

**FLUIDRA**

# 1H RESULTS 2020

July 31<sup>st</sup> 2020



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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 trading trends in Q2: strong underlying demand resumed after confinement measures were lifted.
2. Stronger Fluidra: improved profitability levels and fit for potential resurgences.
3. Favorable cash dynamics: improved flexibility for potential M&A opportunities and dividends.
4. Momentum continues but environment remains volatile, we are prepared.

€M	2019	2020	Evol. 20/19	Const. FX & Perimeter
Sales	753.2	771.3	2.4%	2.8%
EBITDA	154.0	169.4	10.0%	10.2%
EBITA	123.5	138.7	12.2%	13.5%
Cash EPS	0.35	0.43	22.7%	21.4%
Operating Net Working Capital	400.0	347.0	(13.3%)	(12.2%)
Net Debt	847.9	738.0	(13.0%)	(14.0%)
Net Financial Debt	740.2	619.0	(16.4%)	(17.7%)
Full Year Run Rate Synergies Achieved	20.7	35.1	69.8%	

- Excellent Sales evolution in May and June, offsetting confinement challenged performance in April.
- EBITDA and EBITA showed strong operating leverage despite mix, fueled by Opex reduction measures on top of cost synergies and VI read-through.
- Cash EPS improved significantly as did Net Profit.
- Operating Net Working Capital exceeded expectations.
- Strong Net Debt decrease driven by superb cash generation.
- Synergies achievement continues ahead of schedule.

*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

- Entire organization reacted with great agility to support our customers. Measures and processes are now in place to handle the pandemic's risk adequately, including split working teams, appropriate PPE as well as other business measures to minimize disruption.

## Sales Impact and Recent Evolution

- April was worst hit month due to confinement measures, with sales down c.20% and Southern Europe being the most impacted area.
- Record Sales in May and June as confinement measures were lifted. Double digit growth for Northern Hemisphere offset April.
- Residential pool investment has increased in the priorities list of home owners driven by the "cocooning effect".

## Operating Expenses

- High effectiveness of measures to reduce fixed Opex in 1H. Gradual comeback to the pre-lockdown situation as confinements end.

## Supply Chain

- Marginal supply chain impacts in 1H. COVID-19 did impact on increased costs.
- Spike of business activity in May and June resulted in supply challenged environment and end of the quarter inventory shortages.

## Ongoing M&A Activity - Aquafive Acquisition: an important step to become the leading supplier to the Belgian market

- Aquafive has been the exclusive distributor of Zodiac branded products distributing in the Benelux region, with sales and EBITDA of c.€7M and €0.9M respectively.
- The purchase price places its enterprise and equity value at approximately €4.7M and €4.8M respectively. Initial payment of €3.3M in July; to be followed by three deferred payments of €0.5M each for the next three years.

Q2 €M	2019	% Sales	2020	% Sales	Evol. 20/19	Const. FX & Perimeter
Southern Europe	182	41%	180	40%	(0.7%)	(0.6%)
Rest of Europe	87	20%	106	23%	21.4%	22.8%
North America	120	27%	128	28%	6.6%	4.8%
Rest of the World	51	12%	41	9%	(19.4%)	(15.8%)
<b>Total</b>	<b>440</b>	<b>100%</b>	<b>455</b>	<b>100%</b>	<b>3.5%</b>	<b>3.8%</b>

1H €M	2019	% Sales	2020	% Sales	Evol. 20/19	Const. FX & Perimeter
Southern Europe	291	39%	274	36%	(5.6%)	(5.3%)
Rest of Europe	138	18%	162	21%	17.4%	18.2%
North America	209	28%	232	30%	10.7%	8.2%
Rest of the World	115	15%	103	13%	(10.6%)	(5.8%)
<b>Total</b>	<b>753</b>	<b>100%</b>	<b>771</b>	<b>100%</b>	<b>2.4%</b>	<b>2.8%</b>

- After a weak April (-25%), **Southern Europe** had a strong evolution. Mixed performance in the region with France growing at mid-single digits and Spain and Italy catching-up from longer days in confinement.
- **Rest of Europe**, continued excellent performance in the quarter led by Germany and Eastern Europe.
- **North America** had a good evolution after a weak April (-9%) with May and June combined showing double digit growth. Strong momentum into July in a supply constrained environment.
- **Rest of the World**, weaker evolution due to COVID-19 and commercial pool impact.

# Sales by Business Unit

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Q2 €M	2019	% Sales	2020	% Sales	Evol. 20/19
<b>Pool &amp; Wellness</b>	<b>424</b>	<b>96%</b>	<b>443</b>	<b>97%</b>	<b>4.5%</b>
Residential	309	70%	339	74%	9.6%
Commercial	29	7%	20	4%	(30.1%)
Pool Water Treatment	62	14%	61	13%	(1.4%)
Fluid Handling	23	5%	22	5%	(4.4%)
Irrigation, Industrial & Others	16	4%	12	3%	(24.0%)
<b>Total</b>	<b>440</b>	<b>100%</b>	<b>455</b>	<b>100%</b>	<b>3.5%</b>
1H €M	2019	% Sales	2020	% Sales	Evol. 20/19
<b>Pool &amp; Wellness</b>	<b>725</b>	<b>96%</b>	<b>749</b>	<b>97%</b>	<b>3.2%</b>
Residential	525	70%	558	72%	6.3%
Commercial	52	7%	46	6%	(11.7%)
Pool Water Treatment	105	14%	103	13%	(1.9%)
Fluid Handling	43	6%	42	5%	(3.0%)
Irrigation, Industrial & Others	28	4%	22	3%	(19.6%)
<b>Total</b>	<b>753</b>	<b>100%</b>	<b>771</b>	<b>100%</b>	<b>2.4%</b>

- **Residential Pool** grew strongly in the quarter backed-up by pent-up demand and encouraging signs of the “cocooning effect”. Led by Above Ground Pools, Automatic Cleaners and Heaters.
- **Commercial Pool** impacted by lockdown measures on the Hospitality sector. Significant decrease during the quarter due to confinement, reduced usage of existing pools and stalling new projects.
- **Pool Water Treatment** decreased 1.4% in the quarter. This was a combination of good performance of Water Care Equipment but weaker evolution of Chemicals due to Southern Europe’s longer lockdown.
- **Fluid Handling** had a weak evolution in Q2, impacted by Southern Europe.



€M	2019	% Sales	2020	% Sales	Evol. 20/19
<b>Sales</b>	<b>753.2</b>	<b>100%</b>	<b>771.3</b>	<b>100%</b>	<b>2.4%</b>
Gross Margin	389.7	51.7%	401.6	52.1%	3.1%
Opex before Dep. & Amort.	235.3	31.2%	229.7	29.8%	(2.4%)
Provisions for Bad Debt	2.3	0.3%	4.2	0.5%	82.2%
<b>EBITDA</b>	<b>154.0</b>	<b>20.4%</b>	<b>169.4</b>	<b>22.0%</b>	<b>10.0%</b>
Depreciation	30.5	4.0%	30.8	4.0%	0.9%
<b>EBITA</b>	<b>123.5</b>	<b>16.4%</b>	<b>138.7</b>	<b>18.0%</b>	<b>12.2%</b>
Amortization (PPA related)	31.4	4.2%	29.1	3.8%	(7.1%)
Non-Recurring Expense and Run Rate Synergies	21.7	2.9%	8.3	1.1%	(61.6%)
Net Financial Result	25.8	3.4%	21.0	2.7%	(18.6%)
Tax Expense	13.2	1.8%	22.8	3.0%	72.5%
Minority Interest	2.7	0.4%	2.6	0.3%	(5.9%)
<b>Net Profit</b>	<b>28.8</b>	<b>3.8%</b>	<b>54.9</b>	<b>7.1%</b>	<b>90.6%</b>
<b>Cash Net Profit</b>	<b>68.7</b>	<b>9.1%</b>	<b>84.3</b>	<b>10.9%</b>	<b>22.7%</b>

- Sales performed well with resumed strong activity post confinement in the Northern Hemisphere.
- Gross Margin improved, driven by price increase read-through that helped absorb negative country and product mix.
- Excellent management of Opex. Decreased through control measures on top of cost synergies and VI.
- EBITDA and EBITA showed significant operating leverage despite COVID-19's impact in volume during March and April.
- M&A related amortization line showed a continued decrease.
- Superb Cash Net Profit evolution showcasing successful operating leverage as well as lower cost of debt and Non-Recurring Expense.

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.

June €M	2019	2020	Evol. 20/19
Inventory	307.2	274.0	(10.8%)
Accounts Receivable	415.2	393.6	(5.2%)
Accounts Payable	322.4	320.6	(0.6%)
<b>Operating Net Working Capital</b>	<b>400.0</b>	<b>347.0</b>	<b>(13.3%)</b>
<b><i>Operating NWC / LTM Sales</i></b>	<b><i>30.0%</i></b>	<b><i>25.0%</i></b>	<b><i>(4.9%)</i></b>
Earn-Outs & Other Items	9.7	4.8	(50.7%)
Total Net Working Capital	390.3	342.2	(12.3%)

- **Operating Net Working Capital performed strongly, improving ratio to LTM Sales by 490 bps.**
- **Inventory reduction reflects improvements in Inventory management as well as very strong sales activity in May and June, generating some inventory shortages.**
- **Accounts Receivable driven by positive geographical mix and faster collections in North America and Europe.**

# Cash Flow and Net Debt

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€M	2019	2020	€ Evol. 20/19
<b>Reported EBITDA</b>	<b>132.3</b>	<b>161.1</b>	<b>28.8</b>
Net Interest Expense Paid	(22.8)	(20.0)	2.8
Corporate Income Tax Paid	(1.1)	(11.6)	(10.5)
Operating Working Capital	(120.5)	(74.9)	45.7
Other Operating Cash Flow	13.9	11.2	(2.6)
<b>Operating Cash Flow</b>	<b>1.8</b>	<b>66.0</b>	<b>64.2</b>
Capex	(23.3)	(16.8)	6.5
Acquisitions / Divestments	24.6	(14.9)	(39.5)
Other Investment Cash Flow	(1.2)	1.0	2.2
<b>Net Investment Cash Flow</b>	<b>0.0</b>	<b>(30.7)</b>	<b>(30.7)</b>
Lease Liability Payments	(5.0)	(10.6)	(5.6)
Treasury Stock	(5.5)	(0.1)	5.5
Dividends, FX and Others	(0.6)	(3.0)	(2.5)
<b>Financing Cash Flow</b>	<b>(11.1)</b>	<b>(13.7)</b>	<b>(2.6)</b>
<b>Free Cash Flow</b>	<b>(9.3)</b>	<b>21.6</b>	<b>30.9</b>
Prior Period Net Debt	827.4	756.8	(70.6)
FX Impacts	11.1 <sup>1</sup>	2.8	(8.3)
Free Cash Flow	9.3	(21.6)	(30.9)
<b>Net Debt</b>	<b>847.9</b>	<b>738.0</b>	<b>(109.8)</b>
Net Leases	(107.7)	(119.0)	(11.3)
<b>Net Financial Debt</b>	<b>740.2</b>	<b>619.0</b>	<b>(121.1)</b>

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

- **Superb Operating Cash Flow performance in 1H driven by results improvement and excellent Working Capital contribution.**
- **Investment Cash Flow is €30M higher than last year due to the divestiture of Aquatron.**
- **Continued positive effect of COVID-19 prioritization plan on Capex.**
- **Strong decrease in Net Financial Debt, bolstered by €21.6M positive cash generation in the quarter.**

1. Expecting a strong finish to the 2020 Northern Hemisphere residential pool season in Q3. Early data for July points to maintained double digit Sales growth.
2. COVID-19's lockdown resurgence aside, we expect continued growth with contrasting dynamics:
  - Residential Aftermarket driving the Northern Hemisphere's business during the first half of the year. Momentum growing for new builds as Pool Professionals capacity increases during second half.
    - New construction leads and backlog accelerated through the quarter.
    - Potential pool owners tend to be mid-to-high income earners, less impacted by the pandemic thus far.
  - Encouraging kick-off to the 2020 Southern Hemisphere residential pool season with similar "stay at home" conditions as Northern Hemisphere.
  - Continued weak performance of Commercial Pool as long as the hospitality sector remains impacted by COVID-19's implications. Commercial Pool represents c.8% of Sales.
  - Positive growth trajectory to remain for the full year.
3. COVID-19's resurgence aside, operating expenditures will track close to pre confinement levels. All employees have returned and compensation has been re-established as of July 1<sup>st</sup>\*. Continued delivery of cost synergies and VI margin expansion programs.

\* Board Members, Chairman and CEO's compensation re-established as of August 1<sup>st</sup>.

1. Very encouraging trading trends so far and promising prospects for the full year.
2. Situation with the pandemic is very dynamic - volatile environment.
3. Company is stronger - demonstrated its readiness for a potential resurgence through swift action.
4. Therefore, our strategy and investment thesis remains unchanged:
  - Resilient and attractive market
  - Driving growth through customer-focus strategy
  - Margin expansion and strong cash conversion
  - Delivering ROCE increase that could be accelerated by M&A opportunities



# Appendix

1H RESULTS 2020

**FLUIDRA**

# (I) Sales by Geography

Q2	Evol. 20/19	Const. FX	Perimeter	Const. FX & Perimeter
Southern Europe	(0.7%)	(0.7%)	(0.6%)	(0.6%)
Rest of Europe	21.4%	22.6%	21.6%	22.8%
North America	6.6%	4.9%	6.4%	4.8%
Rest of the World	(19.4%)	(15.0%)	(20.1%)	(15.8%)
<b>Total</b>	<b>3.5%</b>	<b>3.9%</b>	<b>3.5%</b>	<b>3.8%</b>

1H	Evol. 20/19	Const. FX	Perimeter	Const. FX & Perimeter
Southern Europe	(5.6%)	(5.6%)	(5.3%)	(5.3%)
Rest of Europe	17.4%	18.2%	17.4%	18.2%
North America	10.7%	8.2%	10.7%	8.2%
Rest of the World	(10.6%)	(5.3%)	(11.1%)	(5.8%)
<b>Total</b>	<b>2.4%</b>	<b>2.8%</b>	<b>2.4%</b>	<b>2.8%</b>

# (II) Reported Profit & Loss Account

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€M	2019	% Sales	2020	% Sales	Evol. 20/19
<b>Sales</b>	<b>753.2</b>	<b>100%</b>	<b>771.3</b>	<b>100%</b>	<b>2.4%</b>
Gross Margin	389.7	51.7%	400.9	52.0%	2.9%
Opex before Dep. & Amort.	255.0	33.9%	235.6	30.6%	(7.6%)
Provisions for Bad Debt	2.3	0.3%	4.2	0.5%	82.2%
<b>EBITDA</b>	<b>132.3</b>	<b>17.6%</b>	<b>161.1</b>	<b>20.9%</b>	<b>21.8%</b>
D&A	61.8	8.2%	59.9	7.8%	(3.2%)
Net Financial Result	25.8	3.4%	21.0	2.7%	(18.6%)
<b>PBT</b>	<b>44.7</b>	<b>5.9%</b>	<b>80.2</b>	<b>10.4%</b>	<b>79.9%</b>
Tax Expense	13.2	1.8%	22.8	3.0%	72.5%
Minority Interest	2.7	0.4%	2.6	0.3%	(5.9%)
<b>NP from Cont. Oper.</b>	<b>28.8</b>	<b>3.8%</b>	<b>54.9</b>	<b>7.1%</b>	<b>90.6%</b>
NP from Disc. Oper.	(0.1)	0.0%	0.0	0.0%	(100.0%)
<b>Total Net Profit</b>	<b>28.7</b>	<b>3.8%</b>	<b>54.9</b>	<b>7.1%</b>	<b>91.5%</b>



# (III) Reconciliation of Adjusted to Reported EBITDA

€M	2019	2020	Evol. 20/19
<b>Adjusted EBITDA</b>	<b>154.0</b>	<b>169.4</b>	<b>10.0%</b>
Integration Related Non-Recurring Expense	(11.7)	(2.2)	(81.2%)
EBITDA Discontinued Operations (Aquatron)	0.1	-	(100.0%)
Profit/Loss from sales of subsidiaries	(1.2)	(0.7)	(41.9%)
Stock Based Compensation	(6.9)	(3.8)	(44.8%)
Run Rate Synergies	(2.0)	(1.6)	(17.9%)
<b>Reported EBITDA</b>	<b>132.3</b>	<b>161.1</b>	<b>21.8%</b>

# (IV) Reconciliation of Reported to Cash Net Profit and Cash EPS

<b>€M</b>	<b>1H 2019</b>	<b>1H 2020</b>	<b>Evol. 20/19</b>
<b>Reported Net Profit from Continued Operations</b>	<b>28.8</b>	<b>54.9</b>	<b>90.6%</b>
Integration Related Non-Recurring Expense	11.7	2.2	(81.2%)
Stock Based Compensation	6.9	3.8	(44.8%)
Run Rate Synergies	2.0	1.6	(17.9%)
P&L Financial Result	25.8	21.0	(18.6%)
Cash Interest Paid	(22.8)	(20.0)	(12.5%)
Amortization (PPA related)	31.4	29.1	(7.1%)
Perimeter	1.1	0.7	(35.9%)
<b>Cash Adjustments</b>	<b>56.0</b>	<b>38.5</b>	<b>(31.3%)</b>
Tax Rate	28.7%	23.6%	(5.2%)
<b>Taxed Cash Adjustments</b>	<b>39.9</b>	<b>29.4</b>	<b>(26.3%)</b>
<b>Cash Net Profit</b>	<b>68.7</b>	<b>84.3</b>	<b>22.7%</b>
Share Count	195.6	195.6	-
<b>Cash EPS</b>	<b>0.35</b>	<b>0.43</b>	<b>22.7%</b>

# (V) Reported Balance Sheet

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<b>Assets</b>	<b>06/2019</b>	<b>06/2020</b>	<b>Liabilities</b>	<b>06/2019</b>	<b>06/2020</b>
PPE & Rights of Use	222.1	227.9	Share Capital	195.6	195.6
Goodwill	1,094.0	1,112.7	Share Premium	1,148.6	1,148.6
Other Intangible Assets	761.3	713.2	Retained Earnings	129.5	172.6
Other Non-Current Assets	96.5	90.8	Treasury Shares	(10.4)	(14.5)
<b>Total Non-Current Assets</b>	<b>2,173.9</b>	<b>2,144.6</b>	Other Comprehensive Income	(16.3)	(14.0)
			Minorities	7.4	7.1
			<b>Total Equity</b>	<b>1,454.4</b>	<b>1,495.5</b>
			Bank Borrowings + Loans	854.7	733.4
			Other Non-Current Liabilities Incl. Lease	330.0	334.0
			<b>Total Non-Current Liabilities</b>	<b>1,184.6</b>	<b>1,067.5</b>
Non-Curr. Assets Held for Sale	-	0.6	Liab. Linked to Non-Curr. Assets Held for Sale	-	0.7
Inventory	307.2	273.8	Bank borrowings + Loans	68.3	53.5
Accounts Receivable	415.2	393.4	Accounts Payable	332.1	325.2
Other Current Assets	8.8	10.3	Other Current Liabilities Incl. Lease	49.3	52.8
Cash	183.7	172.6	<b>Total Current Liabilities</b>	<b>449.7</b>	<b>432.2</b>
<b>Total Current Assets</b>	<b>914.9</b>	<b>850.6</b>	<b>Total Equity &amp; Liabilities</b>	<b>3,088.7</b>	<b>2,995.2</b>
<b>Total Assets</b>	<b>3,088.7</b>	<b>2,995.2</b>			

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Thanks For Your Attention