FLUIDRA

Fluidra 3Q RESULTS 2018

November 9th 2018

DISCLAIMER

This document is for information purposes only and does not constitute an offer to sell, exchange or buy, or an invitation to make offers to buy, securities issued by any of the companies mentioned. This financial information has been prepared in accordance with International Financial Reporting Standards (IFRS). However, as it has not been audited, the information is not definitive and may be modified in the future.

The assumptions, information and forecasts contained herein do not guarantee future results and are exposed to risks and uncertainties; actual results may differ significantly from those used in the assumptions and forecasts for various reasons.
The information contained in this document may contain statements regarding future intentions, expectations or projections. All statements, other than those based on historical facts, are forward-looking statements, including, without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations. Such forward-looking statements are affected, as such, by risks and uncertainties, which could mean that what actually happens does not correspond to them.
These risks include, amongst others, seasonal fluctuations that may change demand, industry competition, economic and legal conditions, and restrictions on free trade and/or political instability in the markets where the Fluidra Group operates or in those countries where the Group's products are manufactured or distributed. The Fluidra Group makes no commitment to issue updates or revisions concerning the forward-looking statements included in this financial information or concerning the expectations, events, conditions or circumstances on which these forward-looking statements are based.
In any event, the Fluidra Group provides information on these and other factors that may affect the Company's forward-looking statements, business and financial results in documents filed with the Spanish National Securities Market Commission. We invite all interested persons or entities to consult these documents.

In order to give a better understanding of the results, we comment on 9 month pro forma financial statements and provide a reconciliation to reported measures for Sales, EBITDA and Net Income, where Zodiac results for both the last 6 and 9 months are disclosed. In addition, in order to facilitate the business understanding, we have included the performance of Aquatron business in the regular operations. The consolidated financial statements under IFRS-UE have the Aquatron activity excluded from the continuing operations and included as discontinued activity.

HIGHLIGHTS

PRESENTING THE NEW FLUIDRA

- Q3 has been a strong quarter for sales and margins in North America and Europe and we continue to see a positive evolution in the markets in which we operate.
- The new management team is in place with the new organizational chart implemented and 20+ teams in multiple geographies executing the integration plan by country and function with the goal of creating the best pool and wellness company for our stakeholders.
- We have prepared a new Strategic Plan that will be shared with the market on the Investor's Day next Monday the 12th, where we will shed some light mainly on company fundamentals, market perspectives and strategy for the coming years.

SUMMARY

Pro forma 9 months Main figures	2017	2018	
	€M	€M	Evol. 18/17
Sales	1,017.9	1,031.2	1.3%
EBITDA	174.5	183.0	4.9%
EBITA	141.4	151.9	7.5%
Cash earnings per share	0.39	0.44	12.6%
Net Working Capital	250.7	286.4	14.2%
Net Financial Debt	646.3	666.3	3.1%
Run rate synergies included	-	3.2	

(1) Cash EPS is Net Profit + (Amortization of Intangibles and Impairments + Cash Interest expense + cash Taxes) * (1-tax rate) divided by total share count.

- **Adjusted for currencies, Sales growth is 4.5% thanks to a very positive performance in Q3 in most relevant markets, led by US and Northern & Central Europe.**
- **Despite limited increase in volume, positive EBITDA evolution of 7.9% currency adjusted thanks to a good Gross Margin expansion.**
- **Cash earnings per share is driven by margin expansion and lower tax rate partially offset by higher interest expenses(1).**
- **Net Working Capital grows by 14.2% due to Earn-outs and Dividend payable in 2017 that will disappear in October. Without those impacts, growth is well aligned with business evolution.**
- **Net Financial Debt evolution is driven by all refinancing, transaction and integration non-recurring payments.**

HIGHLIGHTS OF THE QUARTER

Integration

- **Driven by executive level Integration Committee, led by Chairman Eloi Planes.**
- **20+ teams with over 200 team members working across all functions and regions.**
- **On track with original plan.**
- **Over 4,200 integration tasks identified, 50% complete.**
- **Focus on balancing integration, synergies and continued growth of the combined business. We reaffirm our guidance of 35M€ cost synergies. Further details at our Investor's Day, 12 November 2018.**

	Working Group	Modules	Activities	Scheduled before Nov 2nd	Completed by Nov 2nd	Overall progress	Integration plan assessment
Source of Supply							
1	Operations	27	194	158	160	82%	
2	Logistics	34	183	154	159	87%	
3	Quality	10	68	62	62	91%	
4	R&D	18	69	51	47	68%	
Countries							
5	Americas	9	87	66	58	67%	
6	Iberia	51	215	125	113	53%	
7	France	91	389	135	102	26%	
8	Germany	65	267	124	38	14%	
9	Italy	83	321	210	161	50%	
10	Australia	151	781	424	376	48%	
11	South Africa	99	356	273	241	68%	
12	Export EEMENA	30	80	60	56	70%	
13	Export NWE	30	82	28	32	39%	
Support Functions							
14	HR	23	125	94	87	70%	
15	Communication	9	39	31	26	67%	
16	Finance/Accounting	15	137	88	84	61%	
17	IT	34	147	82	73	50%	
18	Tax	6	45	27	30	67%	
19	Marketing – ESA	31	487	322	312	64%	
20	Legal	13	61	42	36	59%	
21	After-sales Europe	18	82	30	29	35%	
	TOTAL	**847**	**4.215**	**2.586**	**2.282**	**54%**	
	vs. last report	**+14**	**+9**	**+224**	**+184**		

SALES BY GEOGRAPHICAL AREA

Pro forma figures (9 months)	2017		2018			
	€M	% sales	€M	% sales	Evol. 18/17	Constant FX
Southern Europe	359.6	35.3%	378.5	36.7%	5.3%	5.3%
Rest of Europe	169.6	16.7%	181.7	17.6%	7.1%	8.3%
North America	288.2	28.3%	285.5	27.7%	(0.9%)	5.6%
Rest of the World	200.5	19.7%	185.4	18.0%	(7.5%)	(1.7%)
TOTAL	**1,017.9**	**100%**	**1,031.2**	**100%**	**1.3%**	**4.5%**

- **Good performance of Southern Europe in Q3 after the late start of the season. Region growth led by Italy, Portugal and Greece with double digit growth, while Spain and France have recovered nicely towards mid single digit growth.**
- **Rest of Europe continues with an outstanding year with mid to high single digit growth with better performance in North Western Europe than in Eastern Europe.**
- **Great performance in North America in Q3 after the slow start of the season.**
- **Rest of the World decline is driven by the strong Commercial Pool year in Asia in 2017 that has not been entirely compensated by mid to high single digit growth in Australia, and low to mid growth in rest of the region.**

SALES BY BUSINESS UNIT

Pro forma figures (9 months)	2017		2018		
	€M	% sales	€M	% sales	Evol. 18/17
Pool & Wellness	**969.8**	**95.3%**	**989.8**	**96.0%**	**2.1%**
Residential	699.0	68.7%	716.0	69.4%	2.4%
Commercial	76.0	7.5%	71.5	6.9%	(5.9%)
Pool Water Treatment	137.9	13.5%	145.1	14.1%	5.2%
Fluid Handling	56.8	5.6%	57.1	5.5%	0.5%
Irrigation, Industrial & Others	**48.2**	**4.7%**	**41.4**	**4.0%**	**(14.1%)**
TOTAL	**1,017.9**	**100%**	**1,031.2**	**100%**	**1.3%**

- **Good evolution in Residential Pool with most categories growing well aligned with overall growth, and Above Ground Pool growing at double digit helped by the Laghetto acquisition.**
- **Commercial Pool declines because of a strong 2017, which included several major projects in the Asian and Eastern Europe regions.**
- **Nice evolution of Pool Water Treatment, recording a good performance thanks to both disinfection equipment (salt chlorinators) and chemical products.**
- **Irrigation, Industrial & Others segment evolution can be split in three components, one third is ATH divestiture, one third is driven by Irrigation, and one third by Others.**

PRO FORMA PROFIT AND LOSS ACCOUNT

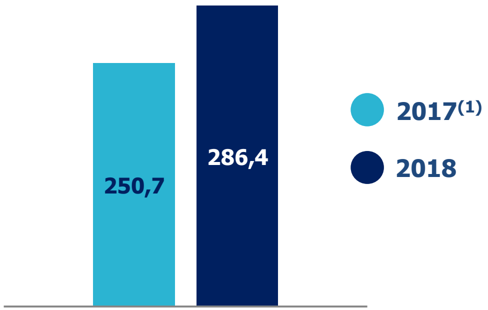
Pro forma figures (9 months)	2017		2018		
	€M	% sales	€M	% sales	Evol. 18/17
Sales	**1,017.9**	**100%**	**1,031.2**	**100%**	**1.3%**
Gross Margin	528.9	52.0%	543.4	52.7%	2.7%
Opex before Dep. & Amort.	351.9	34.6%	360.6	35.0%	2.5%
Provisions for Bad Debt	2.8	0.3%	3.1	0.3%	10.7%
EBITDA	**174.5**	**17.1%**	**183.0**	**17.7%**	**4.9%**
Depreciation	33.1	3.3%	31.1	3.0%	(6.2%)
EBITA	**141.4**	**13.9%**	**151.9**	**14.7%**	**7.5%**
Amortization	20.5	2.0%	31.7	3.1%	54.6%
Net Financial Result	32.1	3.2%	34.7	3.4%	7.9%
Tax expense	28.0	2.8%	24.0	2.3%	(14.5%)
Net Profit	**60.7**	**6.0%**	**61.6**	**6.0%**	**1.5%**

- **Good Sales evolution with 4.5% growth adjusted for FX with a strong performance in Europe and the US.**
- **Positive Gross Margin evolution thanks to mix and pricing increases that absorb commodity cost increases.**
- **OPEX increases 2.5% with investments in the US to support growth.**
- **EBITDA and EBITA show positive leverage despite the limited volume gains, thanks to margin evolution.**
- **Depreciation is flat at around 3% of Sales, consistent with Capex. Amortization increase is driven by the impact of intangibles of the merger.**
- **Net Financial Expense is driven by FX, and only reflects new financial structure since July 2.**
- **Tax expense reflects the mix of countries and the impact of the US tax return explains the improvement of the rate.**

NET WORKING CAPITAL

September	2017(1)	2018	
	€M	€M	Evol. 18/17
Inventory	255.9	263.9	3.1%
Accounts Receivable	268.5	278.7	3.8%
Accounts Payable	273.8	256.2	(6.4%)
Net Working Capital	**250.7**	**286.4**	**14.2%**

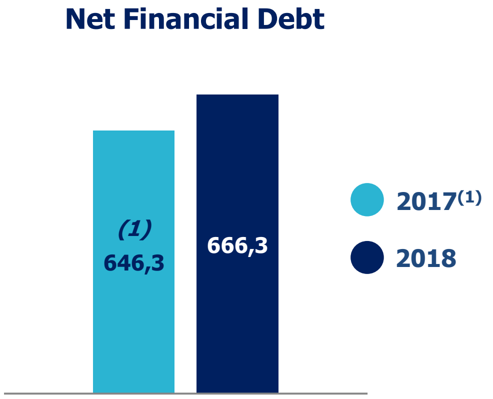
Net Working Capital



- **<u>Net Working Capital</u> evolution well above business evolution driven by the significant decrease of Accounts Payable. This is due to the existence of significant outflows that took place in October 2017 linked to Earn-Outs and dividend payable. Without these temporary impacts, Net Working Capital growth would be +5.0%, well aligned with business.**
- **The merged company has a different seasonality profile in terms of NWC as a % of Sales, Q3 now being the lowest point in the year. As the North American business prepares for the Early Buy season in Q4 and Q1, it starts to build inventory and receivables.**

(1) Pro forma figures

NET FINANCIAL DEBT AND FREE CASH FLOW



January – September (pro forma figures)	2017 €M	2018 €M	Evol. 18/17
EBITDA	**174.5**	**183.0**	**4.9%**
Increase (-) / Decrease (+) NWC	+85.1	+37.3	(56.2%)
Capex (-)	(32.3)	(31.4)	(2.8%)
Free Cash Flow of the business	**227.2**	**188.9**	**(16.9%)**

- **Pro forma Free Cash Flow is significant at the end of Q3. Decrease versus 2017 is driven by the temporary effect of higher Accounts Payable in September 2017**
- **Net Financial Debt evolution driven by one-time payments associated to the Zodiac merger. Current level is well aligned with the target NFD/EBITDA ratio for 2018.**

(1) Pro forma figures

CONCLUSIONS

1. **Business is aligned with our expectations. After a slow start of the season, Q3 has been a good quarter and positions us well to achieve the pro forma guidance shared in July:**

   - **Sales between €1,310 - 1,340 m;**
   - **Ebitda between €215 - 230 m;**
   - **Net Debt/Ebitda ratio between 3.0 - 3.3x.**

2. **Integration is proceeding as plan. 20+ teams working to execute the integration process in each country and function.**

3. **Fundamentals of the transaction are in place: This is a merger in a very attractive market of two successful companies to create the best pool & wellness company and deliver value to our stakeholders. We will be sharing the new strategic plan with the market next Monday, November the 12th at our Investor's Day.**


THANK YOU!
FLUIDRA

APPENDIX (I): REPORTED PROFIT AND LOSS ACCOUNT

€M	2017	% of sales	2018	% of sales	Evol. 18/17
Sales	**625.8**	**100%**	**741.5**	**100%**	**18.5%**
Gross Margin	310.2	49.6%	341.4	46.0%	10.0%
OPEX	217.0	34.7%	294.0	39.7%	35.5%
Provision	2.6	0.4%	3.4	0.5%	32.1%
EBITDA	**90.7**	**14.5%**	**44.0**	**5.9%**	**(51.5%)**
D&A	26.5	4.2%	45.5	6.1%	71.8%
Financial Result	(8.2)	(1.3%)	(17.3)	(2.3%)	111.0%
PBT	**56.0**	**9.0%**	**(18.8)**	**(2.5%)**	**(133.5%)**
Taxes	17.0	2.7%	(1.7)	(0.2%)	(109.8%)
Minorities	(1.6)	(0.3%)	(1.8)	(0.2%)	7.7%
NP from Cont. Oper.	**37.4**	**6.0%**	**(18.9)**	**(2.5%)**	**(150.4%)**
NP from Disc. Oper.	0.7	0.1%	0.4	0.1%	(41.9%)
Total Net Profit	**38.1**	**6.1%**	**(18.5)**	**(2.5%)**	**(148.4%)**

Fluidra's reported P&L includes January to June results of former Fluidra on a standalone basis and the merged operations of Fluidra and Zodiac from July to September.

In addition, all non-recurring expenses are included in the corresponding P&L line:

- **Gross Margin: inventory step-up**
- **OPEX: non-recurring expenses for transaction, integration, stock based compensation, etc.**
- **Financial result: includes breakage fees of the old debt structure.**
- **Tax is heavily affected by all extraordinary expenses, and rate is not representative of expected future rates**

APPENDIX (II): RECONCILIATION OF PRO FORMA TO REPORTED SALES

€M	2017	2018
Pro forma Sales	**1,017.9**	**1,031.2**
January to September Zodiac	361.9	-
Early Buy alignment	25.8	-
January to June Zodiac	-	284.5
Sales of discontinued operations (Aquatron)	4.4	5.2
Reported Sales	**625.8**	**741.5**

In addition, from 9 months pro forma Sales reconciliation items are months of operations from Zodiac, plus the effect of the Early Buy adjustment to adjust commercial practices of the pre-season sale campaign to market practice.

In 2018, the adjustment correspond to the 6 month period of Zodiac, from January to June.

In addition, Aquatron is reported as discontinued operations in both years according to IFRS.

APPENDIX (III): RECONCILIATION OF PRO FORMA TO REPORTED EBITDA AND NET INCOME

€M	2017	2018
Pro forma EBITDA	**174.5**	**183.0**
January to September Zodiac results	67.2	-
Early buy alignment	12.6	-
January to June Zodiac results	-	66.0
Transaction related non-recurring expense	0.2	21.1
Integration related non-recurring expense	-	7.8
Other & FX impact on non-recurring expense	-	0.3
EBITDA discontinued operations (Aquatron)	3.8	4.7
Stock based compensation	1.2	4.5
Profit/Loss from sales of subsidiaries	(1.2)	-
Inventory step-up (Purchase accounting adjustments)	-	31.4
Run rate synergies	-	3.2
Reported EBITDA	**90.7**	**44.0**
Depreciation	20.1	22.5
Amortization related to PPA and impairments	6.4	22.9
Financial Results	8.2	17.3
Tax expense (income)	17.0	(1.7)
Minority Interest	1.6	1.8
Reported Net Profit from continued operations	**37.4**	**(18.9)**

Reconciliation items from pro forma EBITDA which includes 9 months of merged operations to reported EBITDA/Net Profit that only includes 6 months of former Fluidra plus 3 months of combined operations of Fluidra and Zodiac.

Key reconciliation items are:

- **Results of Zodiac business not consolidated.**
- **Non-recurring expenses associated to executing the transaction and its refinancing.**
- **Non-recurring expenses associated to the integration are linked to the process of capturing the synergies.**
- **Inventory step-up due to purchase accounting.**
- **Run rate synergies represents the full year impact of the captured synergies.**

Key items below Reported EBITDA are the captions mentioned for former Fluidra in the first 6 months of the year and combined operations in the period June to September.

APPENDIX (IV): REPORTED BALANCE SHEET

ASSETS	09/2017	09/2018
PPE	102.2	119.1
Goodwill	197.4	1,115.0
Other intangible assets	37.3	778.6
Other non-current assets	31.8	94.3
Total non-current assets	**368.6**	**2,106.9**
Non-curr. assets held for sale	-	42.1
Inventory	177.5	255.1
Accounts Receivable	196.5	276.8
Other current assets	5.2	5.6
Cash	68.9	195.0
Total current assets	**448.1**	**774.6**
TOTAL ASSETS	**816.7**	**2,881.5**

LIABILITIES	09/2017	09/2018
Share capital	112.6	195.6
Share premium	92.8	1,148.6
Retained earnings	142.7	118.3
Treasury shares	(6.4)	(8.5)
Other Comprehensive Income	(0.4)	(3.0)
Minorities	10.5	8.0
Total Equity	**351.9**	**1,459.1**
Bank borrowings + Loans	152.4	856.0
Other non-current liabilities	52.9	258.3
Total non-current liabilities	**205.3**	**1,114.3**
Liab. linked to non-curr. assets held for sale	-	5.8
Bank borrowings + Loans	74.8	29.2
Accounts payable	177.0	253.1
Other current liabilities	7.8	20.0
Total current liabilities	**259.5**	**308.2**
TOTAL EQUITY & LIABILITIES	**816.7**	**2,881.5**

CONTACT

+34 93 724 39 00

Investor_relations@fluidra.com

Avda. Francesc Macià 60, planta 20 - 08208 Sabadell (Barcelona)

www.fluidra.com

FLUIDRA