

# Grupo Rotoplas

## Earnings Results Conference Call 3Q20

October 22, 2020



## Forward Looking Statements

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# Speakers



Carlos Rojas Aboumrad  
CEO



Mario Romero Orozco  
CFO







Double digit increase in sales & EBITDA + record for a quarter



## Flow

Implementing of powerful digital tools

**+950** Initiatives

**5** Workstreams

Building commitment throughout the organization

**+400** Involved employees

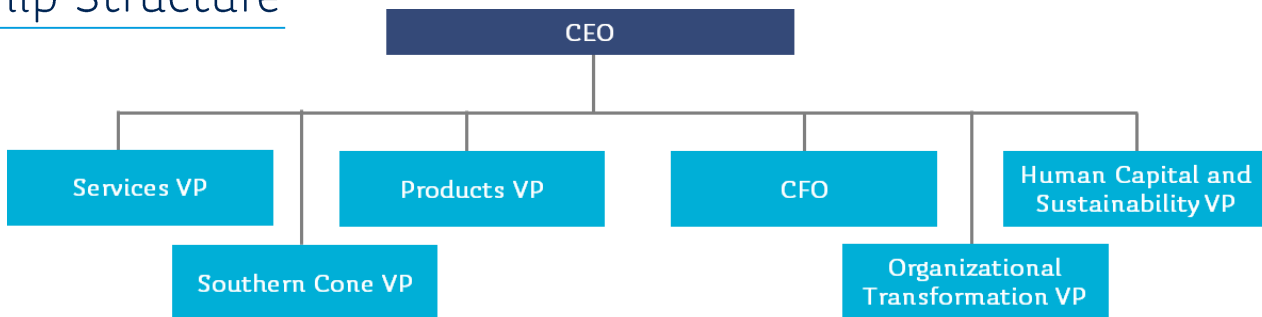
**+550** Hours of committee meetings

Creating value

**9.8%** ROIC

**21%** Of EBITDA coming from Flow initiatives (YTD)

## Leadership Structure



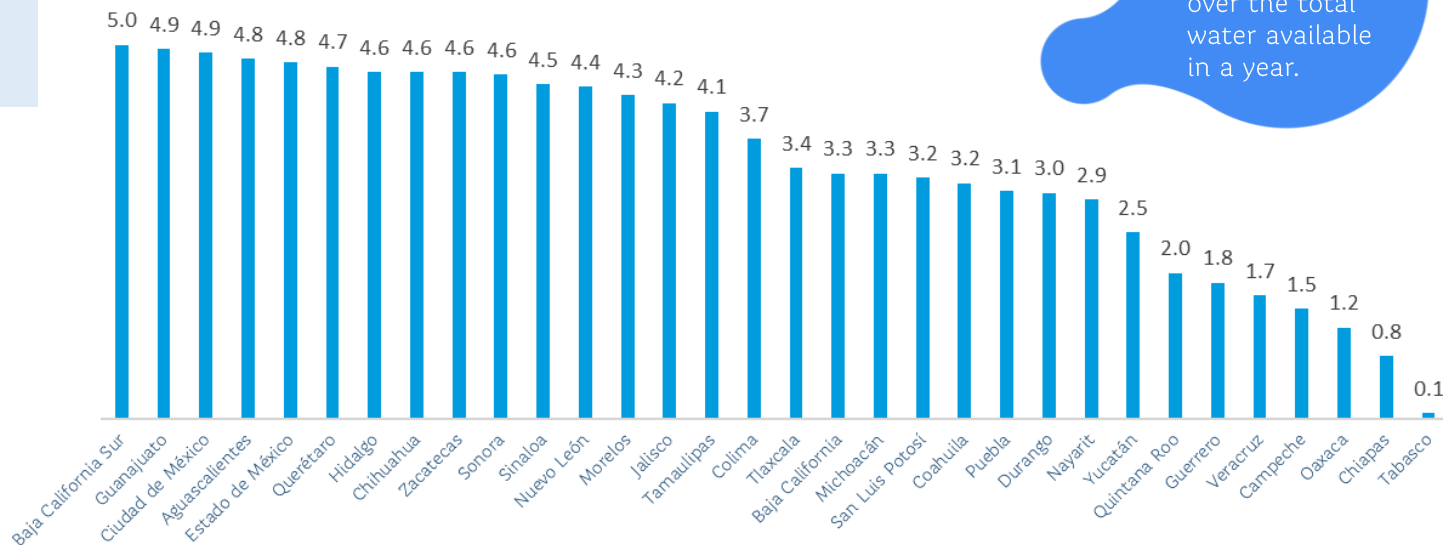


# Water situation in Mexico



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

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



0-1 low

1-2 low-medium

2-3 medium-high

3-4 high

4-5 extremely high


















# Financial Highlights





# COVID | Operations status



	July	August	September
Mexico			
USA			
Argentina			
Peru			
Central America			

 Continuos Operations

 Restricted Operations



# Financial Highlights

Million MXN



	3Q20	3Q19 <sup>1</sup>	Δ %/bps
Net sales	2,364	2,003	18%
Cost of Sales	1,383	1,151	20%
<b>Gross Profit</b>	<b>981</b>	<b>852</b>	<b>15%</b>
<i>Gross Profit Margin</i>	41%	43%	(100)
<b>Operating Income</b>	<b>276</b>	<b>309</b>	<b>(11%)</b>
<i>Operating Income Margin</i>	12%	15%	(380)
Comprehensive Financing Result	163	163	0%
Taxes	72	51	41%
<b>Adjusted EBITDA<sup>2</sup></b>	<b>445</b>	<b>392</b>	<b>14%</b>
<i>Adjusted EBITDA Margin</i>	19%	20%	(80)
<b>Net Profit / Loss before discontinued operations</b>	<b>41</b>	<b>96</b>	<b>(57%)</b>
<b>Net Profit / Loss after discontinued operations</b>	<b>38</b>	<b>(70)</b>	<b>NA</b>

1 For comparison purposes, these figures vary from those previously reported since these now exclude the operations in the product business in Brazil as they are considered discontinued due to their sale in May 2020. This adjustment reduces net sales by Ps. 56 million in 9M20, Ps. 20 million in 3Q19, and Ps. 224 million in 9M19. Additionally, it increases Adjusted EBITDA by Ps. 13 million in 9M20, Ps. 0.1 million in 3Q19 and Ps. 71 million in 9M19.

2 Adjusted EBITDA considers: operating profit + depreciation and amortization + non-recurring expenses (donations and implementation costs for Flow). In 3Q20, it considers Ps. 75 million in Flow expenses and Ps. 4 million in donations, and in 3Q19 it considers Ps. 3 million in donations. Cumulatively, it considers Ps. 96 million for Flow expenses and Ps. 9 million for donations in 2020 and Ps. 4 million for donations in 2019.



## Sales per country | Mexico



### Mexico

	3Q20	9M20
Δ Sales	14%	9%
Δ EBITDA	(14%)	(4%)

- Double digit increase in storage and water flow
- Launch of new water flow products
- Record sales in *bebbia*



# Sales per country

Million MXN



## USA

- "America went home improvement" trend favors sales
- New store in Forth Worth, Texas

## Central America

- Double digit growth in sales

## Peru

- Double digit growth in sales, strong performance in improvement
- Advantage of competitors' weakness

## Other

	3Q20	9M20
Δ Sales	51%	23%
Δ EBITDA	96%	1%



## Argentina

- 29% sales growth in local currency
- An impact on sales estimated in \$35 million due to operating restrictions
- Efficient cost control allowed to double the EBITDA

	3Q20	9M20
Δ Sales	0%	(12%)
Δ EBITDA	131%	33%

## Brazil

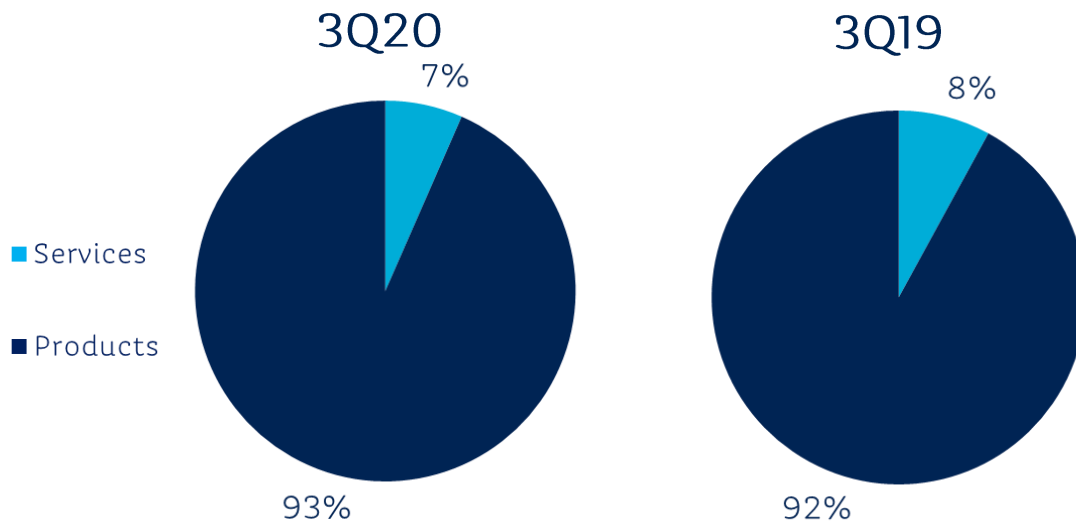
- WWTP business successfully initiated its first sales with the entry into operation of 3 plants.



# Sales | Products & Services Mix



- 20% growth in products
- Record sales in *bebbia*
- 4% decrease in services linked to less WWTP contract signings in Mexico





# Strong Cash Position

Million MXN



## Current Leverage

Balance Sheet	9M20	9M19	Δ %
Cash & Cash equivalents	3,394	1,546	120%
Total Debt	4,151	2,982	39%
Net Debt	757	1,437	(47%)
Net Debt / Adjusted EBITDA	0.5x	1.0x	(1.0x)

- Net Debt / EBITDA ratio decreased from 1.0x to 0.5x
- Cash Conversion Cycle improved by 23 days
- Leverage remains within the established debt policy of 2.0x Net Debt / EBITDA

## Debt Maturity Profile



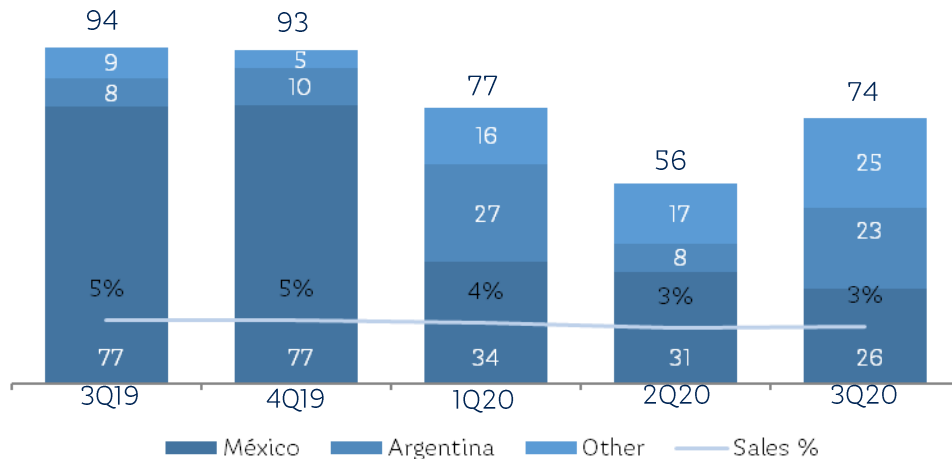
\$4 billion derived from the issuance of our sustainable bond AGUA 17-2X

# Discipline in Capital Allocation

Million MXN



## CAPEX



	3Q20	9M20
Total CAPEX	74	207
% Sales	3%	3%

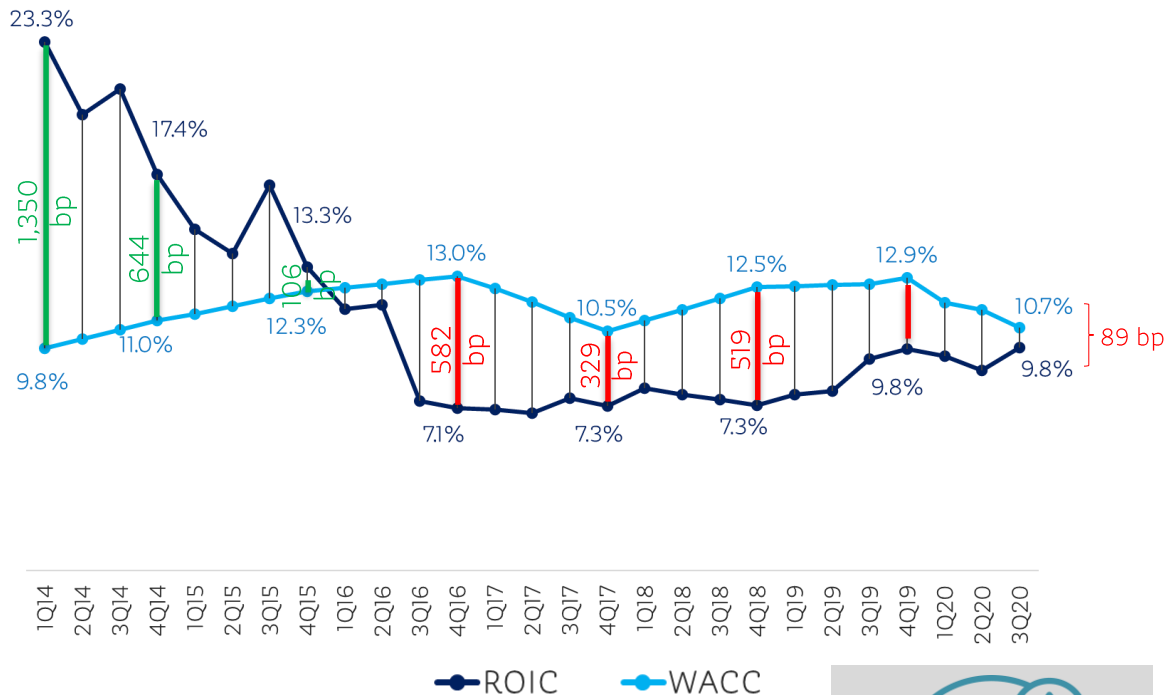


# ROIC vs Cost of Capital



Smallest gap between ROIC & WACC for the last 17 quarters

- Greater discipline in Capital Allocation (Control Tower).
- Optimization of working capital.
- Increased production efficiency in manufacturing process.
- Divestment strategy for low return assets.
- Strict discipline on spending.



# ESG Initiatives & progress



Initiative	Description	3Q20 Progress
Talent development	Develop Rotoplas' talent through tools that allow them to achieve the objectives of their role	Identification of value generating roles, detection of gaps and elaboration of development plans
Risks associated with Climate Change quantification	Translate the risk assessment from qualitative to quantitative of the main climate vulnerabilities	Fire risk data obtained from main operations (3 plants)
ESG Indicator reporting platform	Increase frequency of reporting ESG indicators, finding areas of opportunity and measuring the impact of implemented initiatives	survey of results 1st semester 2020
Collaborative Innovation Platforms - INNwai	Integrate social and environmental impact criteria in the evaluation process of initiatives received	Winners 1st Innwai edition currently in validation stage.
OKRs Sustainability - Sustainable Enterprise	Integrate key ESG objectives and outcomes into the overall definition process - OKRs monitoring	OKRs definition

# 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



plastic-mart.com

PlasticWaterTanks  
plasticwatertanks.com



## 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
- No local debt



Instalamos confianza

SEÑORIAL  
Calor que perdura



## BRAZIL

- Develop service platform through water treatment & recycling plants

Sytesa. Empresa de Grupo Rotoplas





Net sales

>10%

EBITDA margin

≥18%

Net Debt / EBITDA

<2x

ROIC

≥WACC





## Proposal

- Capital reimbursement in kind to the Company's shareholders, at the rate of 1 AGUA\* share for every 18 AGUA\* shares held.
- If in any case, payment in kind with shares results in some fraction of a share, such fraction would be paid in cash to the corresponding shareholder.



## Next steps

- Call to an Extraordinary Shareholders' Meeting

## Key dates

Date	
Extraordinary Shareholders' Meeting	November
Capital reimbursement	Between the 27 and 30 November



# Q&A



# Thank you!