

FLUIDRA

FY RESULTS 2020

February 26th 2021



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- 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.
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These risks include, amongst others, seasonal fluctuations that may change demand, industry competition, economic and legal conditions, 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, and those that may arise from potential COVID-19-related contingencies. 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 adjusted financial statements and provide a reconciliation to reported measures in the appendix.**

Eloi Planes
Executive Chairman



Bruce Brooks
CEO



Xavier Tintoré
CFO



1. Excellent 2020 results. Early trading trends point to a strong 2021.
2. Superb cash generation underpinning strength of our business model.
3. Ongoing M&A activity within the accretive capital allocation policy.
4. Approved new ESG Plan which will be shared during the next CMD.
5. Fundamentals of the business remain solid, our leading platform is ready to continue our growth, margin and cash expansion profile despite the volatile environment.

Outstanding Operating Leverage & Cash Generation in 2020

€M	2019	2020	Evol. 20/19	Const. FX & Perimeter
Sales	1,367.6	1,488.1	8.8%	11.0%
EBITDA	268.8	320.8	19.3%	19.4%
EBITA	203.1	262.7	29.3%	29.0%
Cash EPS	0.54	0.85	56.1%	57.8%
Operating Net Working Capital	291.8	224.2	(23.1%)	(22.1%)
Net Debt	756.8	581.9	(23.1%)	(21.1%)
<i>Net Debt/EBITDA</i>	<i>2.8x</i>	<i>1.8x</i>	<i>(1.0x)</i>	
Net Financial Debt	635.0	467.7	(26.3%)	(24.7%)
Full Year Run Rate Synergies Achieved	29.0	37.2	28.1%	

- Double digit Sales increase in Q4, boosted by continued demand momentum in Residential Pool.
- EBITDA and EBITA showed excellent operating leverage driven by Gross Margin expansion and cost synergies.
- Cash EPS improved significantly as did Net Profit, up 57.8%.
- Magnificent evolution of Operating Net Working Capital, exceeding expectations.
- Superb cash generation led a turn of reduction in Net Debt.
- Ahead in Cost Synergies, well positioned for our 2021 €40M target.

Note: EBITDA and EBITA are adjusted to include Run Rate Synergies and exclude Non-Recurring Expense. For more details please refer to page 17.

For more details on Cash EPS please refer to page 18.

People and Customers

- Operating with agility in the “new normal” working environment. Measures and processes in place make us better prepared for pandemic’s resurgences.
- Approved the new ESG Plan. Rated for the first time on ESG by S&P with a 69/100 rating. This is a solid starting point to grow from. With regards to environmental, we were also rated for the first time by the CDP organization (C grade), a clear example of Fluidra’s commitment on climate change.

Sales Impact and Recent Evolution

- Sustained levels of high demand during Q4. Strong US Early Buy orders point to an excellent start to 2021.
- Lasting stay at home macro trends support Aftermarket with the additional tailwind of strong New-Builds backlog. Many pool builders in core residential markets currently see their backlog >2x above LY levels and growing. Substantial increase in delivery times for New-Builds supports our second engine of growth for the medium term.
- Northern Hemisphere’s lower seasonal quarters offer an opportunity to make up for the industry’s capacity constraints.
- As the vaccine program progresses worldwide during 2021, the Commercial Pool activity is expected to start recovering in the second half.

Operating Expenses

- Marginal supply chain impacts for the whole year as we continue to catch-up to the strong demand in our inventory levels.
- Continued normalization of Opex levels and delivery of margin expansion initiatives, as we keep executing our plan.

Accretive Capital Allocation: Ongoing M&A Activity

- Started 2021 with the acquisition of Built Right, a trusted Florida-based manufacturer of heat pumps for €10M.
- Further strengthens the company’s position as a leader in pool and spa heating solutions.

Sales by Geography

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Solid Growth in All Geographies Driven by the Residential Pool Activity in Q4

Q4 €M	2019	% Sales	2020	% Sales	Evol. 20/19	Const. FX & Perimeter
Southern Europe	52	17%	64	19%	23.1%	23.2%
Rest of Europe	36	12%	45	13%	26.1%	23.7%
North America	131	43%	147	43%	12.2%	19.7%
Rest of the World	86	28%	89	26%	3.5%	7.4%
Total	305	100%	345	100%	13.3%	17.3%

FY €M	2019	% Sales	2020	% Sales	Evol. 20/19	Const. FX & Perimeter
Southern Europe	443	32%	459	31%	3.6%	3.8%
Rest of Europe	230	17%	285	19%	23.9%	25.0%
North America	426	31%	486	33%	14.2%	17.2%
Rest of the World	269	20%	258	17%	(4.0%)	0.7%
Total	1,368	100%	1,488	100%	8.8%	11.0%

- **Southern Europe**, excellent performance in the quarter driven by France, Italy and Spain.
- **Rest of Europe**, continued strong evolution in this quarter, led by Germany.
- **North America**, double digit growth in the quarter with strong demand. Shipments prioritized for standard orders.
- **Rest of the World**, positive growth in residential markets in the quarter, which more than offset the weaker performance in Commercial Pool driven markets.

Sales by Business Unit

Residential Aftermarket and New-Builds Activities Drive Growth

Q4 €M	2019	% Sales	2020	% Sales	Evol. 20/19
Pool & Wellness	296	97%	337	98%	13.8%
Residential	217	71%	250	72%	15.1%
Commercial	25	8%	22	7%	(10.0%)
Pool Water Treatment	38	13%	45	13%	17.2%
Fluid Handling	16	5%	20	6%	25.0%
Irrigation, Industrial & Others	9	3%	8	2%	(4.6%)
Total	305	100%	345	100%	13.3%
FY €M	2019	% Sales	2020	% Sales	Evol. 20/19
Pool & Wellness	1,320	97%	1,447	97%	9.6%
Residential	953	70%	1,073	72%	12.6%
Commercial	99	7%	90	6%	(8.9%)
Pool Water Treatment	192	14%	202	14%	5.2%
Fluid Handling	76	6%	82	6%	8.1%
Irrigation, Industrial & Others	48	3%	41	3%	(13.7%)
Total	1,368	100%	1,488	100%	8.8%

- **Residential Pool** had a strong growth in the quarter favored by the “cocooning effect” driven by both Aftermarket and New-Builds.
- **Commercial Pool** new projects execution remained soft partially offset by Commercial Pool launch in North America.
- **Pool Water Treatment** had double digit growth in the quarter. Very strong performance of Water Care Equipment, which more than offset weaker evolution of Chemicals for Commercial Pool.
- **Fluid Handling** experienced an outstanding evolution in Q4, positively impacted by North America’s strong performance and the greater contribution of refurbishments and New-Builds.

Increasing Operating Leverage Leads to Higher Profitability

€M	2019	% Sales	2020	% Sales	Evol. 20/19
Sales	1,367.6	100%	1,488.1	100%	8.8%
Gross Margin	708.1	51.8%	787.2	52.9%	11.2%
Opex before Dep. & Amort.	445.2	32.6%	466.0	31.3%	4.7%
Provisions for Bad Debt	4.1	0.3%	3.7	0.2%	(9.3%)
EBITDA	268.8	19.7%	320.8	21.6%	19.3%
Depreciation	65.7	4.8%	58.1	3.9%	(11.6%)
EBITA	203.1	14.9%	262.7	17.6%	29.3%
Amortization (PPA related)	63.9	4.7%	59.9	4.0%	(6.4%)
Non-Recurring Expense and Run Rate Synergies	63.6	4.7%	18.7	1.3%	(70.6%)
Net Financial Result	55.4	4.1%	45.1	3.0%	(18.7%)
Tax Expense	6.0	0.4%	39.1	2.6%	553.9%
Minority Interest	5.7	0.4%	3.5	0.2%	(38.1%)
Net Profit	8.4	0.6%	96.4	6.5%	1,043%
Cash Net Profit	106.2	7.8%	165.8	11.1%	56.1%

- **Great Sales growth in 2020 led by Northern Hemisphere.**
- **Strong Gross Margin expansion, driven by price and value improvement initiatives, absorbing negative country and product mix.**
- **Good Opex management through pandemic control measures on top of cost synergies and VI.**
- **EBITDA and EBITA showed strong operating leverage.**
- **M&A related amortization line continued to decline.**
- **Cash Net Profit evolution showcasing outstanding operating leverage as well as lower cost of debt.**

Note: EBITDA and EBITA are adjusted to include Run Rate Synergies and exclude Non-Recurring Expense. For more details please refer to page 17.

For more details on Cash EPS please refer to page 18.

Net Working Capital

Improving NWC Throughout the Year in an Inventory Supply Challenged Environment

December €M	2019	2020	Evol. 20/19
Inventory	259.5	281.8	8.6%
Accounts Receivable	314.7	249.3	(20.8%)
Accounts Payable	282.4	306.9	8.7%
Operating Net Working Capital	291.8	224.2	(23.1%)
<i>Operating NWC / LTM Sales</i>	<i>21.3%</i>	<i>15.1%</i>	<i>(6.3%)</i>
Earn-Outs & Other Items	9.1	12.8	39.9%
Total Net Working Capital	282.7	211.5	(25.2%)

- **Operating Net Working Capital performed superbly, improving ratio to LTM Sales by 627 bps.**
- **Inventory increased slightly to prepare for the season in a strong demand environment.**
- **Accounts Receivable decreased despite strong sales growth, helped by a greater degree of standard orders in North America and continued fast collections.**
- **Accounts Payable increased with the strong activity in Q4.**

Excellent Cash Flow Allows for Further Deleverage Including Acquisitions and Dividends

€M	2019	2020	€ Evol. 20/19
Reported EBITDA	205.3	302.1	96.8
Net Interest Expense Paid	(46.6)	(34.2)	12.5
Corporate Income Tax Paid	(3.8)	(35.2)	(31.4)
Operating Working Capital	(24.4)	34.3	58.7
Other Operating Cash Flow	25.1	25.1	-
Operating Cash Flow	155.5	292.1	136.5
Capex	(47.6)	(43.5)	4.1
Acquisitions / Divestments	21.8	(19.1)	(40.9)
Other Investment Cash Flow	(0.8)	1.9	2.7
Net Investment Cash Flow	(26.6)	(60.7)	(34.1)
Lease Liability Payments	(15.6)	(20.3)	(4.7)
Treasury Stock	(8.9)	(15.9)	(7.0)
Dividends and Others	(4.4)	(42.8)	(38.4)
Financing Cash Flow	(28.9)	(79.1)	(50.2)
Free Cash Flow	100.1	152.3	52.2
Prior Period Net Debt	841.5	756.8	(84.7)
FX Impacts	15.4 ¹	(22.6)	(38.0)
Free Cash Flow	(100.1)	(152.3)	(52.2)
Net Debt	756.8	581.9	(174.9)
Net Leases	(121.8)	(114.1)	7.6
Net Financial Debt	635.0	467.7	(167.3)

(1) Assuming no FX impacts on FY '19 leases.

- **Superb Operating Cash Flow performance in 2020, driven by:**
 - **results improvement**
 - **lower Net Interest Paid due to repricing and lower debt**
 - **excellent Working Capital contribution**
- **Investment Cash Flow is €34M higher than last year due to the divestiture of Aquatron.**
- **Continued effect of COVID-19 prioritization plan on Capex, which has not been recovered despite acceleration in Q4.**
- **Outstanding decrease in Net Financial Debt, bolstered by an impressive €152M positive cash generation as of Q4.**

1. January held the strong trend and early data for February points to maintained double digit Sales growth.
2. COVID-19 drove unusual quarters in 2020, causing difficult quarterly comparables for 2021, especially in H2.
3. Management is confident on achieving the following full year 2021 targets:

€M	2021 Guidance	Key Assumptions
Sales growth	6% to 9%	Growth rates at constant FX
EBITDA margin	22.5% to 23%	M&A contributes 1% growth
		Implied growth based on normal weather patterns
		Guidance does not include any COVID-19 resurgence shut-downs
Cash EPS growth	12% to 20%	Tax rate of c. 28%
		Assumed current FX rates

4. Continuous strong cash generation allows for both accretive M&A and steadily increasing dividends. M&A pipeline is robust.

1. Excellent 2020 results.
2. 2021 off to a great start. The fundamentals of the sector remain strong. Macro stay at home trends point to industry growing off increased Aftermarket base and accelerated New Construction.
3. Our strategy and investment thesis remains unchanged:
 - Resilient and attractive market
 - Driving growth through our customer-focused leading platform
 - Margin expansion and strong cash conversion
 - Delivering ROCE increase, further accelerated by accretive capital allocation
 - Executing ahead of our 2022 Strategic Plan



Appendix

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(I) Sales by Geography

Q4	Evol. 20/19	Const. FX	Constant Perimeter	Const. FX & Perimeter
Southern Europe	23.1%	23.1%	23.2%	23.2%
Rest of Europe	26.1%	31.2%	18.7%	23.7%
North America	12.2%	19.7%	12.2%	19.7%
Rest of the World	3.5%	9.4%	1.6%	7.4%
Total	13.3%	18.8%	11.8%	17.3%

FY	Evol. 20/19	Const. FX	Constant Perimeter	Const. FX & Perimeter
Southern Europe	3.6%	3.6%	3.8%	3.8%
Rest of Europe	23.9%	25.6%	23.3%	25.0%
North America	14.2%	17.2%	14.2%	17.2%
Rest of the World	(4.0%)	1.8%	(5.0%)	0.7%
Total	8.8%	11.2%	8.6%	11.0%

(II) Reported Profit & Loss Account FY

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€M	2019	% Sales	2020	% Sales	Evol. 20/19
Sales	1,367.6	100%	1,488.1	100%	8.8%
Gross Margin	701.5	51.3%	786.1	52.8%	12.0%
Opex before Dep. & Amort.	492.1	36.0%	480.3	32.3%	(2.4%)
Provisions for Bad Debt	4.1	0.3%	3.7	0.2%	(9.3%)
Reported EBITDA	205.3	15.0%	302.1	20.3%	47.1%
D&A	129.8	9.5%	118.0	7.9%	(9.1%)
Net Financial Result	55.4	4.1%	45.1	3.0%	(18.7%)
PBT	20.1	1.5%	139.0	9.3%	591.9%
Tax Expense	6.0	0.4%	39.1	2.6%	553.9%
Minority Interest	5.7	0.4%	3.5	0.2%	(38.1%)
NP from Cont. Oper.	8.4	0.6%	96.4	6.5%	1,043%
NP from Disc. Oper.	(0.1)	0.0%	0.0	0.0%	(100.0%)
Total Net Profit	8.3	0.6%	96.4	6.5%	1,058%

(III) Reconciliation to Reported EBITDA FY

€M	2019	2020	Evol. 20/19
EBITDA	268.8	320.8	19.3%
Integration Related Non-Recurring Expense	(23.5)	(5.1)	(78.3%)
Other & FX impact on Non-Recurring Expense	(4.0)	(0.5)	(87.9%)
EBITDA Discontinued Operations (Aquatron)	0.1	-	(100.0%)
Profit/Loss from sales of subsidiaries	(14.0)	(0.7)	(94.9%)
Stock Based Compensation	(12.2)	(9.1)	(25.3%)
Run Rate Synergies	(10.1)	(3.3)	(67.2%)
Reported EBITDA	205.3	302.1	47.1%

€M	2019	2020	Evol. 20/19
Reported Net Profit from Continued Operations	8.4	96.4	1,043%
Integration Related & Other Non-Recurring Expense	27.5	5.6	(79.7%)
Stock Based Compensation	12.2	9.1	(25.3%)
Run Rate Synergies	10.1	3.3	(67.2%)
P&L Financial Result	55.4	45.1	(18.7%)
Cash Interest Paid	(46.6)	(34.2)	(26.8%)
Amortization (PPA related)	63.9	59.9	(6.4%)
Perimeter	14.0	0.7	(94.9%)
Cash Adjustments	136.5	89.5	(34.4%)
Tax Rate	28.4%	22.5%	(5.9%)
Taxed Cash Adjustments	97.8	69.4	(29.0%)
Cash Net Profit	106.2	165.8	56.1%
Share Count	195.6	195.6	-
Cash EPS	0.54	0.85	56.1%

(V) Reported Balance Sheet

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Assets	12/2019	12/2020	Liabilities	12/2019	12/2020
PPE & Rights of Use	235.8	222.6	Share Capital	195.6	195.6
Goodwill	1,103.9	1,075.5	Share Premium	1,148.6	1,148.6
Other Intangible Assets	736.2	641.7	Retained Earnings	113.2	227.6
Other Non-Current Assets	94.8	98.5	Interim Dividends	-	(40.8)
Total Non-Current Assets	2,170.6	2,038.3	Treasury Shares	(14.0)	(35.8)
			Other Comprehensive Income	(3.8)	(74.0)
			Minorities	5.9	6.7
			Total Equity	1,445.5	1,428.0
			Bank Borrowings + Loans	857.0	671.1
			Other Non-Current Liabilities Incl. Lease	328.7	305.5
			Total Non-Current Liabilities	1,185.8	976.6
Inventory	259.5	281.8	Bank borrowings + Loans	21.9	20.0
Accounts Receivable	314.7	249.3	Accounts Payable	291.6	319.7
Other Current Assets	10.0	10.9	Other Current Liabilities Incl. Lease	52.4	61.6
Cash	242.2	225.6	Total Current Liabilities	365.8	401.3
Total Current Assets	826.5	767.7	Total Equity & Liabilities	2,997.1	2,806.0
Total Assets	2,997.1	2,806.0			

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