sup>.
- **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** dollars<sup>2</sup>.

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.

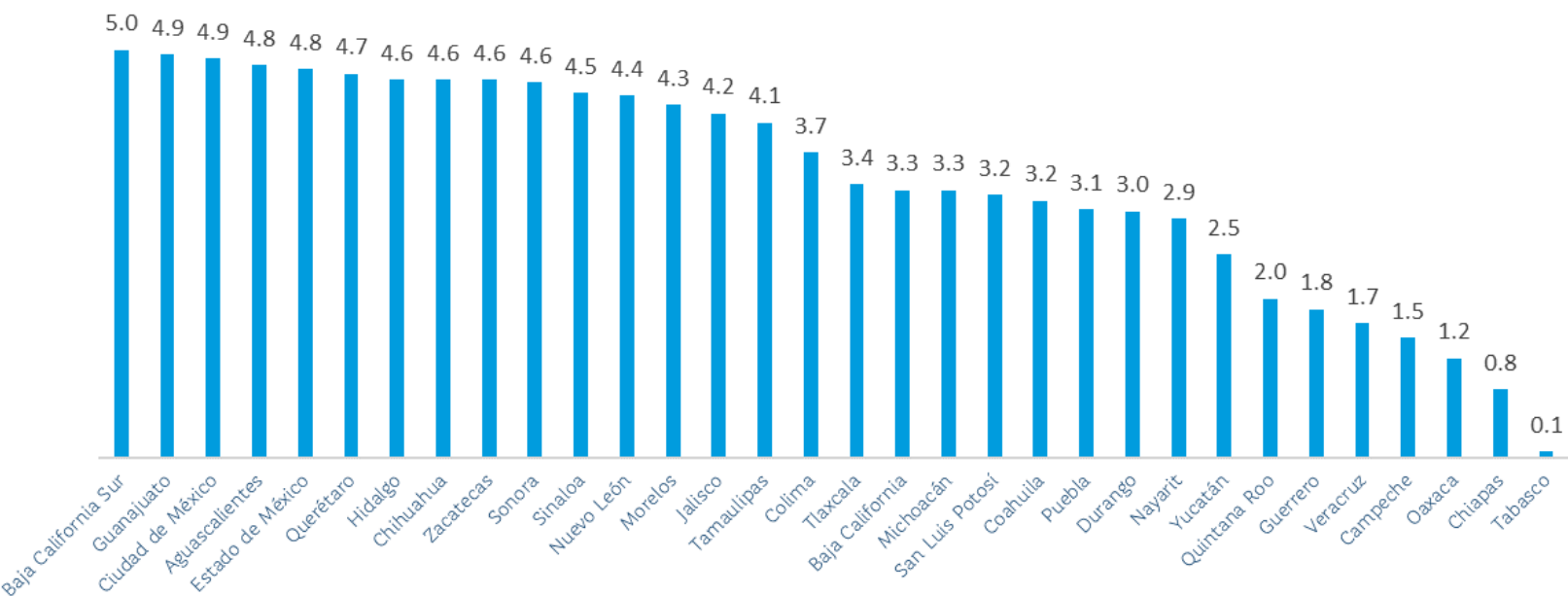


Brazil grapples with regional water scarcity in the Northeast and pollution concerns across urban areas, despite abundant resources in the Amazon. Inadequate sanitation infrastructure exacerbates water quality problems, presenting significant health and environmental challenges.

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.

# Water Situation in Mexico

## General water risk<sup>1</sup>



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

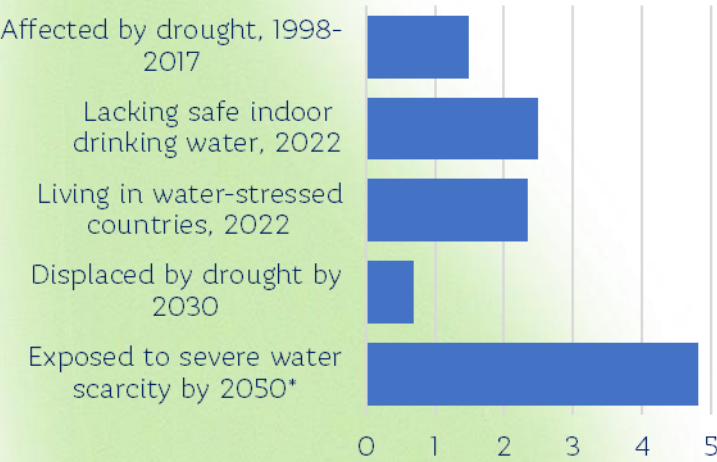
<sup>2</sup>UN Global Land Outlook

Source: World Resources Institute (WRI)

## General water risk America<sup>1</sup>

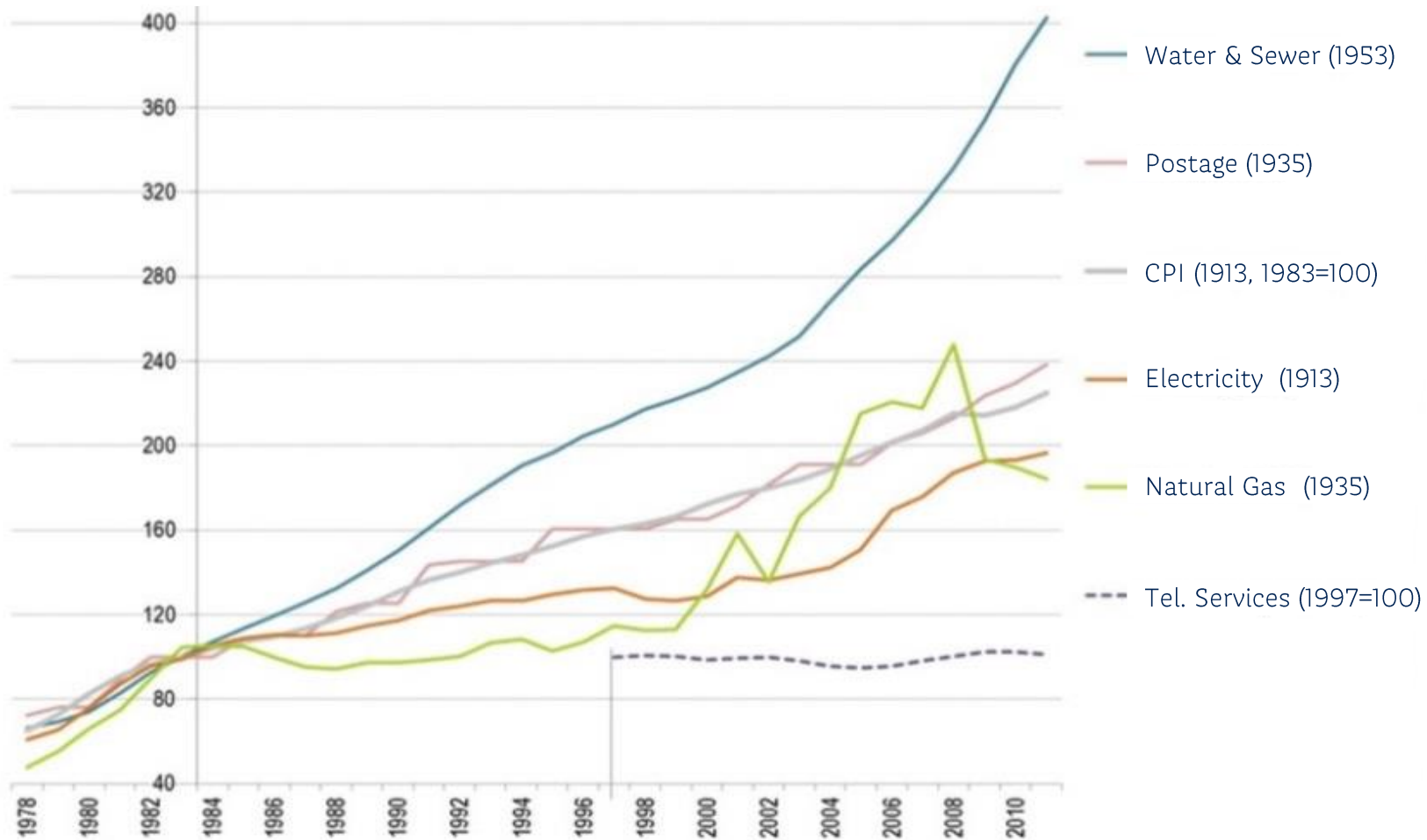
Country	Ranking	Risk
Mexico	24	3.86
Guatemala	57	2.36
Peru	66	2.05
USA	71	1.85
El Salvador	78	1.66
Argentina	92	1.31
Costa Rica	107	0.92
Brazil	112	0.78
Honduras	133	0.27
Nicaragua	137	0.21

## Global estimated, bn people<sup>2</sup>



# Evolution of Water Costs | USA

Trends in consumer prices (CPI) for utilities



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



# Nearshoring | Opportunities in the Water Industry

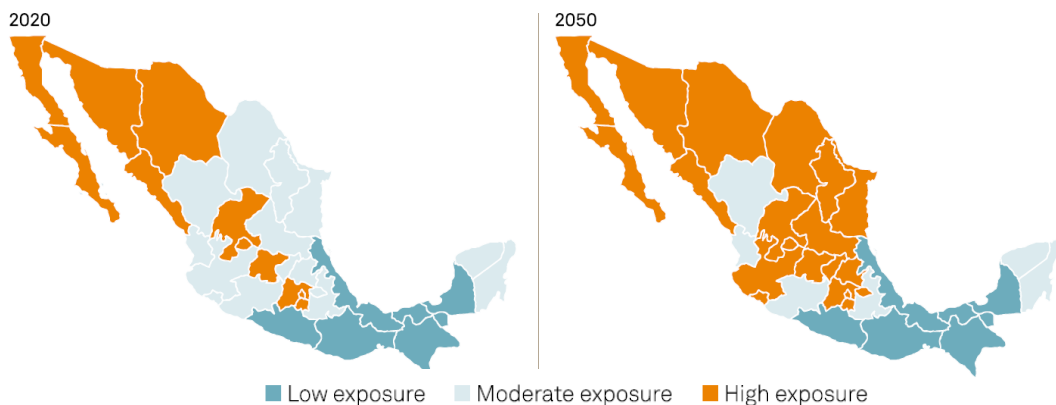
Companies are beginning to move their production chain to Mexico, and this represents a great opportunity for our market.

## 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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