

# Investor Presentation

BMV: AGUA

Gabelli & Company

Pump, Valve, & Water Systems Symposium

February 25, 2016

# Forward Looking Statements

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# Global Industry Trends



- ▶ The world's population will continue to increase over the next few decades



- ▶ People are migrating from the countryside to cities



- ▶ The overall standard of living is improving, leading to an increase in water consumption worldwide

Water:

Secular commodity **without a substitute product**

# The Global Water Industry

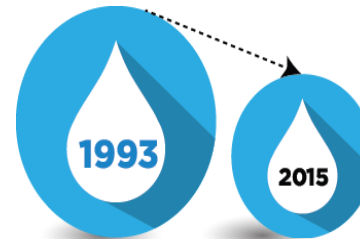
▶ **1.2  
billion**

people are living in areas  
of water scarcity



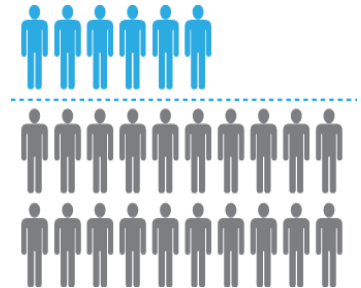
▶ **40%  
decline**

in renewable water per  
capital over the last 22  
years



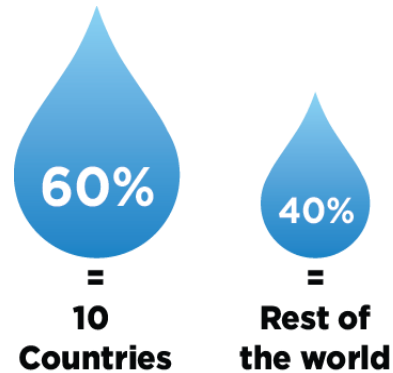
▶ **2.5  
billion**

people worldwide  
without access to  
adequate sanitation



# The Global Water Industry

## Imbalance in water distribution



10 countries control 60% of the global freshwater supply

Water supply & sewer systems that are

60 – 80  
years old



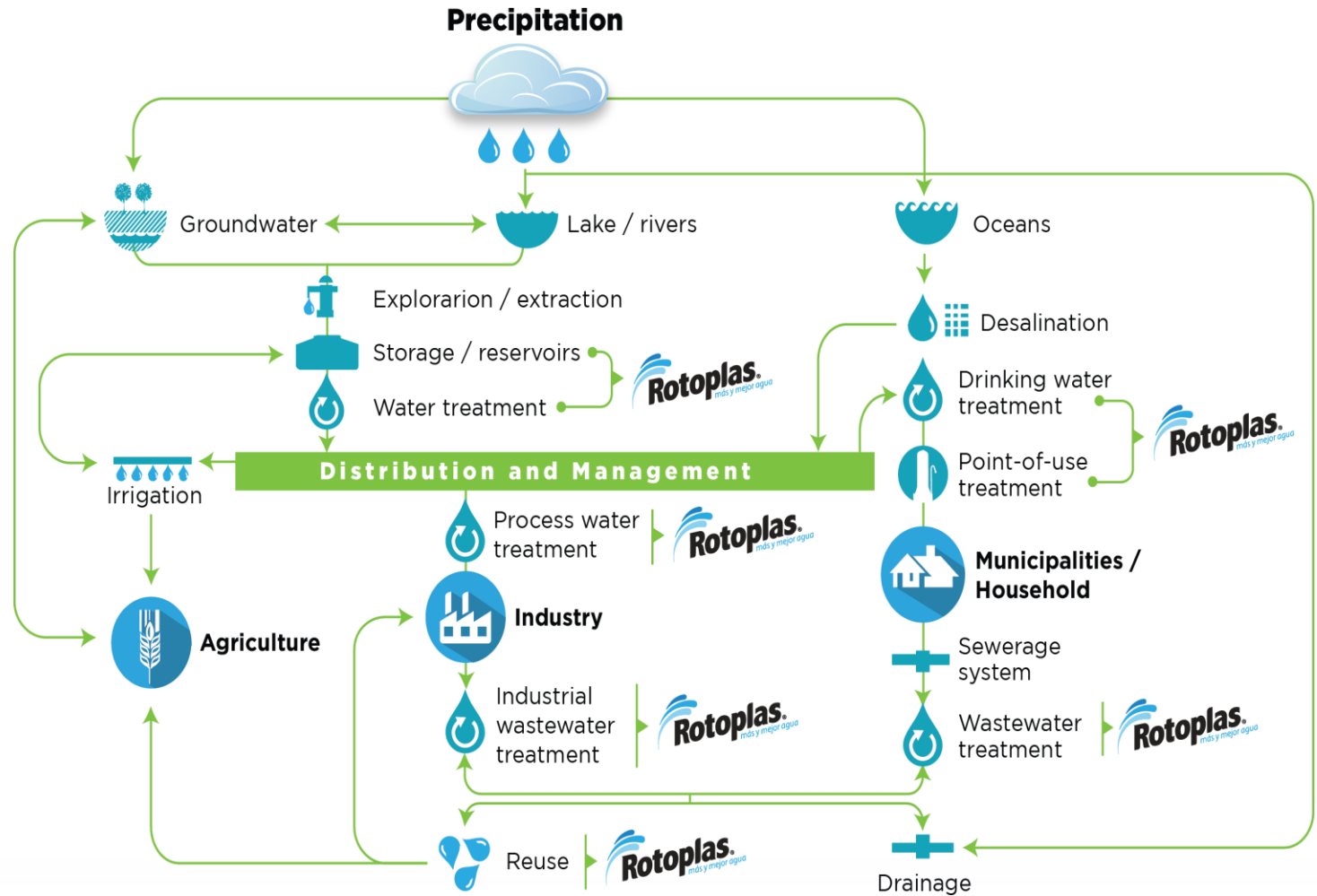
..and, in many cases, have reached the end of their useful lives

USD  
1 trillion



market  
opportunity  
by 2025

# The Global Water Industry





The six segments on which Rotoplas currently focuses are growing throughout the world by more than 10% annually

01

#### Storage & reservoirs

- Water Tanks
- Cisterns
- Industrial Tanks
- Rainwater Harvesting Systems

02

#### Water treatment

- Biodigesters
- Outdoor Composting Bathrooms
- Water Filters
- Water Purifiers

03

#### Process water treatment

- Industrial / Commercial Water Purifying Units
- Recycle - Wastewater Treatment Plants

04

#### Industrial wastewater treatment

- Industrial / Commercial Water Purifying Units
- Recycle - Wastewater Treatment Plants
- Industrial Tanks
- Sanitary Piping
- Hydraulic Piping

05

#### Point-of-use treatment




- Water Purifying Fountains
- Water Filters
- Water Purifiers
- Water Heaters
- Hydraulic Pumps
- Sanitary Catch Pits
- Sanitary Piping
- Hydraulic Piping

06

#### Wastewater treatment

- Biodigesters
- Outdoor Composting Bathrooms
- Recycle - Wastewater Treatment Plants

# Individual Solutions Portfolio

-  Limited Access to Water
-  Sanitation & Healthcare
-  No Drinking Water

## Water Storage

- Water Tanks
- Cisterns
- Industrial Tanks
- Accessories



## Water Flow

- Hydraulic Pumps
- Sanitary Catch Pits
- Hydraulic Piping
- Sanitary Piping



## Water Treatment

- Biodigesters
- Water Filters
- Water Purifiers
- Water Heaters



- 79% of revenue for FY 2015
- 8.4% revenue CAGR for the last five years
- Opportunity to tap current markets with existing portfolio

# Integrated Solutions Portfolio

## ► Rural

Solutions that require a more sophisticated marketing and sales effort



Sanitation & Healthcare



No Drinking Water



No Water

## ► Urban

Rainwater Harvesting Systems

**315,000+**  
Units installed



Outdoor Composting Bathrooms

**170,000+**  
Units installed



Industrial / Commercial Water Purifying Units

**20**  
Units installed



Recycling - Wastewater Treatment Plants

**24**  
Units installed



Water Purifying Fountains

**409**  
Units installed



# Rotoplas Impact - in the last 5 yrs

## ▶ Rainwater Harvesting Systems



**1,305,000+**  
Beneficiaries

**Enables to water supply** in case of no access to it.

Increase of water consumption from **6.6 to 10.2 glasses of water per year.** <sup>(1)</sup>

**+23%** house income. <sup>(1)</sup>

**98%** of the users use water for cooking and drinking. <sup>(1)</sup>

**It saves up to 5.5 hrs** per week that can be used in other activities. <sup>(1)</sup>

## ▶ Outdoor Composting Bathrooms



**760,000+**  
Beneficiaries

**Lower incidence of gastrointestinal and respiratory diseases,** especially among children.

It helps to **preserve the environment.**

Only **87% of urban population and 67% of rural population** in Latin America **have access to a proper sanitary system.**

## ▶ Water Purifying Fountains



**130,000+**  
Beneficiaries

Increase water consumption among children and teenagers.

Mexican children are **#1 in terms of obesity** because of sugary drinks and junk food resulting in high levels of **diabetes**, where unfortunately we are **#2.**

**An obese person costs 40% more** to the Mexican Social Security Institute (IMSS).

# Rotoplas Competitive Advantages

## Strong brand recognition

Value



Social  
Responsibility



Quality



Reliability



## Rotoplas Way



**Corporate Governance:** Collaborative management

**Processes:** Integral execution to quickly deploy initiatives and attend market needs

**Culture:** Cross-country collaboration

**Strategy:** Focused on a unified strategy

## Unmatched distribution platform



with more than 25,000  
points of sale in the Americas

+10,000 plumbers trained annually

## Continuous product innovation



Focused on highly-innovative and  
high-return projects

Rotoplas invests 1.5% of sales into R&D

# Rotoplas Going Forward 2019

01

Continue to **pioneer** new solutions for today's urgent **water and sanitation** needs in the Americas.

02

Positioned to capitalize on significant growth **opportunities** in rural and urban areas.

03

Transforming the water industry with **individual and integrated** solutions.

04

Market leading water solutions platform with **unmatched brand** recognition.

05

Continue delivering **added value** to our stake and share holders.

2019

**Sales:**  
**50% individual**  
**50% integrated**

**30% coming from the US**

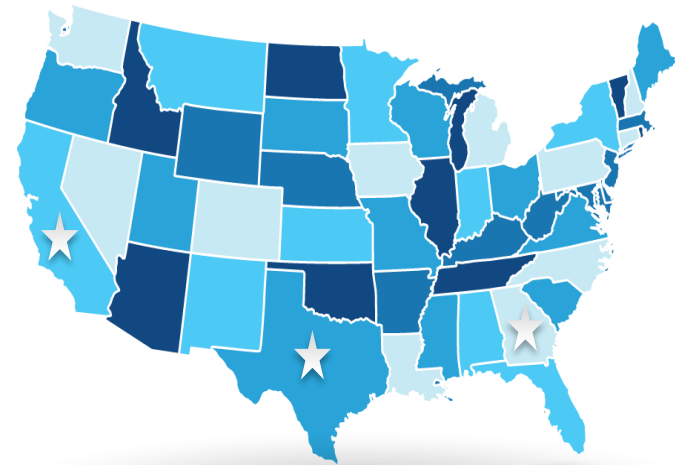
**Margin expansion**

# Focused on Four Core Growth Opportunities

## Tapping the US market:

- ✓ Severe **droughts** and massive **water and sanitation investment needs**.
- ✓ Leading company currently owns 25% market share while rest of market is **highly fragmented**.
- ✓ Rotoplas able to leverage **expertise** and **economies of scale**.
- ✓ **New manufacturing facilities in Texas and Georgia** will add to Rotoplas' already successful first steps in California.

Market size  
USD\$ 1B



# Focused on Four Core Growth Opportunities

**Integrated recycling, water treatment and sanitation solutions:**

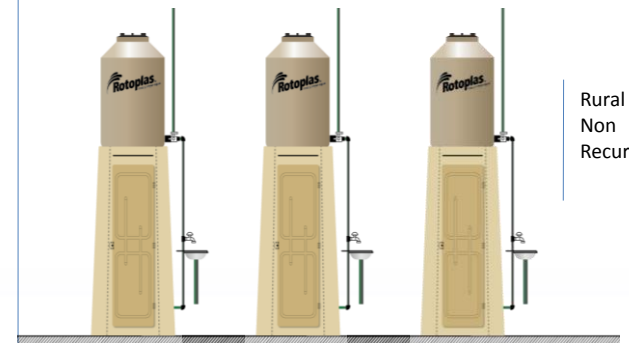
- ✓ **Highest tariffs on fresh and waste water** for hotels, commercial and industrial.
- ✓ **Less than 14% of wastewater is processed** in treatment plants.
- ✓ **3 out of 10 people in Mexico and 5 out of 10 people in Brazil in rural areas do not have sewer service** ~12 million families.

**Market opportunity  
USD\$ 4B**



Urban  
Recurrent

**Market opportunity  
USD\$ 24B**



Rural  
Non  
Recurrent

# Focused on Four Core Growth Opportunities

## Increased demand for drinking water in Mexico:

- ✓ Recently enacted law in Mexico: **all schools are required to offer potable drinking water by 2017.**
- ✓ Aims to discourage consumption of sodas and sugary drinks to combat high rates of diabetes and **childhood obesity.**
- ✓ **Rotoplas is uniquely positioned** to install and service equipment.

## Market opportunity USD\$ 200M

Urban  
Recurrent



# Focused on Four Core Growth Opportunities

## Rainwater Harvesting Systems:

- ✓ ~4mm households living in semi-arid regions in Brazil
- ✓ 3.4mm Mexican households lack water coverage

Market opportunity USD\$ 16B



Rural  
Non  
Recurrent

# Financial Information

# FY2015 Highlights

► **+21%**

## FY15 Sales ex Brazil

Growth in our individual and integrated water solutions in all countries ex - Brazil



► **US expansion**



► **13.5%**

## EBITDA margin

- ✓ 40 bp expansion despite Brazil underperformance
- ✓ Measures taken in Brazil to avoid further decreased profitability
- ✓ Zero base budget + Zero based organization
- ✓ Raw materials cost tailwind



► **Urban integrated solutions accelerating**



# Consistent Delivery of Strong Financial Results Over the Last 20 Years<sup>(1)</sup>

## ► Growth

**+13%**

Revenue CAGR<sup>(2)</sup>

## ► Profitability

**+13%**

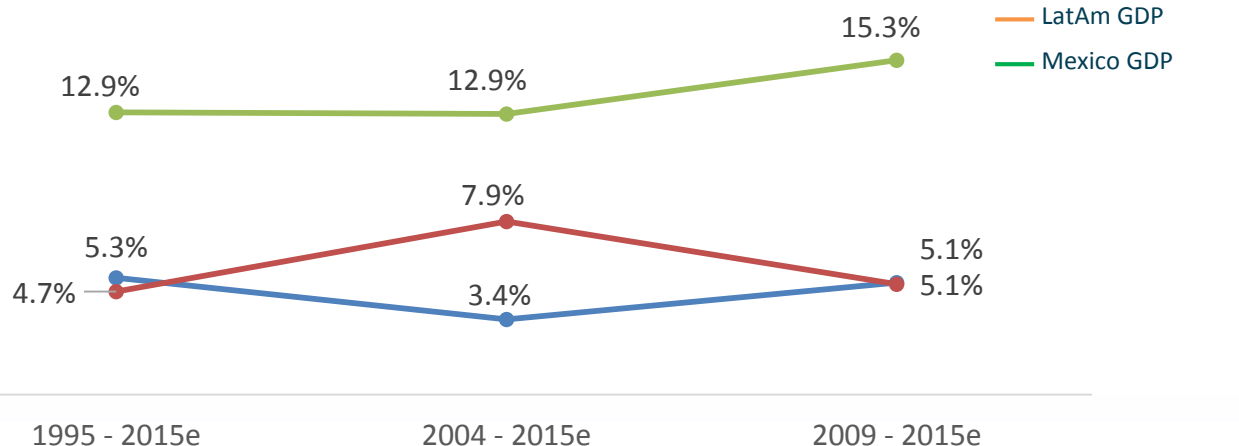
EBITDA CAGR<sup>(2)</sup>

## ► Value Creation

**+20%**

Equity IRR<sup>(2)(3)</sup>

## ► CAGR



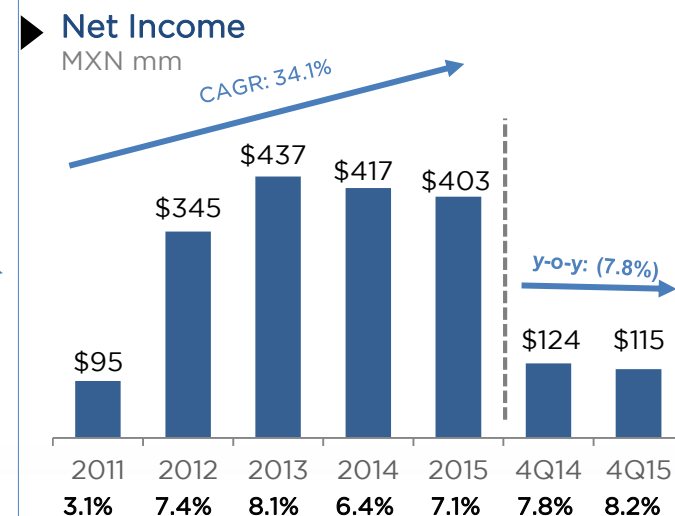
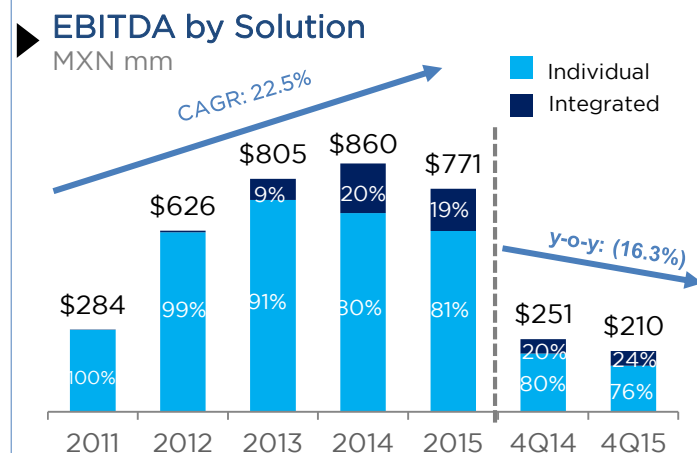
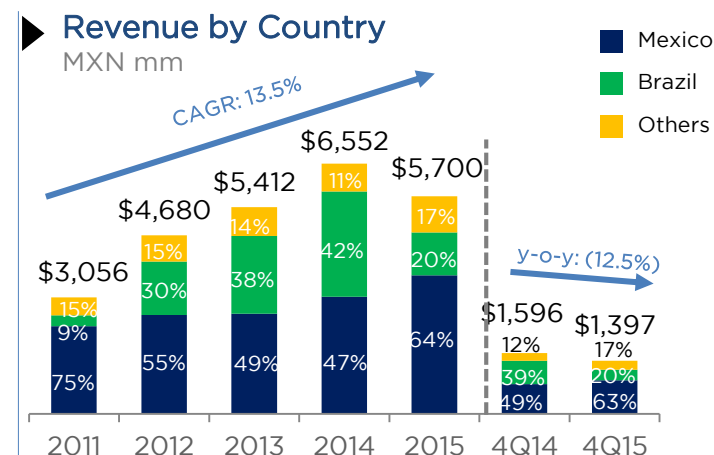
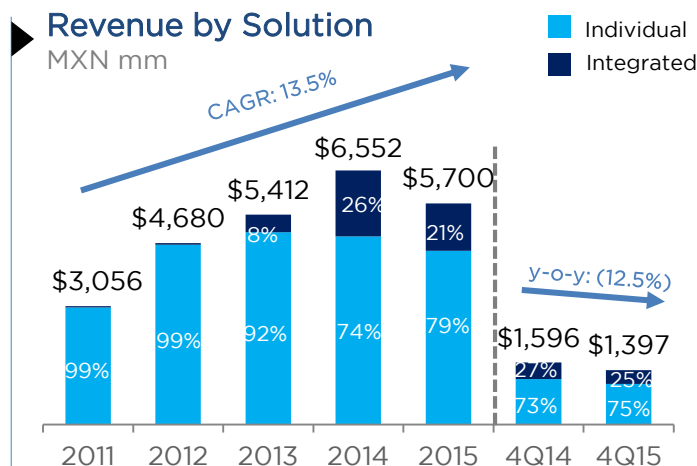
### Notes:

(1) From 1995 to December 2015

(2) As of December 2015

(3) Corresponds to book equity and includes dividends paid

# Track record of Growth and Profitability

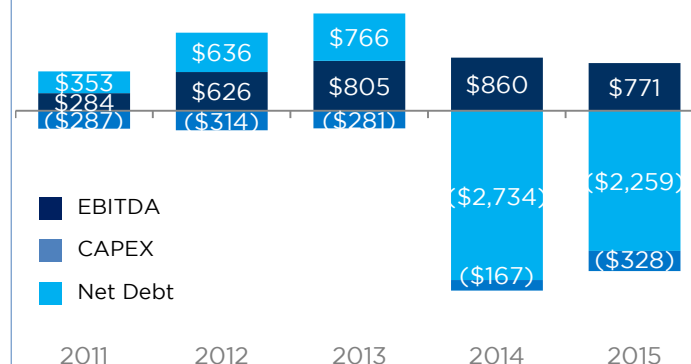


Individual	9.4%	13.4%	14.8%	14.2%	14.0%	17.2%	15.2%
Integrated	0.3%	12.1%	16.2%	10.1%	11.9%	11.6%	14.6%
Total	9.3%	13.4%	14.9%	13.1%	13.5%	15.7%	15.0%

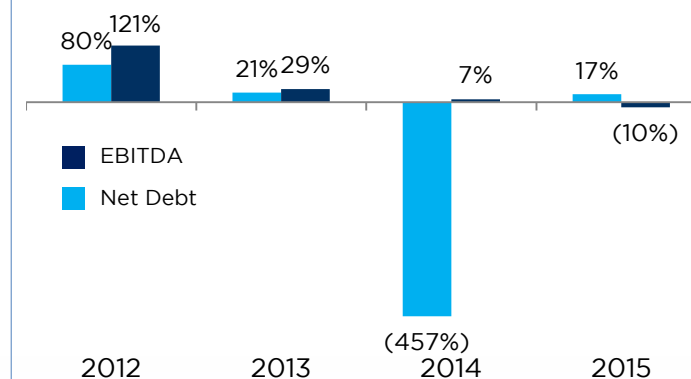
# Solid Cash Flow Generation and Returns

## Value Generation

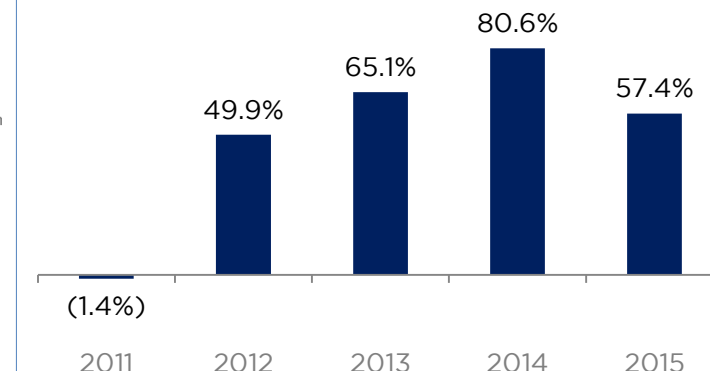
MXN mm



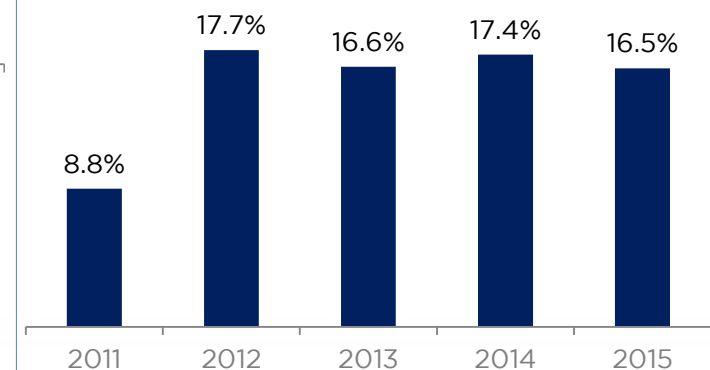
## Capital Deployment YoY



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



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



Note: As of December 2015

(1) (EBITDA – Capex) / EBITDA.

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

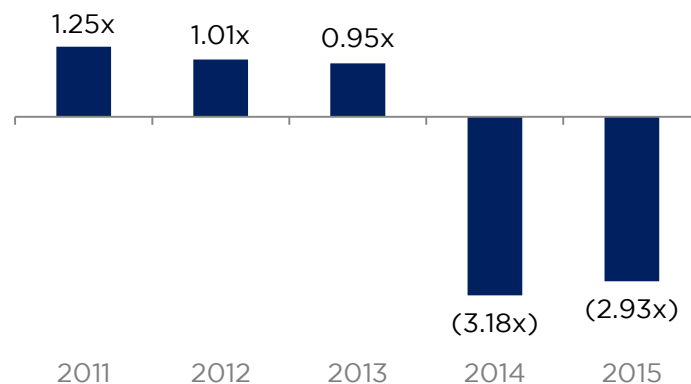
# Strong Balance Sheet to Support Expansion

## Selected Balance Sheet Items

MXN mm

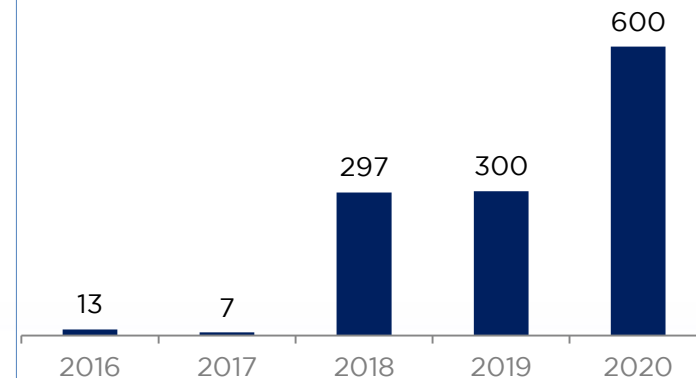
	4Q15
Cash and Equivalents	\$3,476
Other Assets	\$4,705
<b>Total Assets</b>	<b>\$8,181</b>
Debt	\$1,217
Other Liabilities	\$910
<b>Total Liabilities</b>	<b>\$2,127</b>
Equity	\$6,054
<b>Liabilities(+)Equity</b>	<b>\$8,181</b>

## Net Debt / EBITDA



## Debt Maturity Schedule

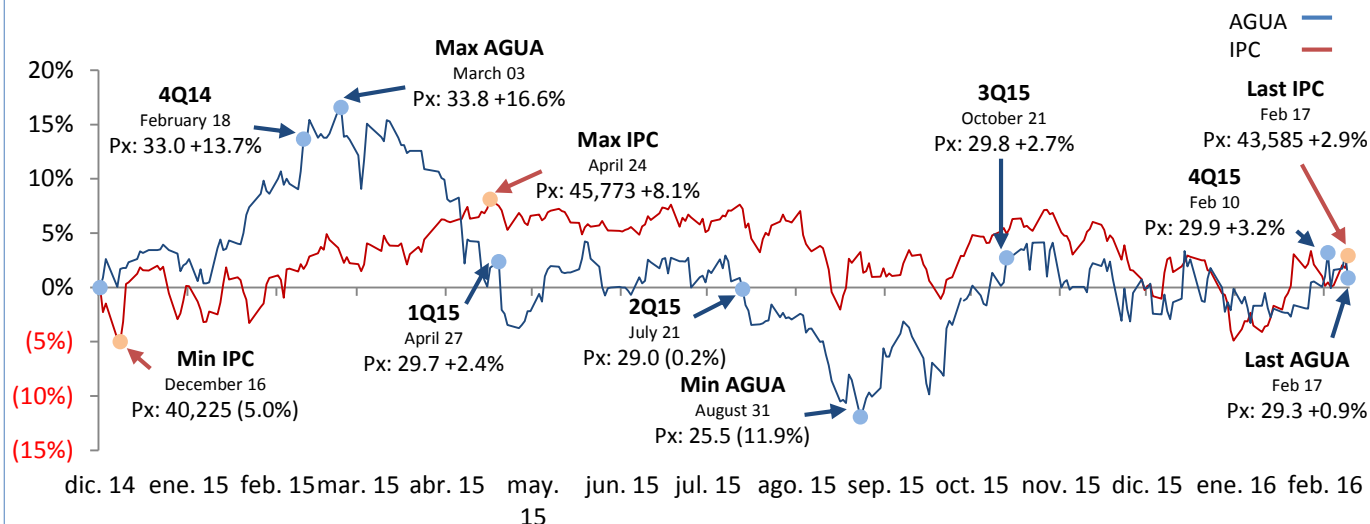
MXN mm



# Stock Performance

Dec 10, 14 – Feb 17, 16

## ► AGUA vs IPC



	AGUA	IPC
10-dic-14	0.9%	2.9%
YTD	(3.0%)	1.0%

- **Total volume:** 141 million shares | 98% of IPO
- Average trading volume:** 474 thousand shares
- Medium Liquidity**

## ► Indices:

1. MSCI México Index
2. MSCI LatAm Index
3. MSCI 25/50 Index
4. BMV IMC 30
5. BMV IPC CompMx
6. BMV IPC SmallCap



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