

# 4Q21 Earnings Call

February 10<sup>th</sup> 2022



Grab a coffee!  
webcast will start  
11:03 am EST



## 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





## Building the Rotoplas of the future | 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)

## Challenges

Global supply shortages

Increased costs

Slowdown in services sales



## Solutions

Disciplined price strategy

Agile adjustments & efficiencies

Development of synergies



**Growth above  
guidance**

(26% vs. 17%)





**Our Brands  
Strength  
&  
recognition**







bebbia

rieggio

# Priorities | 2021

-  Team members health & wellbeing
-  Maintain continuity of operations
-  Customer satisfaction & timely delivery
-  Achievement of Guidance



	Guidance 2021	Results 2021	
Sales	$\geq 17.0\%$	26.3%	
EBITDA	\$ 1,800	\$ 1,764	
Net Debt / EBITDA	$<2x$	1.3x	
ROIC	WACC + 200pb	ROIC 14.5% > WACC 12.1%	

## CAPEX

Technological upgrade of the manufacturing plants in Mexico

First stage of the next generation of water tanks

Increase production capacity in Mexico, Argentina, CA, Peru



Minority Stake  
Acquisition of



Smarter use of water  
through data-derived  
insights and metrics



Scalable solutions for  
mass consumption

Digitalization of:

**Acuantia.**

bebbia



# Net zero carbon emissions by 2040

# Women as 30% of our workforce by 2025

MEMBER OF  
**Dow Jones**  
**Sustainability Indices**  
 Powered by the S&P Global CSA

**+10%**  
**SAM rating**

**MSCI**

**BBB rating**  
 (from BB)



**First time in the**  
**S&P Global**  
**Sustainability**  
**Yearbook**

# Financial Highlights



# 2021| Highlights

Million MXN

	2021	2020	Δ %/bps
Net sales	10,915	8,644	26%
Cost of Sales	6,761	5,045	34%
<b>Gross Profit</b>	<b>4,153</b>	<b>3,600</b>	<b>15%</b>
<i>Margin</i>	38%	42%	(350) pb
<b>Operating Income</b>	<b>1,064</b>	<b>1,047</b>	<b>2%</b>
<i>Margin</i>	10%	12%	(230) pb
Financing Result	623	203	NA
Taxes	122	277	(56%)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>1,764</b>	<b>1,575</b>	<b>12%</b>
<i>Margin</i>	16%	18%	(200) pb
<b>Net Profit<sup>2</sup></b>	<b>322</b>	<b>569</b>	<b>(43%)</b>

<sup>1</sup> Adjusted EBITDA considers: operating profit + depreciation and amortization + non-recurring expenses (donations and implementation costs for Flow).

<sup>2</sup> Net Profit before discontinued operations
















New products sales account for **2.6%** of total

Timely delivery of **100%** of orders

**+90,000** distributors and direct customers

Products sales	+30%
Volume	+18%
Price	+12%

# COVID-19 | Operations Status

	October	November	December
Mexico			
USA			
Argentina			
Peru			
Central America			

 Continuos  
Operations Restricted  
Operations



# Financial Highlights

Million MXN

	4Q21	4Q20	Δ %/bps	2021	2020	Δ %/bps
Net sales	2,800	2,450	14%	10,915	8,644	26%
Cost of Sales	1,697	1,431	19%	6,761	5,045	34%
<b>Gross Profit</b>	<b>1,103</b>	<b>1,019</b>	<b>8%</b>	<b>4,153</b>	<b>3,600</b>	<b>15%</b>
<i>Margin</i>	39%	42%	(220) pb	38%	42%	(350) pb
<b>Operating Income</b>	<b>327</b>	<b>315</b>	<b>4%</b>	<b>1,064</b>	<b>1,047</b>	<b>2%</b>
<i>Margin</i>	12%	13%	(110) pb	10%	12%	(230) pb
Financing Result	184	258	(28%)	623	203	NA
Taxes	41	(8)	NA	122	277	(56%)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>508</b>	<b>476</b>	<b>7%</b>	<b>1,764</b>	<b>1,575</b>	<b>12%</b>
<i>Margin</i>	18%	19%	(130) pb	16%	18%	(200) pb
<b>Net Profit<sup>2</sup></b>	<b>102</b>	<b>66</b>	<b>55%</b>	<b>322</b>	<b>569</b>	<b>(43%)</b>

<sup>1</sup> Adjusted EBITDA considers: operating profit + depreciation and amortization + non-recurring expenses (donations and implementation costs for Flow).

<sup>2</sup> Net Profit before discontinued operations

# Sales | Per country



Mexico

	4Q21	2021
Δ Sales	4%	14%
EBITDA Margin	19%	18%

- Products growth **compensates** weakness in **services**
- Sequential margin recovery after **price increases**
- First **investments** for the **new generation** of water tanks



Argentina

	4Q21	2021
Δ Sales	37%	57%
EBITDA Margin	21%	17%

- Double-digit **growth** across **all categories**
- Disciplined **pricing strategy** and export sales priority
- **Growth** with **profitability**



USA

	4Q21	2021
Sales	42%	32%
EBITDA Margin	5%	6%

- Higher e-commerce customers **conversion rate**
- Better **penetration** of **affiliate** plan and **loyalty** plan
- Increase in **inventory** prior to suppliers price increases

# Sales | Per country



- Sales and market share growth in all countries
- Increased penetration of water flow in Guatemala



- Increased penetration of water flow
- Depreciation of the local currency has an adverse effect on growth in Mexican Pesos



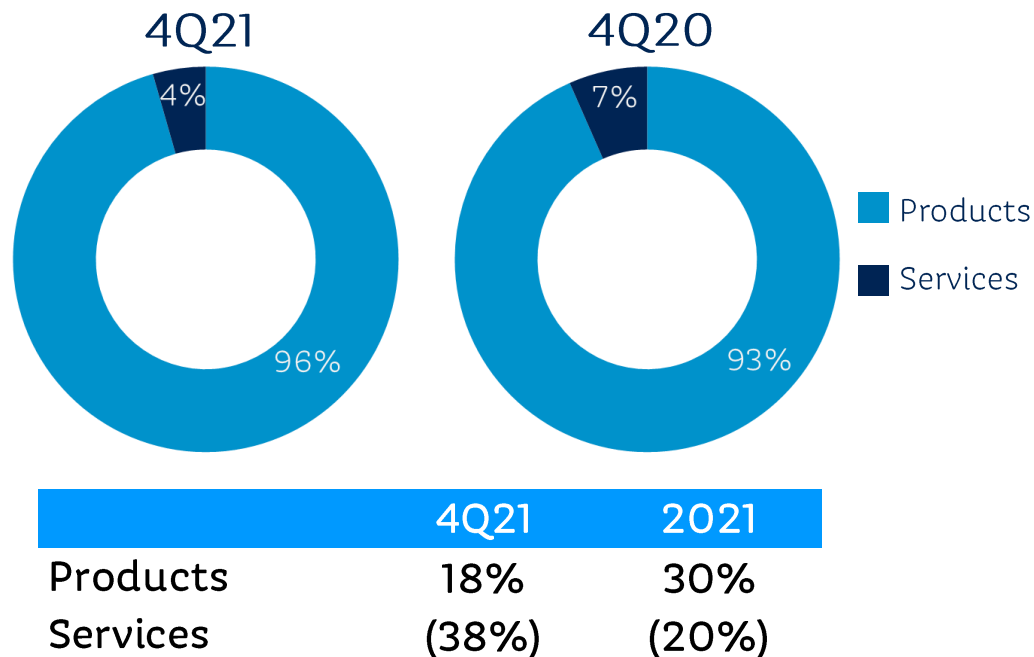
- Better traction in closing of WWTP contracts
- Regulatory changes in water management and sanitation

	4Q21	2021
Δ Sales	(3%)	28%
EBITDA Margin	21%	17%

# Sales | Products & Services Mix

Million MXN

- More than 60,000 *bebbia* users
- No sales recognition in the *drinking water fountains* business
- Strong demand for *products* across *all regions*
- *Public sector* sales:  
 4Q21 – 4.1%  
 2021 – 3.7%





# Strong Cash Position

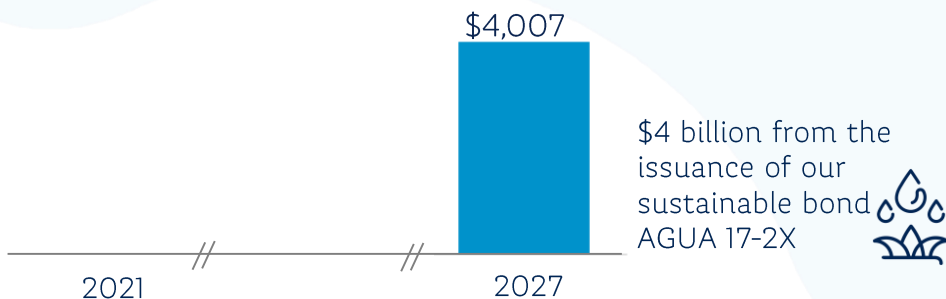
Million MXN

## Current Leverage

Balance Sheet	2021	2020	Δ %
Cash & Cash equivalents	1,629	3,092	(47%)
Total Debt	4,007	4,117	(3%)
Net Debt	2,378	1,024	132%
Net Debt / Adjusted EBITDA	1.3x	0.7x	(1.0x)

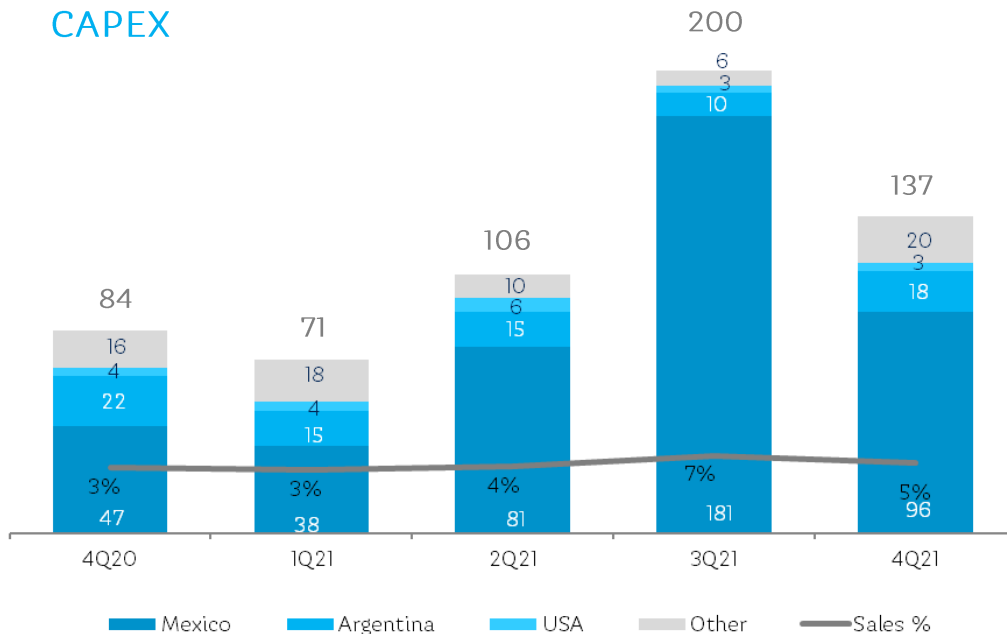
- Cash Conversion Cycle improved by 7 days
- Payment of loan in Argentina during 4Q21

## Debt Maturity Profile



# Discipline in Capital Allocation

## CAPEX



Improvement of our production & customer outreach

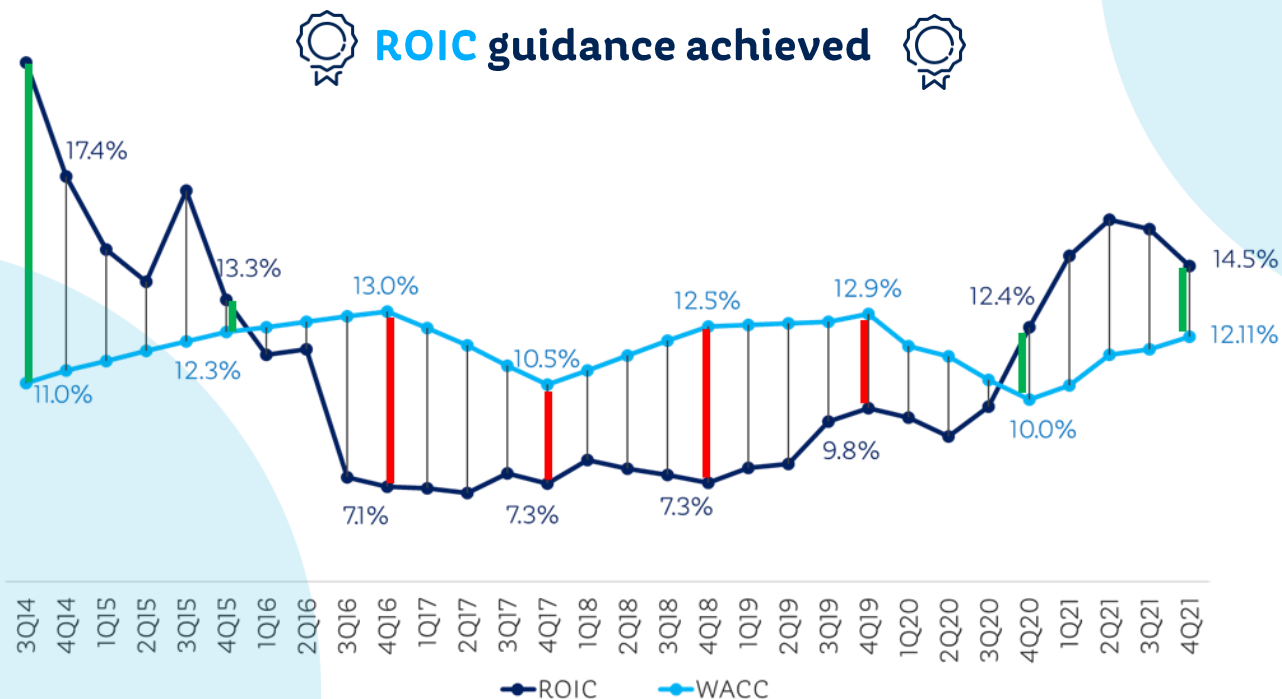


Leveraged cash position to sustain growth and guarantee availability of raw materials



Investment towards shaping the Rotoplas of the future

# ROIC | Sustainable value creation



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 from 2Q20 to 4Q21 as they are non-recurring.

# Results | ESG

## Profit



Direct suppliers evaluated with ESG criteria

Client satisfaction (NPS Score)

2021

Goal 2022

Goal 2025

–

20%

100%

67

68

80

## Planet



CO<sub>2</sub> intensity -Scope 1 and Scope 2- per ton of processed resin

m<sup>3</sup> of water purified by our solutions (cumulative)

0.51

0.5

0.41

164K

314K

1.7 MM

## People



People given access to water and sanitation

Women in the workforce

330K

549K

1 MM

23%

24%

30%



Ratings improvement:

MSCI – BBB from BB  
SAM – +10%



Annual Report aligned with the  
TCFD recommendations



Completed CDP questionnaire



Participation in UN's Global  
Compact Accelerator



\$22 million pesos in social  
investments benefiting +15,000  
people



# Guidance 2022



Sales

$\geq 15\%$

EBITDA

16.5% ~ 17.5%

ROIC

WACC +200bps

Net Debt / EBITDA

$\leq 2x$



	2020	2021	Δ%
AGUA Closing Price	25.28	28.11	11.2%
Capital reimbursement		2.14	
AGUA+ reimbursements	25.28	30.25	19.7%

**+140%**

Increase in AGUA share price since the beginning of Flow<sup>1</sup>

Coverage	TP	Recomendation
GBM	48.00	Buy
Signum Research / Punto Casa de Bolsa	42.22	Buy
Miranda Research	45.00	Buy
BTG Pactual	39.00	Buy
Consensus	43.55	-

<sup>1</sup> From \$11.48 in September 2019 to \$28.11 in December 2021.  
Source: SiBolsa

# Q&A



Q&A

You can submit a question by pressing the “Q&A” button.

Please include:

- \*Name
- \*Fund or Company