

4Q20 Earnings Call

February 11, 2021

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.

Speakers



Carlos Rojas Aboumrad
CEO



Mario Romero Orozco
CFO





PURPOSE

RESILIENCY

ADAPTABILITY

EVOLUTION

INNOVATION

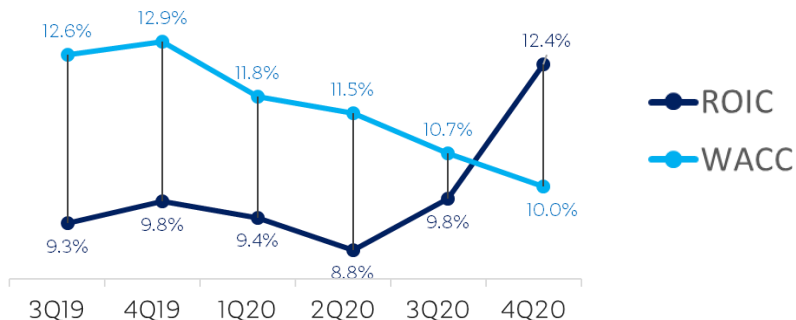
ESG

Guidance 2020 | Flow central objective

	Guidance	Results	
Sales	>10%	11.0%	✓
Adj. EBITDA Margin	≥18%	18.2%	✓
Net Debt / Adj. EBITDA	<2x	0.6x	✓
ROIC	≥ WACC	ROIC 12.4% > WACC 10.0%	✓

2020
RECORD

- Sales
- Adjusted EBITDA
- Net Income



ROIC increased
>300 bp since Flow's
kick-off

> Ps. 1 bn
additional sales

> Ps. 300 million
contributed To EBITDA

> Ps. 180 million
CapEx for *Flow*
initiatives

> 20
new solutions
launched

12.4% > 10.0%
ROIC WACC



> 500
providers with
negotiation of terms

> 400
SKUs optimized

17-day
reduction in cash
conversion cycle

> 1,500
employees involved

> 70%
Increase in AGUA*
share price

FLOW



5-year business plan | A sustainable growth story

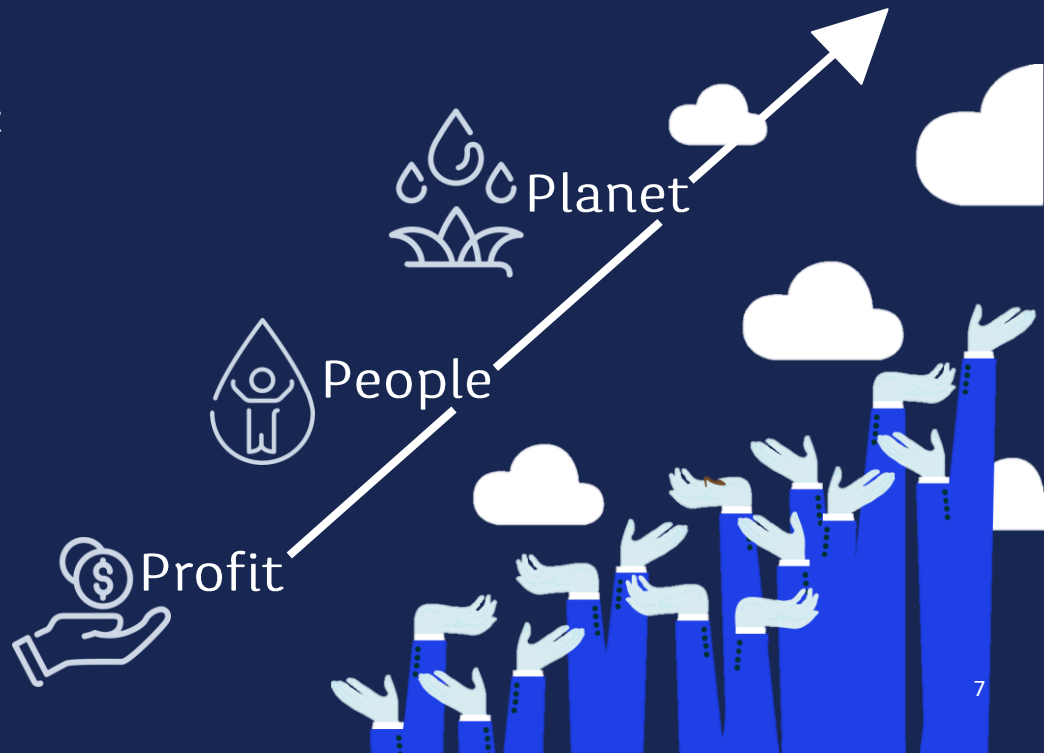
2025

- 2x revenue (vs 2020)
- Adj. EBITDA Margin > 20%
- Net Debt / Adj. EBITDA < 2.0x
- Double-digit ROIC > WACC
(around 20%)

Launching of new solutions

Digital & Analytics Platforms

Synergies between operations





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

Financial Highlights





Rotoplas[®]

más y mejor agua

Do more good for more people in a sustainable manner

Sytasa  Empresa de Grupo Rotoplas

rieggo.

bebbia.

 **IPS**
Instalamos confianza
POR UN SISTEMA

 PLASTIC-MART

 **SEÑORIAL**
Color que perdura

 THE TANK DEPOT

PlasticWaterTanks

COVID-19 | Operations Status

	October	November	December
Mexico	●	●	●
USA	●	●	●
Argentina	●	●	●
Peru	●	●	●
Central America	●	●	●

● Continuos
Operations

● Restricted
Operations

Financial Highlights | Record figures

Million MXN



	4Q20	4Q19 ¹	Δ %/bps	2020	2019 ¹	Δ %/bps
Net sales	2,450	2,036	20%	8,644	7,790	11%
Cost of Sales	1,431	1,163	23%	5,045	4,455	13%
Gross Profit	1,019	874	17%	3,600	3,335	8%
<i>Margin</i>	42%	43%	(130)	42%	43%	(120)
Operating Income	315	317	(1%)	1,047	1,175	(11%)
<i>Margin</i>	13%	16%	(280)	12%	15%	(300)
Comprehensive Financing Result	(258)	(158)	63%	(203)	(551)	(63%)
Taxes	(21)	128	(116%)	264	251	5%
Adjusted EBITDA²	476	402	18%	1,575	1,502	5%
<i>Margin</i>	19%	20%	(30)	18%	19%	(110)
Net Profit / Loss before discontinued operations	79	32	NM	582	374	55%
Net Profit / Loss after discontinued operations	73	(30)	NM	418	52	NM

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.

² Adjusted EBITDA considers: operating profit + depreciation and amortization + non-recurring expenses (donations and implementation costs for Flow).

Sales per country | Mexico



	4Q20	2020
Δ Sales	11%	10%
Δ EBITDA	12%	0%

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



Sales per country | Argentina & Other

USA

- Optimization of e-commerce platform increasing sales conversion rate
- +25,000 customers

Central America

- Double digit growth in every country

Peru

- Strong recovery after 2.5 months of operating restrictions
- Double digit growth in sales
- Synergies with Argentina to develop water flow category

Other

	4Q20	2020
Δ Sales	42%	28%
Δ EBITDA	67%	17%

Argentina

- In local currency sales grew 25% quarterly and 32% annually
- Product diversification and leading brands
- Exports represent 5% of total sales

	4Q20	2020
Δ Sales	25%	(1%)
Δ EBITDA	15%	24%

Brazil

- 3 WWTP in our portfolio
- Focus on strengthening our presence

Sales | Products & Services Mix

- Record sales in *bebbia*
44,000+ customers

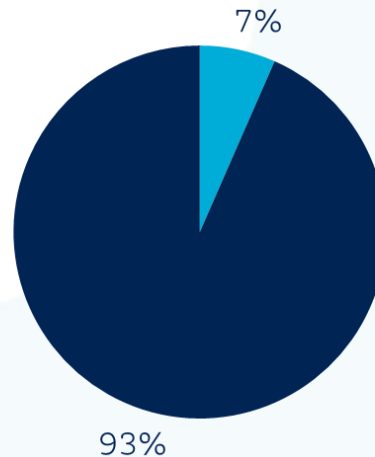
- Rieggo registered its first sales in 4Q

- WWTPs in Brazil registered its first sales in 3Q

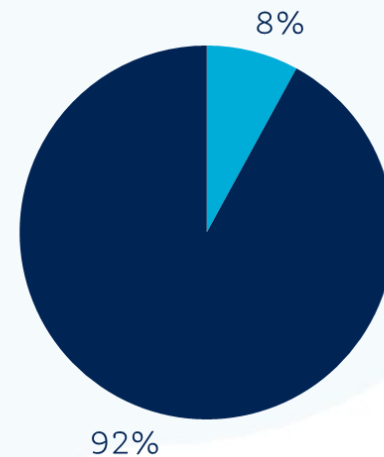
- Public sector sales
4Q20 – 5.2%
2020 – 5.3%

■ Services
■ Products

2020



2019



	4Q20	Δ %	2020	Δ %
Products	2,288	25%	8,033	12%
Services	163	(23%)	611	(2%)

Balance Sheet | Strong Cash Position

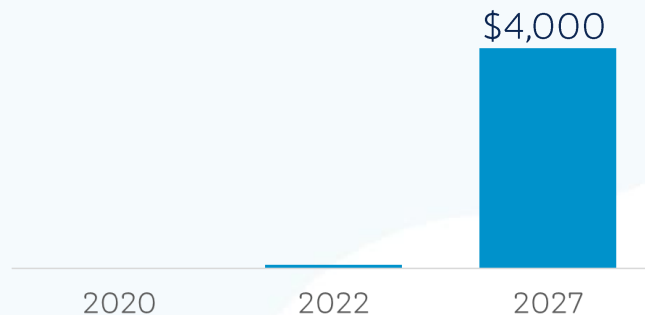
Current Leverage *Million MXN*

Balance Sheet	2020	2019	Δ %
Cash & Cash equivalents	3,132	1,848	70%
Total Debt	4,117	2,935	40%
Net Debt	985	1,087	(9%)
Net Debt / Adjusted EBITDA	0.6x	0.7x	(0.1)x

- Net Debt / EBITDA ratio decreased from 0.7x to 0.6x
- Cash Conversion Cycle improved by 17 days
- Leverage remains within the established debt policy of 2.0x Net Debt / EBITDA

Debt Maturity Profile

Million MXN

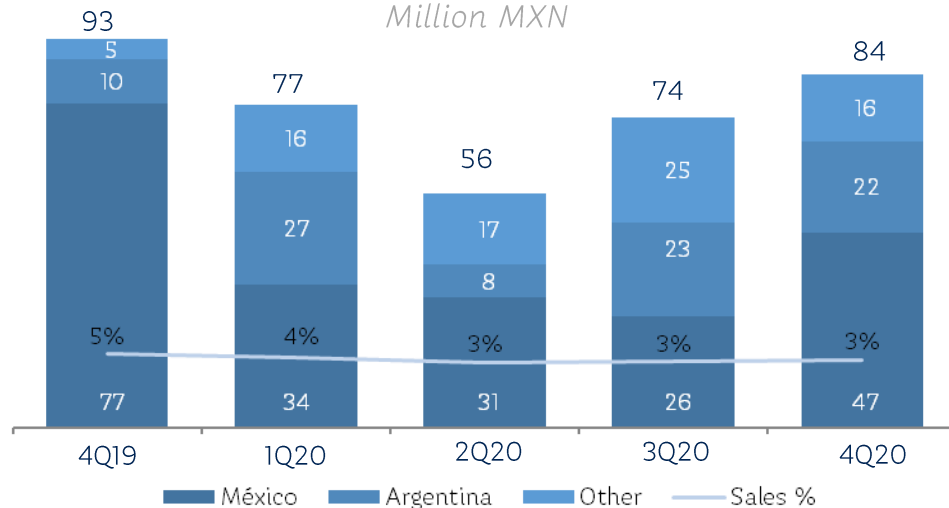


\$4 billion derived from the issuance of our sustainable bond AGUA 17-2X

CapEx | Capital Allocation Discipline

CapEx per quarter

Million MXN








	4Q20	2020
Total CAPEX	84	291
% Sales	3%	3%

CapEx decreased 12%, however sales increased 11%

2020

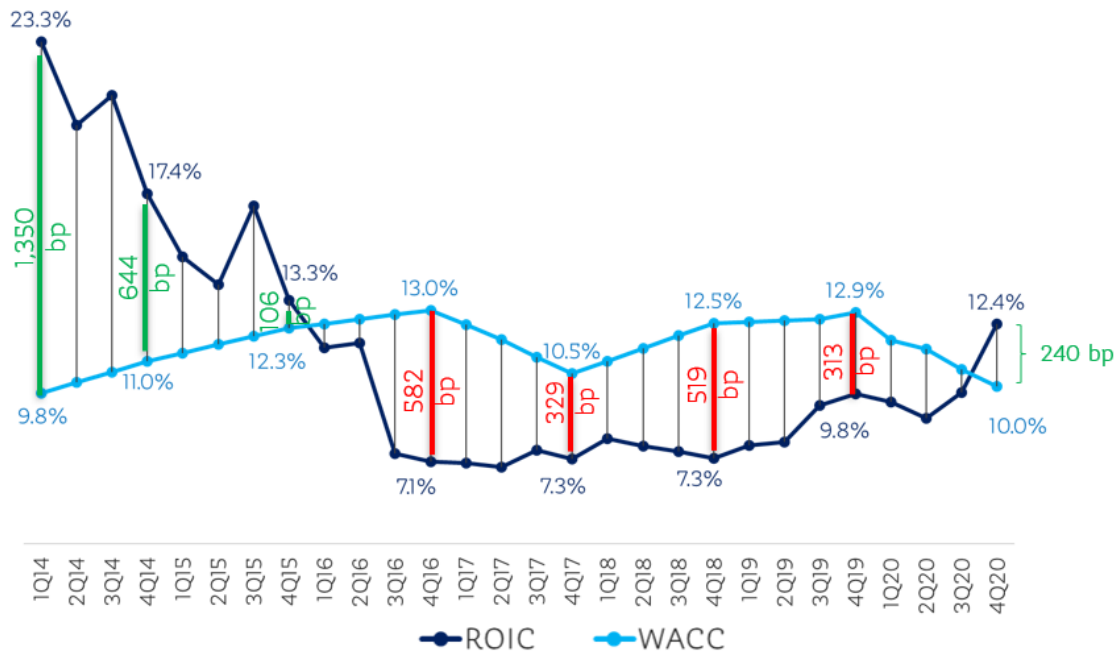
- 30% WWTP
- 15% Argentina
- 6% USA

Capital Allocation Committee

-  **1.** Project proposal
-  **2.** Evaluation
-  **3.** IRR > WACC
-  **4.** Validation and authorization
-  **5.** Quarterly status update

ROIC | Sustainable value creation

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



ROIC outperforms WACC meeting *Flow* central target

1.  KPI Dashboard: <https://rotoplas.com/sustentabilidad/home-eng/>



Rotoplas Score:



B Management
*Taking coordinated action on
climate issues*



PAZA C-19

MEX

Handwashing stations in
“Central de Abastos”
- 12,000 people benefitted

ARG

“More than just a bathroom”
- 50 families benefitted

3.



FORO VIRTUAL DE TENDENCIAS
ROTOPLAS

5.



Materiality
Assessment







2021

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



Company	Categories	EV/EBITDA 2020e	CAGR Revenue	CAGR EBITDA
Coway	Purification	5.8x	3%	2%
Evoqua	Water treatment & improvement	16.0x	4%	5%
Flowserve	Water flow & control	12.2x	4%	9%
Mueller	Water flow & control	11.9x	3%	5%
Pentair	Storage, purification, irrigation	18.5x	4%	2%
Primo	Purification	12.3x	4%	3%
Rexnord	Water flow & control	13.6x	3%	4%
Veolia	Water treatment and recycling	7.2x	4%	6%
Watts	Storage, water flow & control, water improvement	18.0x	2%	4%
Xylem	Water flow & control, improvement, water treatment	30.3x	5%	9%
Average		14.6x	4%	6%
Rotoplas	Storage, flow & control, improvement, purification, treatment & recycling, irrigation	9.1x	14-15%	15-16%

 CAGR 2020-2022
 CAGR 2020-2023
 CAGR 2020-2024
 CAGR 2020-2025



Q&A

Thank you!