

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

Corporate Presentation

Second Quarter 2019

Forward-looking statements

This presentation contains certain forward-looking statements and information relating 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.

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%

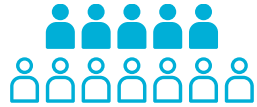
decrease in renewable water

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



\$ USD 1 trillion

market opportunity
by 2025

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 truck water



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

2018 Water Market Leader



14 countries (14x)¹
10,800+ points of service
3,300+ employees (7x)¹
27,000+ points of sale (9x)¹
27 product lines (14x)¹
22 plants (3x)¹
3 innovation centers (3x)¹

Sales
MXN 7,859mm (CAGR: 12.1%)¹

EBITDA
MXN 1,259mm (CAGR: 12.8%)¹

LTM19 Water Market Leader



14 countries (14x)¹
18,000+ points of service
3,300+ employees (7x)¹
27,500+ points of sale (9x)¹
27 product lines (14x)¹
19 plants (2x)¹
3 innovation centers (3x)¹

Sales
MXN 8,016mm (CAGR: 11.7%)¹

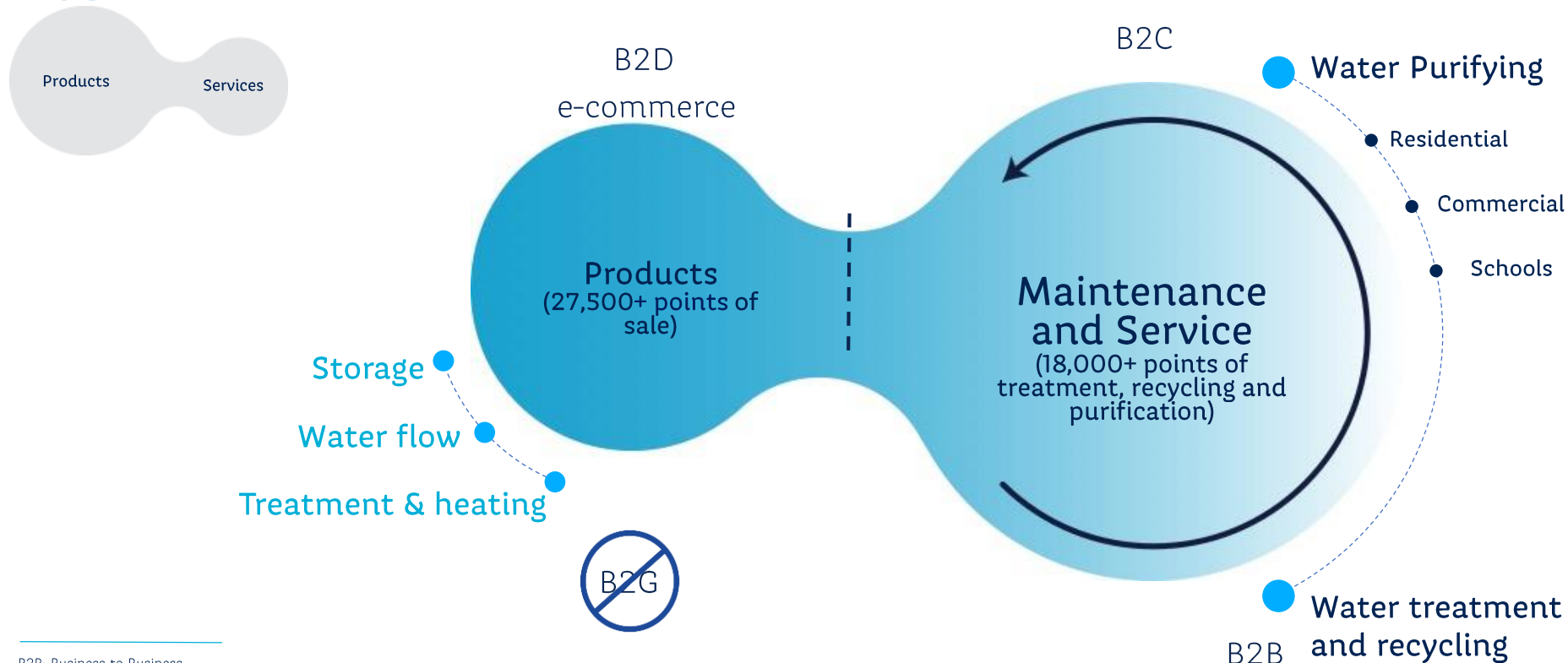
EBITDA
MXN 1,258mm (CAGR: 12.3%)¹

¹ Compared to 1994.

Decentralized Water Solutions | Business Model

TODAY

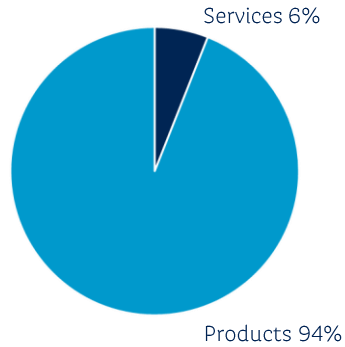
EVOLUTION



Portfolio | Products and Services

PRODUCTS

Revenue by Solution 6M19



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

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 |
|-------|----------|-----------------------|--|
| | | 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-based models • 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

| Leader in | | | | | | | |
|-----------|----------|---|---|---|--|---|--|
| | Products | | | | | | |
| | | | | | | | |
| | Services | | | | | | |
| | | <div><p>USA</p><ul style="list-style-type: none">Focus on e-commerce platformMulti-brand platform for water, agricultural and industrial products<div><div>E-commerce platform</div><div></div></div></div> | <div><p>Mexico</p><ul style="list-style-type: none">Maintain product leadershipBolster services (WWTP, bebbia, and drinking water fountains)<div><div><ul style="list-style-type: none">StorageWater flowTreatment</div><div><ul style="list-style-type: none">PurificationTreatment and recycling</div></div></div> | <div><p>Central America</p><ul style="list-style-type: none">Maintain market positioning in the region<div><div><ul style="list-style-type: none">StorageTreatment</div><div><ul style="list-style-type: none">Future</div></div></div> | <div><p>Peru</p><ul style="list-style-type: none">Complete product portfolio with organic development of the water flow segmentLeadership in water treatment and water heating<div><div><ul style="list-style-type: none">StorageTreatmentHeating</div><div><ul style="list-style-type: none">Future</div></div></div> | <div><p>Brazil</p><ul style="list-style-type: none">Maintain presence in products segmentEvaluate future water treatment plants opportunities<div><div><ul style="list-style-type: none">Storage</div><div><ul style="list-style-type: none">Future</div></div></div> | <div><p>Argentina</p><ul style="list-style-type: none">Seek profitability by increasing prices in line with inflationProduct diversification by rangeBolster the export platform<div><div><ul style="list-style-type: none">StorageWater flowTreatmentHeating</div><div><ul style="list-style-type: none">Future</div></div></div> |

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 **18,000 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
2017 GRI Exhaustive Standard

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. Profitability 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



Cross selling opportunities

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

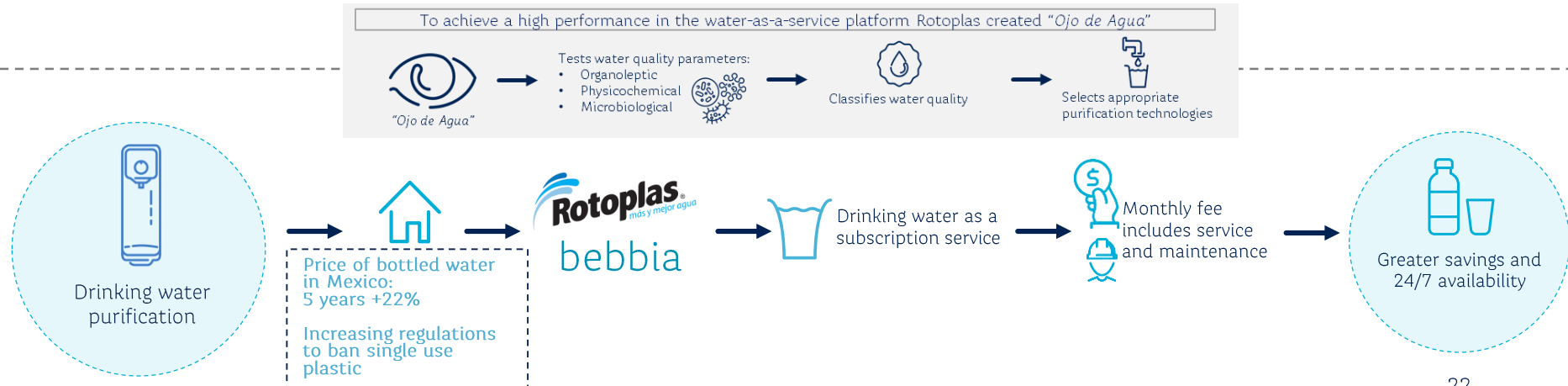
| | |  Current offering  Plan |  USA |  Mexico |  Central America |  Peru |  Brazil |  Argentina |
|-------|----------|--|---|--|--|--|--|---|
| WATER | PRODUCTS | Storage |  |  |  |  |  |  |
| | | Flow | --- |  |  |  | --- |  |
| | | Treatment & Heating |  |  |  |  |  |  |
| | SERVICES | Purification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

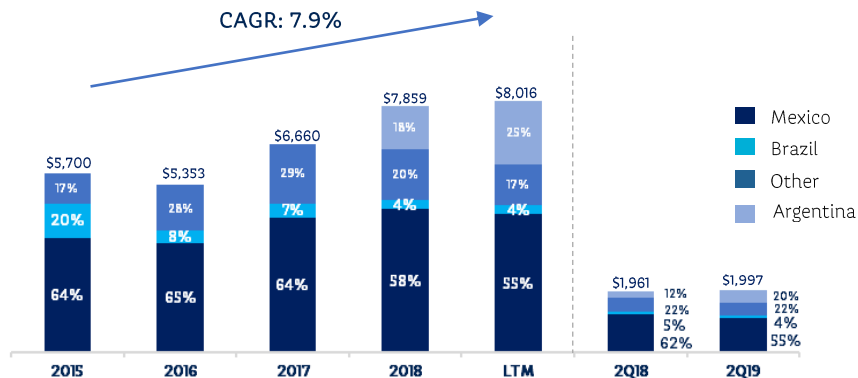
5 STRONG FINANCIALS

With a sustainable focus

Track Record of Growth and Profitability

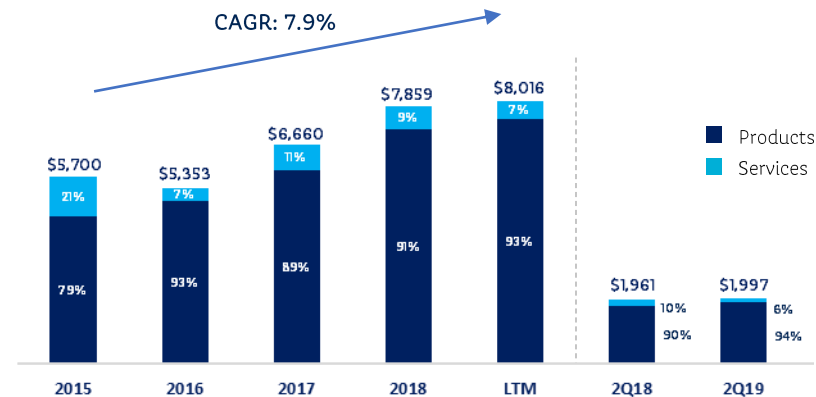
Revenue by Country

MXN mm



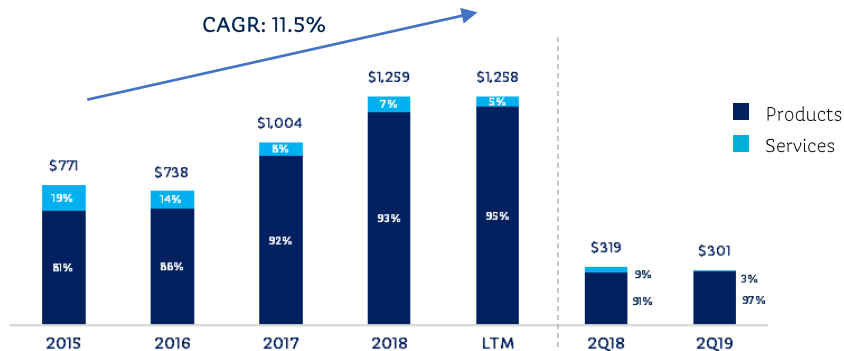
Revenue by Solution

MXN mm

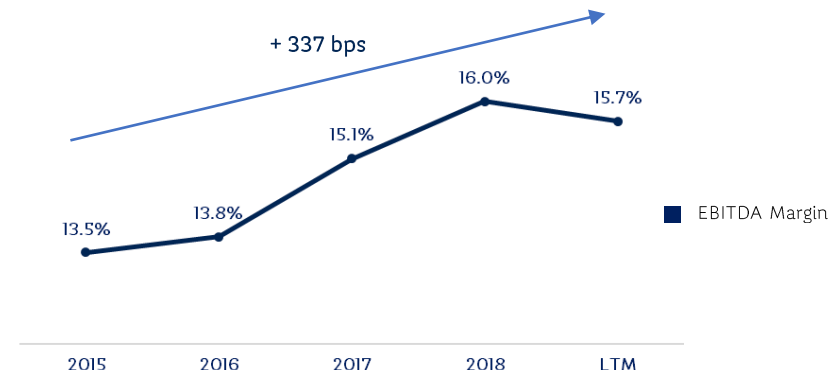


EBITDA by Solution

MXN mm



EBITDA Margin

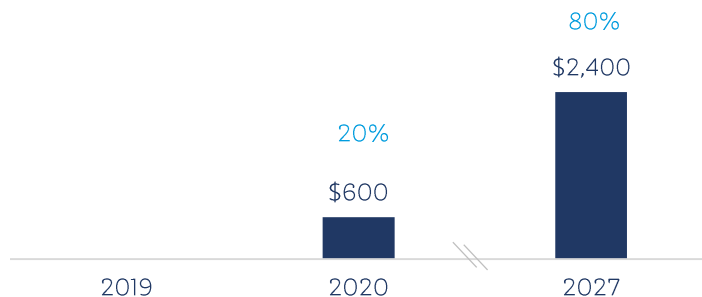


Sound Financials

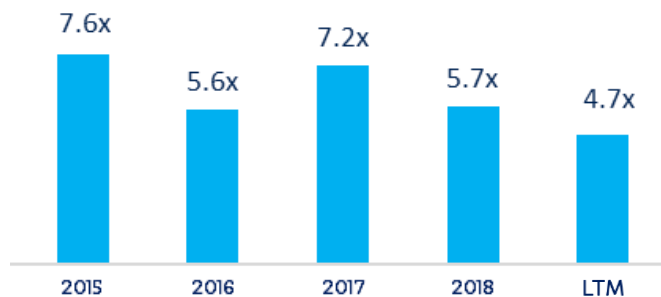
MXN mm



Debt amortization calendar



Interest coverage*

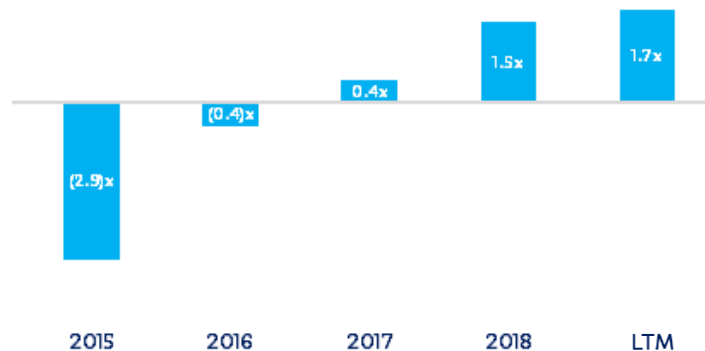


Strong Balance Sheet to support growth

June 2019

| | |
|-----------------------------|-----------------|
| Cash and Equivalents | \$752 |
| Other Assets | \$10,911 |
| Total Assets | \$11,663 |
| Debt | \$2,925 |
| Other Liabilities | \$2,133 |
| Total Liabilities | \$5,058 |
| Equity | \$6,604 |
| Liabilities + Equity | \$11,663 |

Net debt / EBITDA



*Considers interest payments from interest bearing liabilities.

*Interest coverage: EBITDA/Interest payments.

6

WHY OWN AGUA?

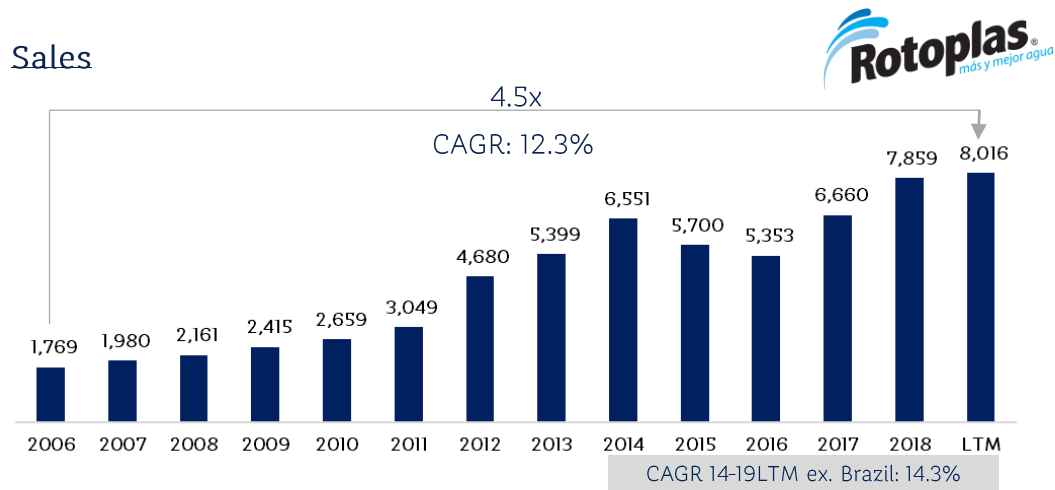
Momentum

Business Model Resilience

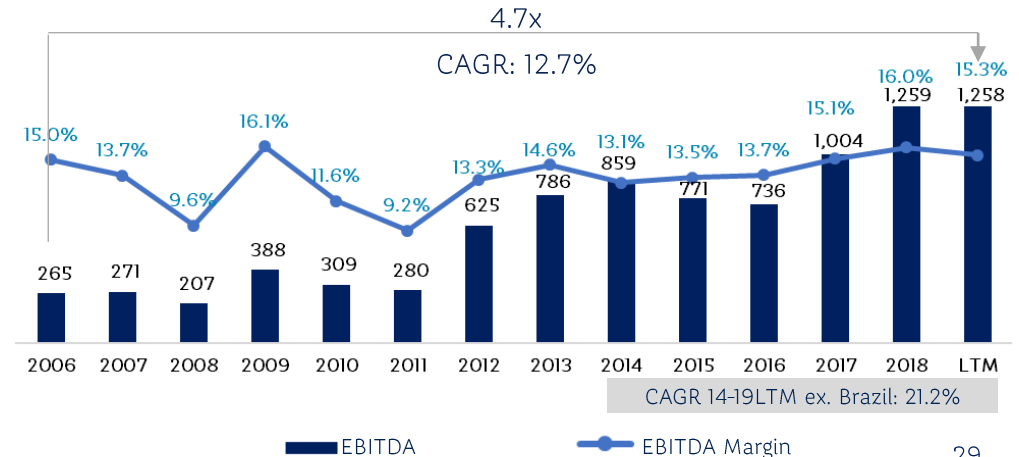
- Continuous growth
- Double digit margins
- Strong Management

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

Sales



EBITDA

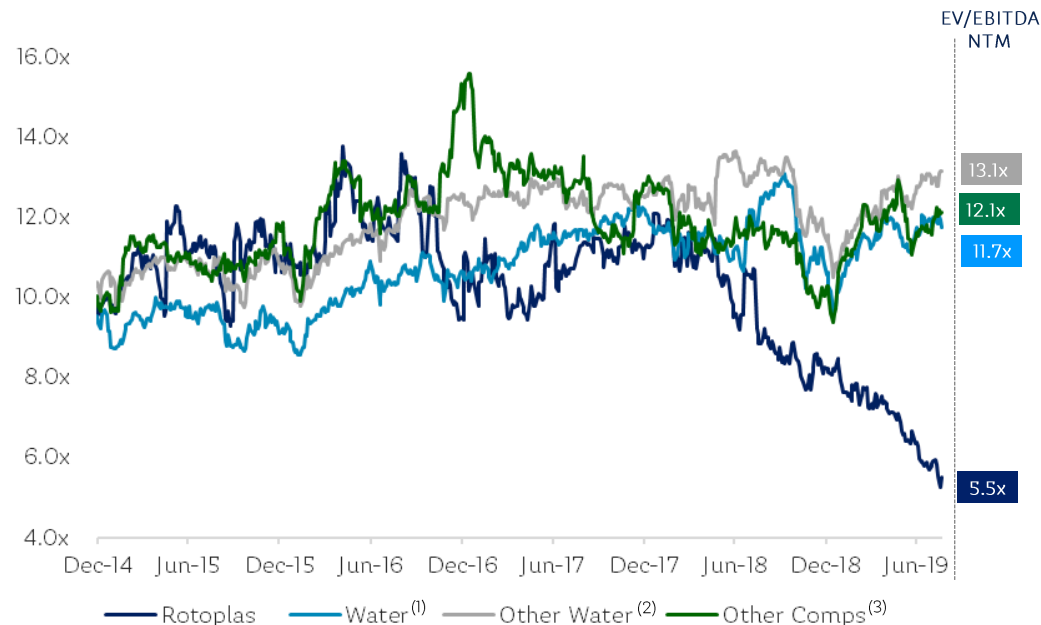


Multiple compression and investment momentum

EV/EBITDA

| Average | Since IPO | L3Y | L2Y | LTM | L6M | L3M | L1M |
|---------------------------|-----------|-------|-------|-------|-------|-------|-------|
| Rotoplas | 10.3x | 9.8x | 9.3x | 7.5x | 6.8x | 6.1x | 5.7x |
| Water ¹⁾ | 10.7x | 11.4x | 11.6x | 11.5x | 11.6x | 11.6x | 11.9x |
| Other Water ²⁾ | 11.9x | 12.5x | 12.5x | 12.3x | 12.5x | 12.8x | 13.0x |
| Other Comps ³⁾ | 11.8x | 12.1x | 12.1x | 11.3x | 11.9x | 11.9x | 11.9x |

Rotoplas trading at a ~50% discount to peers



Analysis by: Bank of America Merrill Lynch

Source: FactSet as of 30 July 2019.

Note: All multiples calculated in local currency.

(1) Includes Flowserve, Xylem, Coway and Fluidra.

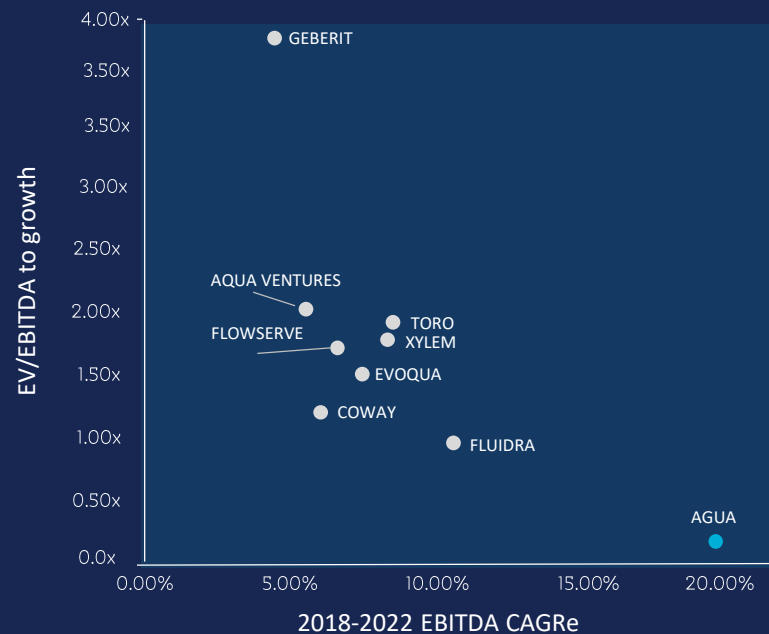
(2) Mueller Water, Geberit, IDEX, Rexnord, Watts Water, Gorman-Rupp and Pentair.

(3) Toro, Evoqua and Aqua Ventures.



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