

2023



12M

Grupo Rotoplas
S.A.B. de C.V.

Corporate Presentation



Investment considerations

- 01 Our water management solutions
- 02 Clear structure for a sustainable future
- 03 Solid Financials
- 04 Water, a resource at risk

Mission | for people to have more and better water

Vision | Offer non-centralized and sustainable water solutions, with relevant benefits for our customers, within the Rotoplas Way

01

Our water management solutions

Key Messages

Rotoplas pays dividends annually, despite being a growing company

Sustainable growth plan: double sales in 5 years

Transformation story: Rotoplas significantly increased its ROIC in 2 years

Leader in sustainability and innovation – Rotoplas operates sustainably and helps its clients to reduce their environmental impact

Upside potential

Clear climate change and diversity targets



Analyst Coverage

GBM	Buy	\$50.00
Signum / Punto	Buy	\$39.00
Miranda Research	Buy	\$46.00
BTG Pactual	Buy	\$40.60
Apalache	Buy	\$44.00
Consensus		\$43.92

Our Mission | For people to have more and better water

Our Vision | Offer non-centralized and sustainable water solutions, with relevant benefits for our customers, within the Rotoplas Way

We are currently at a crucial point in addressing water-related problems.

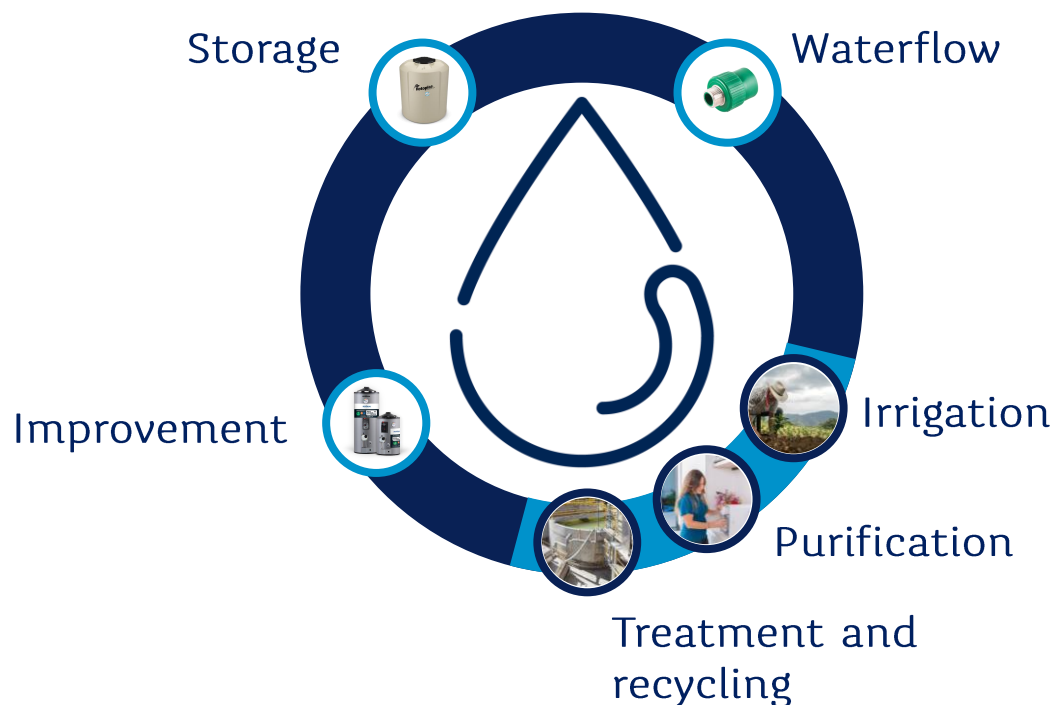
40% deficit between water **supply** and **demand** by **2030**.

36 billion USD to **renew** drinking **water** and sanitation **infrastructure** in **Mexico**.

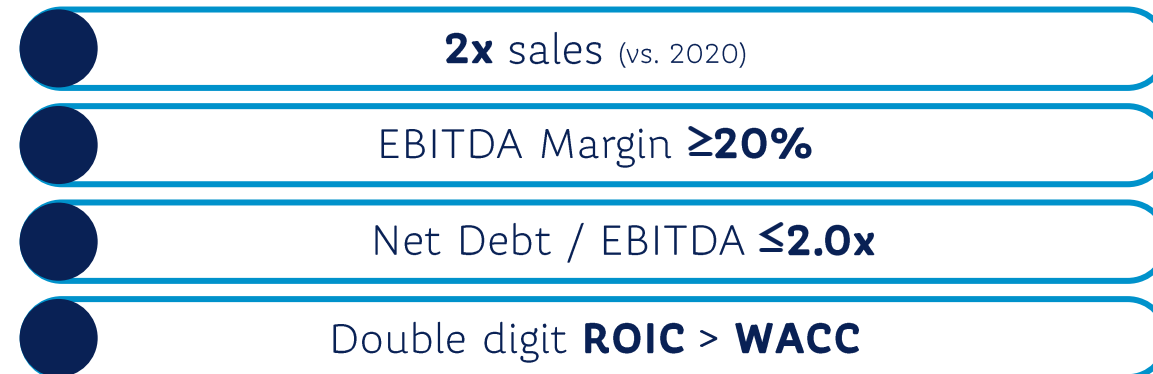
2/3 of **companies** at **risk** due to **water stress**.

Leveraging Rotoplas' leadership in the water industry

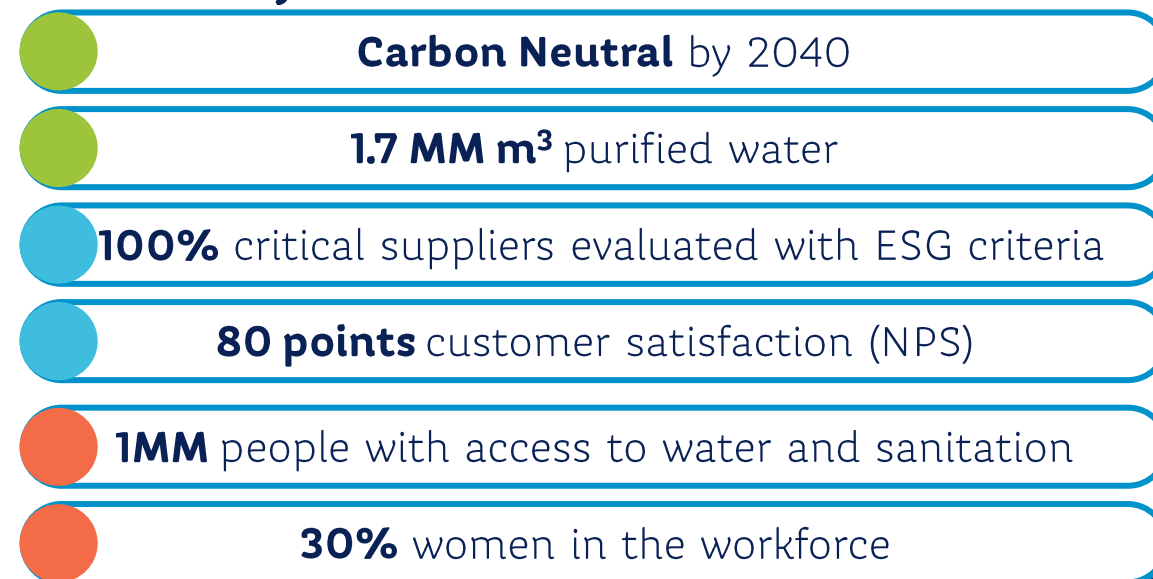
Leading products and services in a rapidly growing and high-impact industry.



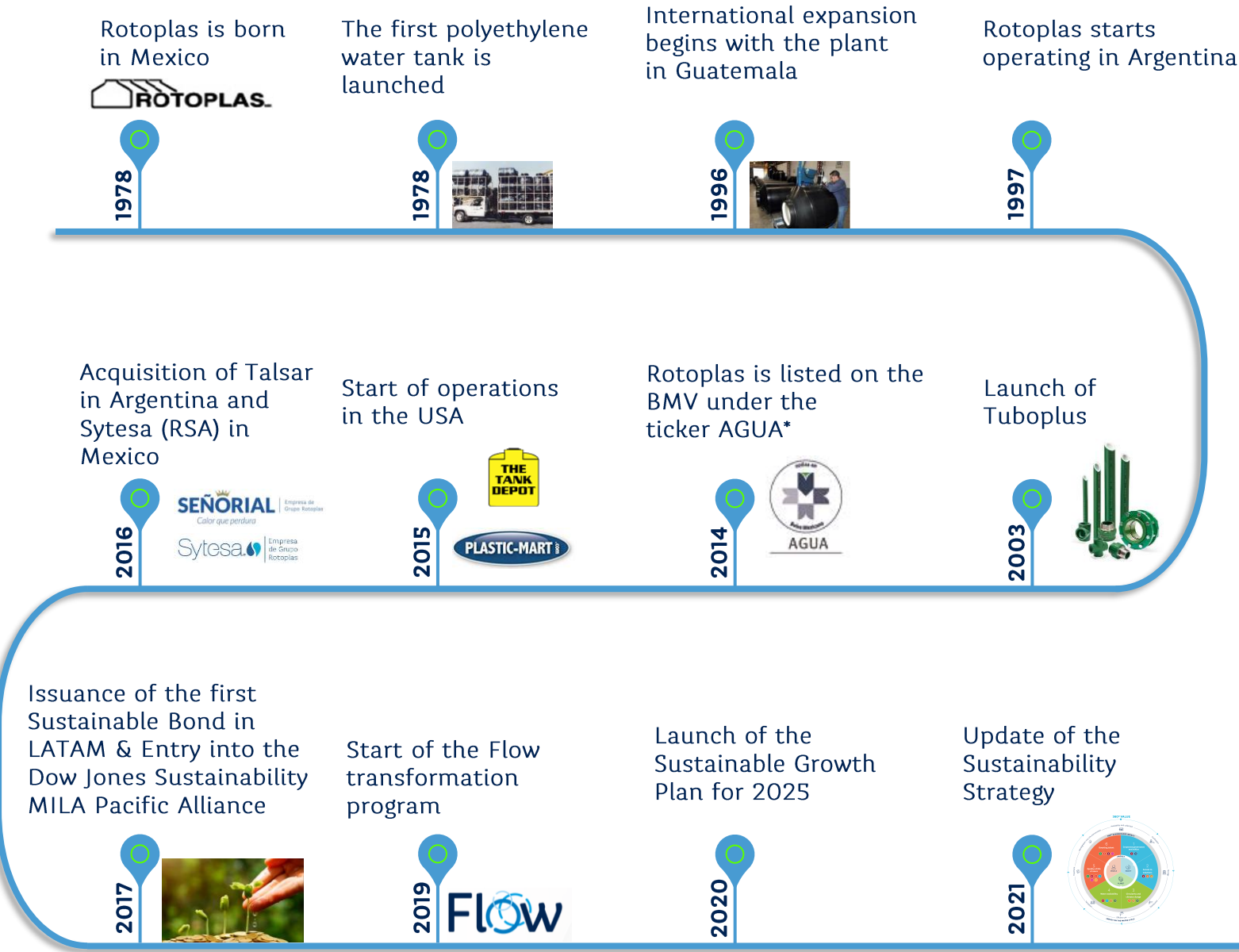
Financial Guidance 2025



Sustainability Guidance 2025



A story motivated by water



14 countries

18 plants

+3,400 employees

27 product lines

3 Service lines

+32,000 points of sale

+110,000 points of service

Our Products | Solutions for adapting to climate change

Storage



Waterflow



Instalamos
confianza
AGUA, GAS y DESAGÜE

Improvement

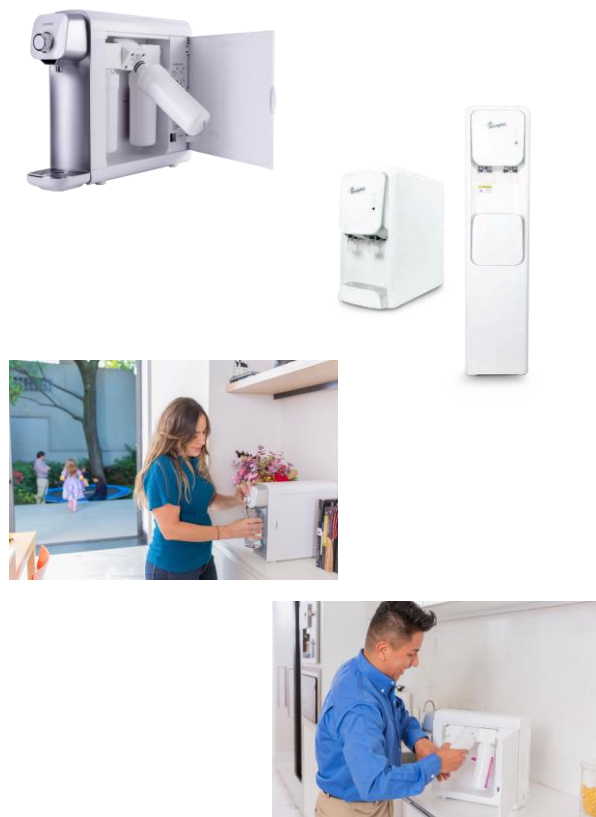


Value Traditional Business

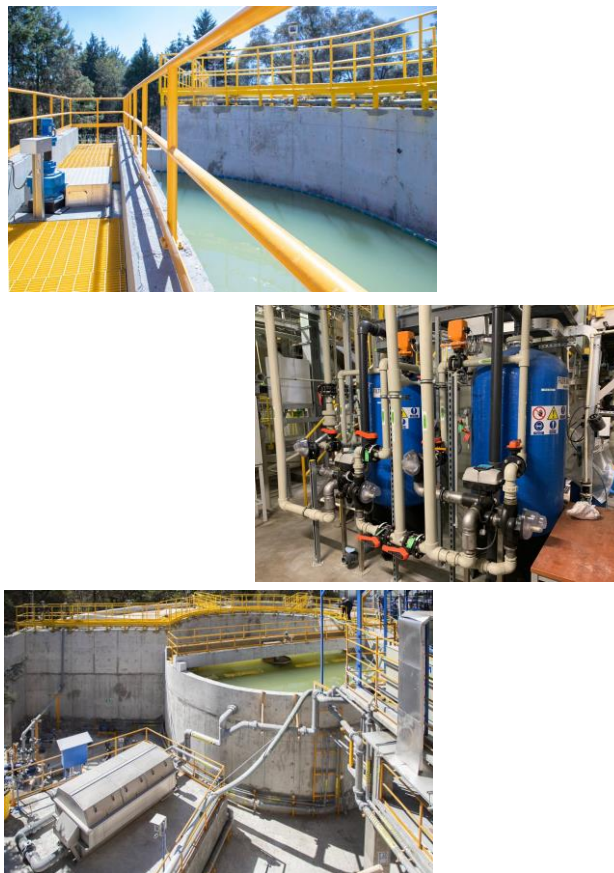
-  Leading brands
-  Strong market share
-  Strong cash flow
-  Steady EBITDA – 2023 \$2,385
-  Dividend payment

Our Services | Climate change mitigation solutions

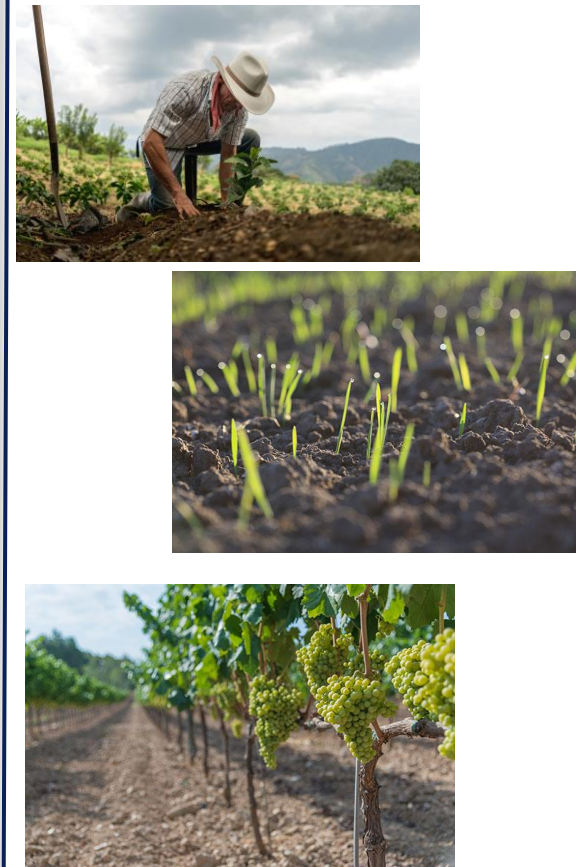
Purification



Treatment & recycling



Irrigation



Growth New Businesses

- Investment phase: negative cash flow
- Negative EBITDA – 2023 (\$254)
- Strong earnings growth potential

bebbia®

rsa | Rotoplas
servicios de agua

Acuantia.

riego®

Rotoplas' presence

- Mature market
- Expanding market
- Emerging market
- 🎯 Plan
- 🔍 Explore



PRODUCTS

SERVICES

Storage	Acuantia. THE TANK DEPOT	Rotoplas más y mejor agua	Rotoplas más y mejor agua	Rotoplas más y mejor agua		Rotoplas más y mejor agua
Waterflow		Tuboplus	Tuboplus	Rotoplas más y mejor agua		IPS Instalamos confianza AGUA, GAS Y DESAGUE
Improvement		Rotoplas más y mejor agua	Rotoplas más y mejor agua	Rotoplas más y mejor agua		SEÑORIAL Calor que perdura
Purification		bebbia®		🔍	🔍	
Treatment and recycling	Acuantia.	rsa Rotoplas servicios de agua		🔍	Acuantia.	
Irrigation		rieggo®				

Central America includes Guatemala, El Salvador, Costa Rica, Honduras y Nicaragua.

What's next for Rotoplas?

Guidance 2025

2x Sales

EBITDA Margin **≥20%**

Net Debt / EBITDA **≤2.0x**

Double digit **ROIC > WACC**

Growth Avenues

➔ Water as a Service Platform
Mexico & Brazil

bebbia®  Servicios de agua 

➔ ACUANTIA
United States

➔ Launching of new solutions



➔ Synergies between operations



➔ D&A Platforms



What's next for Rotoplas? | 2025 expected growth

	Growth CAGR 23-25	
	Revenue	EBITDA
PRODUCTS	15 – 17%	20 – 22%
Mexico	15 – 17%	15 – 17%
Argentina	12 – 14%	12 – 14%
USA ¹	24 – 26%	margin > 5%
Other	16 – 18%	16 – 19%
SERVICES²	82 – 84%	Margin > 0%
TOTAL	20 – 22%	26 – 28%

Growth Drivers:

- **Flow** transformation program
- **Water stress** related risks
- **CapEx** 5% of sales
- **Government sales** <10%

- **2x** sales
- EBITDA Margin **≥20%**

1. Storage solutions (retail business)

2. Includes: RSA, bebbia and riego in Mexico, the Septic business in the US and Acuantia in Brazil

New Businesses Growth

■ Market Opportunity

■ Main Initiatives 2023

rieggo®

■ - 350 M USD

- Create success stories
- Strengthen strategic alliances with farmers and other market players

bebbia®

- 3 M households (B2C)
- 1 M institutional clients (B2B)
- 500 M USD annual recurring revenues

- Process automation
- Development of digital platform
- Optimization of field services
- Grow B2B

Acuantia. 

■ - 6 Bn USD (septic business)

- Optimization of online platforms
- Create strategic alliances
- Development of field services capabilities

rsa | Rotoplas
servicios
de agua

■ - 1 Bn USD

- Generate bookings
- Focus on water intensive industries: Textile, Food & Beverage, Paper, Mixed Use, Aquiculture, Automotive, Hospitality

Acuantia. 

■ - 800 M USD

- Continue to build capabilities
- Generate bookings
- Focus on water intensive industries: Commercial, Food & Beverage, Chemicals, Automotive

360° Value | 2021-2025 Sustainability Strategy



360° Value generation

Sustainability Achievements 2016-2020

- 2016 | SDG Contribution
- 2017 | First Sustainable Bond in Latam
- 2017 | DJSI MILA Pacific Alliance
- 2019 | S&P/BMV Total Mexico ESG Index

Results & Goals| ESG

Profit

Suppliers evaluated with ESG criteria

Customer Satisfaction (NPS Score)

Planet

CO₂ Intensity - Scope 1 and Scope 2 – per ton of processed resin

m³ of purified water using our solutions

People

People impacted with access to sanitation (cumulative)

Women in the workforce

	Results 2021	Goal 2022	Results 2023	Goal 2023	Goal 2025
Suppliers evaluated with ESG criteria	0%	20%	50%	45%*	100%
Customer Satisfaction (NPS Score)	67	68	76	73	80
CO ₂ Intensity - Scope 1 and Scope 2 – per ton of processed resin	0.41	0.50	0.43	0.45	0.41
m ³ of purified water using our solutions	164K	314K	759K	656K	1.7 MM
People impacted with access to sanitation (cumulative)	330K	543K	800K	788K	1 MM
Women in the workforce	23%	24%	24%	27%	30%

*45% of the suppliers classified as “Critical - Tier 1.”

Indices & Recognitions



Now a Part of S&P Global



Nearshoring | Opportunities in the Water Industry

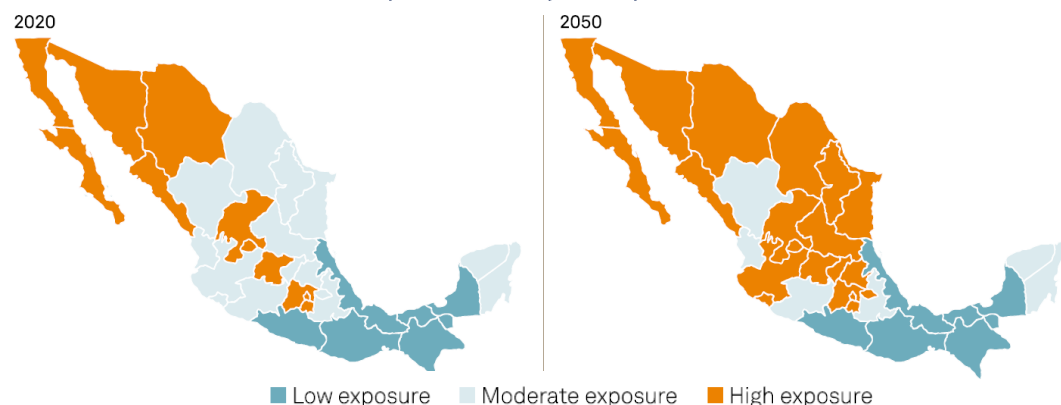
Companies are beginning to move their production chain to Mexico, and this represents a great opportunity for our market.

Why Mexico?



- Location
- Trade openness | 14 free trade agreements with 50 countries
- Disruption in global supply chains
- High-quality manufacturing at competitive costs
- Exposure to different industries and adaptability
- Low freight costs and adequate infrastructure
- Diversification of the supplier base

The number of Mexican states highly exposed to water scarcity could nearly double by the year 2050



Source: S&P Global Ratings

Opportunities for Rotoplas

We have **14 manufacturing plants** for products in Mexico and a **robust service platform** that can help solve a series of challenges.

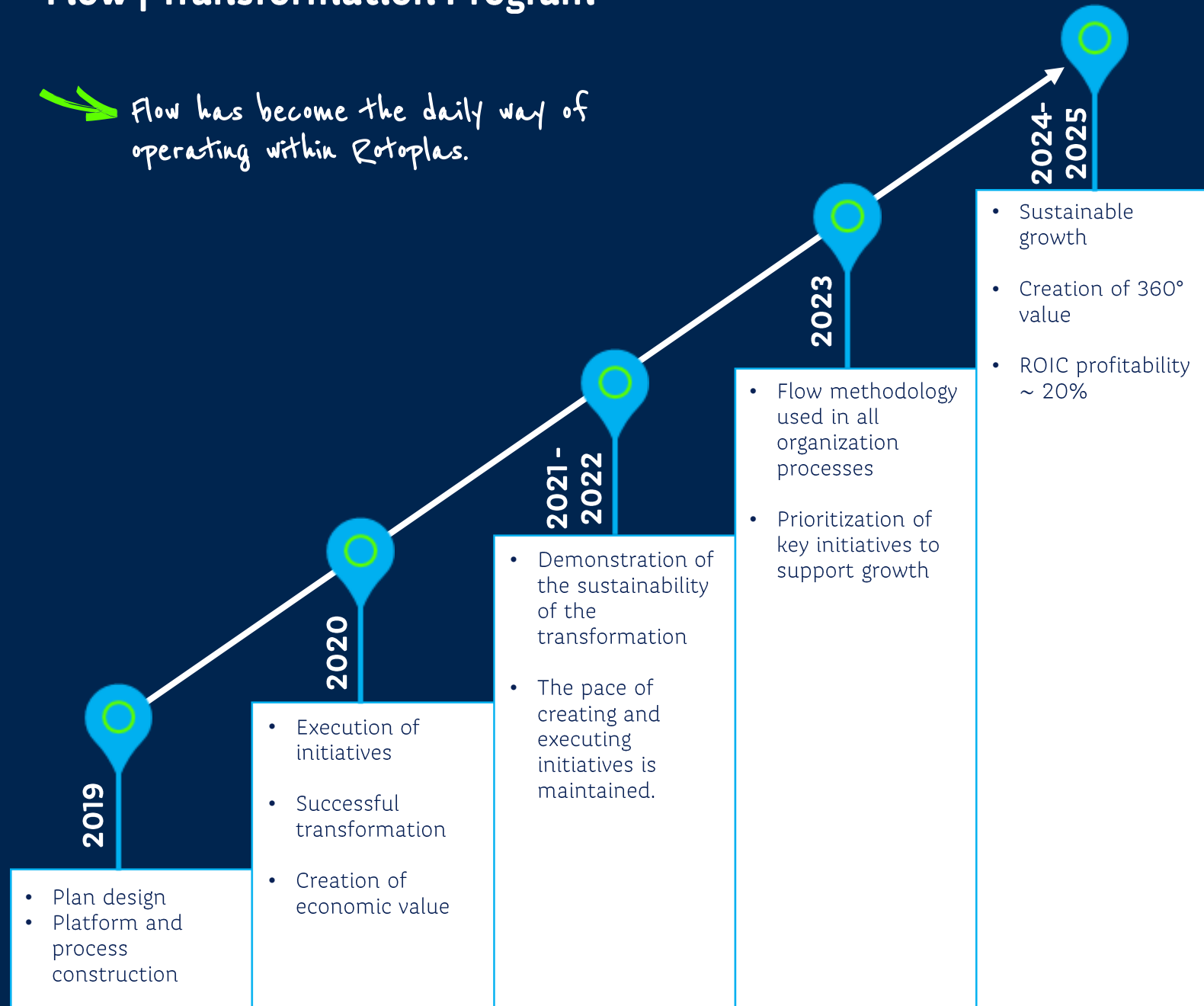
- There is an **estimated deficit** of **1 million homes** with decentralized **water** solutions **needs**.
- A **30% growth** in **demand** for **industrial parks** drives the need for wastewater treatment.
- Factory **construction processes** will **need water** solutions.
- **Regions** that will **benefit most** from nearshoring are those that **suffer most** from **water scarcity**.

02

Clear
structure for
a sustainable
future

Flow | Transformation Program

➔ Flow has become the daily way of operating within Rotoplas.



Flow focuses on **three pillars**

1. Enhance portfolio performance

- Revenue levers
- Cost levers
- Working capital levers

2. Growth initiatives

- Quality and execution of growth opportunities
- Cross-selling
- Service platform
- E-commerce growth
- Optimization of capital allocation

3. Organizational health initiatives

- Change management
- Diligence in projects and accountability
- Review of organizational climate

Corporate structure | Board & Top Management

Our board of directors

Transparency → 50% **independent** members

Diversity → 6 **international** members

Innovation → Represented by 3 different **generations**

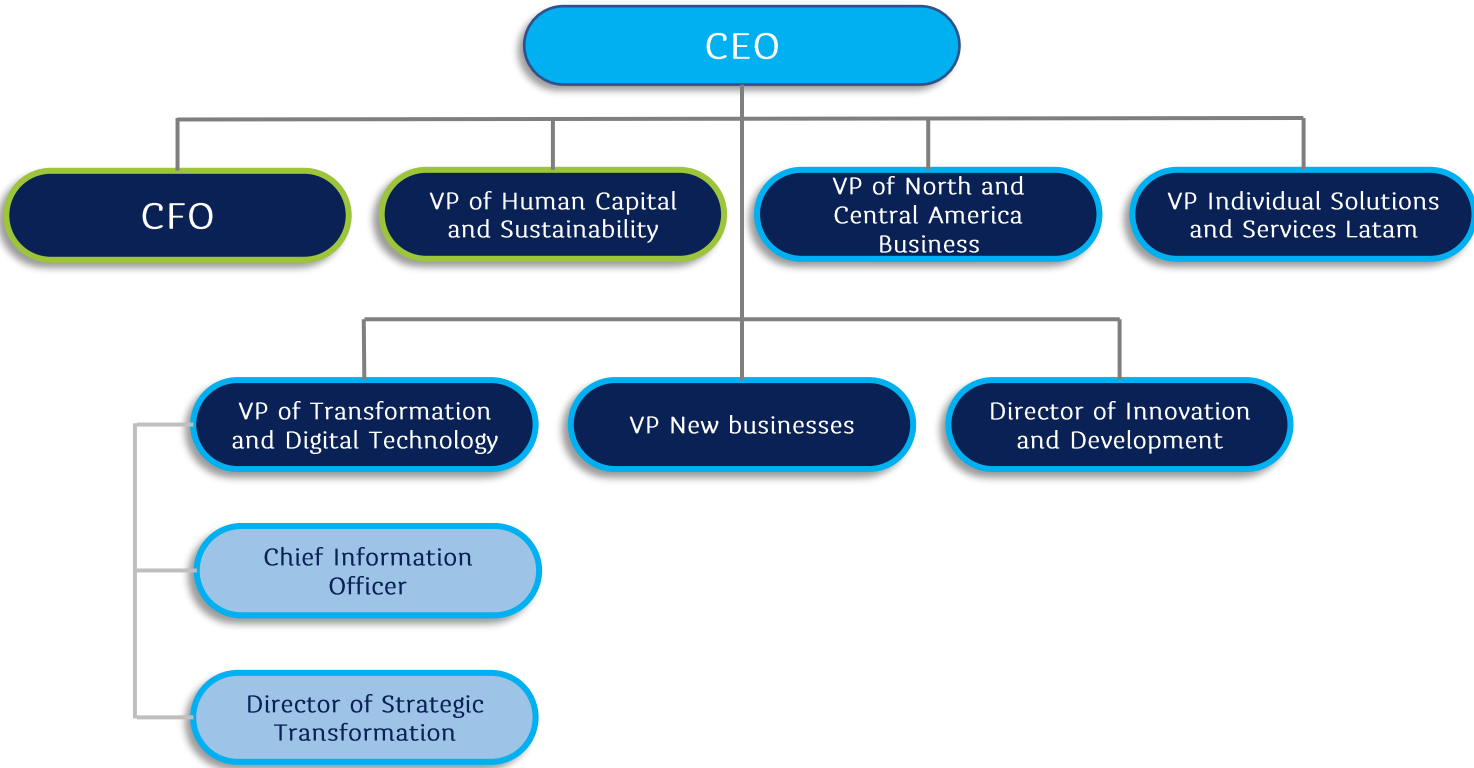
Equality → **Gender equality** on the Board, 7% women

Experience → **Board members** with diverse industry backgrounds & more than 500 years of combined experience

Meetings → **4 Ordinary Meetings** annually



Independent Members / Total Members



Responsible for the execution of the Sustainability Strategy

Discipline in Capital Allocation

Resource allocation for:



Organic growth



Inorganic growth
Coherence matrix approach



Share buybacks



Dividend Payment



Debt Payment

Process:



Project proposal



Evaluation



IRR > WACC



Validation and
approval



Quarterly status
update

Supported by a Capital Allocation Committee

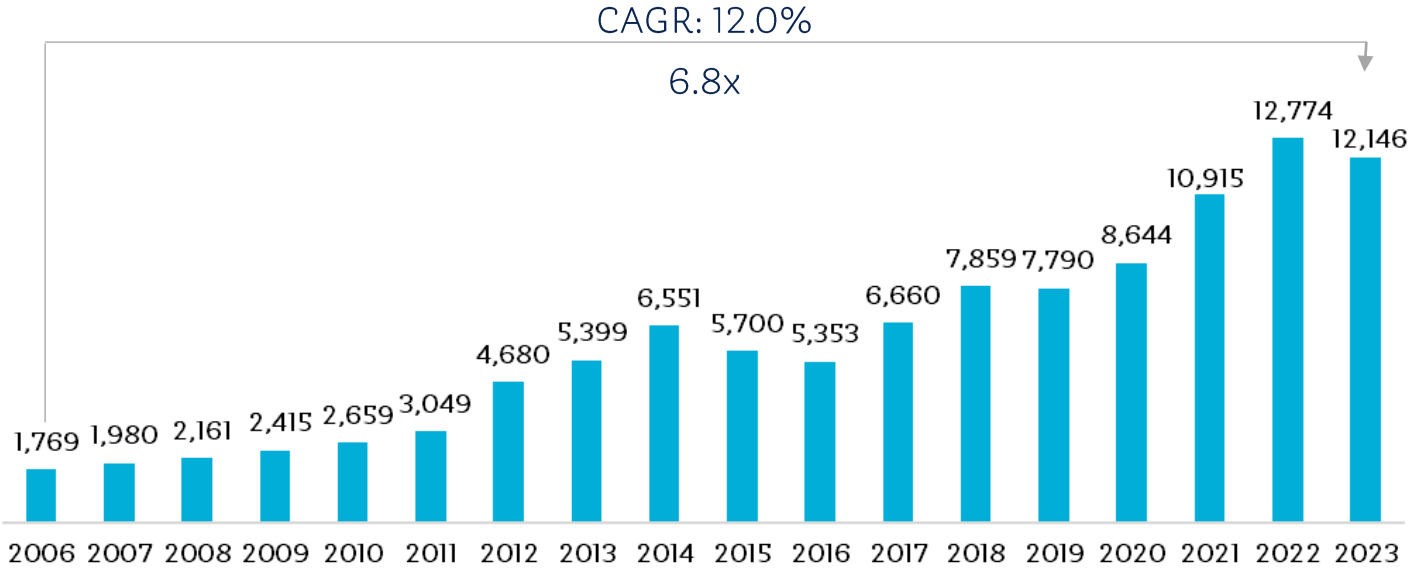
03

Solid Financials

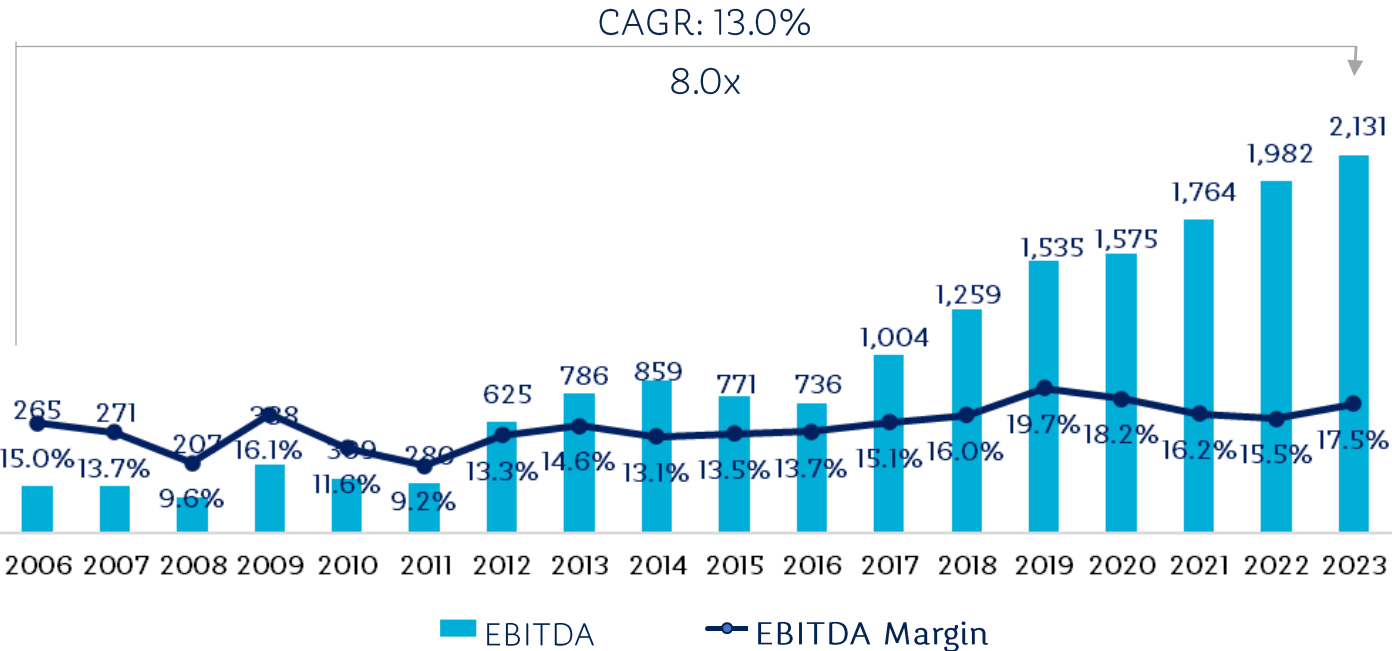
Business Model Resilience

MXN mm

SALES



EBITDA



Continuous growth

Double-digit margins

Strong Management

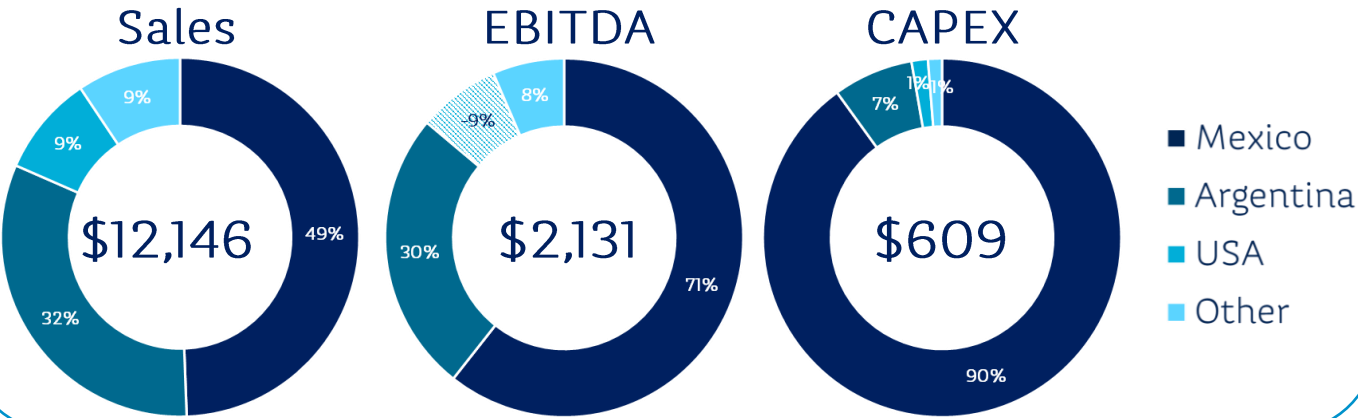


- Mexico – 45 years
- Central America – 23 years
- Peru – 21 years
- Argentina – 21 years
- Brazil – 20 years
- USA – 5 years

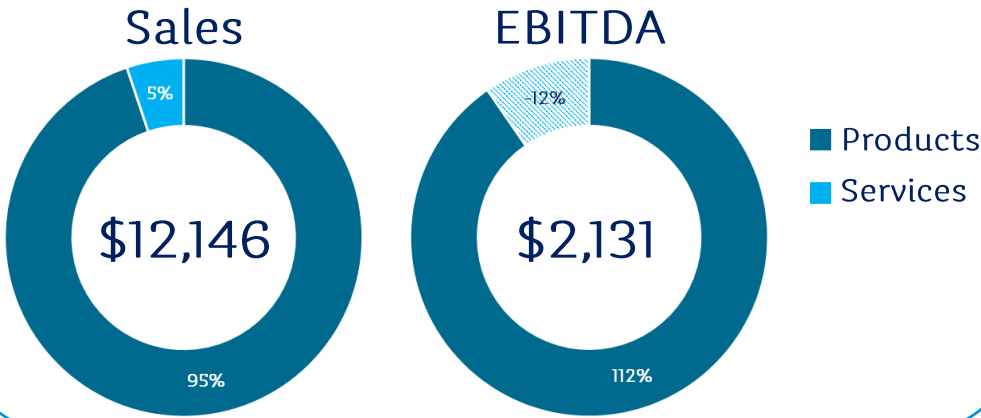
2023 Results

MXN mm

By country



By solution



		2023	2022	Δ %/bps
Income Statement	Net sales	12,146	12,774	(5%)
	Cost of Sales	6,625	7,331	(10%)
	Gross Profit	5,521	5,444	1%
	Margin	45%	43%	290 pb
	Operating Income	1,559	1,584	-2%
	Margin	13%	12%	40 pb
	Financing Result	1,251	768	63%
	Taxes	27	61	(56%)
	EBITDA	2,131	1,982	8%
	Margin	18%	15%	320 pb
	Net Result	280	756	(63%)

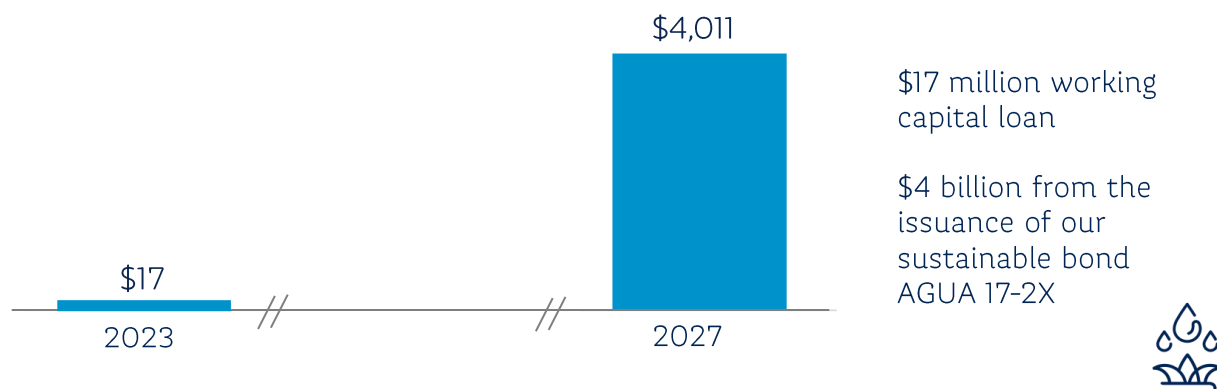
Cash Conversion Cycle
42 days

-  Inventory Days
55
-  Accounts Receivable Days
57
-  Accounts Payable Days
70

2023 Results

MXN mm

Debt Maturity Profile

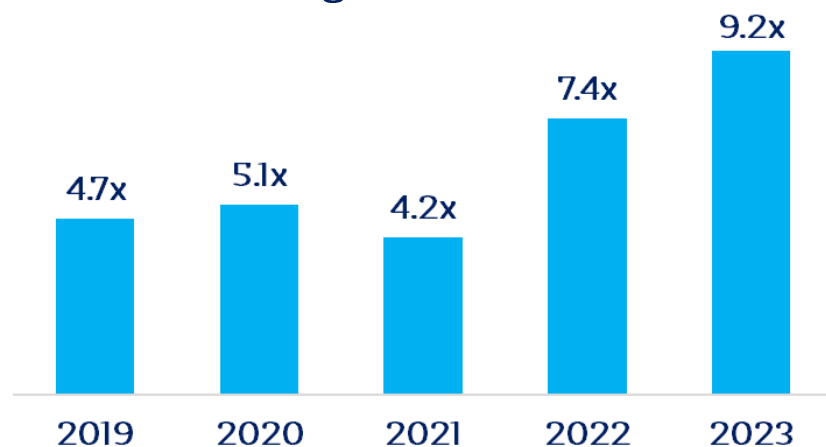


Strong Balance Sheet to support growth

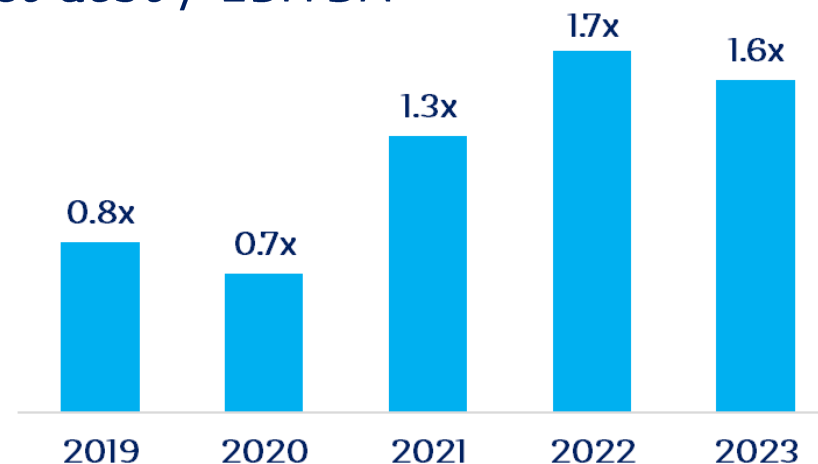
December 2023

Cash and Cash Equivalents	566
Other Assets	13,290
Total Assets	13,856
Debt	4,028
Other Liabilities	3,718
Total Liabilities	7,745
Equity	6,110
Liabilities + Equity	13,856

Interest coverage*



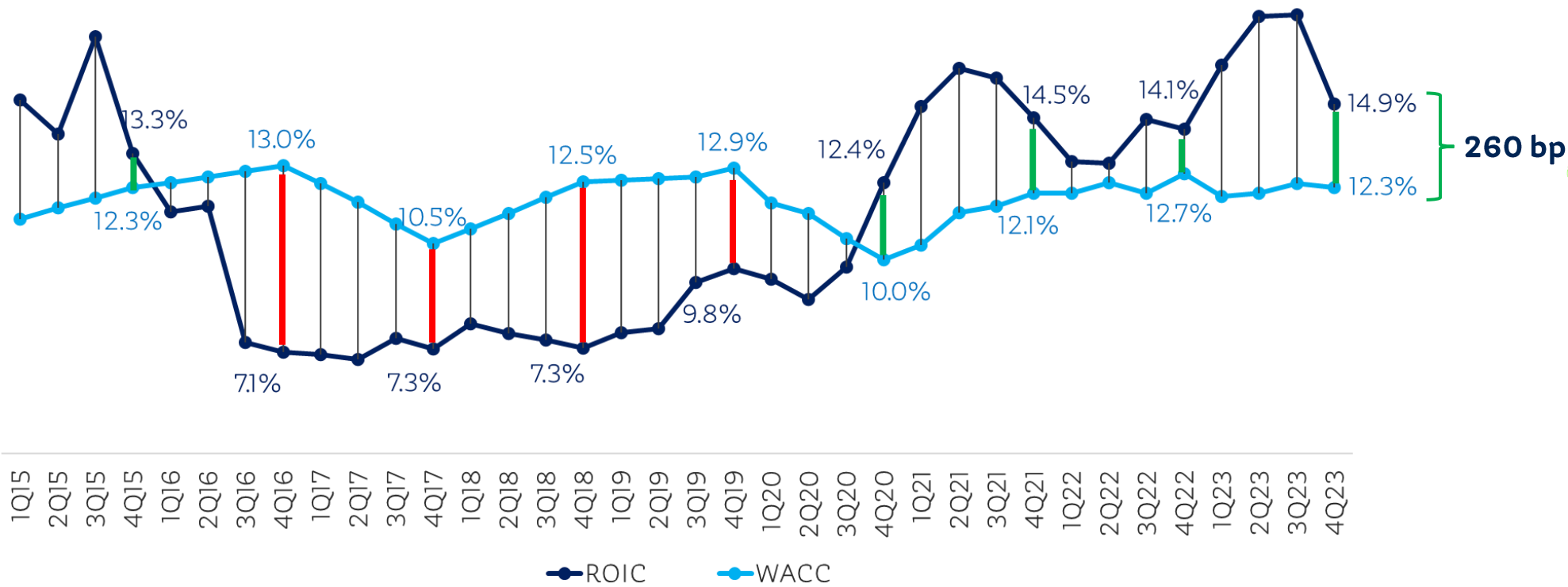
Net debt / EBITDA



**Considers net interest paid = interest expense – interest income

*Calculation of interest coverage: LTM EBITDA/ LTM Net interest expense

ROIC | Sustainable value creation



ROIC closed the year with an YoY 80 bps expansion

ROIC: NOPAT LTM/ Invested Capital LTM, monthly average
Invested Capital: Total Assets – Cash and Cash Equivalents – Short-Term Liabilities.
ROIC excludes Flow program execution costs from 2Q20 to 4Q21 as they are one-off.

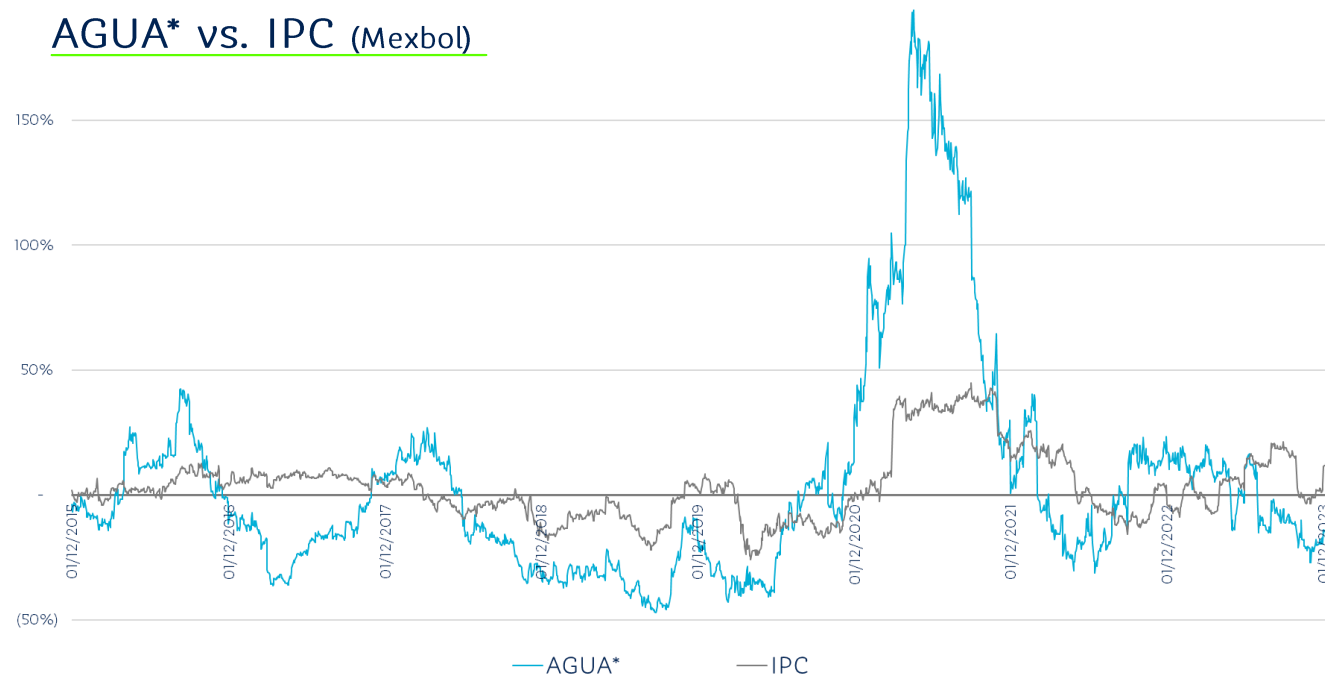
AGUA*

Company	5Y Revenue CAGR	5Y EBITDA CAGR	EV/EBITDA	ROIC
FLUIDRA SA	25.0%	37.9%	12.9x	4.7%
RELIANCE WORLDWI	15.8%	21.4%	9.5x	8.8%
GRUPO ROTOPLAS	13.9%	15.3%	7.7x	17.7%
FRANKLIN ELEC CO	12.7%	17.4%	13.4x	15.8%
TORO CO	12.5%	11.0%	15.4x	15.8%
VALMONT INDS	9.6%	9.6%	12.8x	7.4%
COWAY CO LTD	8.9%	10.4%	3.8x	17.5%
BADGER METER INC	7.0%	7.6%	31.0x	18.1%
GORMAN-RUPP CO	6.6%	1.8%	11.9x	8.3%
WATTS WATER TE-A	6.3%	11.3%	16.7x	18.6%
SMITH (A.O.)CORP	4.6%	5.3%	14.1x	30.8%
LINDSAY CORP	4.2%	17.9%	10.4x	13.0%
XYLEM INC	3.2%	3.7%	28.0x	5.6%
FLOWERVE CORP	-0.3%	-5.9%	15.5x	10.1%
PRIMO WATER CORP	-0.5%	12.1%	NA	4.7%
PENTAIR PLC	-3.5%	-2.8%	16.3x	11.2%
IDEANOMICS INC	-6.9%	N.A.	NA	-198.0%
ZURN ELKAY WATER	-7.7%	-9.9%	20.5x	5.8%
Overall Peer Median	6.4%	10.4%	14.1x	10.7%

AGUA* trades at a 7.7x multiple compared to 14.1x industry median, despite:

- 2.2x faster growth in Revenues
- 1.5x faster growth in EBITDA

AGUA* vs. IPC (Mexbol)



Dividend History*



Source: Bloomberg & SiBolsa

* Capital reimbursements for 2020 and 2021 include stock reimbursements.

Guidance 2024

-  Sales > 10%
-  EBITDA Margin 18% - 19%
-  Net Debt / EBITDA $\leq 2.0x$
-  ROIC = WACC + 200 bp

04

Water, a resource at risk

Our water supply is at risk, requiring decentralized water solutions



Imbalance in water distribution

10 countries control
60% of the global fresh water supply



Across the world, water supply & sewer systems are

 **60-80**
 years old

and in many cases have reached the end of their useful lives

40%
 decrease in renewable water

per capita in the last 22 years

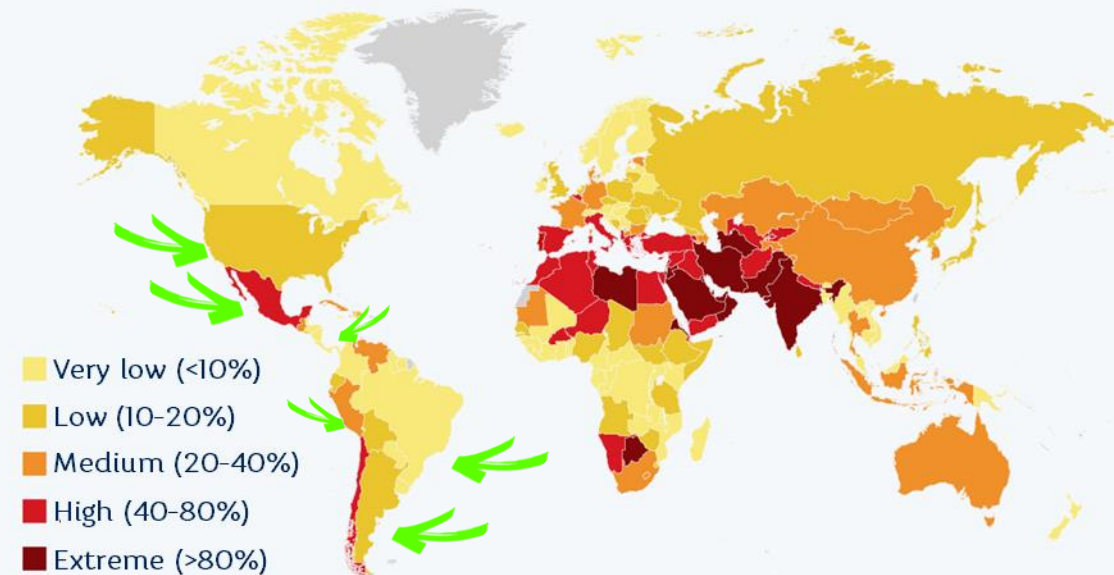


Population Growth

	2020	2050
Rural	3.0B	3.0B
Urban	4.0B	7.0B
Total	7.0B	10.0B

Which countries are most at risk of running out of water?

Level of vulnerability to water stress in the world*.



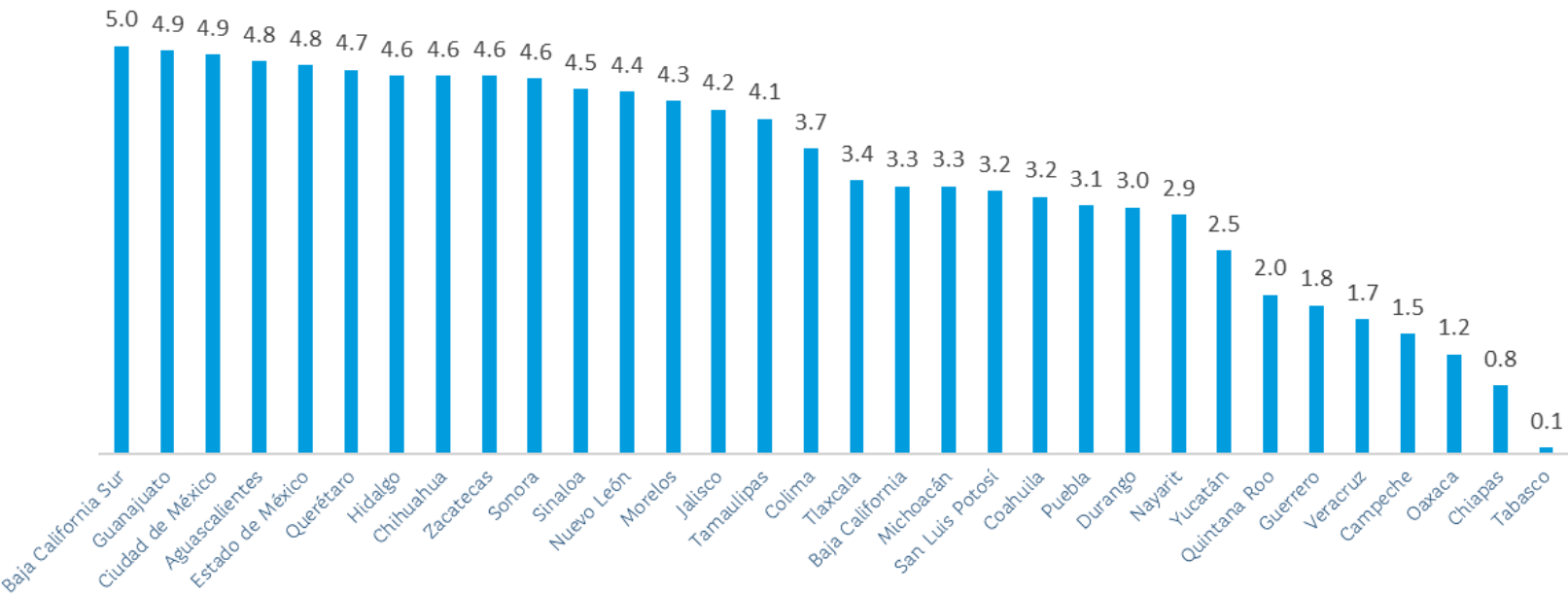
*According to the proportion of water used annually with respect to the available supply.

Source: 2020 Ecological Threat Register

Water situation in Mexico



General water risk¹



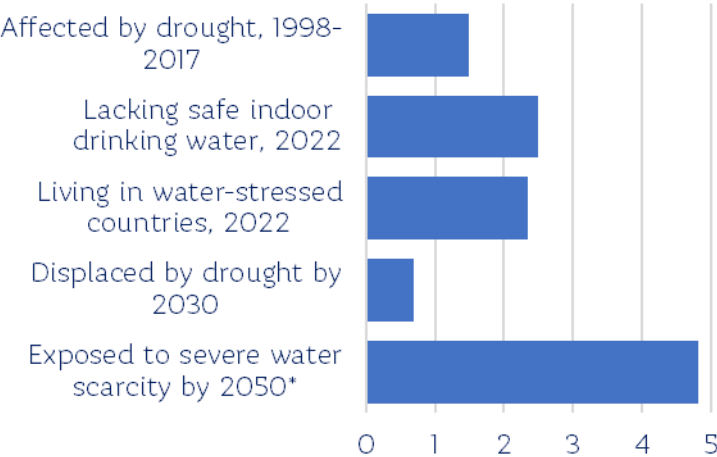
0-1 low 1-2 low-medium 2-3 medium-high 3-4 high 4-5 extremely high

¹In relation to the percentage of consumption over the total water available in a year.
²UN Global Land Outlook

General water risk America¹

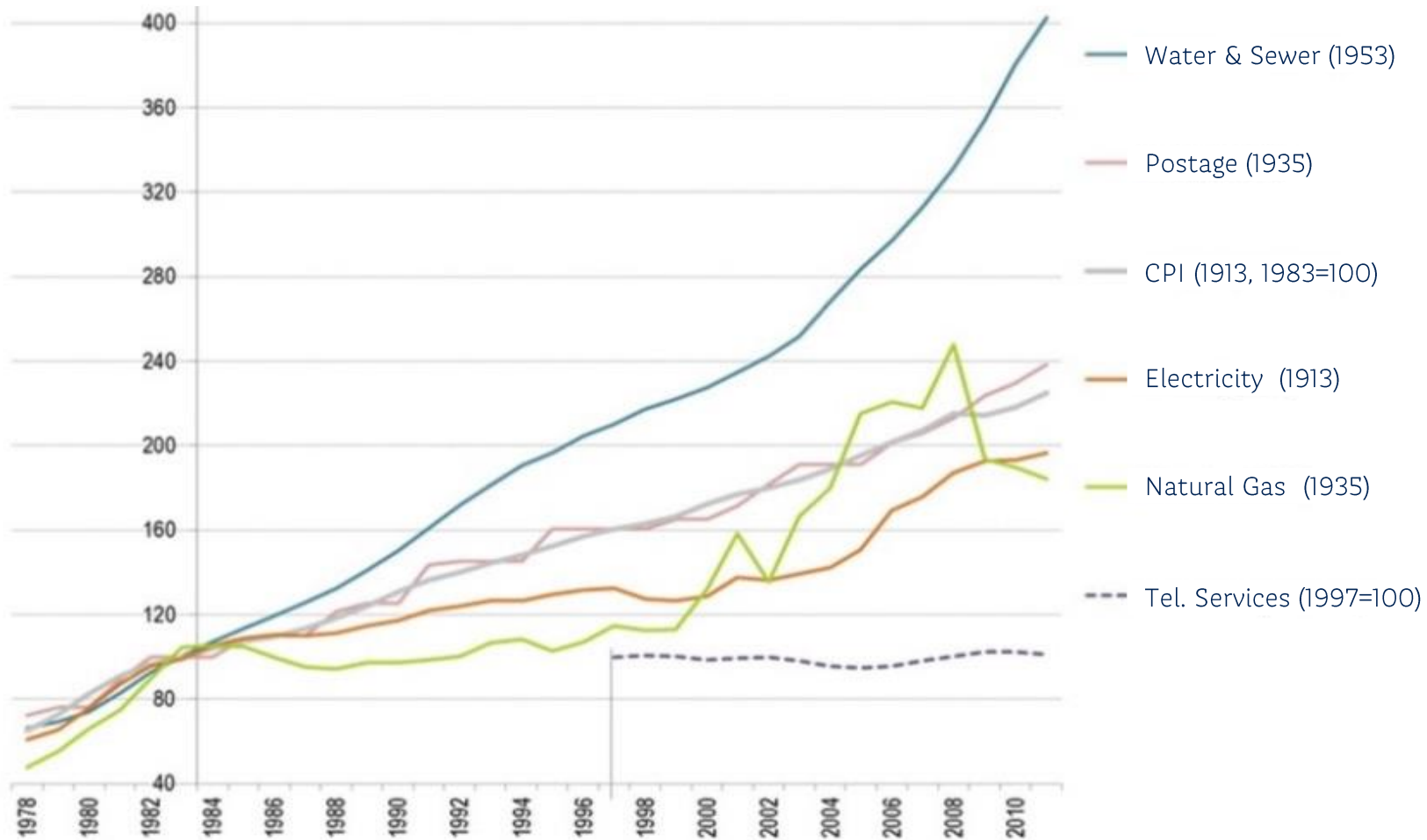
Country	Ranking	Risk
Mexico	24	3.86
Guatemala	57	2.36
Peru	66	2.05
USA	71	1.85
El Salvador	78	1.66
Argentina	92	1.31
Costa Rica	107	0.92
Brazil	112	0.78
Honduras	133	0.27
Nicaragua	137	0.21

Global estimated, bn people²



Water cost evolution | USA

Trends in consumer prices (CPI) for utilities



Water is the fastest **rising** utility **cost**

Thank you!



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