

AGUA Day

Rotoplas 2025

a sustainable growth story

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AGENDA

- | 15 min | Lapo | Water: A Humanitarian and Business Priority
- | 15 min | Carlos | Flow & the Future
- | 15 min | Mario | The numbers
- | 15 min | José Luis | Sustainable Story
- | ~45 min | Q&A session

Today's Speakers



Lapo Mori
Partner at Mckinsey & Company



Carlos Rojas A.
Chief Executive Officer



Mario Romero O.
Chief Financial Officer



José Luis Mantecón G.
Sustainability & Human Capital VP



Lapo Mori

Partner at Mckinsey & Company

Water: A Humanitarian and Business Priority

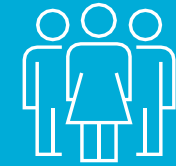
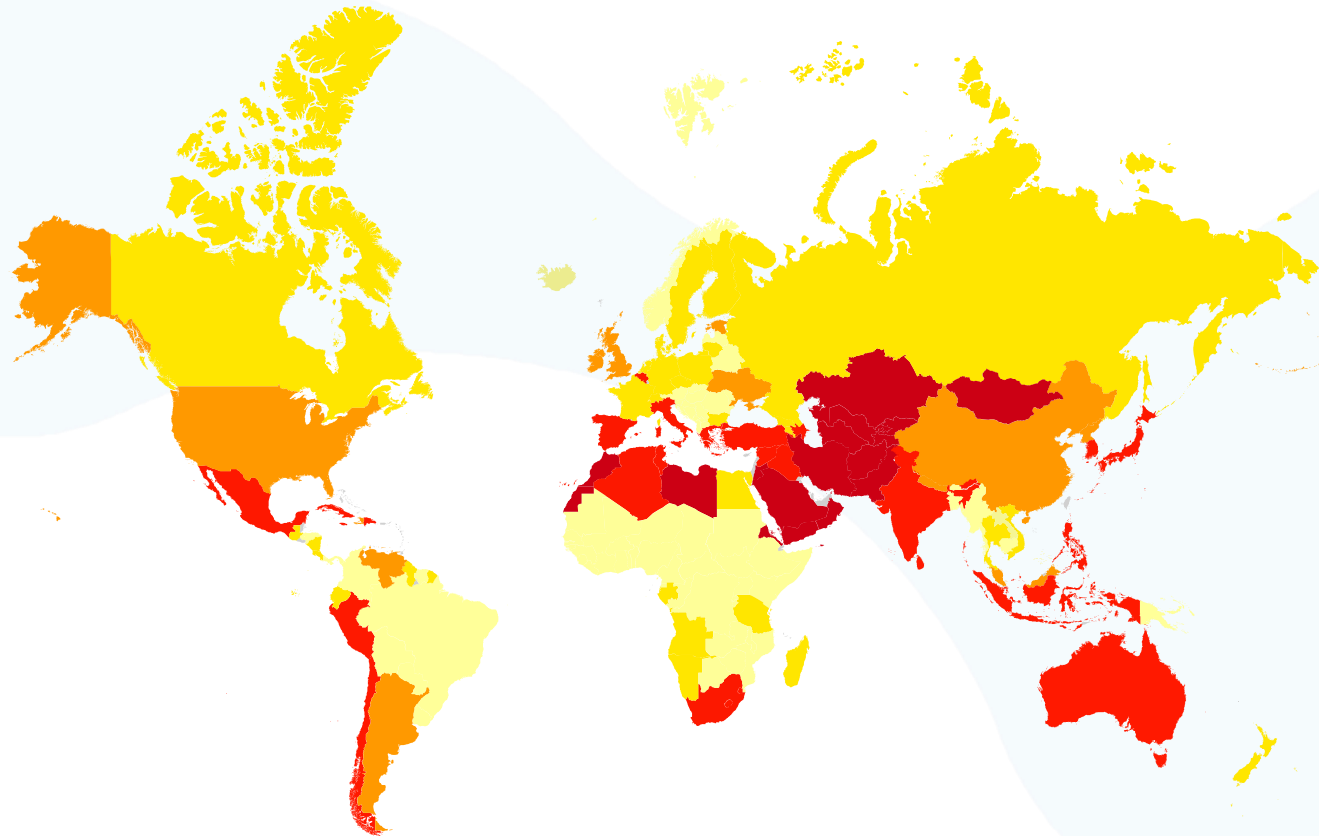
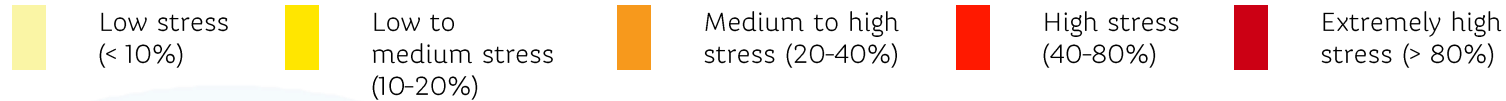
Content

1. The case for change now
2. How advanced analytics can help address water needs



Several regions are facing already today high stress for water

Ratio of total water withdrawals to total renewable water supply in 2020



1.1B+

People today who lack access to clean freshwater

Water is becoming increasingly scarce as populations and economies continue to grow

By 2030, an additional 1B people will join us and the world will need...

25%

More energy



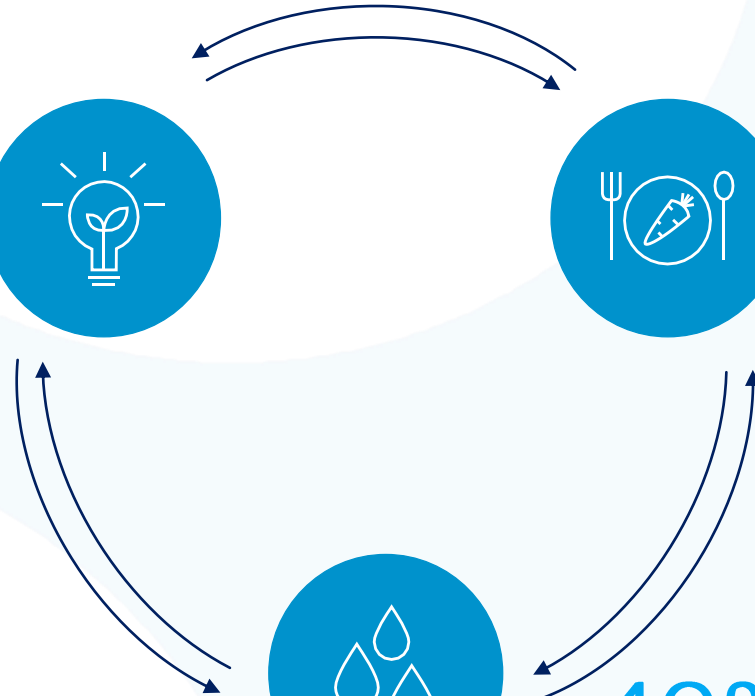
35%

More food



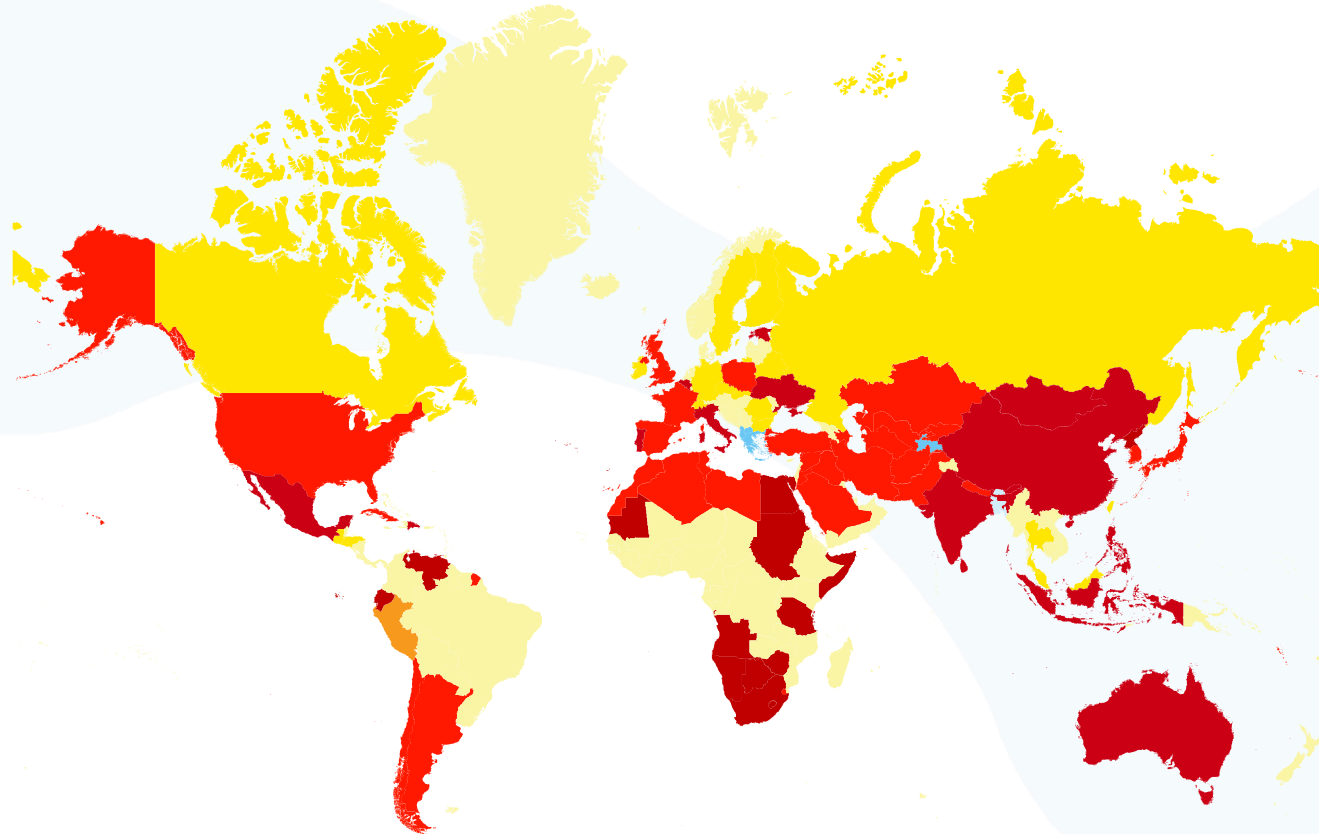
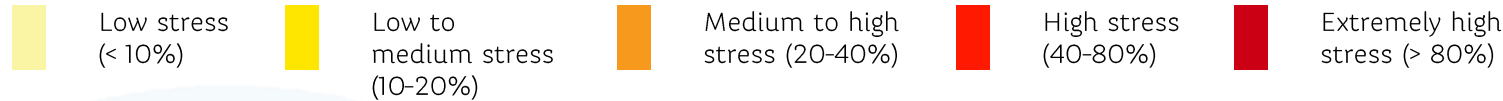
40%

More water



This increased demand for water will outpace supply, growing the water deficit

Projected Supply-Demand gap in 2040



56%

Projected water deficit by 2030



\$700B+

Additional urban property damage due to flooding by 2030



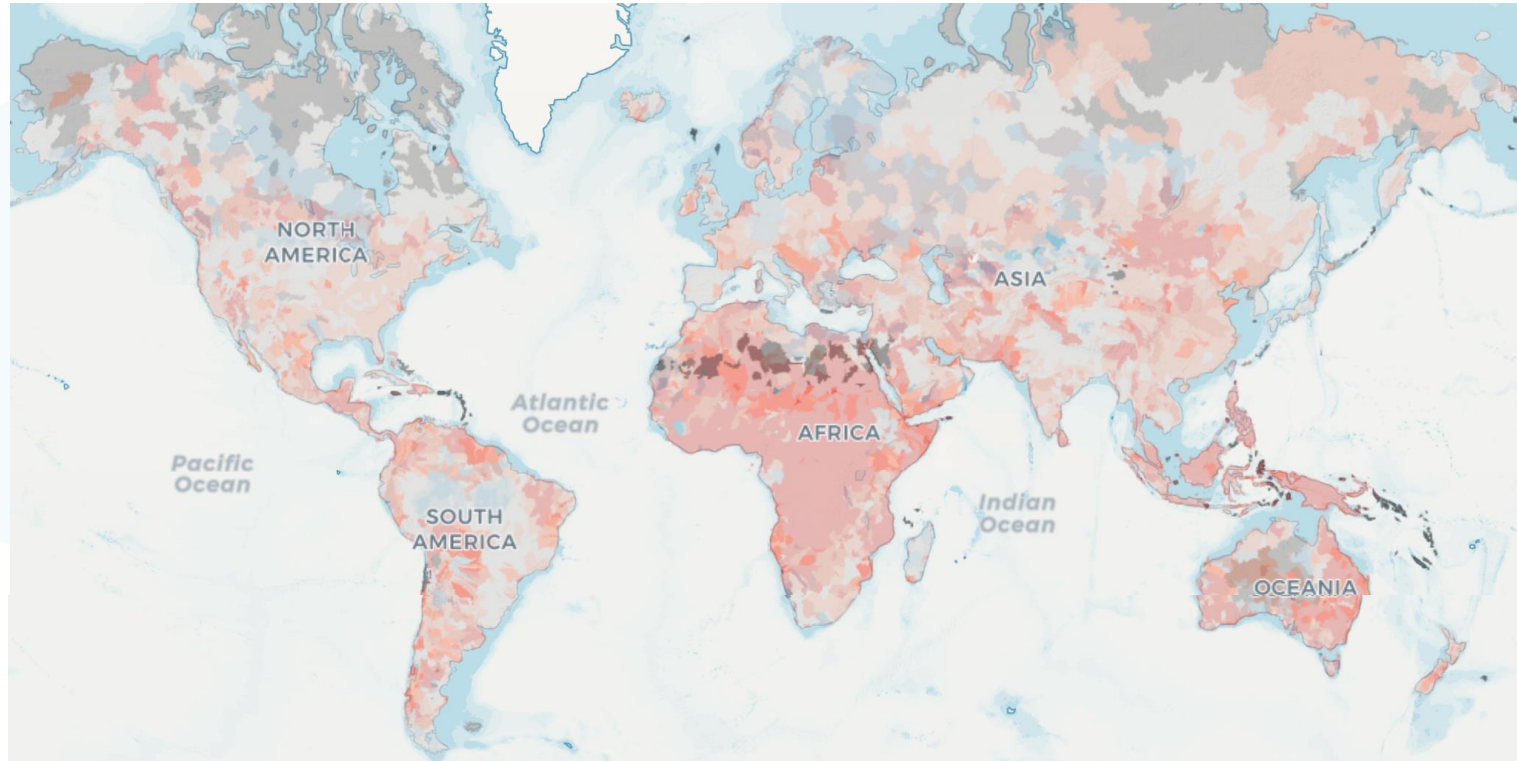
5B+

People who lack sufficient water at least one a month per year by 2050

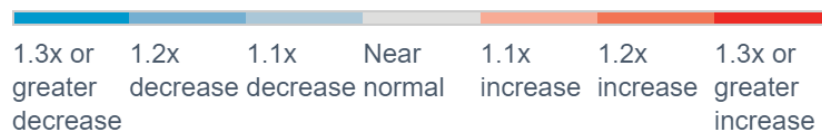
Seasonal variability of water supply is high in many global regions and predicted to worsen by 2030

Forecast change in seasonal water supply variability

Renewable surface and ground water, 2030 compared to 2019



Seasonal Variability



In addition to water scarcity, weather volatility, and enhanced regulations are increasing the risk to utilities and industry

Businesses and communities can increase water stewardship and management

- **Water stewardship** is a **strategic goal**: ensuring sustainable quantity and quality water for business operations and upstream value chains, as well as water access, sanitation and hygiene for surrounding communities
- Step-change improvements **in water management** are the **means to achieve this goal**, and focus on how operators, utilities and users withdraw, treat, store, use, and discharge water to support their needs
 - Effective water management solutions typically provide an end-to-end view and optimization of **how water is sourced, treated, stored, used, and discharged**
 - **Companies active in the water sector can employ DnA analyses** (e.g., geospatial, operational, financial) to help clients improve and de-risk water management

...to help mitigate these risks

Setting and meeting stewardship goals will drive tangible global impact:

Reduce the **4.5T+** m³ of water withdrawn each year by improving operations

Decrease the **1.5T+** m³ of wastewater produced each year

Sanitation access for **2.3B+** people without

Advanced Analytics can help address water challenges in five primary domains

Water management domains

What is enabled?

Why is this difficult?

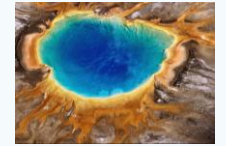


Water sourcing and storage

Control and identification and specification of water source required for the process

- Cost reduction for water purchases
- Predictable operations

Requires water source, weather pattern and flow modelling



Water treatment

Chemical- or membrane-based technologies to selectively remove water constituents

- Constituent source control
- Targeted treatment
- Predictable operations

Requires site-area modeling, mass/ flow sensors, combination of disparate datasets, and digital platform



Water usage

Inventory and forecast of water volume, quality, and accounting for withdrawal, use, and discharge

- Increased recycling
- Reduced withdrawal
- Improved water quality

Requires deep domain expertise, mass/ flow sensors, and process automation



Water discharge

Managed release of water into a defined catchment area in compliance with regulatory agencies

- Reduced waste storage
- Decreases flooding risks
- Enables mine closure

Requires catchment-area modeling, climate expertise, and knowledge of regulations; dimensional sediment transport and chemical fate analysis

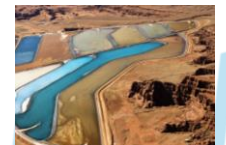


ESG & Sustainability

Accelerating stewardship performance by quantification of climate and social impacts & management of regulatory environment and stakeholder relationships

- Optimized cash balance
- Improved mine planning
- Minimized regulatory risk

Requires financial and risk modeling expertise, combination of disparate datasets, knowledge of policy/ regulations





Use Case | Water discharge hydrodynamics of catchment area were modeled to sustainably increase treated-water discharge

Santitized case example



Background

A client discharges >1 B gallons of treated water into an adjacent creek between March and November

Variable creek flow is driven by myriad environmental factors, limiting optimization



Result

5% mean absolute percent error (MAPE) for stream flows predicted six hours in advance

Up to **40 hours** of advance notice of environmental changes to allow operators to modulate plant operations accordingly



Approach

Ingested >1 M data points of weather, flow, and constituent information **with real-time updates**

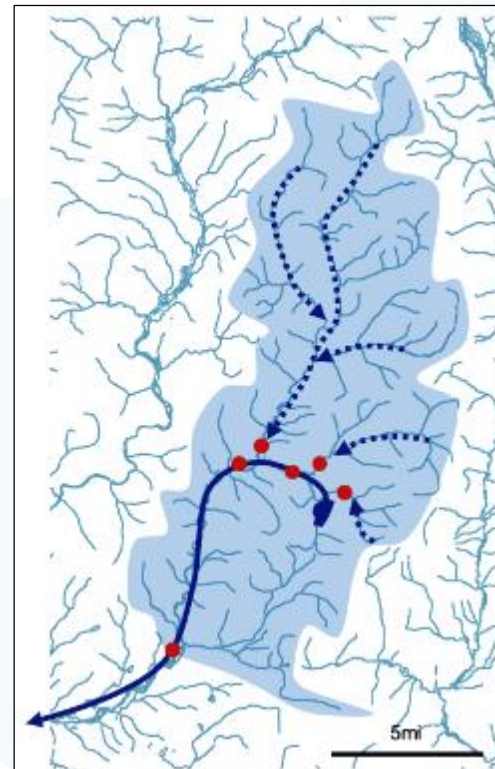
Created 12 interconnected models to forecast stream dynamics in advance

Modules deployed

- Exogenous Data Connectors
- Discharge Optimization
- Hydrologic modeling
- Water Discharge Dashboard

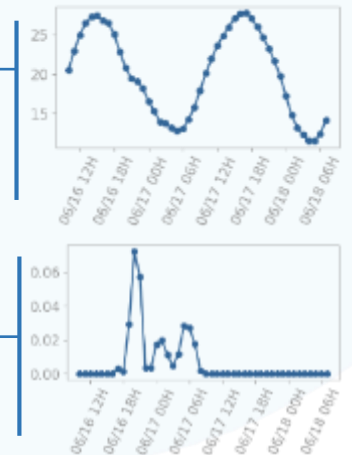
Water system

- Streams
- Catchment area
- Up-stream flow
- Down-stream flow



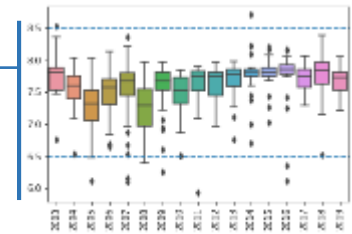
Environmental data

- Pressure
- Temperature
- Humidity
- Evaporation
- Precipitation
- Solar radiation
- Soil moisture
- Soil temperature
- Surface runoff
- Wind speed



Creek data

- Dissolved solids
- pH
- Flow rate
- Stage
- Metal constituents





Carlos Rojas A.
Chief Executive Officer

FLOW & THE FUTURE



Rotoplas[®]

más y mejor agua

Sytosa.  Empresa de Grupo Rotoplas

riego.
bebbia[®]

 **IPS**
Instalamos confianza
NORMA ISO 9001 Y ISO 14001

 **PLASTIC-MART**

 **SEÑORIAL**
Calor que perdura

 **THE TANK DEPOT**

 **PlasticWaterTanks**

Flow | Evolution Process

Thorough Analysis

3-month bottom-up analysis

Diagnosis of:

- Operations
- Portfolio
- Geographies
- Return on assets

Opportunities & Challenges

Key Findings

Strong products & services

Geographic expansion

Positive social impact



ROIC erosion

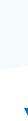
Game Plan

Innovation

Find new growth avenues

Commitment to ESG

Strict resource allocation



Build new internal machinery



Aug 2019

Commitment to achieve in less than 18 months:

ROIC > WACC

Flow | Evolution Process

Thorough Analysis

3-month bottom-up analysis

Diagnosis of:

- Operations
- Portfolio
- Geographies
- Return on assets

Opportunities & Challenges

Key Findings

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Geographic expansion

Positive social impact



ROIC erosion

Game Plan



2019



Build new internal machinery



2020



Implementation



Aug 2019

Commitment to achieve in less than 18 months:

ROIC > WACC



MAIN PILLARS

- **Profitability** of our products and services portfolio.
- **Growth** initiatives and execution.
- **Organizational** culture and **health**.

Flow | Achievements so Far

1.

Divestment
product manufacturing
business
USA & Brazil

2.

Launching of
23 new solutions

3.

Stronger
Balance Sheet
Leverage 1.1x → 0.5x

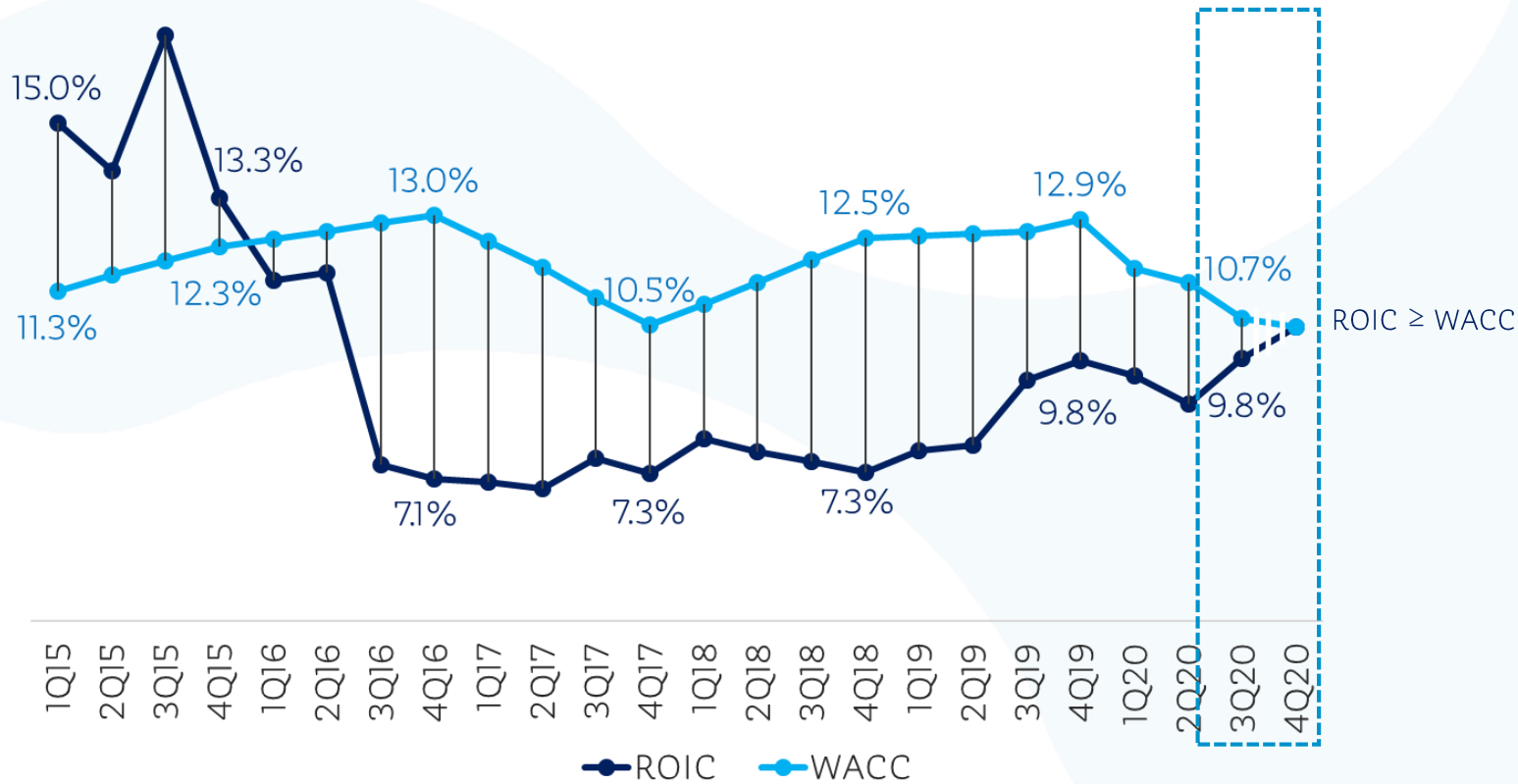
4.

Optimization of
Cash conversion
cycle
by 23 days

5.

21% contribution
to YTD EBITDA*

6. ROIC Improvement 250 bps



2020
THEESIS VALIDATION

- Water industry
- Decentralized & sustainable solutions
- Alignment to megatrends

Flow | The Next Stage



Launching of new solutions

Synergies between operations

Digital & Analytics Platforms

2025

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

WATER-AS-A-SERVICE PLATFORM

Mexico & Brazil

bebbia®

Sytesa.  Empresa de Grupo Rotoplas

rieggo®

ACUANTIA

United States

PlasticWaterTanks

PLASTIC-MART 





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



Mario Romero O.
Chief Financial Officer

THE NUMBERS

Future | Expected Growth

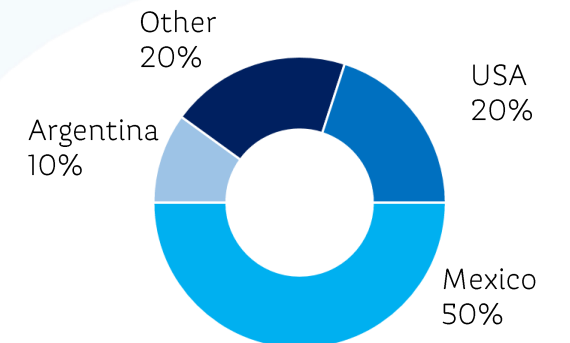
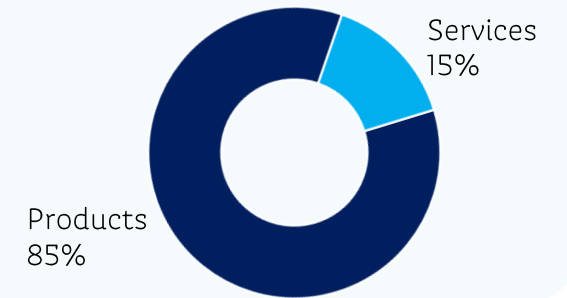
2025

— 2x revenue

— Adj. EBITDA Margin >20%

	Growth CAGR 20-25	
	Revenue	Adj. EBITDA
PRODUCTS	12 - 14%	12 - 14%
Mexico	8 - 10%	9 - 11%
Argentina	5 - 7%	5 - 7%
USA	29 - 31%	44 - 46%
Other	22 - 24%	22 - 24%
SERVICES	30 - 32%~	margin > 20%
TOTAL	14 - 15%	15 - 16%

Revenue 2025



2025 | Strategy

1. FLOW

470 Initiatives with approved business case

\$5.8 bn Incremental sales

\$3.1 bn Incremental Adj. EBITDA

60% Success rate

2. THINGS TO CONSIDER

- Flow implementation costs ~\$75 mm (6 quarters)
- CapEx 5% of sales
- Government sales < 10%.

3. STRATEGY

- MEX**
- Grow service platform
 - Explore new business opportunities

- USA**
- Increase conversion ratio of website visits
 - Penetrate septic tanks business

- ARG**
- Pricing policy in line with inflation & boost exports platform
 - Self-sustainable cash flow & no local debt

- PER**
- Develop water flow & control segment

- CA**
- Capitalize regional synergies
 - Add products to solutions portfolio

- BRA**
- Grow water treatment & recycling plants business

Road to 2025 | Tailwinds



Overwhelmed
centralized water
systems

Water stress and
lack of sanitation
infrastructure

Climate Change
- Environmental
consciousness
- Natural disasters

E-commerce

Increase in water
prices and regulation
enforcement

2021

- Revenue growth $\geq 10\%$
- Adj. EBITDA Margin $\geq 19\%$
- Net Debt / Adj. EBITDA $\leq 2.0x$
- ROIC = WACC + 100 bps

2025 | Capital Allocation Discipline



Project proposal



Evaluation



IRR > WACC



Validation and authorization



Quarterly status update

Capital Allocation Committee

2021

- Revenue growth $\geq 10\%$
- Adj. EBITDA Margin $\geq 19\%$
- Net Debt / Adj. EBITDA $\leq 2.0x$
- ROIC = WACC + 100 bps

AGUA* & Peers

Company	Categories	EV/EBITDA 2020e	CAGR Revenue	CAGR EBITDA
Coway	Purification	5.8x	8%	4%
Evoqua	Water treatment & improvement	15.0x	6%	8%
Flowserv	Water flow & control	11.1x	2%	6%
Mueller	Water flow & control	10.3x	6%	8%
Pentair	Storage, purification, irrigation	16.6x	4%	2%
Primo	Purification	10.0x	6%	7%
Rexnord	Water flow & control	12.5x	3%	4%
Veolia	Water treatment and recycling	6.7x	4%	-28%
Watts	Storage, water flow & control, water improvement	17.1x	4%	7%
Xylem	Water flow & control, improvement, water treatment	25.9x	1%	-2%
Average		13.1x	4%	2%
Rotoplas	Storage, flow & control, improvement, purification, treatment & recycling, irrigation	7.4x	15%	15%

	CAGR 20-25
	CAGR 20-24
	CAGR 20-22



José Luis Mantecón G.
Sustainability & Human Capital VP

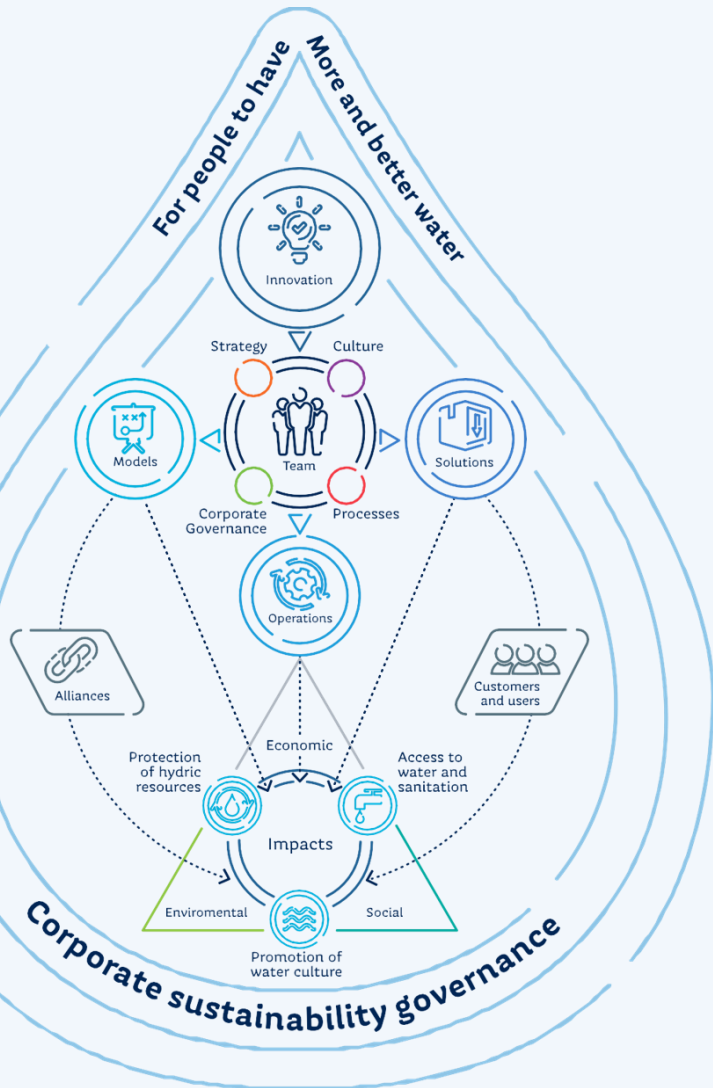
S U S T A I N A B L E S T O R Y

The background of the slide is a collage of three images. On the left is a water treatment facility with metal railings and pipes. In the center is a fountain with multiple jets of water spraying upwards. On the right is a close-up of a white water fountain with water flowing from the spout.

For people to have
more and better water

Single Comprehensive Strategy

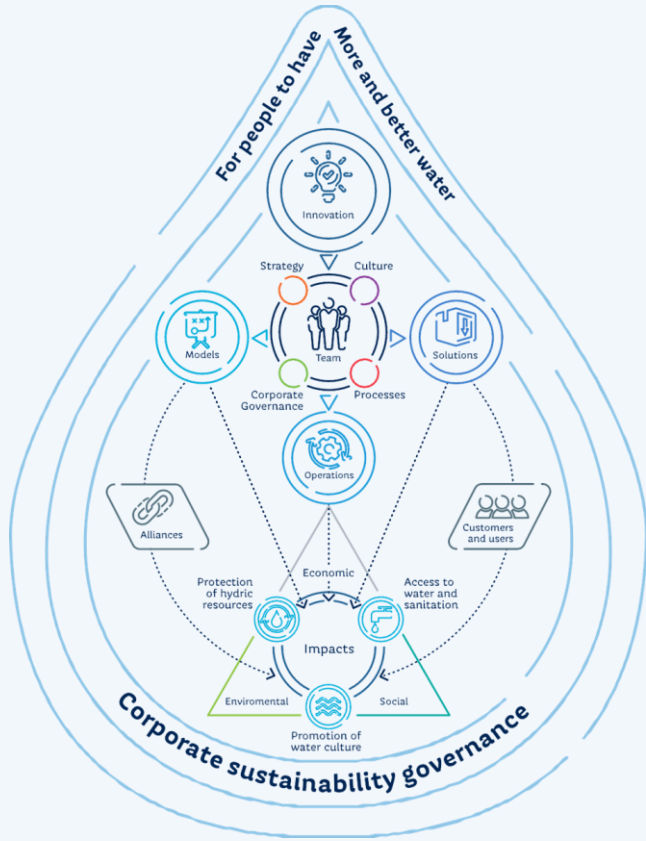
- 💧 Transversal to the whole organization
- 💧 Defines who we are and who we aim to be



FOCAL POINTS

- **1.** Corporate sustainability governance
- **2.** Collaborative innovation with purpose
- **3.** Driving economic and social development
- **4.** Safeguarding water as a resource for the future

Sustainability Strategy | 2016 - 2020



Download yearly sustainability results on:



✓ 2016 | SDGs Contribution

✓ 2017 | First Sustainable Bond in Latam

✓ 2017 | DJSI MILA Pacific Alliance

✓ 2019 | S&P/BMV Total Mexico ESG Index

95% Completed

Sustainability | Frameworks

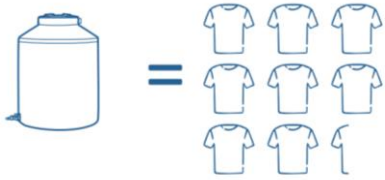
Create value and promote well-being in a transparent and accountable way




Environmental

- Climate Change Strategy
- Use of recycled resins
- Disclosure of products' carbon & water footprint

During its use-phase life, a 750 L Water Tank emits CO₂ equivalent to 8.13 t-shirts.



During its use-phase life, a 1,100 L Water Tank emits CO₂ equivalent to 9.2 t-shirts.



Social

- Historically low accident rate
- Gender pay gap (woman/man)

	Fixed
Executives	0.93
Middle management	0.97
Individual contributors	1.16
Operations staff	1.07

- Special COVID Committee
- Donations
 - >1 million liters of storage capacity
 - >3 million liters of drinking water
 - mobile handwashing stations

Governance


- Directors make a perfect fit with Rotoplas strategy
 - 53% Independent Directors
 - Represent 4 generations & 4 nationalities
 - Diverse industry backgrounds
 - 7% women | 93% men
- Public set of policies
 - Code of Ethics
 - Anticorruption Policy
 - Whistleblowing mechanism



ESSENTIALS

- Empowering teams
- Making agile decisions
- Focusing on client needs
- Having appropriate tools & skills



 3.6x more likely to achieve business goals



2020-2021 | Sustainability Strategy Evolution



2020

Materiality Assessment



2021

Launch of new Strategy



Environmental

Development of smart & decentralized solutions

Circular Economy

Upgrade Climate Change Strategy



Social

Strengthen Organizational Health

Promote collaborative innovation

Further diversity



Governance

Reinforce risk management processes

Broaden reporting disclosure

Conscious Capitalism



Visit our Sustainability Website





Q & A SESSION

We invite you to send questions through the
Q&A button  on your screen

Thank you!

Use the code
aguaday2020
for 2 free months
of our **bebbia** service

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