FLUIDRA

Fluidra Q1 RESULTS 2019

May 8th 2019

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In order to give a better understanding of the results, we comment on 3 month pro forma financial statements for 2018 and provide a reconciliation to reported measures for Sales, EBITDA and Net Income.

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.

TODAY'S SPEAKERS

Eloi Planes
Executive Chairman

Bruce Brooks
CEO

Xavier Tintoré
CFO

HIGHLIGHTS OF Q1

1. **Disappointing quarter in the US due to temporary events, partially offset by our global footprint.**
2. **Fundamentals of the business remain solid.**
3. **Integration proceeding as planned with good visibility of synergies for the year.**
4. **Reconfirming 2019 guidance; on track with 2022 Plan.**

SUMMARY

January-March Main figures	PF 2018	PF 2019		IFRS 16 PF 2019
	€M	€M	Evol. 19/18	€M
Sales	316.6	313.1	(1.1%)	313.1
EBITDA	46.7	44.3	(5.3%)	50.0
EBITA	37.8	34.5	(8.7%)	35.0
Cash EPS	0.08	0.08	(0.3%)	0.08
Net Working Capital	437.6	446.1	1.9%	450.4
Net Debt	799.8	857.1	7.2%	959.5
Full year run rate synergies achieved		16.7		16.7

- **Sales decreased by 1.1% after weak start in the US (weather, distribution ordering pattern and Tijuana plant move issues), which was largely offset by strong performance in Europe and RoW. Currency and perimeter offset each other to a decrease of 1.1% as well.**
- **EBITDA has the impact of lost volume in the US that more than offsets synergies and margin gains.**
- **Good Net Working Capital evolution in preparation for the start of the campaign.**
- **Net Debt increase impacted by FX, adjusting for currency evolution is 0.3%, almost flat to 2018.**

INTEGRATION HIGHLIGHTS

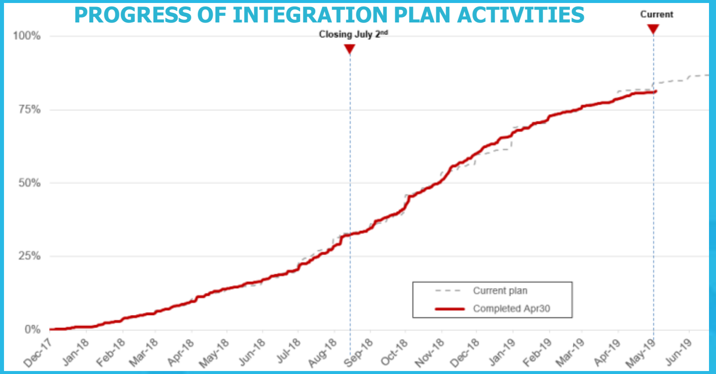
Focus on balancing integration, synergies and continued growth of the combined business.

INTEGRATION

- **Successful legal, systems and operations merger of Spain, Italy and Portugal that allows us to better serve our clients.**
- **Momentum continues in May with South African integration. Future 2019 mergers include USA and Australia.**
- **Over 4,400 total integration tasks, 82% complete. 20+ teams with over 200 team members, closely tracking execution.**

SYNERGIES

- **Integration progressing well, additional full year €8.0m run rate synergies achieved during Q1 '19 that add to the €8.7m achieved last year, for a total €16.7m.**
- **We are ahead of schedule with our guidance of €19m run rate cost synergies by 2019, and well positioned on €35m well aligned with our Strategic Plan.**



	Working Group	Activities	Scheduled before Apr 30	Completed by Apr 30	Overall progress
Source of Supply					
1	Operations	205	177	180	88%
2	Logistics	261	248	242	93%
3	Quality	68	68	68	100%
4	R&D	85	81	78	92%
Countries					
5	Americas	73	71	73	100%
6	Iberia	257	238	236	92%
7	France	370	196	199	54%
8	Germany	285	214	232	81%
9	Italy	302	283	276	91%
10	Australia	829	603	605	73%
11	South Africa	374	320	306	82%
12	Export EEMENA	81	78	77	95%
13	Export NWE	92	80	80	87%
14	NWE Warehouse	63	0	5	8%
Support Functions					
15	HR	128	114	103	80%
16	Communication	43	39	40	93%
17	Finance/Accounting	152	129	133	88%
18	IT	158	133	135	85%
19	Tax	46	45	37	80%
20	Marketing – ESA	490	476	459	94%
21	Legal	64	60	56	88%
22	After-sales Europe	82	44	57	70%
23	Indirect Spend	4	2	2	50%
	TOTAL	**4.512**	**3.699**	**3.679**	**82%**

SALES BY GEOGRAPHY

January-March	PF 2018		2019			
	€M	% sales	€M	% sales	Evol. 19/18	Constant FX
Southern Europe	109.0	34.4%	112.9	36.0%	3.5%	3.5%
Rest of Europe	42.0	13.3%	46.9	15.0%	11.9%	12.1%
North America	102.6	32.4%	89.1	28.4%	(13.2%)	(20.1%)
Rest of the World	63.0	19.9%	64.2	20.5%	1.9%	4.3%
TOTAL	**316.6**	**100.0%**	**313.1**	**100.0%**	**(1.1%)**	**(3.4%)**

- **Southern Europe grew by 9.7% when adjusted for currency and perimeter (Aquatron divestiture), with a very solid start in France and Italy.**
- **Rest of Europe, outstanding performance in Northern Europe and a small decrease in Eastern Europe with 12.9% growth once adjusted for currency and perimeter.**
- **North America was affected by weather, distribution ordering pattern and Tijuana plant move issues.**
- **Rest of the World, adjusted for currency and perimeter grew at 6.2% driven by solid performance in Latin America, South Africa and weaker evolution in Australia.**

SALES BY BUSINESS UNIT

January-March	PF 2018 €M	PF 2018 % sales	2019 €M	2019 % sales	Evol. 19/18
Pool & Wellness	**304.5**	**96.2%**	**301.5**	**96.3%**	**(1.0%)**
Residential	219.6	69.4%	215.4	68.8%	(1.9%)
Commercial	22.4	7.1%	23.2	7.4%	3.2%
Pool Water Treatment	43.8	13.8%	43.1	13.8%	(1.5%)
Fluid Handling	18.6	5.9%	19.7	6.3%	6.1%
Irrigation, Industrial & Others	12.1	3.8%	11.6	3.7%	(4.3%)
TOTAL	**316.6**	**100.0%**	**313.1**	**100.0%**	**(1.1%)**

- **Residential Pool impacted by US performance and Aquatron's divestiture. Adjusting for change in perimeter growth would be 1.1%.**
- **Good performance of Commercial Pool, which starts to show positive trend in 2019 thanks to the pipeline.**
- **Pool Water Treatment evolution showed mixed results with good evolution in chemicals and weaker performance in water care equipment.**
- **Strong performance of Pool & Wellness Fluid Handling, with 6.1% growth.**

PRO FORMA PROFIT & LOSS

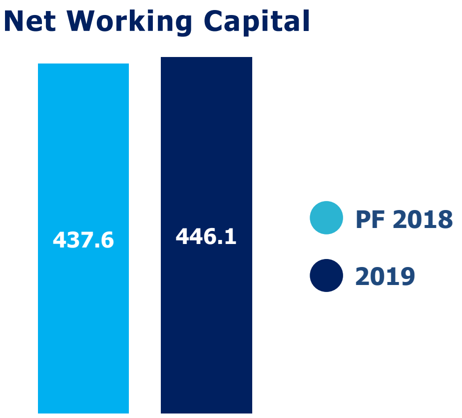
January-March	PF 2018		PF 2019			IFRS 16 PF 2019
	€M	% sales	€M	% sales	Evol. 19/18	€M
Sales	**316.6**	**100%**	**313.1**	**100%**	**(1.1%)**	**313.1**
Gross Margin	165.8	52.4%	168.1	53.7%	1.4%	168.1
Opex before Dep. & Amort.	118.8	37.5%	123.3	39.4%	3.7%	117.6
Provisions for Bad Debt	0.3	0.1%	1.2	0.4%	267.1%	1.2
EBITDA	**46.7**	**14.8%**	**44.3**(1)	**14.1%**	**(5.3%)**	**50.0**
Depreciation	9.0	2.8%	9.8	3.1%	8.9%	14.9
EBITA	37.8	11.9%	34.5	11.0%	(8.7%)	35.0
Amortization	7.6	2.4%	15.8	5.0%	108.1%	15.8
Net Financial Result	10.1	3.2%	9.5	3.0%	(6.4%)	10.6
Tax expense	8.6	2.7%	3.4	1.1%	(60.3%)	3.3
Net Profit	**11.5**	**3.6%**	**5.9**	**1.9%**	**(48.9%)**	**5.4**

(1) EBITDA for 2019 includes €0.7m of run rate synergies

- **Sales performance impacted by unfavorable weather in the US. Solid performance in Europe and Rest of the World.**
- **Good Gross Margin evolution thanks to synergies, mix and price increase read through that help absorb commodities and tariffs.**
- **OPEX increased 3.7% driven by investments in our key commercial initiatives: aftermarket, IoT and revenue synergies.**
- **EBITDA and EBITA impacted by lost volume from the US not fully compensated by other regions' growth and margin.**
- **Amortization increase due to PPA from the Zodiac merger.**
- **Good performance of Net Financial Result driven by favorable FX.**

NET WORKING CAPITAL

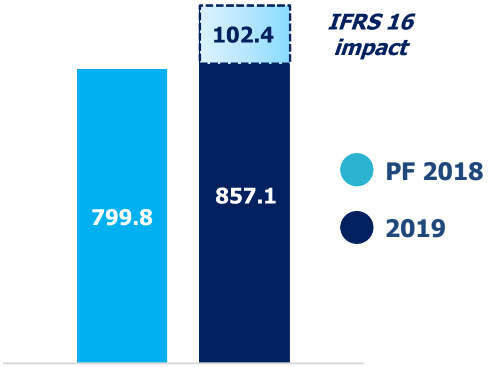
March	PF 2018	2019		IFRS 16 2019
	€M	€M	Evol. 19/18	€M
Inventory	300.4	327.7	9.1%	327.7
Accounts Receivable	421.5	443.6	5.2%	443.6
Accounts Payable	284.4	325.3	14.4%	321.0
Net Working Capital	**437.6**	**446.1**	**1.9%**	**450.4**



- **Net Working Capital increased 1.7% once adjusted for currency and perimeter.**
- **Good Accounts Payable management that helps mitigate the build up of Inventories due to softer sales in North America and preparation of the peak season in the rest of Northern Hemisphere.**
- **IFRS 16 Net Working Capital adjustment due to accounting treatment of lease discounts.**

NET DEBT AND FREE CASH FLOW

Net Debt



January-March	PF 2018	2019	
	€M	€M	Evol. 19/18
EBITDA	**46.7**	**44.3**	**(5.3%)**
Increase (-) / Decrease (+) NWC	(126.1)	(135.1)	7.1%
Capex (-)	10.4	12.9	23.8%
Free Cash Flow	**(89.8)**	**(103.7)**	**(15.5%)**

- **Q1 is a quarter of investment to prepare for the season in the Northern Hemisphere, therefore Free Cash Flow is negative driven by the increase in NWC.**
- **Net Debt is significantly impacted by currency evolution, adjusting for currency the increase is 0.3%.**
- **The IFRS 16 implementation adds €102.4m of lease liabilities to Net Debt.**

CONCLUSIONS

1. **Fluidra's global footprint partly compensates weak Q1 in the US due to temporary impacts.**

2. **The fundamentals of the business remain solid. April evidences the start of recovery in the US with double digit growth, while Europe maintains positive trend.**

3. **Very good progress with synergies, achieving €16.7m full year run rate savings. We are highly confident with our guidance of €19m run rate cost synergies by 2019.**

4. **With a seasonal business, divestments and the integration process, some quarters may show unusual comparisons. Management reconfirms 2019 full year guidance:**
   - **Sales between €1,350 - €1,400 m**
   - **EBITDA between €240 - €260 m (€262 - €282 m post IFRS 16)**
   - **Net Debt / EBITDA ratio below 2.6x (at 2.6x post IFRS 16)**

THANK YOU!

APPENDIX (I): REPORTED PROFIT AND LOSS ACCOUNT

€M	2018	% of sales	IFRS 16 2019	% of sales	Evol. 19/18
Sales	**179.1**	**100.0%**	**313.1**	**100.0%**	**74.8%**
Gross Margin	92.5	51.6%	168.1	53.7%	81.8%
OPEX	77.4	43.2%	126.9	40.5%	63.9%
Provision	0.4	0.2%	1.2	0.4%	253.3%
EBITDA	**14.7**	**8.2%**	**40.0**	**12.8%**	**172.1%**
D&A	8.1	4.5%	30.7	9.8%	278.1%
Financial Result	(2.9)	(1.6%)	(10.6)	(3.4%)	259.1%
PBT	**3.7**	**2.0%**	**(1.2)**	**(0.4%)**	**(134.0%)**
Taxes	1.6	0.9%	1.2	0.4%	(25.2%)
Minorities	0.1	0.1%	0.2	0.1%	128.7%
NP from Cont. Oper.	**2.0**	**1.1%**	**(2.6)**	**(0.8%)**	**(234.0%)**
NP from Disc. Oper.	0.6	0.3%	(0.1)	0.0%	(118.6%)
Total Net Profit	**2.6**	**1.4%**	**(2.8)**	**(0.9%)**	**(206.7%)**

Fluidra's reported P&L for 2018 is standalone Fluidra.

For 2019 it includes merged operations with all non-recurring expenses shown in the corresponding P&L lines. In addition, it includes impacts of IFRS 16.

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

€M	2018	2019
Pro forma Sales	**316.6**	**313.1**
January to March Zodiac	139.6	-
IFRS 15 on Zodiac Sales	(4.1)	-
Reported Sales	**181.0**	**313.1**

January to March 2018 Zodiac Sales are excluded to reconcile Pro forma to Reported Sales.

In addition, due to Zodiac's fiscal year starting in October 2017, IFRS 15 had not been implemented in 2018.

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

€M	2018	IFRS 16 2019
Adjusted EBITDA	**46.7**	**44.3**
January to March Zodiac results	32.4	-
IFRS 15	(4.1)	-
Transaction related non-recurring expense	2.7	-
Integration related non-recurring expense	-	7.0
EBITDA discontinued operations (Aquatron)	1.0	(0.1)
Stock based compensation	-	2.4
Run rate synergies	-	0.7
IFRS 16	-	(5.7)
Reported EBITDA	**14.7**	**40.0**
Depreciation	5.8	14.9
Amortization	2.3	15.8
Financial Result	2.9	10.6
Tax expense (income)	1.6	1.2
Minority Interest	0.1	0.2
Reported Net Profit from continued operations	**2.0**	**(2.6)**

Key reconciliation items for 2018 are:

- **January to March 2018 Zodiac EBITDA**
- **In addition, due to Zodiac's fiscal year starting in October 2017, IFRS 15 had not been implemented in 2018.**
- **Non-recurring expenses associated to executing the transaction and its refinancing.**

Key reconciliation items for 2019 are:

- **Non-recurring integration related expenses (i.e. one-offs to capture synergies).**
- **Stock based compensation**
- **Run rate synergies, representing the full quarter impact of synergies captured during 2019.**

Key below Reported EBITDA items are the captions already shown in 2018 FY results.

APPENDIX (IV): REPORTED BALANCE SHEET

ASSETS	03/2018	IFRS 16 03/2019
PPE & rights of use	101.7	219.7
Goodwill	195.5	1,094.2
Other intangible assets	32.6	784.8
Other non-current assets	31.2	99.3
Total non-current assets	**360.8**	**2,198.0**
Non-curr. assets held for sale	-	1.5
Inventory	216.1	327.7
Accounts Receivable	217.6	443.6
Other current assets	4.7	15.9
Cash	51.9	156.4
Total current assets	**490.2**	**945.1**
TOTAL ASSETS	**851.1**	**3,143.1**

LIABILITIES	03/2018	IFRS 16 03/2019
Share capital	112.6	195.6
Share premium	92.8	1,148.6
Retained earnings	139.1	94.2
Treasury shares	(7.3)	(6.6)
Other Comprehensive Income	(4.6)	(7.3)
Minorities	9.3	8.7
Total Equity	**342.0**	**1,433.3**
Bank borrowings + Loans	138.8	863.5
Other non-current liabilities incl. lease	58.5	326.9
Total non-current liabilities	**197.3**	**1,190.4**
Bank borrowings + Loans	133.5	152.5
Accounts payable	170.6	321.0
Other current liabilities incl. lease	7.6	46.0
Total current liabilities	**311.7**	**519.5**
TOTAL EQUITY & LIABILITIES	**851.1**	**3,143.1**

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