

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

Corporate Presentation | ESG

Second Quarter 2020



Forward-looking statements

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ADDITIONAL INFORMATION AND WHERE TO FIND IT

rotoplas.com.mx/investors

www.bmv.com.mx

Ticker: AGUA*

Investment Considerations



- | | | | |
|---|--|---|------------------------------------|
| 1 | Water | 5 | Corporate Governance |
| 2 | About Rotoplas | 6 | Innovation & Sustainable Financing |
| 3 | Sustainability Model & Climate Change Strategy | 7 | Pacts & Certifications |
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1

Water

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



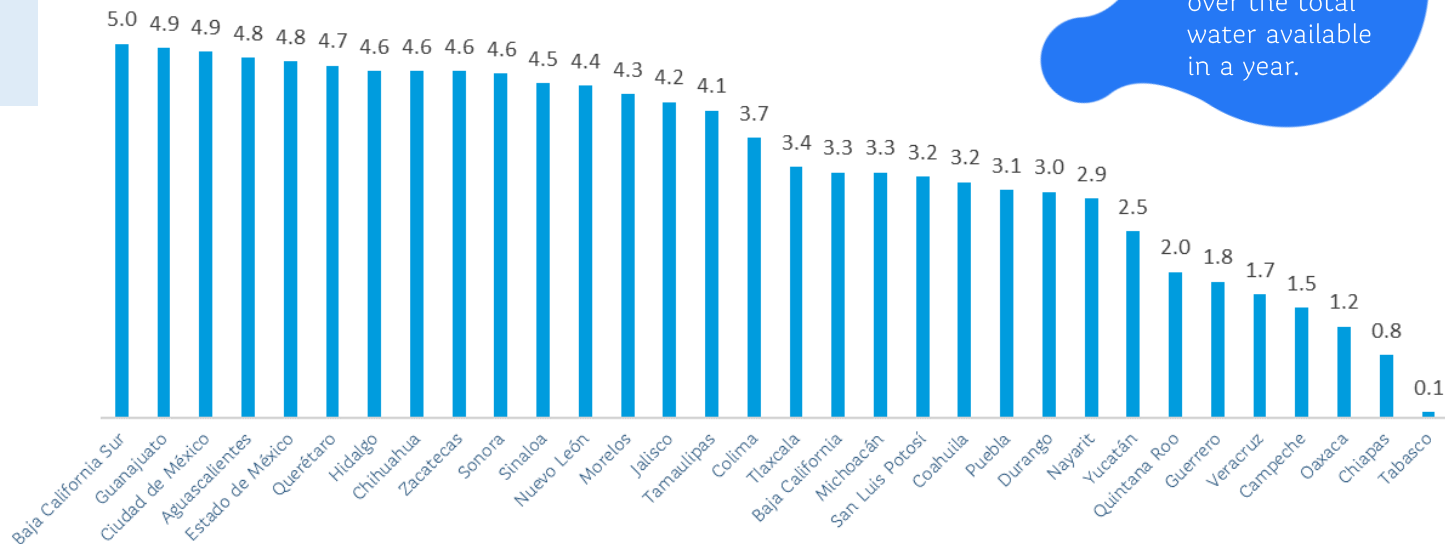
Mexico exceeds the world's average water footprint in 42% (1,978 vs 1,385 m^3 /hab/year)

Water situation in Mexico



General water risk¹

¹In relation to the percentage of consumption over the total water available in a year.



0-1 low

1-2 low-medium

2-3 medium-high

3-4 high

4-5 extremely high

2 About Rotoplas



Mission | Purpose

For people to have more and better water

Vision

To offer non-centralized and sustainable water solutions, with relevant benefits to our customers, within the Rotoplas Way.





+19,000 hrs¹

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



+5,700¹

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 Total Mexico ESG Index
- ESG Bloomberg score 58.7

2018 & 2019 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 2019.

²Cumulative and including only INIFED water fountains beneficiaries.

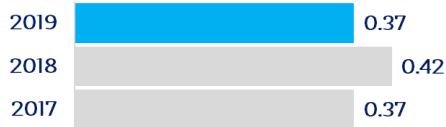
ESG Key Performance Indicators



Learn more about our ESG performance indicators



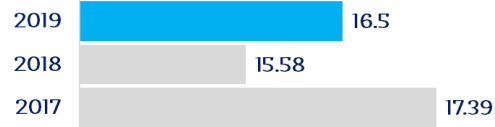
Emissions Intensity Scope 1*



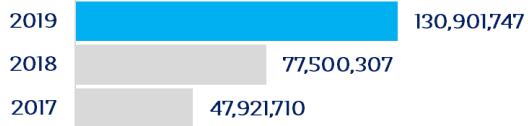
Emissions Intensity Scope 2*



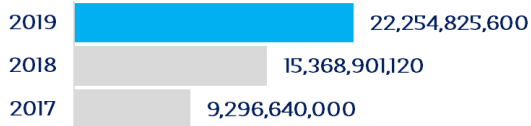
Waste Generation Intensity*



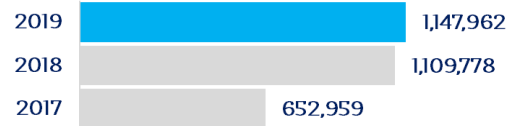
Liters of purified water for human consumption



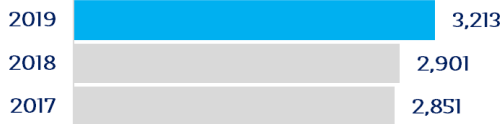
Liters of treated water



Children benefitted from purification solutions



Number of employees



Percentage of women

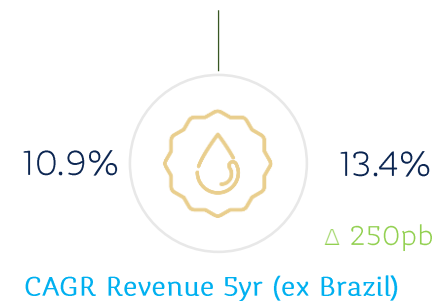
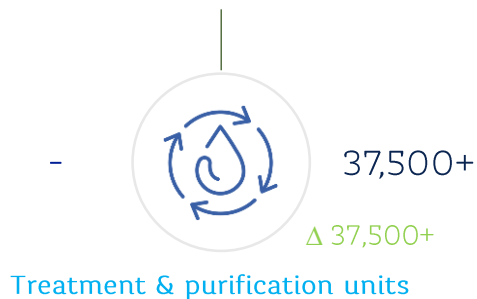
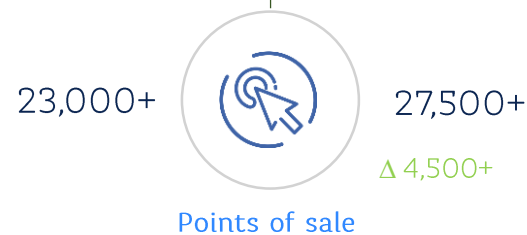


Employee turnover



*per ton of resin processed

Key metrics 2014 – LTM June 2020

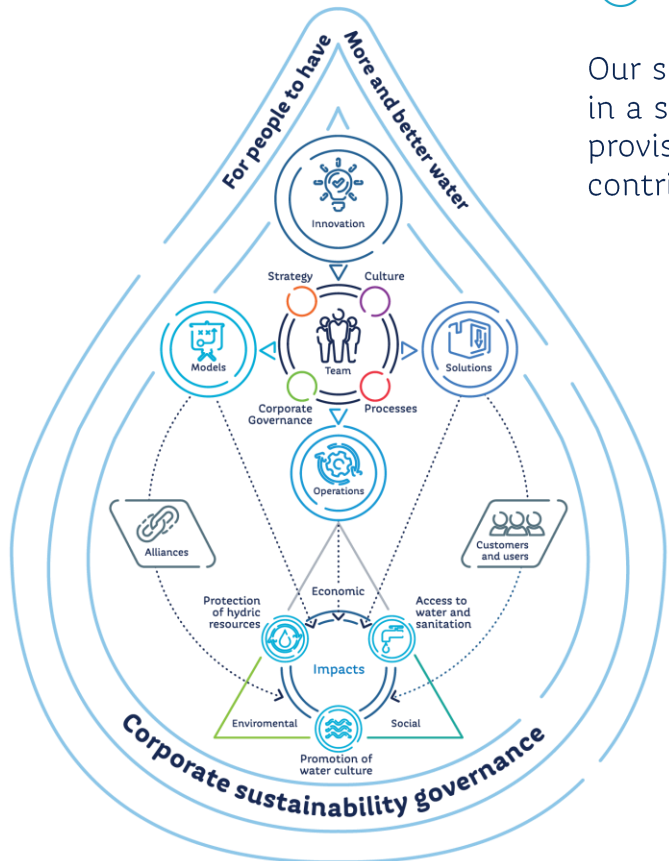


3 Sustainability Model & Climate Change Strategy

Sustainability Model



Our sustainability model is triggered by innovation. We recognize our responsibility in a series of economic, social, and environmental impacts, among which are the provision of water and sanitation, strengthening the water culture in society, and contributing to guaranteeing the availability of water resources.



Focal Point 1

Corporate sustainability governance

Focal Point 2

Collaborative innovation with purpose

Focal Point 3

Driving economic and social development

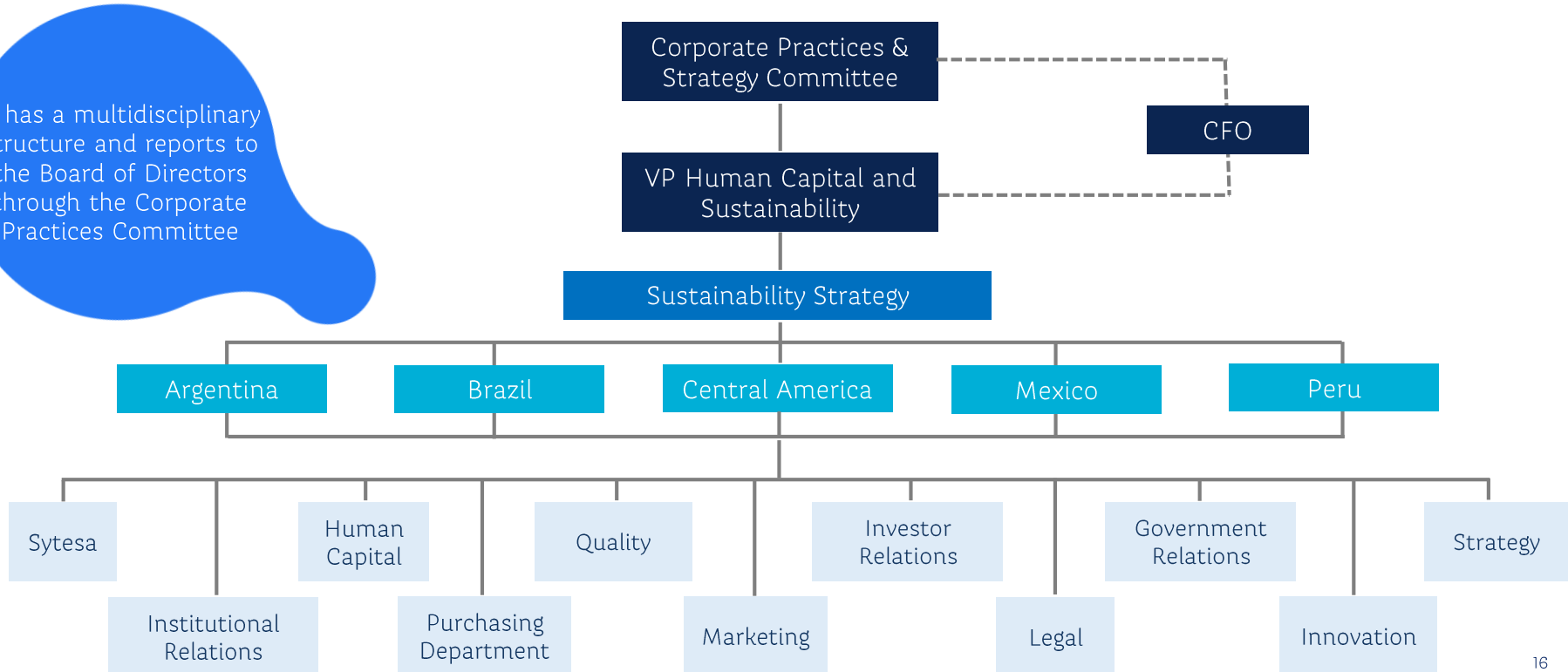
Focal Point 4

Safeguarding water as a resource for the future

Sustainability Organizational Structure

The Sustainability Committee is responsible for promoting, coordinating and monitoring the different initiatives related to the Sustainability Model and the Sustainability Strategy.

It has a multidisciplinary structure and reports to the Board of Directors through the Corporate Practices Committee



Climate Change Strategy



Access the full GHG 2019 report

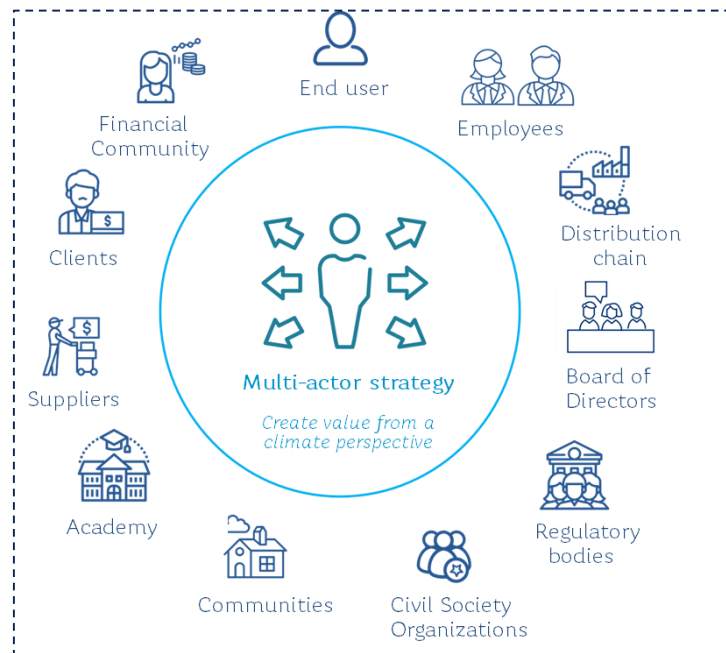





2019 GHG Goals



Seeks to mitigate risks and capitalize on opportunities raised by climate change for Rotoplas and its stakeholders

Rotoplas measures its GHG emissions scope 1,2,3 as well as its water footprint













	Mitigation	Reducing Greenhouse Gas Emissions (GHG)
	Adaptation	Reduce vulnerability to Climate Change
	Opportunities	Capitalize on opportunities in water & climate change - products and services

Action items for stakeholders:

1. Culture of leadership against climate change
2. Climate change in the supply chain
3. Strengthen Rotoplas' resilience using technology and innovation
4. Climate change criteria in distribution
5. Awareness of climate change mitigation and adaptation

Climate Change (CC) Strategy - relevant issues by stakeholder

	Stakeholder	Relevant climate topics	Rotoplas Perspective
	End User	✦ Concern for environmental impact of products and purchase decision	✦ Rotoplas superior to competition in climate leadership
	Employees	✦ Safety in the face of climate change challenges ✦ "Employer branding" attraction and retention	✦ Occupational health and safety considers CC ✦ Rotoplas impact
	Distribution Chain	✦ Maintain services offered to Rotoplas ✦ Carriers resilience to climate change	✦ Selection of carriers with mitigation and adaptation measures
	Board of Directors	✦ Company performance ✦ Strategy	✦ Rotoplas as a company dealing with CC
	Regulatory bodies	✦ Progressive legislation (goals of Paris Agreement)	✦ Product efficiency
	Civil society organizations	✦ Project and community support	✦ Rotoplas for communities resilience
	Academy	✦ Research and partnerships	✦ Study cases, CC partnerships and water
	Suppliers	✦ Suppliers resilience in the face of CC	✦ Ally in generating resilience
	Clients	✦ End-user sales and business partnerships ✦ Supplier ESG performance	✦ Increased sales related to ESG and climate performance
	Financial Community	✦ Resilient investments ✦ Mitigation of investment risks	✦ Climate analysis as a generator of confidence

Climate Change Strategy



- Renewable energy supply - solar panels -



- Incorporation of recycled resins (own and third party)



- Development of blow-molding process for the manufacture of water tanks, more efficient in terms of energy and water consumption



- Reuse of water by offering treatment and recycling services



- Energy efficiency projects in rotomolding and compounds plants (e.g. fuel substitution and thermal sleeve replacement in gas injectors)

Main initiatives|
energy & materials
circularity



Water footprint¹ and carbon footprint² of Rotoplas products



Check out our environmental product cards



In order to contribute to the reduction, mitigation and elimination of impacts related to climate change, we make available to our stakeholders environmental cards of our main products

Environmental
product report card

Aligned to ISO 14046 and ISO 14067
16 main products



360° vision of the product life cycle, from raw material extraction to final disposal and recycling

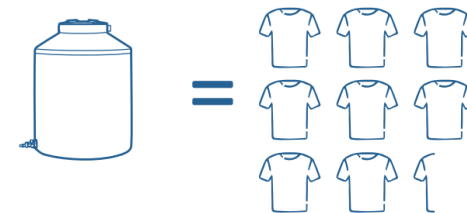


Measures eutrophication impact, ecotoxicity and scarcity

CO2 equivalences



During its use-phase life, a **750 L Water Tank** emits CO₂ equivalent to 8.13 t-shirts.



During its use-phase life, a **1,100 L Water Tank** emits CO₂ equivalent to 9.2 t-shirts.



¹Water footprint: measures the volume of water needed to manufacture a product

²Carbon footprint: measures the greenhouse gases emitted directly or indirectly by a product during its life cycle

4 Social

Social | Employees



Number of employees



Percentage of women



Salary ratio (woman/man)

	Fixed
Executives	0.93
Middle management	0.97
Individual contributors	1.16
Operating staff	1.07



26.6% female Directors

Indefinite contracts



28% women report in first and second line to CEO



99.6% full time



43% belong to a union



10.5 accident rate¹



19,715 training hours



75% work satisfaction

Diversity guarantees strength and continuity to the team.
Read about our Diversity Policy



¹ Accident rate = number of disabling accidents/total hours worked*1,000,000




Social | suppliers and communities



Suppliers







We seek to develop suppliers who are sensitive and proactive in environmental and social issues. The selection and relationship with suppliers seeks to develop products of the highest quality, as well as working together for innovation in raw materials

-  75% of spending on local suppliers
-  Recycled resin development program with suppliers
-  Adhered to ESG guidelines established in the Sustainable Purchases Policy
-  Suppliers sign in accordance with the Code of Ethics and Conduct

Communities



We offer a portfolio of products and services that helps improve the quality of life and climate resilience of communities while raising awareness about the importance of water


-  +\$5 million pesos in donations during 2020
-  Poverty gap reduction through products such as rainwater harvesting and outdoor bathrooms
-  +1,390,000 benefited by rainwater harvesting solutions since 2012
-  Guidance and training in the use of water solutions
-  Launch of the *Hablemos de Agua* Forum for the analysis of water issues



5 Corporate Governance

Best Corporate Governance Practices



Learn more about our Board of Directors 



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, 7% women
- Experience — ➤ Board Members with diverse **industry backgrounds** & more than 500 years of combined experience
- Meetings — ➤ 4 **ordinary** meetings annually

Ethics | Policies



To ensure the protection of all members of our diverse stakeholders we have designed policies that guide the daily operation of Rotoplas

We invite you to read them by clicking on each one:



Hygiene, Workplace Security and Environment



Climate Change



Anticorruption



Human Rights



Sustainability



Code of Ethics



Diversity



Sustainable Purchases



Innovation



Institutional Relations

- “Confía Rotoplas” Whistleblower System
- Ethics Committee follow-up reported cases
- Training to all employees and annual endorsement
- Extension to the value chain



Read our complete risk map
(page 89)



- Risk map - annually updated
- Establishment and prioritization of prevention and mitigation measures
- Monitoring through the internal control system

RISK MANAGEMENT

- Economic
- Social
- Environmental

Category	Risk	Details
Market	Increase in raw material prices	> The main raw materials we use are oil derivatives whose prices vary based on market conditions.
	Changes in consumers' income and preferences	> We are exposed to the disposable income of our clients, including government agencies, given the economic situation of each country. > In a changing environment, consumer confidence can become affected and they can modify their preferences for one type of solution or other, particularly faced with an increasingly more global competition.
	Macroeconomic conditions that affect the sectors that compose our market	> Demand for our solutions in sectors such as construction or agriculture is influenced by short- and medium-term macroeconomic conditions.
	Decrease in the return on investment destined to increase and improve production capacity, given the changes in the macroeconomic environment	> The water solutions business requires a significant capital investment to design and build plants near the points of sale and distribution. > Increased exposure to local sales, and thus, to the economic conditions of the country where we are operating, making it difficult to sell that production in markets with better trends.
	Difficulties for the successful entry and expansion of operations in new markets	> We continuously analyze and explore the possibility of expanding our operations and entering new markets. Although decision-making is based on business plans, there are factors inherent to each market that are beyond our control.
Regulatory	Effects on the limits of foreign trade operations	> We are exposed to disruptive measures on issues of imports and exports in the countries where we have operations, those from where we import, and/or those to which we export.
	Unforeseen costs of complying with environmental, labor, and security laws	> We are subject to various laws and regulations on environmental, labor, and security issues, which can be modified. Said modifications may represent additional costs, as well as costs derived from penalties for noncompliance.
Operational	Operations affected by extreme weather conditions and/or natural disasters	> Extreme weather conditions and/or natural disasters could hamper our operations or damage the infrastructure including production plants and distribution centers.

6 Innovation & Sustainable Financing

Collaborative innovation with purpose



Visit innwai, our water innovation hub



Most relevant initiatives

Rotoplas has established collaborative innovation as one of its strategic pillars



1. Development of blow-molding process for manufacturing water tanks, more efficient in energy and less water is required.
2. Green project, use of recycled resins and incorporation of circular economy in processes as well as development of suppliers of recycled raw materials.
3. Creation of the Center of Excellence of user experience that works in coordination with the new business models lab.
4. Alliance with Imagine H2O, a leading international accelerator in water-related projects, to promote innovation in third parties.
5. Energy efficiency projects in rotomolding and compounding plants (e.g. fuel substitution and thermal sleeves in gas injectors).
6. Increased efficiency in the delivery of orders due to the operation of the RTMS (Rotoplas Transportation Management System)

72.9 million intended for research and development¹

¹. Figure for 2019



Rotoplas issued in 2017 the first sustainable bond in Latin America and the second in the Americas

1. Sustainable Bond = Social + Environmental, aligned to



2. Eligible projects within 4 categories contributing to SDG 6 and SDG 9

01.
Drinking
water
solutions

02.
Water storage

03.
Sanitation
and drainage
treatment

04.
Water and
Wastewater
Treatment

3. Annual monitoring of use of proceeds and key indicators by category | Verified by an independent third party



Sustainable bond impacts AGUA 17-2X



CATEGORY 1

Provide access to clean water for individuals in areas of scarcity or where tap water is not safe to drink, for example, through drinking water fountains, water filters and purifiers.

22,254,825,600 liters	4.1 Treated water
7,789,188,960 liters	4.2 Reused water

The amount of water reused corresponds to a rate of reuse of 35% of the total water used.

130,901,747 liters	1.1 Purified water (liters of purified water for human consumption)
1,147,962 children (students)	1.2 Children benefited (school enrollment)
123,864 people	1.3 People benefited by the drinking water service (dispensers and purifiers)
21,077 tons	1.4 Reduction of CO ₂ emissions compared to PET bottled water

CATEGORY 4

Improve water quality and increase use efficiency through recycling and reuse of wastewater, e.g., wastewater treatment plants, acquisition of technology for treatment, recycling and purification.

7 Pacts & Certifications

Our contribution to the SDGs | UN 2030 Agenda



Read more about our contribution to the SDGs



First Scope



To guarantee the availability of quality water, its sustainable management and sanitation for all

Second Scope



Building resilient infrastructure and promoting inclusive and sustainable industrialization

Third Scope



Ensuring healthy living and promoting well-being for everyone at all ages



Ensure inclusive, equitable and quality education and promote learning opportunities



Achieving gender equality and empowering all women and girls

We have implemented a strategy to develop and monitor projects that contribute to the SDGs

Certifications | quality, environmental, health and safety



Certifications

	Dimension	Norm	Plants that comply	Certified plants
	Quality	ISO 9001:2015	All	15
	Environmental	ISO 14001:2015	All	4
	Health & Safety	OHSAS 18001:2007	All	4



In collaboration with



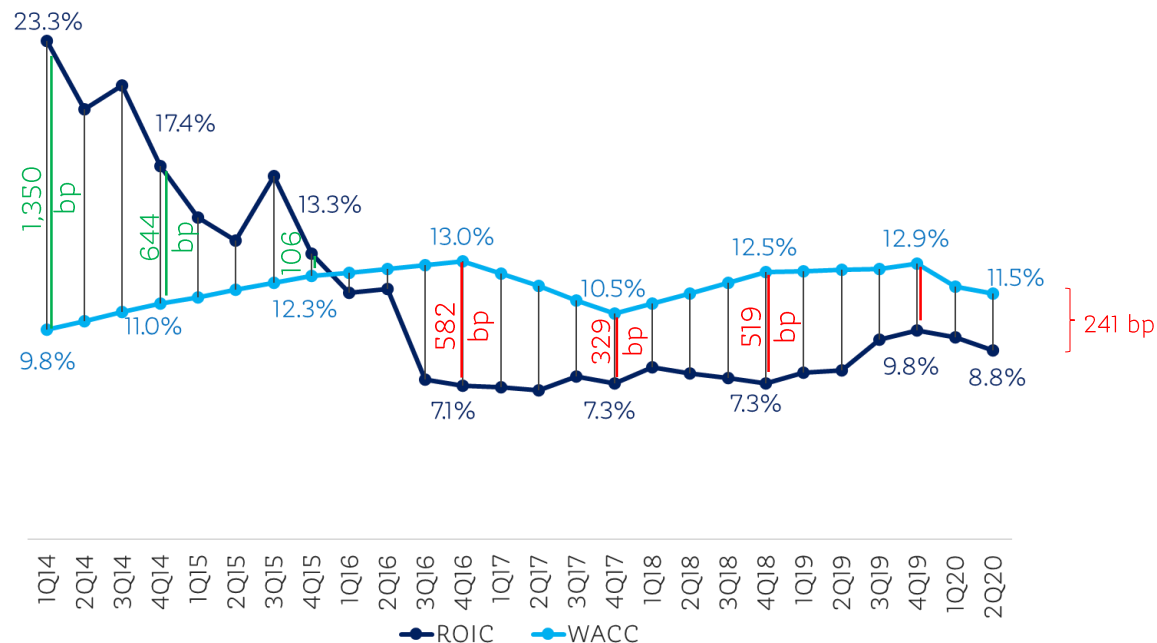
Awards, adhesions
and indexes



STRONG FINANCIALS

With a sustainable focus

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.

“...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*

Flow | Transformation Program

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



Presence and Opportunities



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

-  Current offering
-  e-commerce
-  Plan

WATER

PRODUCTS

SERVICES

Storage

Flow

Treatment & Heating

Purification

Treatment & Recycling

















Business Model Resilience

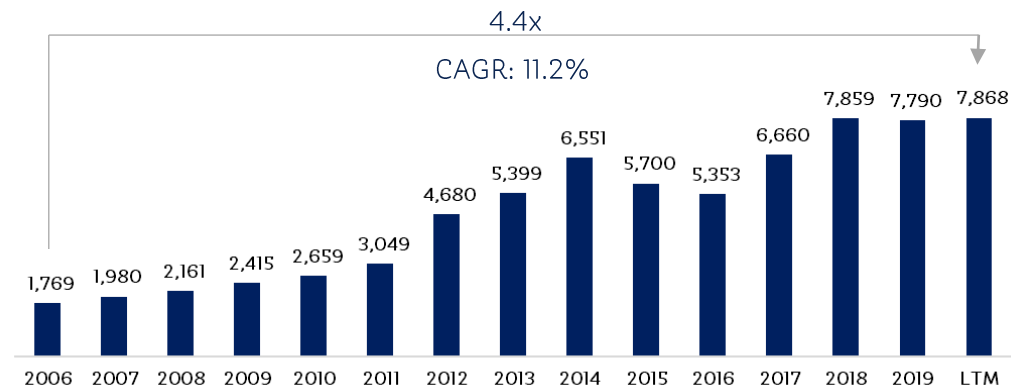
- Continuous growth
- Double digit margins
- Strong Management

	Construction (INEGI*)	Rotoplas (Mexico)
2018	(8.9%)	6.5%
2019	(8.4%)	(1.1%)
6M20	(24.2%)	3.2%

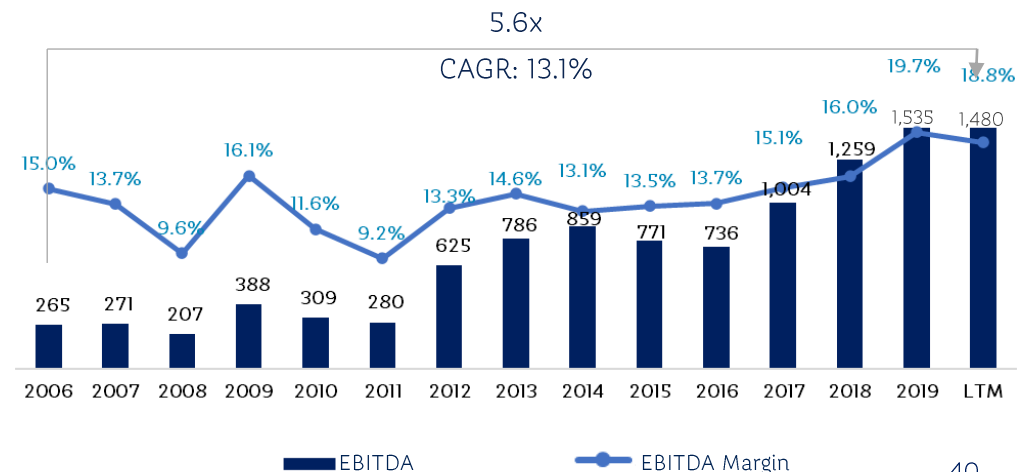
- Mexico – 41 years
- Central America – 23 years
- Peru – 21 years
- Argentina – 21 years
- Brazil – 20 years
- USA – 5 years

* National Institute of Statistics and Geography

Sales



EBITDA



Sound Financials

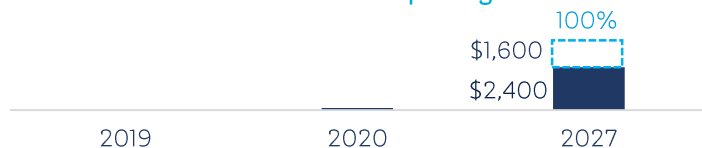
MXN mm



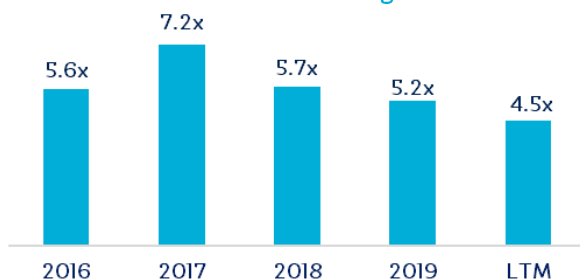
Debt amortization calendar Prior to second reopening



After second reopening



Interest coverage*

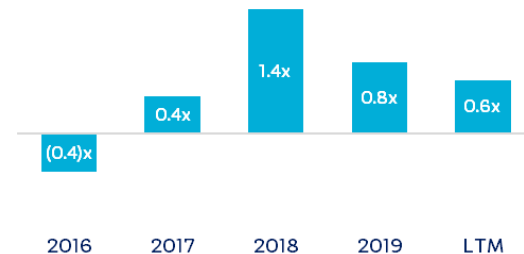


Strong Balance Sheet to support growth

June 2020

Cash and Equivalents	\$3,193
Other Assets	\$9,360
Total Assets	\$12,553
Debt	\$4,075
Other Liabilities	\$1,991
Total Liabilities	\$6,066
Equity	\$6,487
Liabilities + Equity	\$12,553

Net debt / EBITDA



Results as of 2Q20

*Considers interest payments from interest bearing liabilities.

*Interest coverage: EBITDA/Interest payments.

Thank you!

INVESTOR RELATIONS

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