

# Rotoplas | Fourth Quarter 2021 and Full Year Results

(AGUA\*)

Mexico City, February 09, 2022. Grupo Rotoplas S.A.B. de C.V. (BMV: AGUA\*) (“Rotoplas” or “the Company”), America’s leading company in water solutions, reports its unaudited fourth quarter and full year 2021 results. The information has been prepared in accordance with the International Financial Reporting Standards (IFRS).

*Figures are expressed in millions of Mexican pesos.*

## HIGHLIGHTS

### 4Q21 vs 4Q20

- ④ **Net sales** grew 14.3% and exceeded Ps. 2,800 million for the third consecutive quarter, driven by brand strength and leadership.
- ④ In line with the Company’s strategy, price increases during the second half of the year contributed to the **sequential recovery of margins**. The **EBITDA margin** increased 5.4 percentage points compared to 3Q21, to 18.1%.
- ④ **Net income** increased 55.1% due to the recovery in operating income and lower financial expenses.

### Full Year 2021 vs 2020

- ④ In a particularly volatile year of unstable supply chains and rising costs, the agility and coordination provided by **Flow program** helped the Company achieve its **growth and profitability objectives**.
- ④ The **strategy** of temporarily absorbing cost increases to gain market share during the first half of the year and increasing the portfolio’s profitability during the second half proved to be successful, better **positioning product brands** in all regions.
- ④ Accumulated **net sales** increased 26.3% exceeding the annual growth target of 17.0%
  - **Product sales** increased 29.8% in 2021, driven by over 20% increases in all three categories. Of the total growth, 18.2% corresponds to volume increases and 11.6% to price increases. Likewise, sales from new solutions represented 2.6% of total revenues.
  - **Service sales**, which represent 4.5% of total revenues, contracted by 20.4% impacted by the lack of maintenance billing in the drinking fountain business and a

slowdown in the water treatment and recycling plant businesses. *bebbia* continues to post double-digit growth, however, as it is still a developing business it is not able to offset the other divisions.

- ④ The **gross margin** closed at 38.1%, a 350 bps decrease due to increased raw material and freight costs in all regions.
- ④ Despite the lag between price increments and cost increases, **Adj. EBITDA<sup>1</sup>** reached Ps. 1,764 million, which **in absolute terms represent an achievement of 98% the annual objective**. The EBITDA margin closed at 16.2%, a 200 bps decrease.
- ④ A reduction in EBITDA of Ps. 393 million for the full year is estimated due to temporary absorption of cost increases. As a result of the increase in market share a 1.8x return on the cost is estimated.
- ④ During the year, **cumulative net income** was Ps. 322 million, 6.8% higher than 2020, without considering the non-recurring financial gain from the early closing of foreign exchange rate hedges in March 2020.
- ④ The increase in **working capital** was due to sales growth and the measures taken to ensure inventory in the face of raw material scarcity. The Company achieved a factory efficiency of 99.53% for the timely delivery of 100% of orders to more than 90,000 distributors and customers served directly.
- ④ At the end of December, the **Net Debt / Adj. EBITDA leverage ratio** was 1.3x and the **cash conversion cycle** was optimized by 7 days.
- ④ During the year, 4.7% of sales were allocated to **CapEx**. The first phase of investments for the **technological updates** to Mexican plants began with the pilot launch of the new generation water tanks designed for the long-term sustainability of the category. Additionally, production capacity was increased in several countries and investments were made in the **digitalization of businesses** such as *Acuantia* and *bebbia*.
- ④ The **ROIC** closed at 14.5%, 235 bps higher than the cost of capital and in line with the long-term **sustainable value** generation plan. ROIC has increased 83.5% since the start of the *Flow* transformation program in August 2019.

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<sup>1</sup> Adjusted EBITDA considers: operating income + depreciation and amortization + non-recurring expenses (donations and Flow implementation expenses). In 4Q21 it considers Ps. 76 million of Flow expense and Ps. 10 million donations and in 4Q20 it considers Ps. 71 million of Flow expense and Ps. 1 million donations. Cumulatively, it considers Ps. 301 million of Flow expenses and Ps. 19 million for donations in 2021 as well as Ps. 167 million expense for Flow and Ps. 10 million for donations in 2020.

## Other relevant highlights

- ④ In April, the [Sustainability Strategy 2021-2025](#) was launched, focused on creating 360\* value for all stakeholders and throughout the water cycle. Additionally, the strategy places people, the planet, and economic benefit on the same level of importance.
- ④ In November, the Company acquired a minority stake in [Banyan Water](#), a tech-company specialized in software for digital water management.
- ④ In December, the [sustainability goals](#) were made public, highlighting the commitment to be a net zero emissions company by 2040 and an increase from 23% to 30% in the participation of women in the workforce by 2025.
- ④ The implementation of the [sustainability strategy](#) has been successful with a 10% increase in the rating granted by [SAM from S&P Global](#) and an upgrade from BB to BBB by [MSCI](#).
- ④ During the year, the first Annual Report aligned with the [TCFD recommendations](#) was published and the [CDP](#) questionnaire was completed for the second consecutive year
- ④ Rotoplas was included for the first time in the S&P Global [Sustainability Yearbook 2022](#).
- ④ The organizational culture initiatives within the *Flow* program have achieved a sustained improvement in the Company's [work environment](#).
- ④ During the year, more than Ps. 22 million were allocated to [social investment](#) in Mexico, Argentina, Peru, and Central America, impacting 15,857 people.

## AGUA\*

- ④ In May, a [capital reimbursement in cash](#) of \$0.45 per share was paid to shareholders.
- ④ In November, a [capital reimbursement in kind](#) was paid with treasury stock, delivering one share for every 15 shares held.
- ④ The [performance of AGUA\\*'s stock](#) in the year was 11.2%. Including capital reimbursements, the annual return was 19.7%.
- ④ In December, [BTG Pactual initiated coverage](#) of AGUA\*, with a buy recommendation and a target price of \$39 pesos.

## KEY FIGURES | FINANCIAL DATA

		4Q			12M		
		2021	2020	%Δ	2021	2020	%Δ
Income Statement	Net Sales	2,800	2,450	14.3%	10,915	8,644	26.3%
	% gross margin	39.4%	41.6%	(220) bps	38.1%	41.6%	(350) bps
	Operating Income	327	315	4.0%	1,064	1,047	1.7%
	% margin	11.7%	12.8%	(110) bps	9.8%	12.1%	(230) bps
	EBITDA	422	404	4.4%	1,443	1,397	3.3%
	Adjusted EBITDA <sup>1</sup>	508	476	6.7%	1,764	1,575	12.0%
	% margin	18.1%	19.4%	(130) bps	16.2%	18.2%	(200) bps
	Net Income <sup>2</sup>	102	66	55.1%	322	569	(43.4%)
	% margin	3.7%	2.7%	100 pb	3.0%	6.6%	(360) bps
Balance Sheet	Cash and cash equivalents	1,629	3,092	(47.3%)			
	Total Debt	4,007	4,117	(2.7%)			
	Net Debt	2,378	1,024	NM			
Cash Flow	Operating Cash Flow	248	1,258	NM			
	CapEx	515	291	77.0%			
	Working Capital	(783)	(59)	NM			
Other	Net Debt / Adj. EBITDA	1.3 x	0.7 x	0.6 x			
	ROIC	14.5%	12.4%	210 bps			
	Cash Conversion Cycle	71	78	(7) days			

## OPERATING FIGURES | January – December 2021

Operating	New solutions	13	e-commerce clients	32,000+
	Employees	3,381	bebbia users	60,000+
	Government transactions	3.7%	CO <sub>2</sub> saved (vs bottled water)	16,063 tons

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<sup>2</sup> Net income before discontinued operations.

## MESSAGE | CEO

Dear Investors,

We faced several challenges in 2021, but I am proud to say that we were able to adapt our strategy in an agile fashion to achieve our growth and profitability objectives for the year. We remain focused on achieving our sustainable growth plan toward 2025 and on doubling our sales in five years.

We prioritized the well-being of our employees and our stakeholders while we also focused our efforts on guaranteeing product delivery to distributors and customers, which proved to be a major challenge in the face of the high demand environment, coupled with unstable supply chains that led to raw material shortages and cost increases.

Through our pricing strategy and increased investment in working capital, we were able to gain market share in all the countries where we operate and consolidate our leadership in the Americas. In addition, we initiated a technological evolution project for storage solutions to continue improving the customer experience and invested in assets to increase production capacity in several countries.

We made progress in digitalization, modernizing our e-commerce platforms, improving the user experience in *bebbia* and *Acuantia*, and forming strategic alliances such as the one with Banyan Water, a tech company specializing in water management software, which will help us develop the new generation of products and services for more efficient water use.

*Flow* has been key to our ability to act in an agile and coordinated way. In 2021 we reaped the benefits of initiatives launched in previous years and in turn designed new initiatives that will mature in the years to come, giving us greater confidence to achieve our medium- and long-term objectives.

In 2022, we plan to make disciplined investments to continue to evolve Rotoplas and meet the needs of customers and investors with a sustainable approach. We are also committed to making our operations more sustainable and helping our customers reduce their environmental impact and become more resilient to climate change.



Carlos Rojas Aboumrad

## INVITE | EARNINGS CALL

Thursday, February 10 | 10:00am Mexico City Time (11:00am, EST)

Carlos Rojas Aboumrad (CEO) | Mario Romero Orozco (CFO)

Link: [https://rotoplas.zoom.us/webinar/register/WN\\_DkxKQu20QF00438DTi5-ng](https://rotoplas.zoom.us/webinar/register/WN_DkxKQu20QF00438DTi5-ng)

Password: 4Q21

## GUIDANCE | 2021-2022

Metric	2021 revised guidance	2021 results	
Increase in net sales	$\geq 17.0\%$	26.3%	✓
Adjusted EBITDA Margin	17.0% - 18.0%	16.2%	X
Adjusted EBITDA	Ps. 1,800	Ps. 1,764	98%
Net Debt / Adj. EBITDA	$\leq 2.0x$	1.3x	✓
ROIC	ROIC = WACC + 200 bps	ROIC = WACC + 235 bps	✓

In July 2021, the Company decided to increase the guidance for sales growth and decrease the adjusted EBITDA margin due to the increase in demand and the restrictions within the supply chain. However, the annual adjusted EBITDA objective was not adjusted in absolute terms, since a greater sales growth should offset a lower margin. The Company achieved 98% of the annual adjusted EBITDA objective in absolute terms.

## Guidance 2022 - 2025

	Metric	Guidance 2022	Objectives 2025
Guidance	Increase in net sales	$\geq 15\%$	2x sales (vs 2020)
	Adjusted EBITDA Margin	16.5% - 17.5%	$\geq 20\%$
	Net Debt / Adj. EBITDA	$\leq 2.0x$	$\leq 2.0x$
	ROIC	ROIC $\geq$ WACC + 200 bps	ROIC $\sim 20\%$

## SALES & EBITDA | BY REGION AND SOLUTION *(millions of Mexican pesos)*

### Figures by geographic region

		4Q			12M		
		2021	2020	%Δ	2021	2020	%Δ
Mexico	Sales	1,345	1,300	3.5%	5,665	4,953	14.4%
	Adj. EBITDA <sup>1</sup>	255	319	(20.0%)	1,011	1,133	(10.8%)
	% Margin	18.9%	24.5%	(560) bps	17.9%	22.9%	(500) bps
Argentina	Sales	826	602	37.2%	2,627	1,669	57.4%
	Adj. EBITDA <sup>1</sup>	171	80	NM	448	213	NM
	% Margin	20.7%	13.4%	730 bps	17.1%	12.7%	440 bps
United States	Sales	305	214	42.4%	1,293	981	31.8%
	Adj. EBITDA <sup>1</sup>	15	(7)	NM	81	(1)	NM
	% Margin	4.9%	(3.3%)	820 bps	6.3%	(0.1%)	640 bps
Other	Sales	324	335	(3.1%)	1,329	1,041	27.6%
	Adj. EBITDA <sup>1</sup>	67	84	(20.3%)	223	230	(3.1%)
	% Margin	20.6%	25.0%	(440) bps	16.7%	22.1%	(540) bps

### Figures by solution

		4Q			12M		
		2021	2020	%Δ	2021	2020	%Δ
Products	Sales	2,700	2,288	18.0%	10,428	8,033	29.8%
	Adj. EBITDA <sup>1</sup>	546	473	15.5%	1,853	1,586	16.8%
	% Margin	20.2%	20.7%	(50) bps	17.8%	19.7%	(190) bps
Services	Sales	101	163	(38.3%)	487	611	(20.4%)
	Adj. EBITDA <sup>1</sup>	(39)	3	NM	(89)	(11)	NM
	% Margin	NM	1.8%	NM	NM	NM	NM

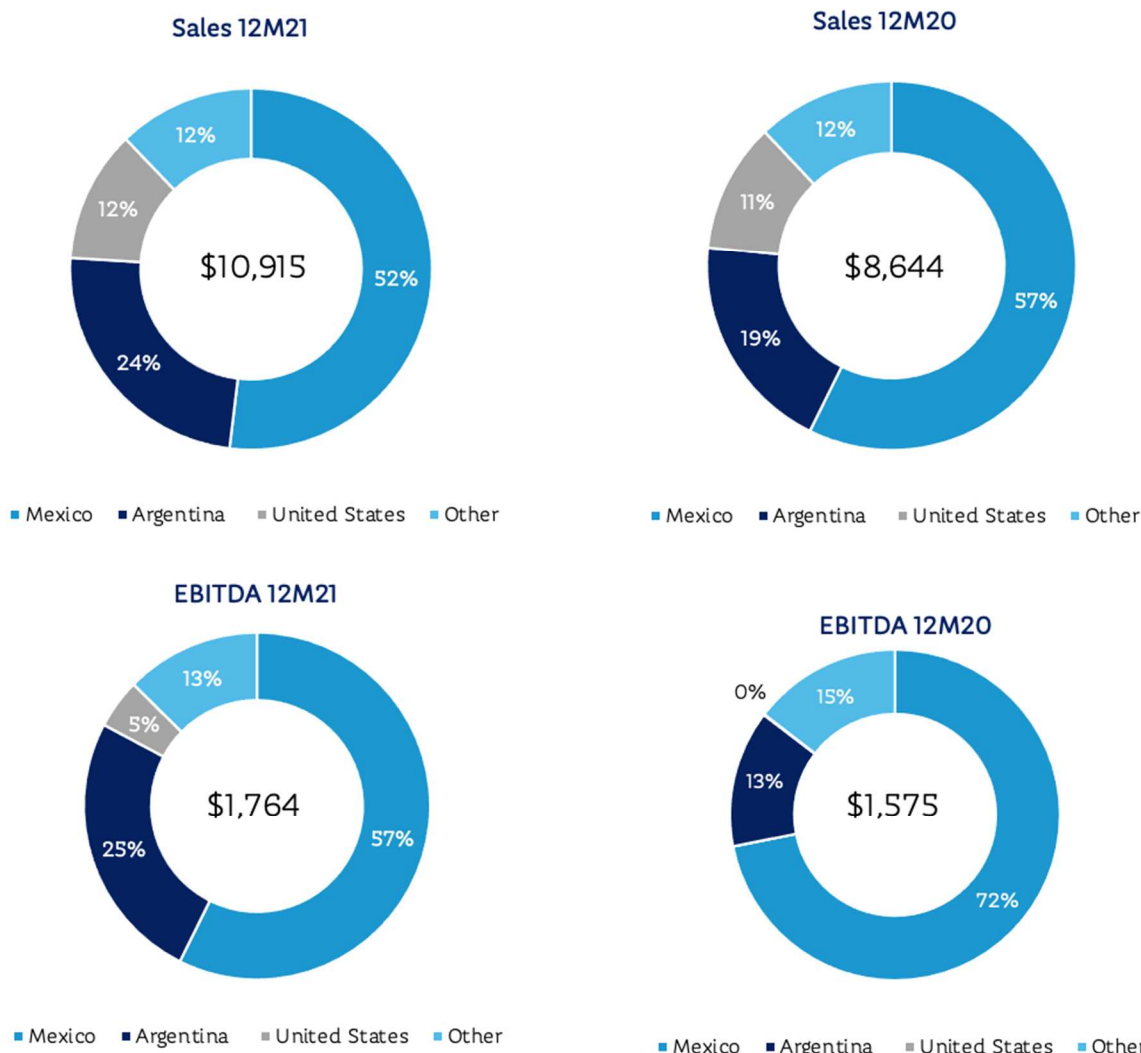
## Adjusted EBITDA

	4Q			12M		
	2021	2020	%Δ	2021	2020	%Δ
EBITDA	422	404	4.4%	1,443	1,397	3.3%
Flow Implementation Costs	76	71	6.8%	301	167	80.0%
Donations	10	1	NM	19	10	89.4%
Adj EBITDA. <sup>1</sup>	508	476	6.7%	1,764	1,575	12.0%

<sup>1</sup> Adjusted EBITDA considers: operating income + depreciation and amortization + non-recurring expenses (donations and Flow implementation expenses). In 4Q21 it considers Ps. 76 million of Flow expense and Ps. 10 million donations and in 4Q20 it considers Ps. 71 million of Flow expense and Ps. 1 million donations. Cumulatively, it considers Ps. 301 million of Flow expenses and Ps. 19 million for donations in 2021 as well as Ps. 167 million expense for Flow and Ps. 10 million for donations in 2020.



Since the second quarter of 2020, “one-off” expenses began to be recognized for the implementation of the *Flow* program. These are non-recurring expenses that have short and long-term benefits for income, expenses, working capital, and organizational culture to ensure permanent and positive change. 4Q21 was the last period where these “one-off” expenses were recognized.



## Mexico

**Net sales** for the quarter increased by 3.5% vs 4Q20 driven by the products category, which offset weaker services sales.

- **Product** sales grew in all three categories, storage, water flow and improvement, with the last two categories showing double-digit growth.



- **Service** sales decreased due to the lack of water fountain revenues from schools and the slow recovery in the water treatment and recycling plants businesses. *bebbia* continues to show an accelerated growth rate and *rieggio* recorded sales related to its first projects.

**Cumulative net sales** increased by 14.4% to Ps. 5,665 million, as a result of double-digit growth in products.

In 2021, the first phase of investments was made to launch the new generation of water tanks that seek to guarantee the long-term sustainability of the storage category. In addition, investments were made to increase production capacity in the water flow category and in the digitalization of *bebbia*.

**Adjusted EBITDA** for the quarter was Ps. 255 million, 20.0% lower than 4Q20, mainly due to the increase in raw material and logistics costs, which were not offset by the price increases during the second half of the year.

The **adjusted EBITDA margin** was 18.9% compared to 24.5% in 4Q20 and cumulative **adjusted EBITDA** reached Ps. 1,011 million, with a 17.9% margin.

## Argentina

**Net sales** for the quarter increased 37.2% vs 4Q20 driven by double-digit growth in the three categories (storage, water flow and improvement). Likewise, the development of new channels and cross-selling across different segments helped improve brand positioning.

**Adjusted EBITDA** for the quarter reached Ps. 171 million vs Ps. 80 million in 4Q20. Adjusted EBITDA Margin increased 730 bps, benefiting from price increases above raw material cost increases and strict expense control.

**Cumulative net sales** increased 57.4% vs 2020, driven by all three categories highlighting record volumes in the water flow and improvement categories due to the sale of water heaters.

During the year, there was accelerated growth and an increase in market share in all three segments. In addition, manufacturing plants operations were optimized to meet growing demand.

**Cumulative EBITDA** reached Ps. 448 million compared to Ps. 213 million in 2020. **Adjusted EBITDA margin** for the year was 17.1%, an expansion of 440 bps driven by better sales mix by product and by channel, as well as price increases.

NOTE: Adoption of IAS 29, Financial Reporting in Hyperinflationary Economies.

Due to Argentina experiencing inflation above 100% in the last three years, it is considered a hyperinflationary economy. In accordance with IAS 29, an adjustment for inflation has been made to the Financial Statements to consider changes in purchasing power.

International Accounting Standard (IAS) 29, Financial Information in Hyperinflationary Economies establishes that the results of operations in Argentina should be reported as if they were hyperinflationary as of January 1, 2018. Moreover, an adjustment for inflation in the Financial Statements should be made to account for the change in the purchasing power of the local currency.

In 2021, the impact of the above resulted in an increase of Ps. 76 million in financial expenses, negatively impacting the Comprehensive Financing Result. After accounting for taxes, the effect on net income amounts to Ps. 47 million.

## United States

**Net sales** for the quarter increased by 42.4% to Ps. 305 million, as a result of the growth of the e-commerce business that has shown better online conversion rates, and the development of the septic business.

The strength of the Company's balance sheet and its purchasing power helped to increase the inventory of products before price increases from suppliers, resulting in an expansion in the **adjusted EBITDA margin** of 820 bps to 4.9%.

On a cumulative basis, **net sales** reached Ps. 1,293 million, a 31.8% increase compared to 2020, driven by changes in consumption habits derived from the pandemic, improvements in the user experience on the [websites](#), and the launch of septic solutions under the brand [Acuantia](#).

**Cumulative adjusted EBITDA** was Ps. 81 million, recording an **adjusted EBITDA margin** of 6.3%, a 640 bps expansion vs 2020.

## Other Countries

**Net sales** from other countries (Peru, Guatemala, El Salvador, Costa Rica, Honduras, Nicaragua, and Brazil) reached Ps. 324 million in the quarter, a 3.1% decline when compared to 4Q20, affected by Peru since the depreciation of the currency impacted its growth in Mexican pesos. Cumulatively, **net sales** increased by 27.6% vs 2020.

In **Peru**, the diversification of the business towards the improvement and water flow categories continued, as well as the development of new sales channels. The water flow

category continues to penetrate the market with products imported from the plants in Mexico and Argentina, generating efficiencies in the production process.

In **Central America**, all countries grew and gained market share, maintaining leadership within the region. During the quarter, *Tuboplus* continued to increase its penetration in Guatemala.

**Brazil** has shown better traction in closing contracts for new water treatment and recycling plants due to the post-pandemic economic recovery, as well as regulatory changes in water management and sanitation.

**Adjusted EBITDA** in other countries reached Ps. 67 million in the quarter, a 20.3% decrease explained by the sustained increase in logistics and raw material prices, the development expenses for water treatment plants in Brazil, and the impact from currency depreciation in Peru.

**Cumulative adjusted EBITDA** decreased 3.1% compared to the same period of 2020 with a margin of 16.7%.

## ANALYSIS | COSTS AND EXPENSES

### Gross Profit

The **gross profit** for the period increased by 8.3% to Ps. 1,103 million. The **gross margin** contracted by 220 bps, from 41.6% in 4Q20 to 39.4% in 4Q21. The contraction is related to the sustained increase in raw material and logistics costs. However, the gross profit increased 450 bps against 3Q21, for a sequential recovery in margins.

Cumulatively, **gross profit** reached Ps. 4,153 million, 15.4% higher than the same period of last year. The **cumulative gross margin** contracted by 350 bps because of the Company's strategy to temporarily absorb the increases in the cost of raw materials during the first half of the year to strengthen its market share.

### Operating Income

**Operating income** amounted to Ps. 327 million for the quarter, 4.0% higher vs 4Q20. Even with the recognition of Ps. 76 million expenses for the implementation of *Flow* and Ps. 10 million for donations, the increase in expenses remains below sales growth, thus showing operating leverage.

Cumulatively, **operating income** increased by 1.7% to Ps. 1,064 million. The **cumulative operating margin** was 9.8%, 230 bps lower compared to the same period of 2020, due to the impact on the gross margin from the sustained rise of raw material and freight costs.

## Comprehensive Financing Result

In 4Q21, Ps. 184 million in financial expenses were registered, a decrease of 28.4% compared to 4Q20. Expenses for the quarter include Ps. 101 million of debt interest, commissions, and leasing expenses, as well as Ps. 60 million for the valuation of financial instruments, and Ps. 23 million for monetary position in Argentina.

On a cumulative basis, a financial expense of Ps. 623 million was registered vs. Ps. 203 million the year before. In 2020, there was an extraordinary gain of Ps. 382 million for the early closing of financial instruments.

Financial expenses for 2021 include the payment of interest, commissions and leasing for Ps. 442 million, Ps. 114 million for the valuation of financial instruments and foreign exchange losses, as well as Ps. 67 million for monetary position in Argentina.

## Net Result

The **net result** before discontinued operations in the quarter was a profit of Ps. 102 million, compared to profit of Ps. 66 million in 4Q20. This represents a 55.1% increase related to the recovery of operating income and lower financial expenses.

The cumulative **net profit** before discontinued operations was Ps. 322 million, 6.8% higher compared to the same period of last year, without considering the non-recurring financial gain due to the early closing of exchange rate hedges in March 2020.

## CapEx

	12M				
	2021	%	2020	%	%Δ
Mexico	395	77%	138	47%	NM
Argentina	58	11%	79	27%	(26.4%)
United States	16	3%	18	6%	(10.4%)
Others	45	9%	56	19%	(18.9%)
<b>Total</b>	<b>515</b>	<b>100%</b>	<b>291</b>	<b>100%</b>	<b>77.0%</b>

**Capital investments** represented 4.7% of cumulative sales, an increase of 77.0% compared to the previous year.

Capital investments include:

- In Mexico, the first phase of investments in new technology to produce the new generation of water tanks began. These investments will continue in 2022 and 2023 to upgrade all manufacturing plants. In addition, investments were made in

machinery to increase production capacity in the water flow category and in the digitalization of *bebbia*.

- Ps. 11 million allocated to water treatment plants in Mexico and Ps. 25 million in Brazil, representing 7% of the total amount.
- In Argentina, investments have been made in the automation of the improvement category manufacturing plant.
- In the United States, resources were allocated to website improvements and the development of the septic business.
- CapEx allocated to growth initiatives within the *Flow* program amounted to Ps. 268 million, which represents 52.0% of total CapEx for the period. This includes investments in all countries and in different categories or businesses.

## ANALYSIS | BALANCE SHEET

### Cash Conversion Cycle (Days)

	12M		Δ days
	2021	2020	
Inventory Days	75	54	21
Accounts Receivable Days	51	59	(8)
Accounts Payable Days	55	35	20
<b>Cash Conversion Cycle</b>	<b>71</b>	<b>78</b>	<b>(7)</b>

Inventory Days: Average Inventory / (3M Cost of Sales / 90)

Accounts Receivable Days: Average Accounts Receivable (3M Sales / 90)

Accounts Payable Days: Average Suppliers / (3M Cost of Sales / 90)

The 7-day optimization of the **cash conversion cycle** is the result of better negotiations with clients and suppliers, which allowed an increase in inventory to guarantee raw material supply in the face of accelerated growth and supply chain pressures.

### Debt

	12M		%Δ
	2021	2020	
<b>Total Debt</b>	<b>4,007</b>	<b>4,117</b>	<b>(2.7%)</b>
Short-term Debt	9	63	(86.2%)
Long-term Debt	3,998	4,054	(1.4%)
Cash and Cash Equivalents	1,629	3,092	(47.3%)
<b>Net Debt</b>	<b>2,378</b>	<b>1,024</b>	<b>NM</b>

## Debt Maturity Profile

Total debt was Ps. 4,007 million and corresponds to the AGUA 17-2X sustainable bond. During the quarter, the loan in Argentina for Ps. 69 million was paid.

	Currency	Amount in MXN	Rate	Maturity
AGUA 17-2X Sustainable Bond	Mexican Pesos	Ps. 4,007 million	8.65%	June 2027

As of December 31, 2021, interest coverage (LTM Adjusted EBITDA / LTM interest payments) was 4.3x.

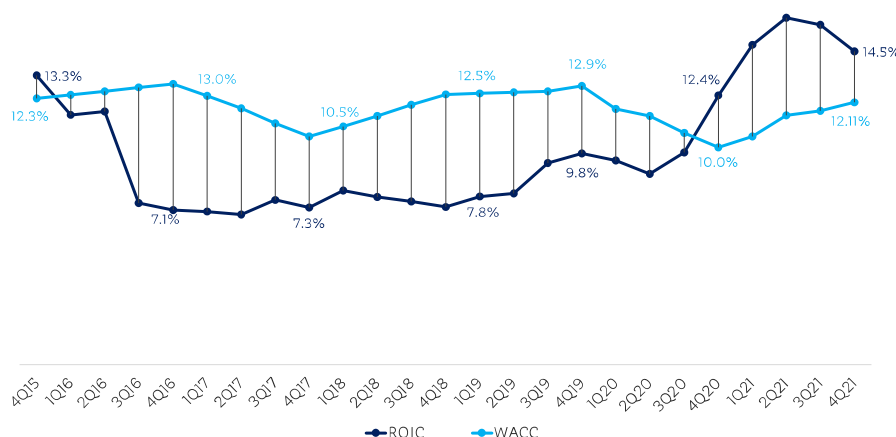
## FINANCIAL RATIOS

	12M		%Δ
	2021	2020	
Net Debt / Adjusted EBITDA <sup>1</sup>	1.3 x	0.7 x	0.6 x
Total Liabilities / Total Stockholders' Equity	1.0 x	1.0 x	0.0 x
Net Earnings per Share*	0.66	1.17	(43.4%)

\* Net income before discontinued operations divided by 486.2 million shares, expressed in Mexican pesos.

Leverage as of the fourth quarter of 2021 was within the Company's debt guideline of 2.0x Net Debt/Adjusted EBITDA.

## ROIC / Cost of Capital



ROIC: NOPAT L12M/Invested Capital t, t-1.

Invested Capital: Total Assets – Cash and Cash Equivalents – Short-Term Liabilities.

ROIC excludes Flow program execution costs in 2Q20 - 4Q21 as they are one-off.

<sup>1</sup> Adjusted EBITDA considers: operating income + depreciation and amortization + non-recurring expenses (donations and Flow implementation expenses). In 4Q21 it considers Ps. 76 million of Flow expense and Ps. 10 million donations and in 4Q20 it considers Ps. 71 million of Flow expense and Ps. 1 million donations. Cumulatively, it considers Ps. 301 million of Flow expenses and Ps. 19 million for donations in 2021 as well as Ps. 167 million expense for Flow and Ps. 10 million for donations in 2020.

In line with the 2021-2025 business plan for sustainable growth, ROIC amounted to 14.5% at the end of December, a 210 bps increase vs the previous year and 235 bps higher than the cost of capital, generating economic value to continue positively impacting stakeholders.

## Financial Derivatives

The use of derivative financial instruments is governed by the recommendations and policies issued by the Board of Directors and supervised by the Audit Committee, which provides guidelines on the management of exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of excess liquidity.

The derivative financial instrument positions managed by the Company are annual; therefore, as of December 31, 2021, Grupo Rotoplas had no open positions.

Market Value	
Instrument	MXN/USD exchange rate forward -

## ESG | ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Highlights from advances in sustainability matters in the year:

- ④ More than Ps. 22 million designated to **social investment** in Mexico, Argentina, Peru, and Central America, impacting 15,857 people.
- ④ **130 rainwater harvesting systems** installed in homes in Mexico that had no access to water.
- ④ Strategic alliances with **more than 20 organizations** like the UNDP, Harpic, Cruz Roja, and Un Kilo de Ayuda to keep enhancing water resources management.
- ④ Launch of the **Rotoplas & UNAM Foundation award** to promote wastewater treatment.
- ④ Participation in the **United Nations Global Compact Accelerator**, with a special focus on gender equity and climate change.



- ④ At the end of the year, the Company held its **AGUA Day 2021**, where its commitment to be a **carbon neutral** Company by 2040 was established. The following sustainability goals for 2025 were also made public:

		2021	2022	2025
Profit	Direct suppliers evaluated with ESG criteria	0	20%	100%
	Client satisfaction (NPS Score)	67	68	80
Planet	CO2 intensity -Scope 1 and Scope 2- per ton of processed resin	0.51	0.50	0.41
	m3 of water purified by our solutions (cumulative)	164k	314k	1.7mm
People	People given access to water and sanitation	330k	549k	1.0mm
	Women in the workforce	23%	24%	30%

For more information on our ESG programs, visit our sustainability website:  
<https://rotoplas.com/sustentabilidad/home-eng/>

## AGUA\* | PERFORMANCE & ANALYST COVERAGE

		4Q		
		2021	2020	%Δ
AGUA*	Closing price	28.11	25.28	11.2%
	Closing price + reimbursements	30.25	25.28	19.7%
	P/BV	2.1 x	2.0 x	0.1 x
	EV/EBITDA	9.1 x	8.5 x	0.6 x

During 2021, two capital reimbursements were made, one in cash and one in kind, a total of Ps. 2.14 per share.

### Treasury Shares:

As of December 31, 2021, the Company had 4.1 million shares in the treasury, equivalent to an invested amount of Ps. 100.7 million. On November 23, 2021, a capital reimbursement in kind was made with treasury shares at the rate of 1 share for every 15 shares held. To date, no treasury shares have been cancelled.

## Analyst Coverage

As of December 31, 2021, analyst coverage was provided by:

		Recommendation	TP
BTG Pactual	Mariana Cruz mariana.cruz@btgpactual.com	Buy	\$39.00
GBM	Liliana de León ldeleon@gbm.com	Buy	\$48.00
SIGNUM	Alain Jaimes alain.jaimes@signumresearch.com	Buy	\$42.22
Miranda Research	Martín Lara / Marimar Torreblanca martin.lara@miranda-gr.com marimar.torreblanca@miranda-partners.com	Buy	\$45.00

## ROTOPLAS' RESPONSE | COVID-19

Rotoplas continues to implement initiatives to combat the spread of COVID-19.

- **Operating Level:**
  - Administrative staff continue to work remotely.
  - Strict safety and hygiene protocols are maintained to protect operational plant and field service personnel.
  - As part of the protocol, periodic screening tests such as molecular tests, serological tests (IgG), and rapid tests (IgG/IgM) are taken.
  - Scheduled sanitizations are carried out in all workplaces.
  - Activities with stakeholders continue to be held virtually.
- **Operational status:**

	4Q21 Operations
Country or Region	<div> <div>Mexico</div> <div>Argentina</div> <div>United States</div> <div>Peru</div> <div>Central America</div> </div> <div>Continuous operations.</div>

## TRANSFORMATION PROGRAM | *FLOW*

In 2019, Rotoplas began the “Flow” transformation program to focus the business on economic value creation and sustainable growth. The strategy is based on initiatives that are divided between three pillars:

### A. Profitability of the Current Portfolio

- levers for income, cost, expenditure and working capital

### B. Growth Initiatives and Execution

- improve the execution of growth opportunities and capital allocation decisions

### C. Organizational Culture and Health

- leadership, operational discipline, talent development, accountability, and organizational climate

*Flow* has evolved and has become part of the culture of innovation and continuous improvement:

<ul style="list-style-type: none"> <li>• Plan design</li> <li>• Construction of platforms and processes</li> </ul>	<ul style="list-style-type: none"> <li>• Execution of initiatives</li> <li>• Successful transformation</li> <li>• Economic value creation</li> </ul>	<ul style="list-style-type: none"> <li>• Demonstrate sustainability of the transformation</li> <li>• Maintain pace of creation and execution of initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable growth</li> <li>• 360° Value creation</li> <li>• Profitability ROIC ~20%</li> </ul>
2019	2020	2021	2022 - 2025

In 2019, an in-depth analysis of the Company and its opportunities was carried out to design a roadmap. By 2020, with various initiatives completed, the main value creation goal of a ROIC above the cost of capital was achieved.

In 2021, Rotoplas focused on demonstrating the sustainability of the transformation through continued growth and improvement in profitability.

## FINANCIAL STATEMENTS

### Income Statement (unaudited figures, in millions of Mexican pesos)

		4Q			12M		
		2021	2020	%Δ	2021	2020	%Δ
Income Statement	Net Sales	2,800	2,450	14.3%	10,915	8,644	26.3%
	COGS	1,697	1,431	18.6%	6,761	5,045	34.0%
	Gross Profit	1,103	1,019	8.3%	4,153	3,600	15.4%
	% margin	39.4%	41.6%	(220) bps	38.1%	41.6%	(350) bps
	Operating Expenses	776	704	10.2%	3,089	2,553	21.0%
	Operating Income	327	315	4.0%	1,064	1,047	1.7%
	% margin	11.7%	12.8%	(110) bps	9.8%	12.1%	(230) bps
	Comprehensive Financing Result	(184)	(258)	(28.4%)	(623)	(203)	NM
	Financial Income	(13)	25	NM	103	484	(78.7%)
	Financial Expenses	(172)	(283)	(39.2%)	(726)	(687)	5.7%
	Earnings Before Taxes	143	58	NM	444	846	(47.6%)
	Taxes	41	(8)	NM	122	277	(56.1%)
	Net Income¹	102	66	55.1%	322	569	(43.4%)
	% margin	3.7%	2.7%	100 bps	3.0%	6.6%	(360) bps
	Adjusted EBITDA²	508	476	6.7%	1,764	1,575	12.0%
	% margin	18.1%	19.4%	(130) Bps	16.2%	18.2%	(200) bps
	Profit (Loss) from Discontinued Op.	-	(6)	NM	-	(165)	NM
	Net Profit after Discontinued Op.	102	60	70.0%	322	404	(20.3%)

<sup>1</sup> Net income before discontinued operations.

<sup>2</sup> Adjusted EBITDA considers: operating income + depreciation and amortization + non-recurring expenses (donations and Flow implementation expenses). In 4Q21 it considers Ps. 76 million of Flow expense and Ps. 10 million donations and in 4Q20 it considers Ps. 71 million of Flow expense and Ps. 1 million donations. Cumulatively, it considers Ps. 301 million of Flow expenses and Ps. 19 million for donations in 2021 as well as Ps. 167 million expense for Flow and Ps. 10 million for donations in 2020.

## Balance Sheet (Unaudited figures, in millions of Mexican pesos)

		12M		%Δ
		2021	2020	
Balance Sheet	Cash and Cash Equivalents	1,629	3,092	(47.3%)
	Accounts Receivable	1,542	1,430	7.9%
	Inventory	1,575	833	89.1%
	Other Current Assets	885	636	39.3%
	Current Assets	5,631	5,990	(6.0%)
	Property, Plant and Equipment - Net	3,011	2,321	29.7%
	Other Long-term Assets	4,410	4,302	2.5%
	<b>Total Assets</b>	<b>13,051</b>	<b>12,613</b>	<b>3.5%</b>
	Short-term Debt	9	63	(86.2%)
	Suppliers	944	669	41.1%
	Other Accounts Payable	1,034	1,010	2.4%
	<b>Short-term Liabilities</b>	<b>1,987</b>	<b>1,742</b>	<b>14.1%</b>
	Long-term Debt	3,998	4,054	(1.4%)
	Other long-term Liabilities	572	523	9.4%
	<b>Total Liabilities</b>	<b>6,557</b>	<b>6,318</b>	<b>3.8%</b>
	<b>Total Stockholders' Equity</b>	<b>6,494</b>	<b>6,294</b>	<b>3.2%</b>
	<b>Total Liabilities + Stockholders' Equity</b>	<b>13,051</b>	<b>12,613</b>	<b>3.5%</b>

## Cash Flow (Unaudited figures, in millions of Mexican pesos)

		12M		%Δ
		2021	2020	
Cash Flow	EBIT	1,064	1,047	1.7%
	Depreciation	379	350	8.2%
	Tax	(173)	(261)	(33.8%)
	Working Capital	(783)	(59)	NM
	Other <sup>2</sup>	(239)	181	NM
	<b>Operating Free Cash Flow</b>	<b>248</b>	<b>1,258</b>	<b>NM</b>
	<i>Operating Free Cash Flow Conversion (%)</i>	<i>23.3%</i>	<i>120.2%</i>	<i>NM</i>
	Net Interest	(441)	(350)	26.0%
	Dividends	(206)	(173)	19.0%
	CapEx	(515)	(291)	77.0%
	Repurchase Fund	(302)	(615)	(50.8%)
	Mergers and Acquisitions	(65)	179	NM
	Short and Long-Term Debt	(209)	1,065	NM
	Leases	(57)	(48)	19.2%
	Other <sup>3</sup>	85	219	19.0%
	<b>Net Change in Cash</b>	<b>(1,464)</b>	<b>1,244</b>	<b>NM</b>
	<b>Initial Cash Balance</b>	<b>3,092</b>	<b>1,848</b>	<b>67.3%</b>
	<b>Final Cash Balance</b>	<b>1,629</b>	<b>3,092</b>	<b>(47.3%)</b>

<sup>2</sup> Other includes Ps. 127 million in prepaid expenses in 2021.

## APPENDICES

### PRESS RELEASES | 4Q21

- ⑤ Rotoplas earnings and events calendar 2022 – January 6
- ⑤ Rotoplas operations status update during December 2021 – January 4
- ⑤ AGUA Day 2021 2025 Sustainable growth story, flowing for a better future – December 14
- ⑤ BTG Pactual initiates coverage of AGUA\* with buy recommendation and \$39 pesos target price – December 9
- ⑤ Rotoplas acquires minority stake in Banyan Water, a tech-company of water management software – November 19
- ⑤ Rotoplas consolidates its position for the fifth consecutive year in the DJSI MILA Pacific Alliance – November 16
- ⑤ Shareholders' Meeting approves Board of Directors' proposal for capital reimbursement in kind – November 12
- ⑤ Rotoplas announces support for the Task Force on Climate-related Financial Disclosures – November 4
- ⑤ Rotoplas operations status update during October – November 1

For more information, please refer to the Relevant Events section on our website:

<https://rotoplas.com/investors/relevant-events/#1>

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### Forward-Looking Statements

This press release may include certain forward-looking statements relating to Grupo Rotoplas S.A.B. de C.V. It relies on considerations of the Grupo Rotoplas S.A.B. de C.V. management which are based on current and known information; however, the expectations could vary due to facts, circumstances, and events beyond the control of Grupo Rotoplas, S.A.B. de C.V.

### About the Company

Grupo Rotoplas S.A.B. de C.V. is America's leading provider of water solutions, including products and services for storing, piping, improving, treating, and recycling water. With over 40 years of experience in the industry and 19 plants throughout the Americas, Rotoplas is present in 14 countries and has a portfolio that includes 27 product lines, a services platform, and an e-commerce business. Grupo Rotoplas has been listed on the Mexican Stock Exchange (BMV) under the ticker "AGUA" since December 10, 2014.

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