

# AGUA Day 2021

2025 Sustainable Growth Story

Flowing for a better future



December 14, 2021





**Rotoplas**<sup>®</sup>  
más y mejor agua

# Products | Water Storage

Regions

Mexico  
Central America  
Peru  
Argentina

Brands





# Products | Water Flow & Control



Regions

Mexico  
Central America  
Peru  
Argentina

Brands

**Tuboplus**



Instalamos  
confianza



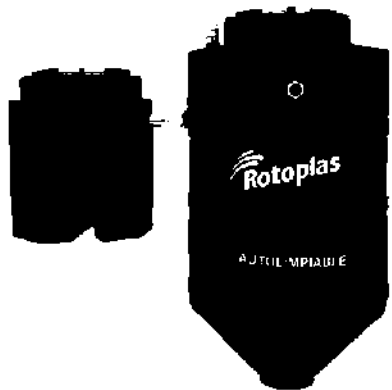
# Products | Water Improvement



Regions

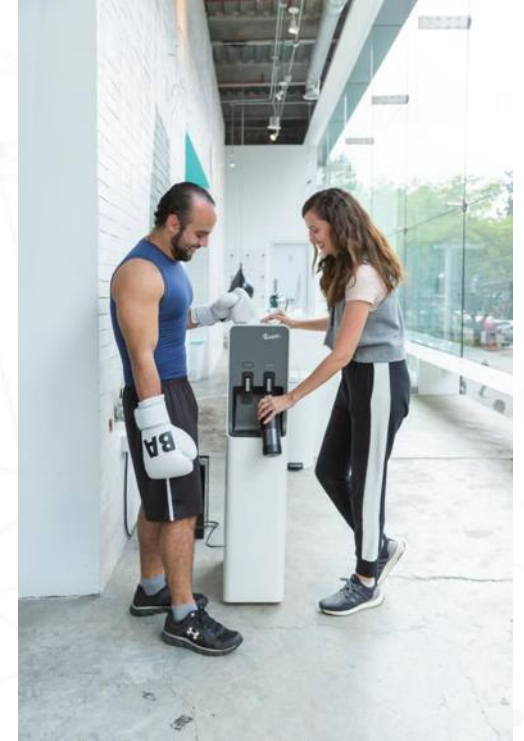
Mexico  
Central America  
Peru  
Argentina

Brands



# Services | Purification

Regions	Mexico
Brands	bebbia®



**Rotoplas®**  
más y mejor agua

## Benefits:



Convenience  
and Safety



Instant water  
purification



No more  
heavy jugs



Installation  
and  
maintenance



# Services | Treatment and Recycling Plants



Regions	Mexico Brazil
Brands	<div><div>Sytesa.</div><div>Empresa de Grupo Rotoplas</div></div> <div>Acuantia.</div>



# Services | Irrigation

Regions	Mexico
Brands	rieggio®





# Products & Services | USA



Regions	USA (tanks & septic solutions)
Brands	<b>Acuantia.</b>  <i>An Acuantia Brand</i>

**Tanks sold at:** [www.tank-depot.com](http://www.tank-depot.com)

## Septic Services



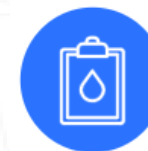
Site & soil evaluation



System Design



Installation



Maintenance



Pumping







**Rotoplas**<sup>®</sup>  
más y mejor agua



## 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.

# Agenda



Matt

Sustainability  
- Global trends -

7 min

José Luis

Sustainability  
- ESG Targets -

10 min

Mario

The numbers  
- update -

15 min

Carlos

The future  
- 2025 -

15 min



# Our Speakers



**Matt Rogers**  
Global energy expert  
Retired Senior Partner  
with McKinsey & Company



**José Luis Mantecón G.**  
Sustainability & Human Capital VP



**Mario Romero O.**  
Chief Financial Officer



**Carlos Rojas A.**  
Chief Executive Officer



# **SUSTAINABILITY**

## **- Global trends -**





# The energy transition's economic fundamentals are accelerating



## Slowing energy/resources demand will drive GDP growth

An aging global population and a shift to services combined with increasing efficiency means GDP will grow with much less resources and energy/\$GDP – almost all new energy demand is for electricity and outside the OECD

## Rapid technological innovations taking ever more share

Innovations have driven energy and resources costs down sharply (solar, wind, batteries, horizontal drilling, hydrogen, etc.) and those innovating smaller, more modular, digitally enabled technologies are taking expanding share from mega-projects

## Expanding regulatory agenda resetting global flow

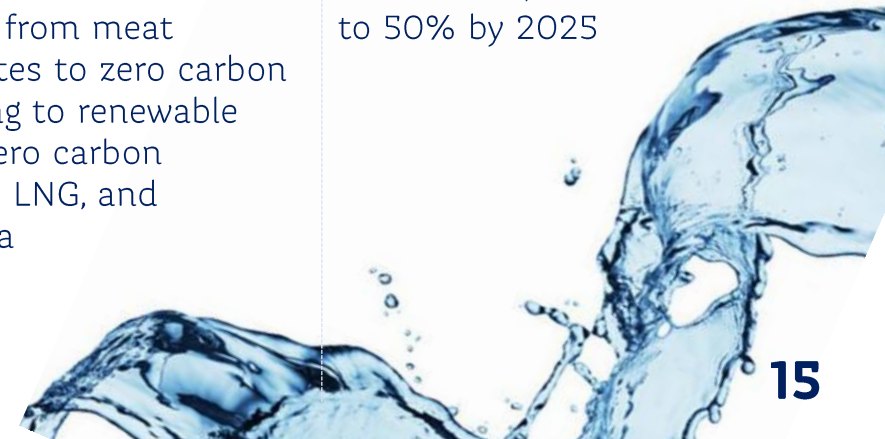
Renewable portfolio standards for power, renewable fuel standards for transportation, carbon border adjustment mechanisms/carbon intensity trading, and the potential for carbon price/taxes are reinforcing the transition—cleaner, safer, more sustainable

## Increasing consumer pull

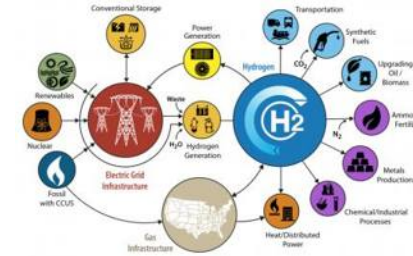
Consumer demand for sustainable products has created new multi-billion markets from meat substitutes to zero carbon packaging to renewable diesel, zero carbon gasoline, LNG, and ammonia

## Accelerating ESG funds flow reflecting Investor sentiment

Today 20% of assets under management are ESG related, this is headed to 50% by 2025



# The industry's energy transition fundamentals are accelerating



## Increasing high water intensity production methods

Oil and gas Fracking  
Lithium mining  
Biofuels  
Meat substitutes

## Increasing concern about climate change impacts on water

Increasing drought frequency  
Water infrastructure at risk from major storms  
Water access issues and water conflicts

## Broad regulatory push for water quality

US Infrastructure bill and Build Back better  
Eliminating once through cooling for power and technology  
Driving down effluent allowances in everything from milk to chip makers  
Drive for circularity

## Increasing emphasis on green hydrogen and electrolysis

Hydrogen demand growing 30% annually...  
...Could add 50% to renewable power demand requirements...  
...And drive-up water demand significantly (18-24 kg of water/kg of H<sub>2</sub>) for green hydrogen

## Low cost, sustainability hub development

Houston, Calgary, Los Angeles, San Francisco, Pittsburgh, Chicago, Rotterdam, Manchester, Santiago, Perth, Rio de Janeiro, etc. are all seeking to become low carbon, sustainability hubs







# **SUSTAINABILITY**

## **- ESG targets -**



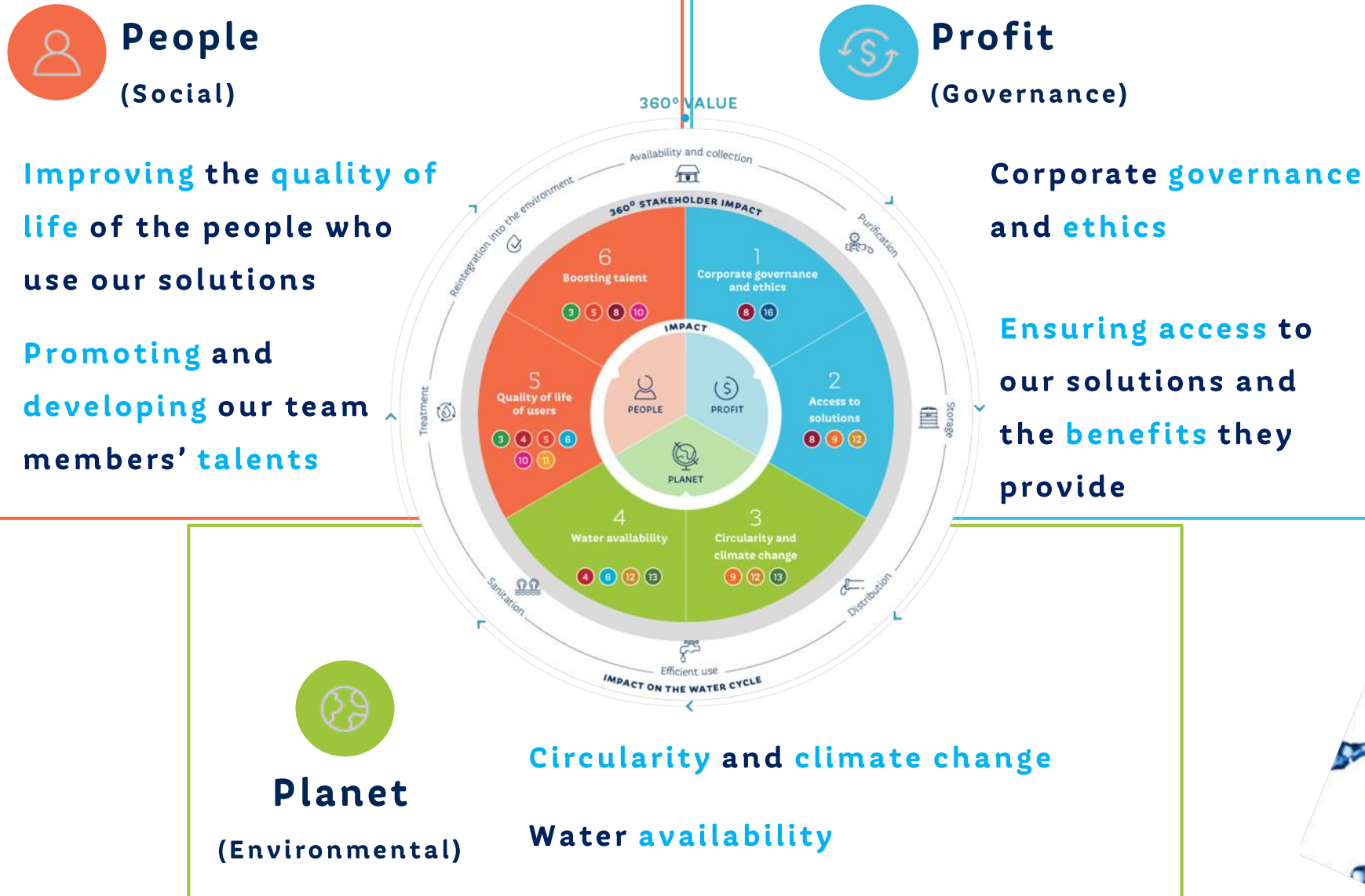


Improve lives by  
providing more  
and better-quality  
water





# ESG Strategy



## Other Key Aspects

- Climate change
- Extending our collaboration with the value chain
- Maximizing our contribution to the Sustainable Development Goals
- **360° value creation**








# 2021 Results








## Environmental

-  +20% use of **recycled resins**
-  +300 million **liters purified** through bebbia
-  2<sup>nd</sup> year filling **CDP evaluation**



## Social

-  Focus on **employees' wellbeing** during the pandemic
-  Employee **engagement** 79% → 80%
-  Organization **Health Index** 68 → 72
-  20% of **STEM** positions held by **women**
-  Focus on increasing the **diversity** of our work force



## Governance

-  **Sustainability metrics for capital allocation**
-  Increased **independence** of Board of Directors 47% → 57%
-  Certification of **internal auditors**
-  Improvement of our **ESG scores**

# 2025 Targets | Profit



**100% of our suppliers evaluated with ESG criteria by 2025** *(0% by 2021)*



**Compound net promoter score of 80 points for our products and services by 2025** *(67 by 2021)*







**Impact 1 million people with our sanitation and water access solutions**

*(330K by 2021)*



**Women as 30% of our workforce by 2025**

*(23% by 2021)*



**Reduce the intensity of scope 1 and 2 CO<sub>2</sub> emissions to 0.41** *(0.51 by 2021)*



**+1.7 million m<sup>3</sup> of water purified by our solutions** *(164K m<sup>3</sup> by 2021)*



**Carbon Neutral by 2040**








# THE NUMBERS - update -



# 2021 | Strategy

	1Q	2Q	3Q	4Q
<p>Global situation</p> 	<p>Global reactivation of demand</p> <p>Shifts in buying patterns</p> <p>Tight supply chains</p> <p>Texas energy crisis</p>	<p>Supply chain disruptions</p> <p>Container crisis</p> <p>Raw materials and logistics cost increases</p>	<p>Sustained increases in raw materials prices and logistic costs</p>	
Pricing Strategy	<p>Normal annual price increase</p>	<p>Maintain prices to gain Market share</p>	<p>Increases in every country</p>	<p>Increases in specific countries and categories</p>
Impact to EBITDA	-	\$130 million	\$210 million	TBD
Fill rate	100%	99.9%		



**Margins and working capital normalization: 2H22**





# 2025 | Expected growth

2025

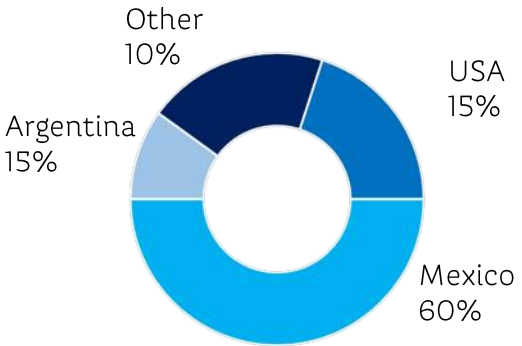
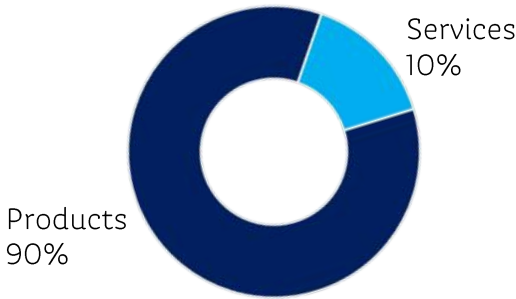
- 2x revenue (vs 2020)
- Adj. EBITDA Margin >20%



	Growth CAGR 20-25		Updated growth CAGR 21-25	
	Revenue	Adj. EBITDA	Revenue	Adj. EBITDA
PRODUCTS	12 - 14%	12 - 14%	12 - 14%	12 - 14%
Mexico	8 - 10%	9 - 11%	10 - 12%	10 - 12%
Argentina	5 - 7%	5 - 7%	12 - 14%	9 - 11%
USA	29 - 31%	44 - 46%	29 - 31%	44 - 46%
Other	22 - 24%	22 - 24%	15 - 17%	15 - 17%
SERVICES	30 - 32%~	margin > 20%	30 - 32%	margin > 20%
TOTAL	14 - 15%	15 - 16%	14 - 15%	16 - 18%

 Increases  
 Decreases

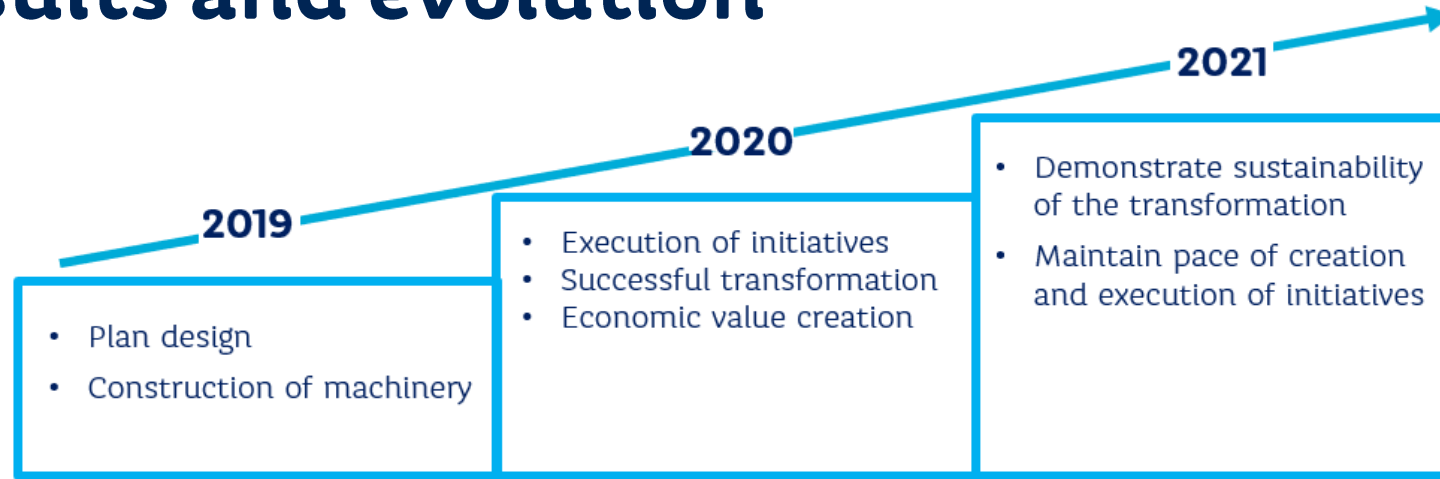
Revenue 2025



2021-2025

CapEx 5% of sales  
Government sales < 10%

# Flow | Results and evolution



## Highlights

- 💧 **250**/1,100 initiatives are **in money step** (impact P&L)
- 💧 **45% of EBITDA** comes from Flow initiatives (9M21)
- 💧 **\$188** million pesos of **CapEx** (9M21)
- 💧 **740+ employees** directly involved
- 💧 **Success rate** of initiative execution increased **60% → 65%**

## Flow economics

(3Q20 – 4Q21)

18 months - expenses recognition

(2020-2021)

5 years - full realization of benefits



**6x** cash-on-cash return





# AGUA\* | Peers & valuation



Company	EV/EBITDA 2021e/22e*	CAGR Revenue	CAGR EBITDA
Badger Meter	31.0 x	6%	6%
Coway	5.3 x	9%	6%
Ecolab	26.3 x	7%	12%
Evoqua	23.6* x	6%	10%
Flowserve	11.9 x	7%	13%
Fluidra	14.1 x	7%	11%
Franklin Electric	19.6 x	6%	9%
Hayward	15.8 x	8%	8%
Lindsay Corp	18.2* x	9%	15%
Mueller	11.7* x	5%	9%
Pentair	17.3 x	5%	8%
Primo	10.7 x	4%	8%
Rexnord	16.4 x	18%	30%
Toro	18.2 x	10%	6%
Veolia	8.4 x	9%	15%
Watts	22.0 x	4%	5%
Xylem	27.0 x	5%	-19%
<b>Mean</b>	17.5 x	7%	9%
<b>Rotoplas</b>	8.4 x	14%	16%

	CAGR 21-26
	CAGR 21-25
	CAGR 21-24
	CAGR 21-23

50%  
discount

Source: Bloomberg

TP

Capital  
Reimbursements

BTG Pactual	\$39.00
GBM	\$48.00
Miranda Research	\$45.00
Signum / Punto	\$42.22
<b>Mean</b>	<b>\$43.55</b>

(60% upside)

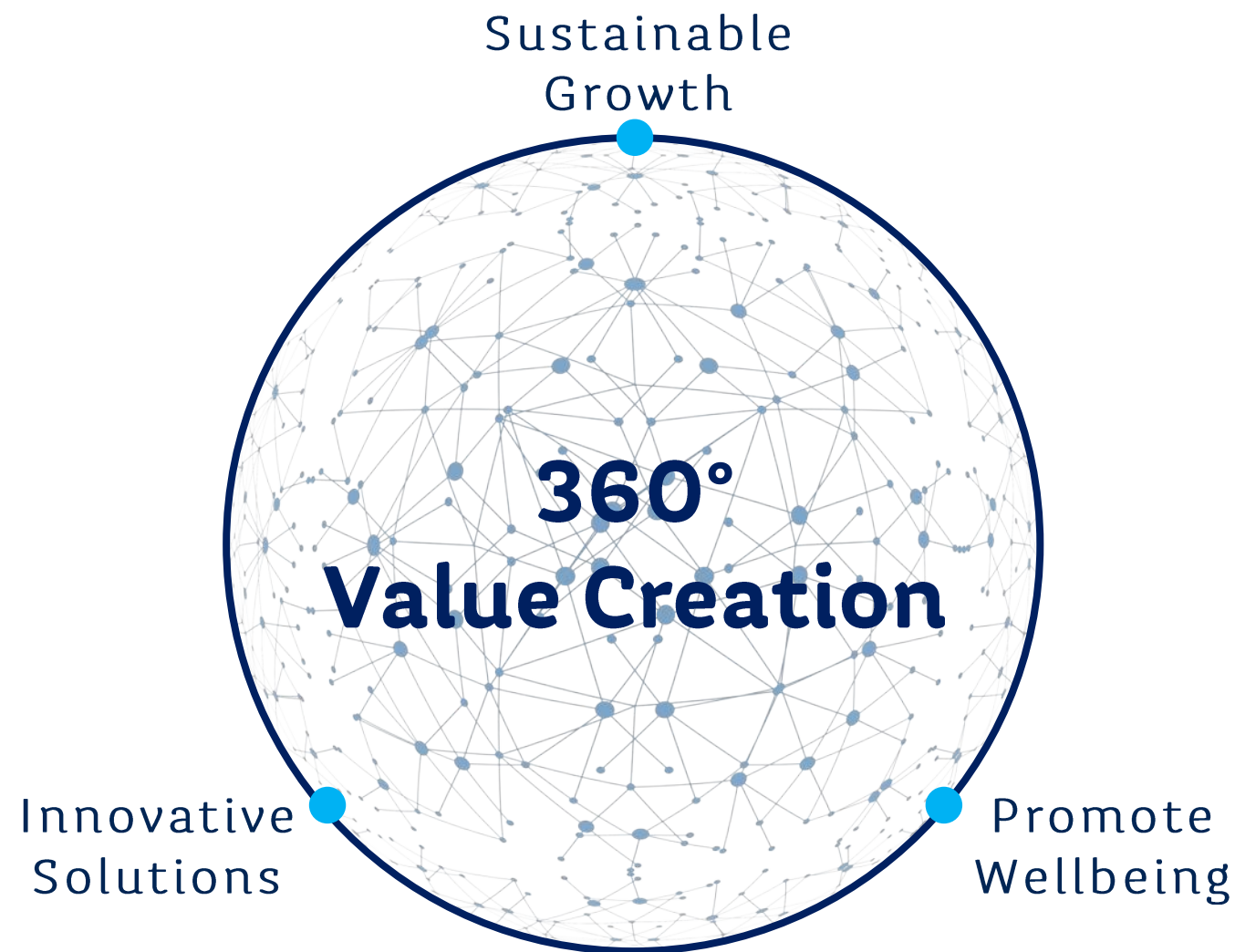
2016	\$0.25
2017	\$0.37
2018	\$0.37
2019	\$0.38
2020	\$1.83
2021	\$2.14

(>7% yield)



# THE FUTURE - 2025 -





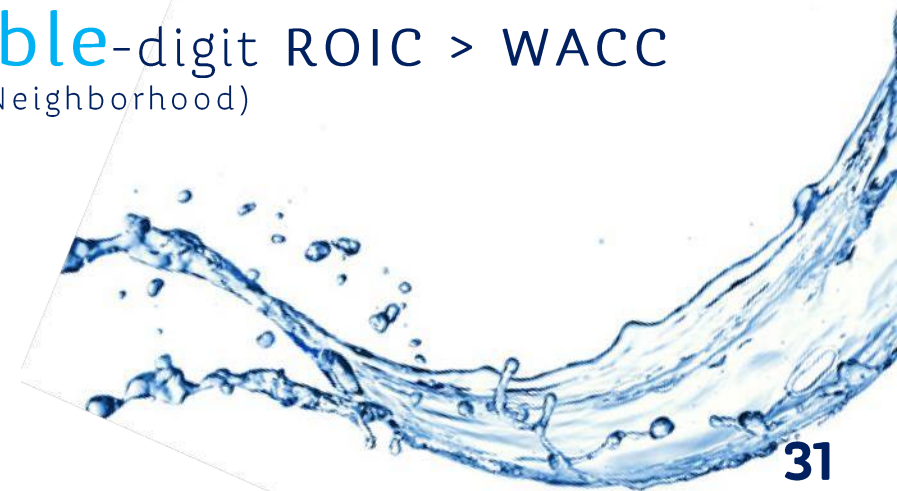
## To meet our **2025 targets**

💧 **2x** revenue (vs. 2020)

💧 Adj. EBITDA Margin  $\geq$  **20%**

💧 Net Debt / Adj. EBITDA  $\leq$  **2.0x**

💧 **Double**-digit ROIC > WACC  
(20%’s Neighborhood)



# New Launches



**Storage+**



**Dual Tanks**



**Waterflow+**



**Tuboplus  
Ultraflex**



**Improvement+**



**Water softeners**

## 13 New Sales Channels

**Customer  
Focus**



**Brand  
Awareness**

## 50 Initiatives in the pipeline



**New launches  
Upgrades**



# Cross Selling | Opportunities



- Mature market
- Expanding market
- Emerging market
- Plan
- Explore



PRODUCTS

Storage						
Waterflow						Instalamos confianza
Improvement						
Purification						
Treatment and recycling		Empresa de Grupo Rotoplas				
Irrigation						

SERVICES

Central America includes Guatemala, El Salvador, Costa Rica, Honduras and Nicaragua

# Acuantia | Value Proposition



WHY

HOW

WHAT

## WHY

We exist to **improve** the human **relationship** with water.

## HOW

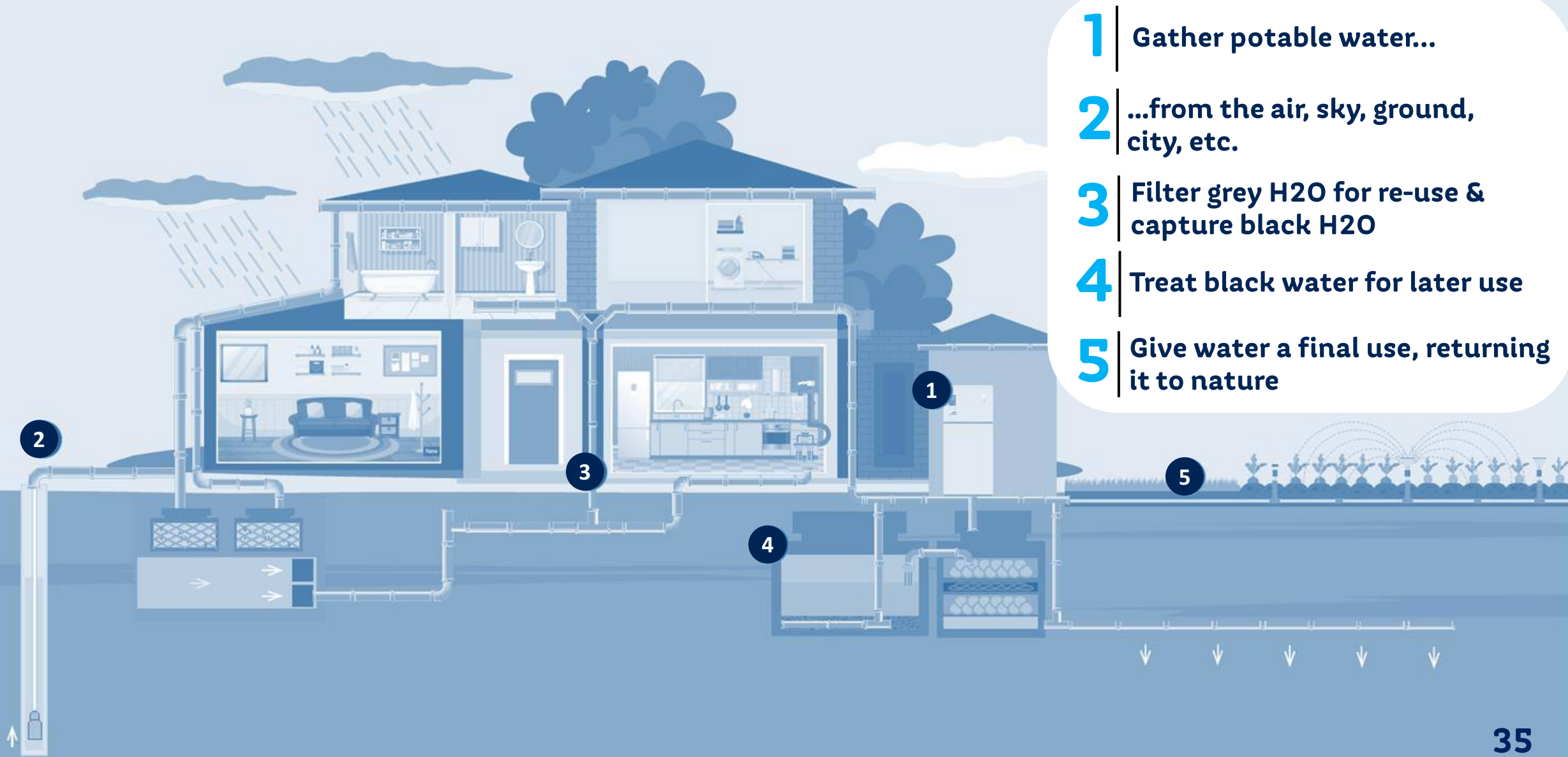
By **delivering end-to-end solutions** that increase the availability of water through **re-use cycles**... which can turn 1 gallon into 3.

## WHAT

We deliver the right **products and services to gather, store, filter and treat water** to effectively increase the number of times water is used before being returned cleanly to the environment.



# Acuantia | Process



- 1** | Gather potable water...
- 2** | ...from the air, sky, ground, city, etc.
- 3** | Filter grey H<sub>2</sub>O for re-use & capture black H<sub>2</sub>O
- 4** | Treat black water for later use
- 5** | Give water a final use, returning it to nature

# Treatment plants | Cases



**Automotive  
Industry**

**Zero liquid discharge**

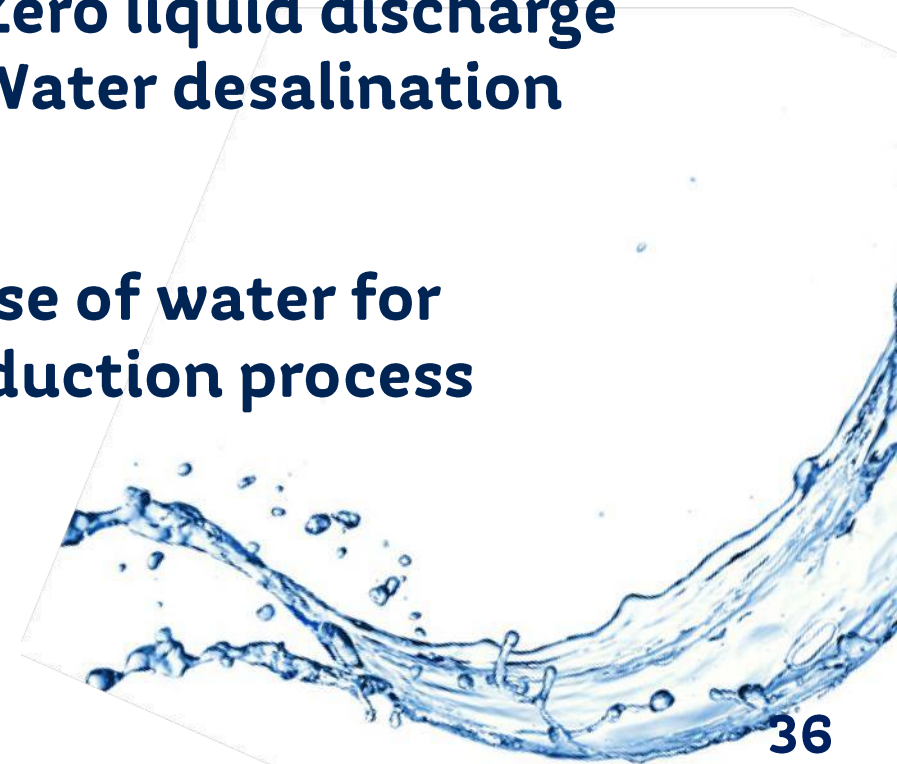
**Mining  
Industry**

- 1) Zero liquid discharge**
- 2) Water desalination**



**Beverage  
Industry**

**Reuse of water for  
production process**

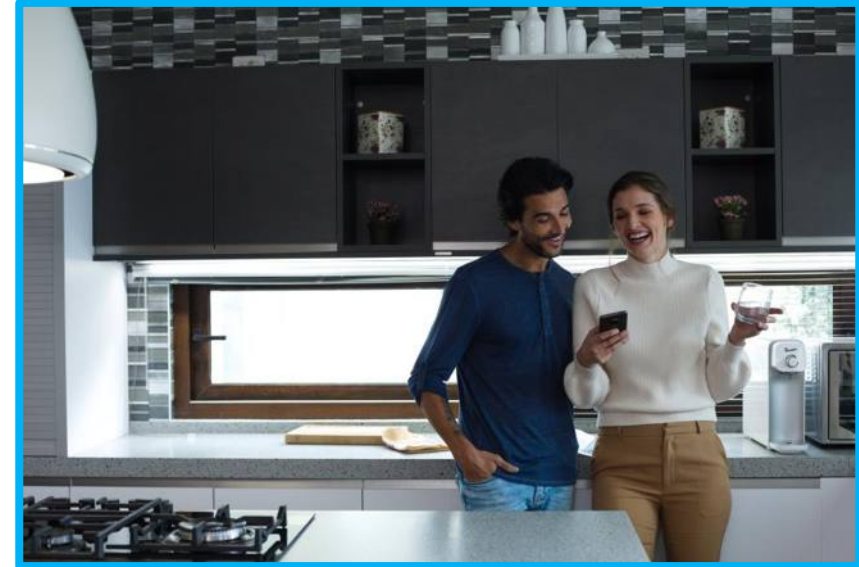




# bebbia

- 💧 Fully automated sign-in process
- 💧 Door-to-door sales channel
- 💧 New sales representatives training
- 💧 Instant messaging communication

👂 350 thousand users by 2025 👂



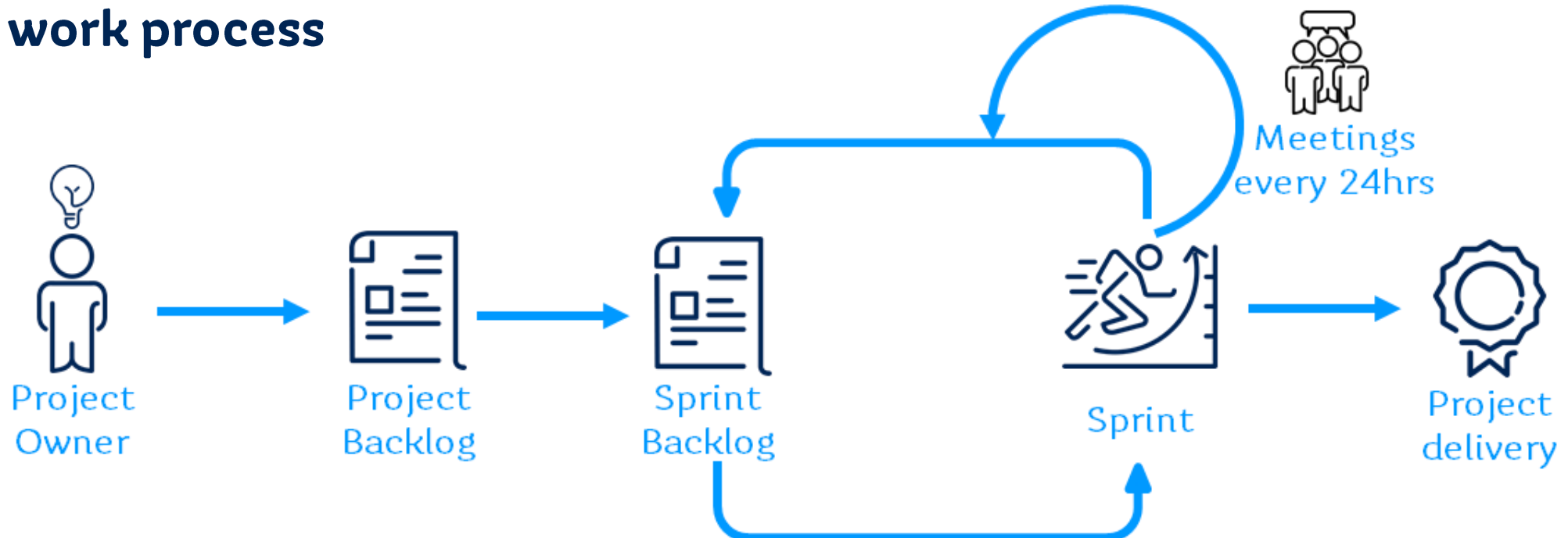
# What's next? | Agile

Accelerated and scalable **value creation**  
Empower and develop **talent**

Starting with:

**Acuantia.** & **bebbia**

## Agile work process





## One step closer to water digitalization

Minority Stake  
Acquisition of:



What is **water digitalization** for Rotoplas?



Smarter use of water through  
data-derived insights and metrics



Scalable solutions for mass  
consumption

**Net zero carbon emissions by 2040**

**Women as 30% of our workforce by 2025**





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Call: (55) 47 42 08 35



# Thank you!



## See you next year

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