



# Investor Presentation

June 2015

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

# 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.*

**Copyright Grupo Rotoplas S.A.B. de C.V. and its Subsidiaries**

# Why Rotoplas?

1. Provide Solutions for Pressing Water and Sanitation Needs
2. Clearly Identified Growth Opportunities
3. Innovating Within Our Markets
4. Market Leading Water Solutions Platform with Unmatched Brand Recognition
5. Entrepreneurial Management Team with Proven Execution Capabilities



# From a Water Tanks Company to a Water Solutions Company



20 Years Ago

- 1 country
- 800 direct clients
- 500 employees
- 3,000 points of sale
- 2 product lines
- 8 factories
- Revenue: **MXN500mm**
- EBITDA: **MXN70mm**



Today

- 12 countries (12x)
- 6,850+ direct clients (9x)
- 2,703+ employees (6x)
- 23,000+ points of sale (8x)
- 17 product lines (9x)
- 22 factories (3x)
- 12M 1Q15 Revenue: **MXN6,213mm** (CAGR: 14.0%)
- 12M 1Q15 EBITDA: **MXN742mm** (CAGR: 13.0%)



# Opportunities Today: *Water*

- ✓ **Consumers must now find solutions to store and manage water:**
  - Brazil is experiencing the worst drought in 84 years, with many cities (including São Paulo) at risk of **running out of water**
  - California has been facing a severe drought for the last four years; the local government requires a **25% reduction in water consumption** as compared to 2013 due to low reservoir water levels
- ✓ **Increased demand for drinking water in Mexico:**
  - Mexican legislation and a related tax discourages soda and sugared beverage consumption to combat diabetes and obesity, particularly in children





# Clearly Identified Growth Opportunities

- **Outdoor Composting Bathrooms**

- 22% of the Mexican population does not have sewer system
- Almost half of the Brazilian population is without proper sanitation systems
- Mexico success story: 11,150+ systems installed in 3 months in remote parts of the country
- Only 87% of the urban population and 63% of the rural population in Latin America have access to improved sanitation



- **United States**

- Severe droughts and massive water and sanitation investment needs
- Leading company owns 25% market share while rest of market is highly fragmented
- Business plan to establish several operating plants over the next few years
- Rotoplas able to leverage its expertise and economies of scale



● Rotomolding plant    ■ Operational coverage

# Clearly Identified Growth Opportunities- *Rotoplas Solutions*



- **Rainwater Harvesting Systems**

- ~5mm households living in semi-arid regions of Brazil
- In Mexico 3.4mm households lack water coverage

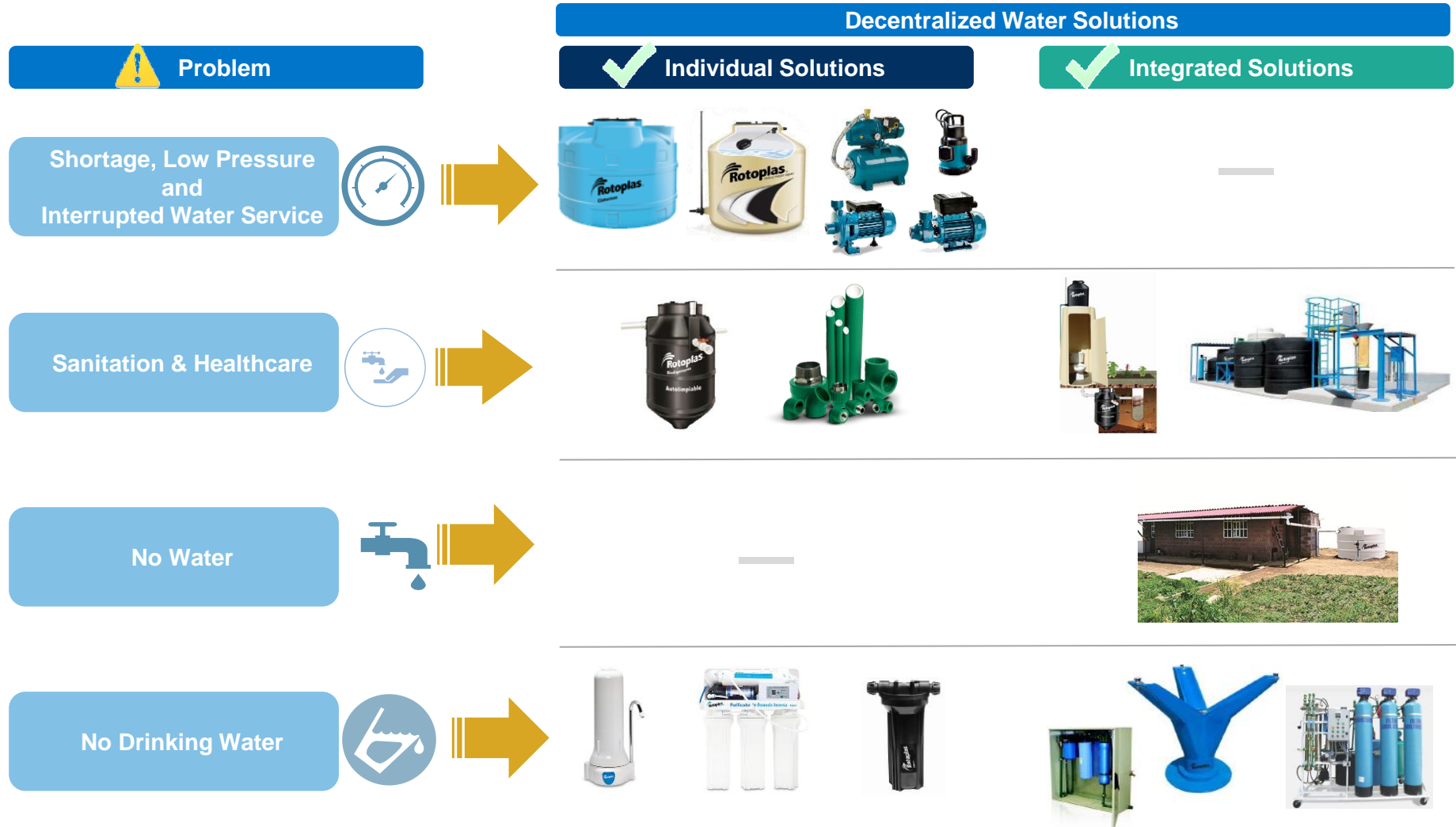


- **Water Fountains**

- New Mexican law requires that **all schools must offer potable drinking water by 2017**
- Aims to discourage consumption of sodas and sugary drinks in order to combat high rates of diabetes and **childhood obesity**
- **Rotoplas uniquely positioned** to install and service equipment



# Challenges Related to Decentralization, Infrastructure: *Solutions for Common Water Problems Within Our Markets*





# Innovating Within Our Markets

## Before Rotoplas

**Asbestos  
Water Tanks**



**Polyethylene  
Water Tanks**



**Cement  
Cisterns**



**Polyethylene  
Cisterns**



**Metal & CPVC  
Pipes**



**Polypropylene  
Pipes**



**Latrines**



**Outdoor  
Composting  
Bathroom**



**Rainwater  
Storage**



**Rainwater  
Harvesting  
Systems**



**Sugary  
Carbonated  
Drinks**







**Purified Water  
Fountain**



# Global Water Solutions Leader



## Individual Solutions- Market Position

	Water Storage		Water Flow	Water Treatment	
	<u>Tanks</u>	<u>Cisterns</u>	<u>Hydraulic Pipes</u>	<u>Biodigesters</u>	<u>Filters</u>
	#1	#1	#1	#1	#1
	#2	#1	Opportunity	#1	Opportunity
	#1	#1	Opportunity	#1	#1
Central America <sup>(1)</sup>	#1	#1	Opportunity	#1	#1
	#1	#1	Opportunity	#1	#1
	Opportunity		Opportunity	Opportunity	

## Integrated Solutions

**Market leading** provider of water solutions

**Only** producer of **outdoor composting bathrooms solution**

# Market Leading Diversified Water Solutions Platform



Source: Company.

(1) Through a joint venture with Dalkasa S.A. (49.9%).



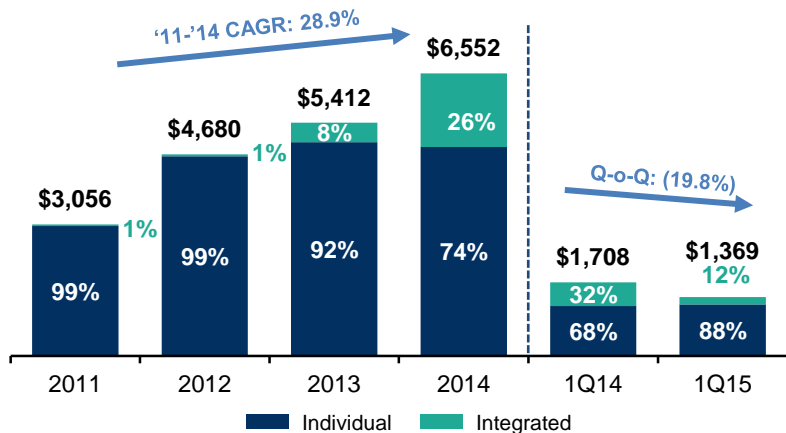
# Financial Review



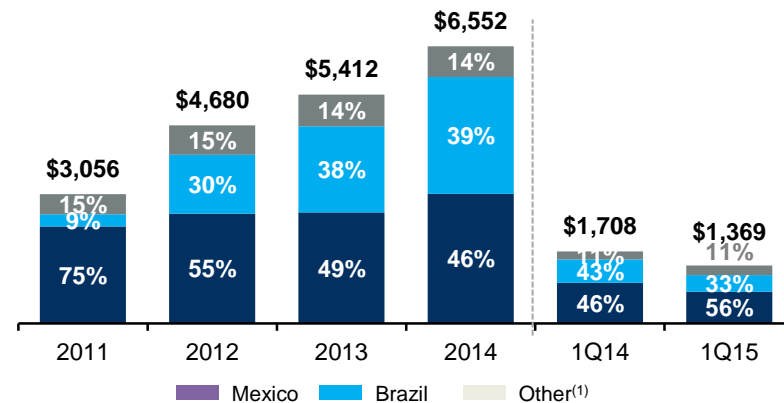
# Proven Growth and Profitability



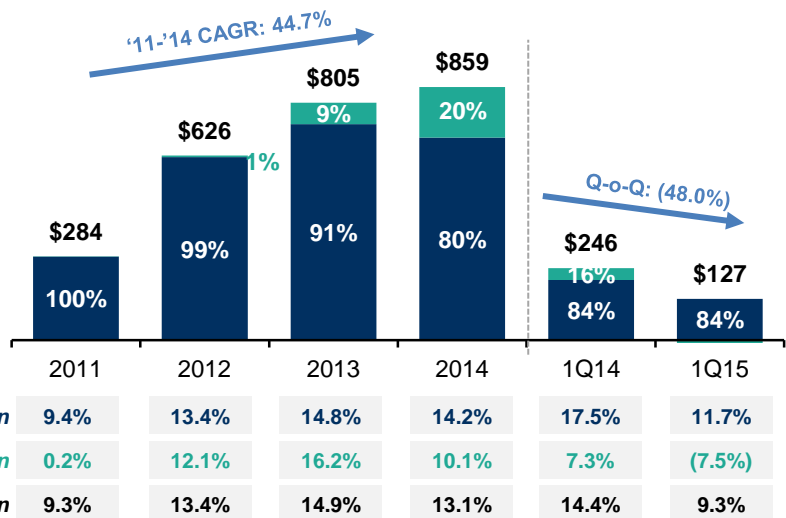
## Revenue by Solution (MXN mm)



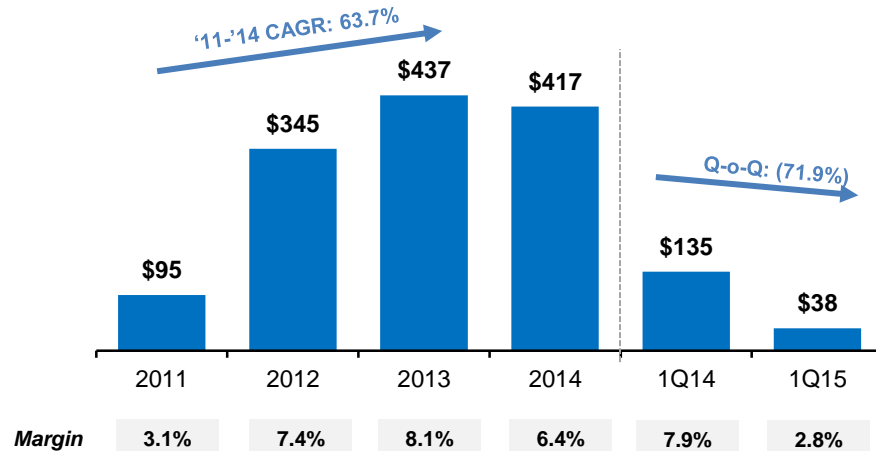
## Revenue by Country (MXN mm)



## EBITDA by Solution (MXN mm)



## Net Income (MXN mm)



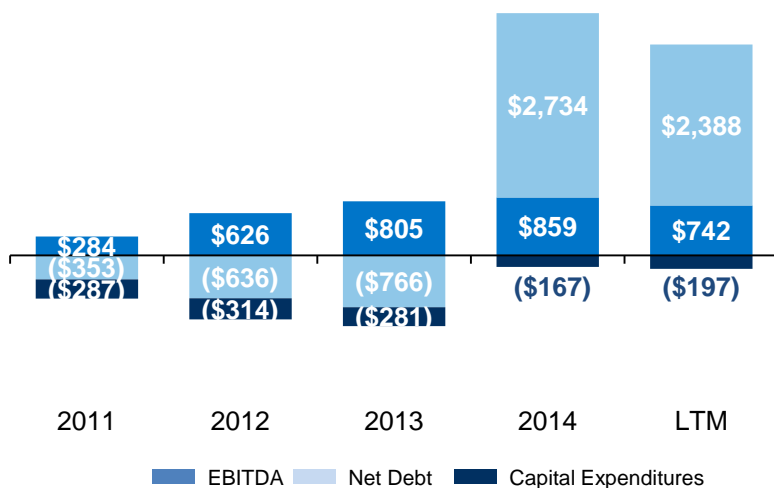
(1) Includes Central America, Argentina and Peru and U.S.



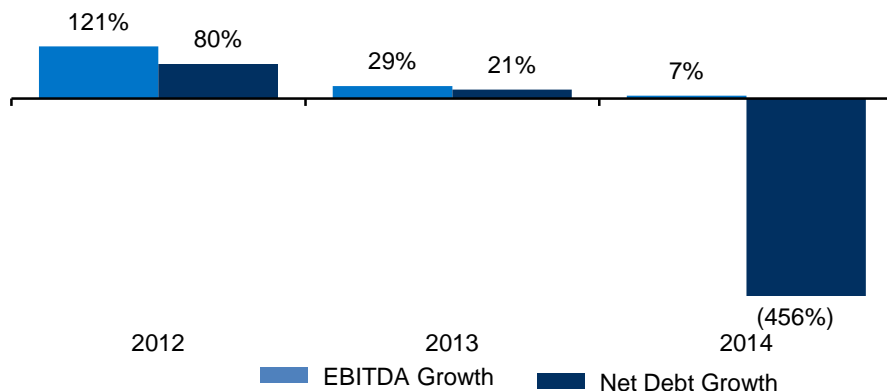
# Solid Cash Flow Generation and Returns



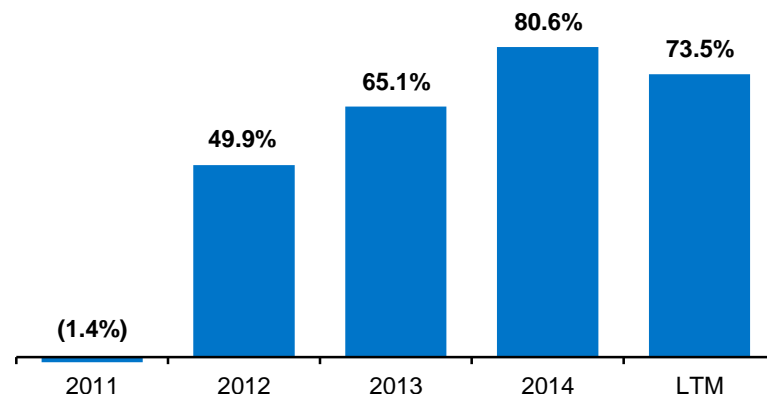
- Value Generation



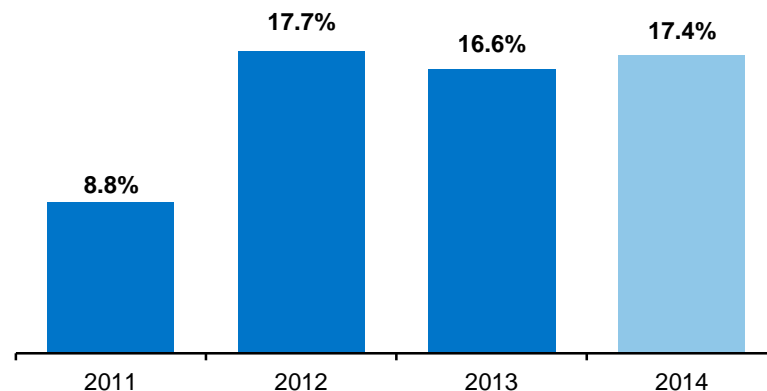
- Capital Deployment (y-o-y)



- Operating Free Cash Flow Conversion <sup>(1)</sup>



- Return on Invested Capital Pre IPO <sup>(2)</sup>



Note: For the LTM 1Q15.

(1) (EBITDA – Capex) / EBITDA.

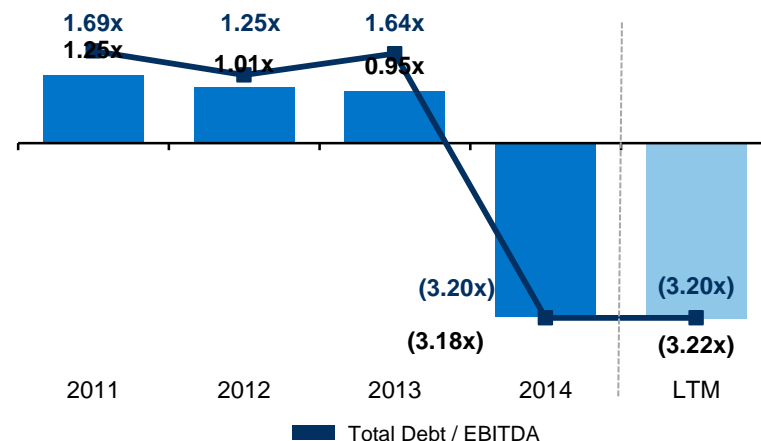
(2) Effective Tax Effected EBIT / (Total Debt + Shareholder's Equity).

# Solid Balance Sheet to Support Growth

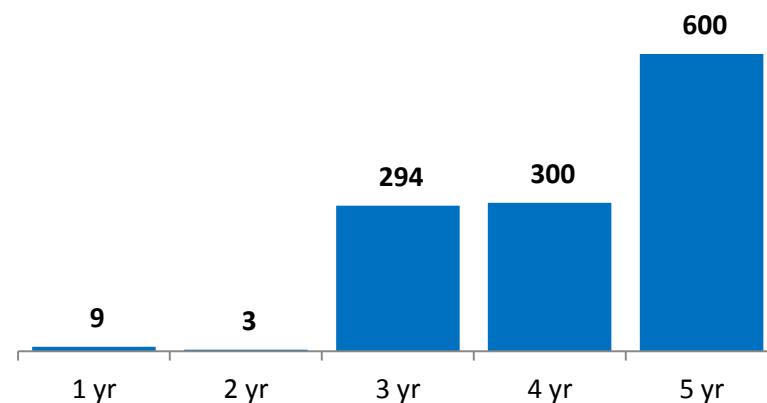
- Selected Balance Sheet Items (MXN mm)

	1Q15
Cash and Equivalents	\$3,595
Other Assets	\$4,557
<b>Total Assets</b>	<b>\$8,152</b>
Debt	\$1,207
Other Liabilities	\$957
<b>Total Liabilities</b>	<b>\$2,164</b>
Equity	\$5,988
<b>Liabilities(+)Equity</b>	<b>\$8,152</b>

- Net Debt / EBITDA



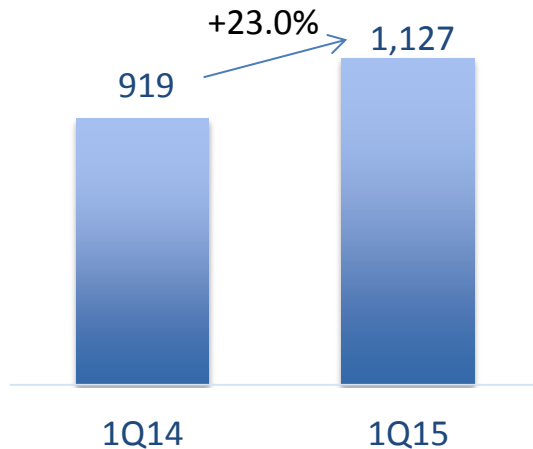
- Debt Maturity Schedule (MXN mm)



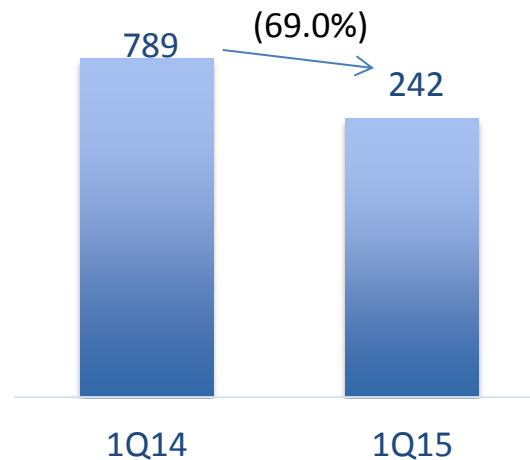
# 1Q15 Results



## Individual Solutions\*

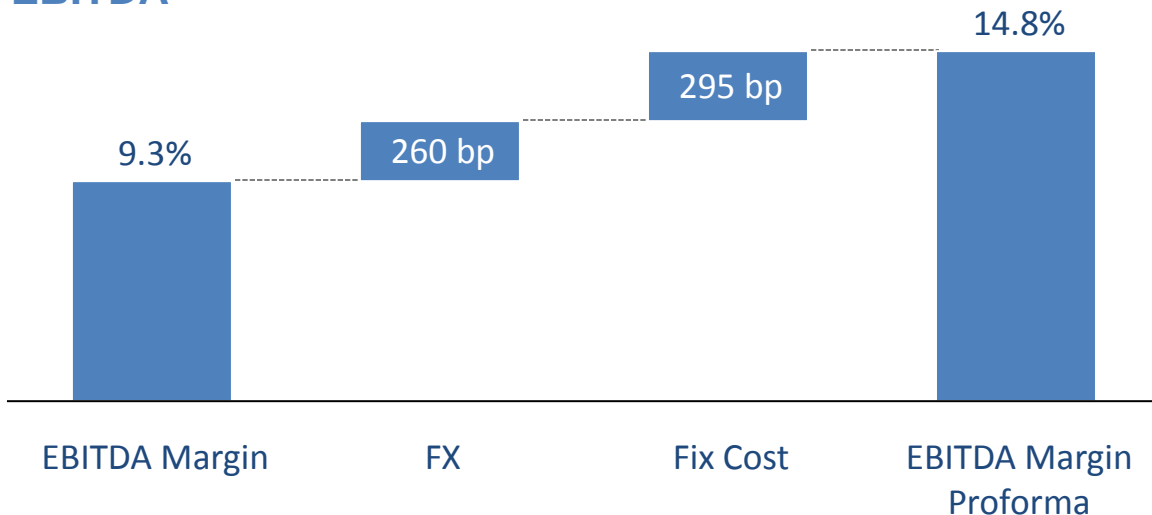


## Integrated Solutions\*



- Brazil's economic and political crisis delayed already signed projects and contracts
  - 2015 budget approval delayed by 120 days
- Mexican government bids for additional public contracts deferred until the second half of the year.

## EBITDA



- EBITDA margin affected by FX volatility (260 bp) on raw materials costs and the Company's ability to absorb fixed costs (295 bp)

\*Ex- sales to the Brazilian government

## Second half of the year

- Expected improvement during the second half of the year:
  - Speed up deliveries on already signed backlogged solutions in Brazil
  - Integrated solutions recovery in Mexico
  - Strong individual solutions growth in all countries.





rotoplas.com



RotoplasMexico



@RotoplasMexico



01800 506 3000



AGUA