

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

Corporate Presentation

First Quarter 2020

Forward-looking statements

The contents of this presentation, including text, graphics, images and other materials ("Content"), here contained, is for general information purposes only. While we endeavor to keep the information up to date and correct, Grupo Rotoplas, S.A.B. de C.V., makes no representations or warranties of any kind, expressed or implied, about the completeness, accuracy, reliability, suitability for particular financial purposes or availability with respect to the Content, products or services described herein.

Grupo Rotoplas, S.A.B. de C.V., will not be liable for any damages of any kind arising from the use of this presentation, including, but not limited to, direct, indirect, incidental, punitive, and consequential damages. Should you choose to act on any of the information included in this presentation, you accept all risks and responsibility for losses, damages, costs and other consequences.

This presentation is created and controlled by Grupo Rotoplas, S.A.B. de C.V. in Mexico. As such, the laws of Mexico will govern these disclaimers, terms and conditions, without giving effect to any principles of conflicts of laws. We reserve the right to make changes to this presentation, and to these disclaimers, terms and conditions at any time.

ADDITIONAL INFORMATION AND WHERE TO FIND IT

rotoplas.com.mx/investors

www.bmv.com.mx

Ticker: AGUA*

Investment Considerations

1 **WATER**
A nascent industry of opportunities

2 **PROVIDING SOLUTIONS**
Market leaders

3 **WITH A CLEAR PURPOSE**
Sustainable long-term model “more and better water”

4 **WHERE WE ARE GOING**
Growth and value opportunities

5 **STRONG FINANCIALS**
Sustainable focus

6 **WHY OWN AGUA?**
Momentum



MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM

1

WATER

A nascent industry of opportunities

Water Demand

Population Growth

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

The demand for water for non-agricultural uses increases **2.5x faster** than the population



General population will grow by an average of **77 million people in the next 20 years**

Water Supply

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

Water Challenges for Humanity

2.4 billion

people worldwide
live without access to
adequate sanitation services



2/3

of the world's population
live in areas that have water scarcity
at least once a month



Market Size & Dynamics

\$ USD 780

billion market

Growing at a

3.3% CAGR



\$ USD 225

Billion market in
Latam and
North America



24%

Market reach for
Rotoplas

Horizontal to all sectors

Sectors of interest for Rotoplas:



Water scarcity &
quality



Water
management &
recycling



Agricultural yield

Case Study – Mexico City



“Nowadays, 40% of inhabitants have problems regarding water access and quality”

	2018	2030	Δ
Water service reliability	56%	8%	-7x
Shortages	17%	35%	2x
Poor quality	4%	17%	4x

i.e. Nowadays in Tlalpan neighborhood the local government spends US\$7M annually in water trucks

CDMX International Airport

- The city's water system provides 8% of the supply.
- Water trucks from private companies supply the rest
 - 38 trucks a day | 14 thousand trips per year
- Spending on water trucks in 2018 - 64.7 million pesos | 616 million liters

Economically and environmentally unsustainable



Bringing water in and out of the city -2,240m altitude- is energy intensive and very expensive



Renewable water in Mexico will decrease 11% by 2030



Mexico exceeds the world's average water footprint in 42% (1,978 vs 1,385 m^3 /hab/year)

2 PROVIDING SOLUTIONS

Market leaders

The Company

1994 Storage Products



1 country
800 direct clients
500 employees
3,000 points of sale
2 product lines
8 plants
1 innovation and development center

Sales
MXN 500mm

EBITDA
MXN 70mm

1Q20 Water Market Leader



14 countries (14x)¹
33,300+ points of service
3,250+ employees (7x)¹
27,500+ points of sale (9x)¹
27 product lines (14x)¹
19 plants (2x)¹
1 innovation center

Sales
MXN 8,109mm (CAGR: 12.4%)²

EBITDA
MXN 1,421mm (CAGR: 13.8%)²

¹ Compared to 1994.
² CAGR 2006 – LTM20

Key metrics 2014 – LTM March 2020



Sales



EBITDA



EBITDA Margin



Government sales



Employees



Points of sale



Treatment & purification units



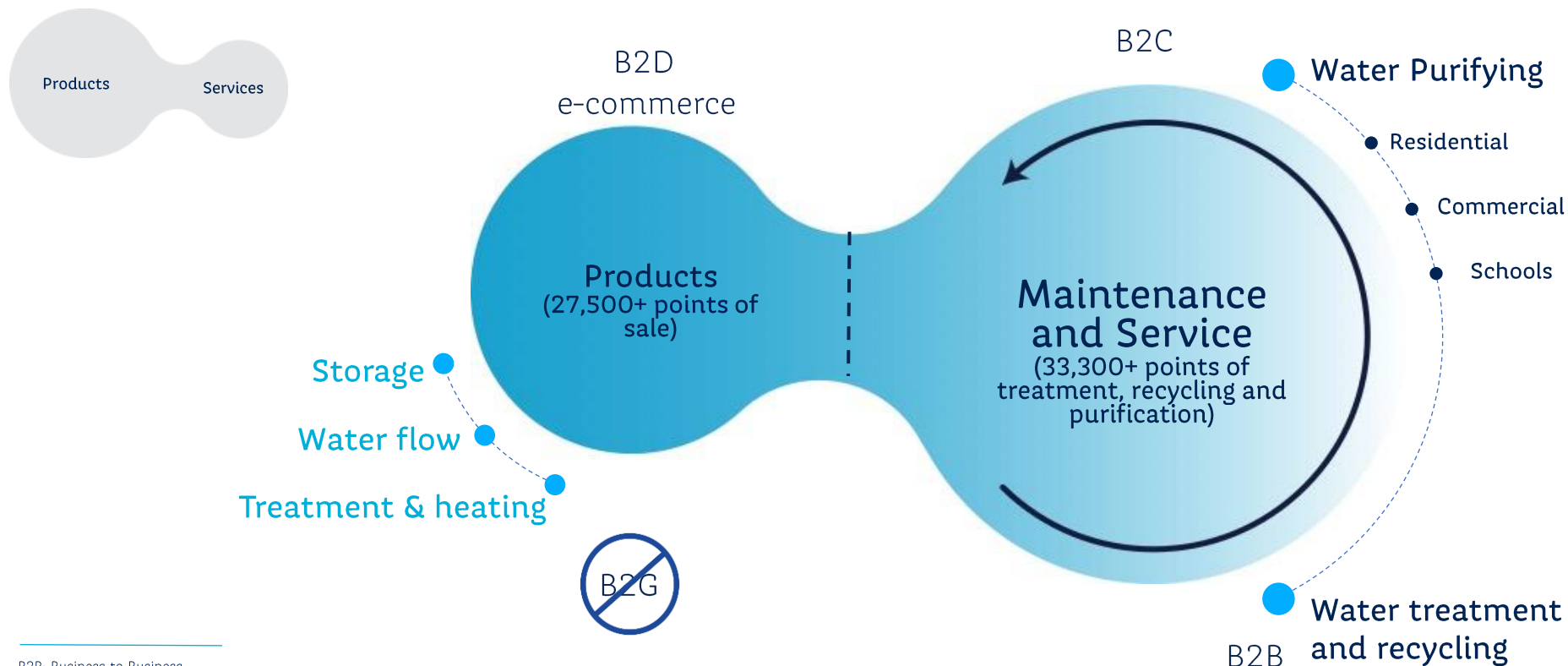
Client concentration



CAGR Revenue 5yr (ex Brazil)

Decentralized Water Solutions | Business Model

TODAY -----> EVOLUTION



Portfolio | Products and Services

PRODUCTS

STORAGE



Water Tanks



Cisterns



Industrial



Other

WATER FLOW



Pipes



Valves



Pumps



Catch Pits

TREATMENT & HEATING



Heaters



Biodigesters



Filters



Purifiers

AUTO-SUSTAINABLE



Rural Rainwater Harvesting System



Outdoor bathroom

SERVICES

PURIFICATION



Residential



Institutional



Drinking Water Fountains

TREATMENT AND RECYCLING

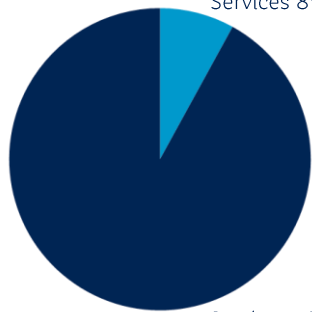


Wastewater Treatment Plants (WWTP)



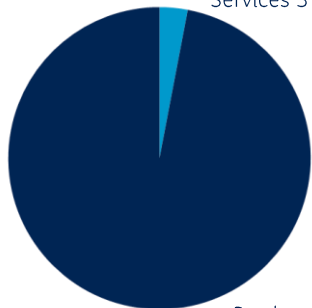
Water Purifying Plants

Sales by solution LTM



Products 92%

EBITDA by solution LTM



Products 97%

Favorable Growth Drivers | Tailwinds

WATER	PRODUCTS	Storage	<ul style="list-style-type: none"> • Rapid urban growth = supply interruption → higher demand for water storage products • Water demand > centralized system capacity (old infrastructure and poor city planning) • Growing trend of circular economy - use of recycled resins in water tanks
		Flow	<ul style="list-style-type: none"> • New technologies for cleaner and "zero leakage" water systems • Urban growth > rural growth • Growing customer needs water data measurement & control
		Treatment & heating	<ul style="list-style-type: none"> • Lack of centralized sewage infrastructure in developed & developing countries • Energy efficiency for a sustainable world • Increasing levels of contamination in water tables
	SERVICES	Purification	<ul style="list-style-type: none"> • New generations seeking to reduce water & carbon footprint = sustainment = Ø plastic bottles • Largest generation (millennials) favors subscription economies • Large addressable markets (i.e. 86% people drink bottled water in Mexico)
		Treatment & recycling	<ul style="list-style-type: none"> • Environmental awareness • Regulation enforcement towards higher standards for residual water • Increase in water prices

Positioning and strategy by country | region

Rotoplas seeks to provide solutions that solve the current needs of each region



- Focus on e-commerce platform
- Multi-brand platform for water, agricultural and industrial products

E-commerce platform



- Maintain product leadership
- Bolster services (WWTP, bebbia, and drinking water fountains)

- Storage
- Water flow
- Treatment

- Purification
- Treatment and recycling



- Maintain market positioning in the region

- Storage
- Treatment

- Future



- Complete product portfolio with organic development of the water flow segment
- Leadership in water treatment and water heating

- Storage
- Treatment
- Heating

- Future



- Maintain presence in products segment
- Evaluate future water treatment plants opportunities

- Storage

- Future



- Seek profitability by increasing prices in line with inflation
- Product diversification by range
- Bolster the export platform

- Storage
- Water flow
- Treatment
- Heating

- Future

3

WITH A CLEAR PURPOSE

Sustainable long-term model
“more and better water”

Competitive Advantages

- Value
- Quality
- Social Responsibility

BRAND
RECOGNITION

ROTOPLAS
PROCESSES

- Focus on **ESG (Environmental, Social & Governance)**
- Operational excellence in our **processes backed** by a SAP platform
- **Customer Centric** culture
- **Strategy** with a robust coherence matrix for capital allocation within the water space

- Over **27,500 points of sale** in America
- Over **33,300 points of treatment, recycling and purification**

UNIQUE
DISTRIBUTION AND
SERVICE NETWORK

WATER
INNOVATION

- Focused on **innovative** projects
- Rotoplas allocates **4% of its EBITDA to R&D**

Water footprint – 16 products (ISO 14067)
Carbon footprint – 5 products (ISO 14046)

Environmental Cards



Water
Footprint



Carbon
Footprint

ESG focus



+24,000 hrs¹

training collaborators on human rights, processes, health and safety, among other topics



+7,800¹

plumbers trained and 350 certified as “Water solutions advisors”



+1,100,000²

children benefited



+80%

energy from sustainable sources



Circular economy “Green Project”

program to use recycled resins in our products
+10% of resins

SOCIAL

CORPORATE
GOVERNANCE

ENVIRONMENTAL

SUSTAINABILITY
MODEL



53% independent
Board Members



Audit, Compensation and Corporate
Practices Committees chaired by
independent Board Members



Sustainability Committee

reporting indirectly to the Board of Directors

- DJSI MILA Pacific Alliance (Sustainability Index)
- S&P/BMV IPC Sustainable Index
- ESG Bloomberg score 59.5 - **Top 10 in Mexico**

2018 GRI Exhaustive Standards and verified Annual Report
2017 GRI Exhaustive Standards

2016 Annual Integrated Report elaborated under GRI
Standards

2015 Annual Integrated Report under GRI 4

For more about our ESG performance visit our website
www.rotoplas.com

¹During 2018.

²Cumulative and including only INIFED water fountains beneficiaries.

Best Corporate Governance Practices



Our board of directors:

- Transparency — ➤ 53% Independent **Members**
- Diversity — ➤ 5 **international** Board Members
- Innovation — ➤ Represented by 4 different **generations**
- Equality — ➤ **Gender equality** in the Board
- Experience — ➤ Board Members with **diverse industry backgrounds & more than 500 years of combined experience**

4 WHERE WE ARE GOING

Growth and value opportunities

“...throughout this transformation effort, Rotoplas should achieve a **ROIC greater than WACC** in less than 18 months”

*Carlos Rojas | CEO
Flow's program kick off
August 2019*

A. Enhance performance of current portfolio

- Revenue levers
 - 1) Price & volume optimization
- Cost levers
 - 1) Procurement of materials
 - 2) Manufacturing efficiency
 - 3) Distribution costs optimization
- Working capital levers
 - 1) Inventory levels optimization
 - 2) Customization of accounts receivable & accounts payable policies

B. Growth initiatives

- Improve quality and execution on growth opportunities
- Clear set of opportunities:
 - 1) Cross Selling
 - 2) Boost the water-as-a-service platform
 - 3) Bolster growth of the e-commerce platform
- Improve capital allocation decisions





























C. Improve organizational health

- Change management
- Project diligence and accountability
- Organizational Climate revision
 - 1) through OHI and GPTW Surveys



Cross selling opportunities

Rotoplas seeks to expand its solutions portfolio to meet population needs in every region

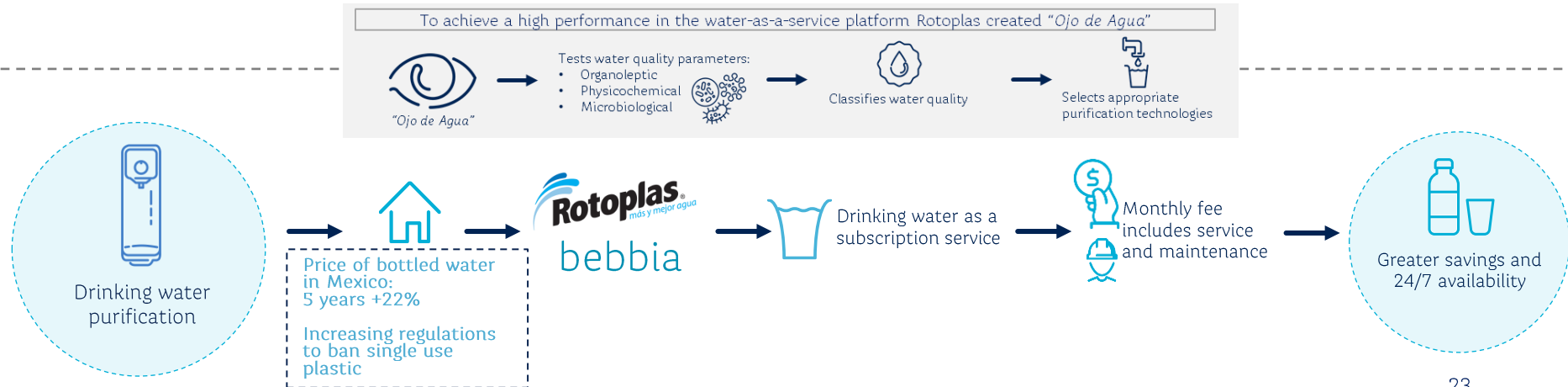
		 Current offering  Plan	 USA	 Mexico	 Central America	 Peru	 Brazil	 Argentina
WATER	PRODUCTS	Storage						
		Flow	---				---	
		Treatment & Heating						
	SERVICES	Purification	---		---	---	---	---
		Treatment & Recycling	---		---			---

Water-as-a-Service Platform

Mega Trends







On-site treatment & recycling - the future of urbanization (less energy, more reliability, more sustainable)



Purification at the point of use (less friction, more sustainable)

E-commerce platform in the USA

The platform:

-  #1 online retailer of water storage products
-  Access to a nationwide manufacturing footprint through Tank Co. strategic alliance
-  Innovation in the water space (storage, septic) to address the pressing needs
-  Order online and pick up purchases at our stores

Different channels available:



Web



Phone



Store



Mobile

Our brands:

PlasticWaterTanks

plasticwatertanks.com



plastic-mart.com



tank-depot.com

Improve 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
authorization



Quarterly status
update

Supported by a Capital Allocation Committee

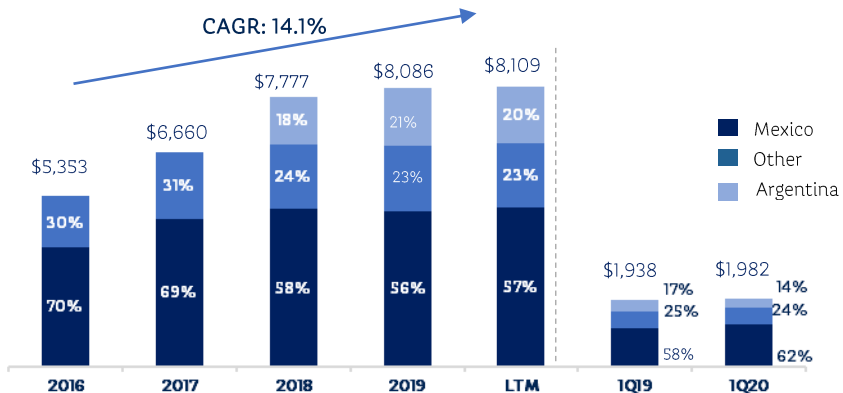
5 STRONG FINANCIALS

With a sustainable focus

Track Record of Growth and Profitability

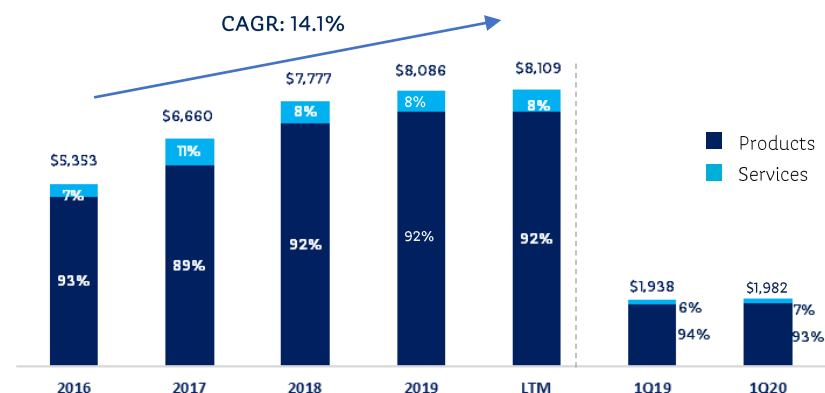
Revenue by Country

MXN mm



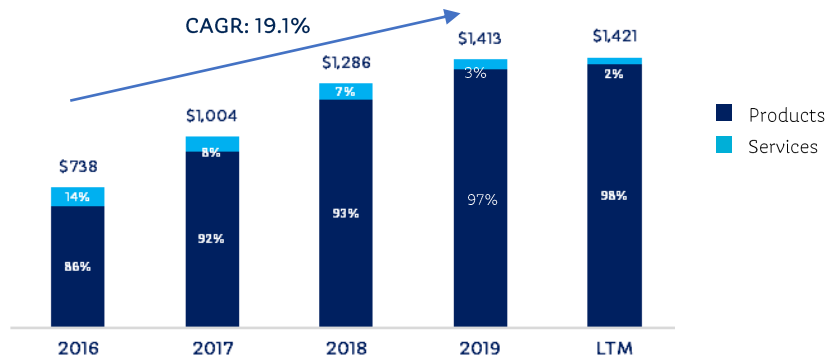
Revenue by Solution

MXN mm

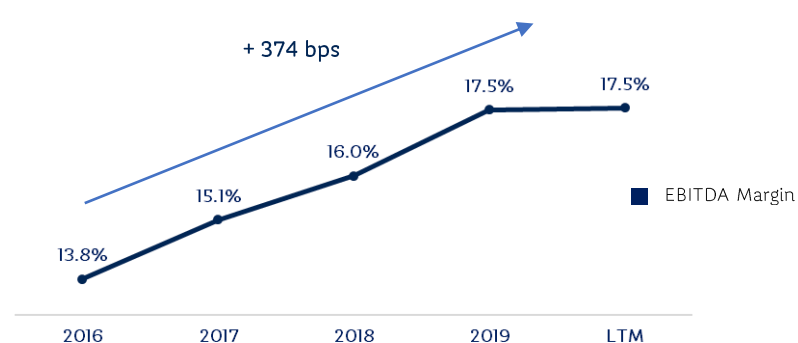


Adjusted EBITDA by Solution

MXN mm



Adjusted EBITDA Margin



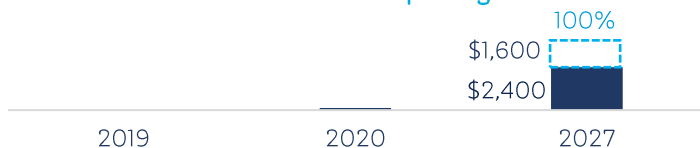
Sound Financials

MXN mm

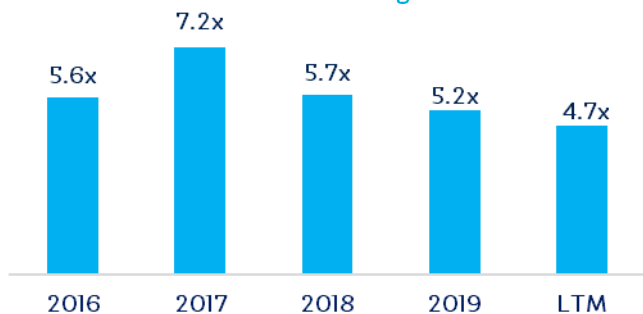
Debt amortization calendar
Prior to second reopening



After second reopening



Interest coverage*

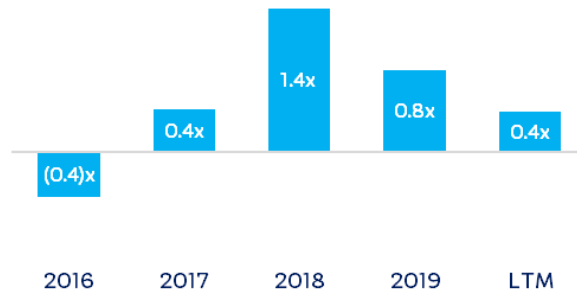


Strong Balance Sheet to support growth

March 2020

Cash and Equivalents	\$3,459
Other Assets	\$10,057
Total Assets	\$13,516
Debt	\$4,096
Other Liabilities	\$2,312
Total Liabilities	\$6,407
Equity	\$7,109
Liabilities + Equity	\$13,516

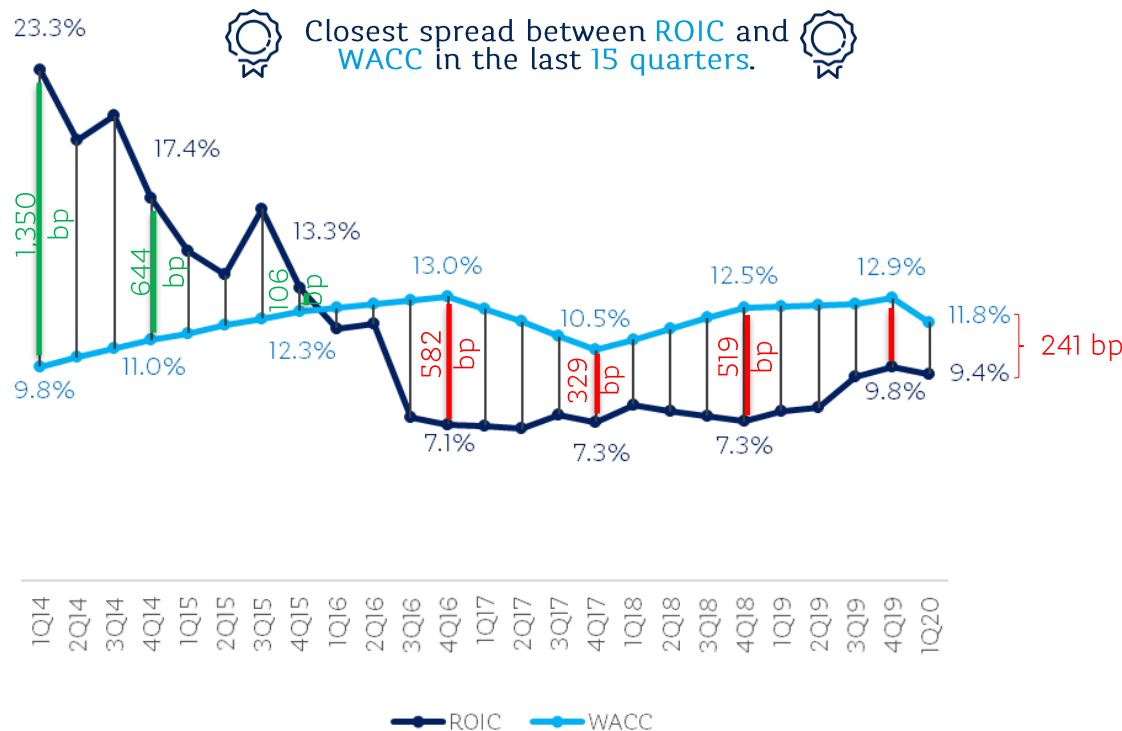
Net debt / EBITDA



*Considers interest payments from interest bearing liabilities.

*Interest coverage: EBITDA/Interest payments.

ROIC vs Cost of Capital



Improvement in ROIC through the Flow transformational program:

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

6

WHY OWN AGUA?

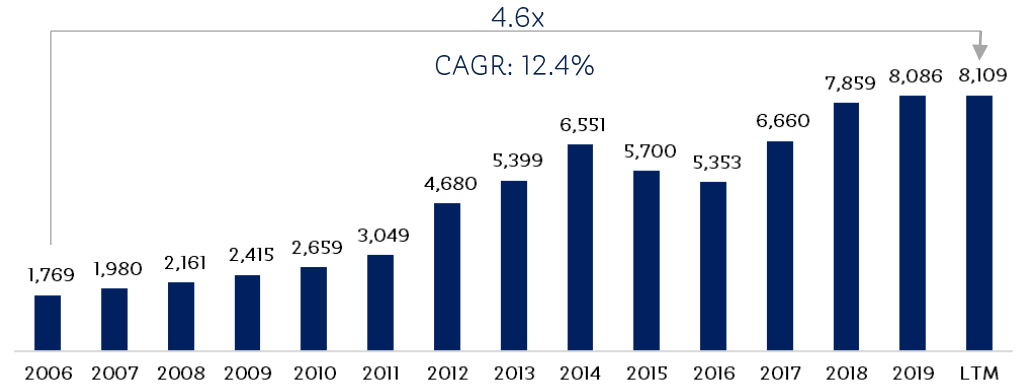
Momentum

Business Model Resilience

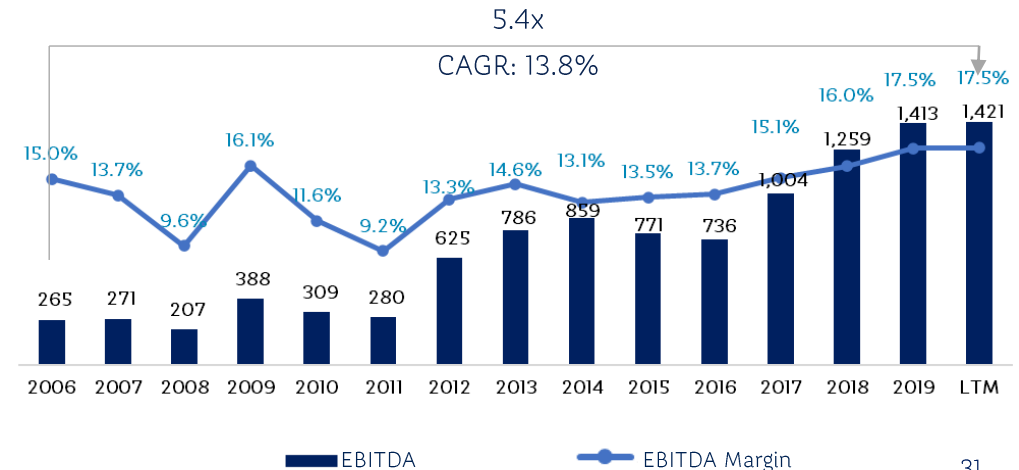
- Continuous growth
- Double digit margins
- Strong Management

- Mexico – 41 years
- Central America – 23 years
- Peru – 21 years
- Argentina – 21 years
- Brazil – 20 years
- USA – 5 years

Sales



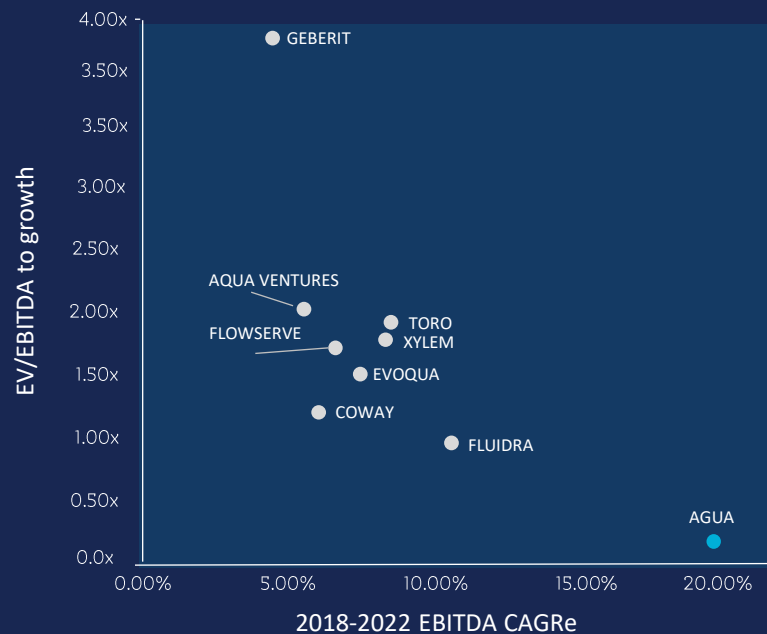
EBITDA





AGUA* vs peers

	EBITDA CAGR (18e-22e)	EV/EBITDA to growth
AGUA	20.18%	0.28x
XYLEM	8.81%	1.78x
TORO	8.70%	1.90x
COWAY	6.23%	1.31x
FLOWSERVE	7.29%	1.58x
FLUIDRA	11.61%	0.99x
AQUA VENTURES	5.99%	1.99X
EVOQUA	7.59%	1.49X
GEBERIT	4.89%	3.82X



Source: Bloomberg.

Thank you!

INVESTOR RELATIONS

Mariana Fernandez
mfernandez@rotoplas.com
+52 (55) 5201-5000 ext. 50163

Maria Fernanda Escobar
mfescobar@rotoplas.com
+52 (55) 5201-5000 ext. 50341