

# FLUIDRA

## Results

## Third Quarter 2016

27 October 2016



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# Q3 2016 Results – Summary

	Main Magnitudes			
	€M	3Q2015	3Q2016	Evol.
Sales		509,0	565,4	11,1%
EBITDA		65,8	76,1	15,7%
Net Income		16,2	26,4	62,9%
Net Working Capital		203,4	204,3	0,5%
Free Cash Flow		3,8	2,9	-0,9
Net Financial Debt		181,9	183,9	1,1%

- Positive Sales performance, with 9% growth on a like-for-like basis and constant currency, with excellent growth in Spain, France and Australia.
- Good EBITDA performance despite the impact of the new facilities in Australia and South Africa. Good operating leverage in stand alone third quarter, sales grew by 7.3% and EBITDA by 19.6%.
- Improvement in financial results helps the excellent performance of Net Profit.
- Good performance of all Balance sheet magnitudes, very much in line with previous year, including the SIBO acquisition.

# 3Q2016 Results – Highlights

Development of FES activity in Commercial Pool, one of our key best practices in the 2018 Strategic Plan

## Taipei 2017 Summer Universiades

- Fluidra won the tender for the design, supply and installation of an Olympic pool and training pool, for the celebration of the 29th Summer Universiades. Both pools will be dismantled after the competition and transferred to a final location in southern Taiwan
- Contract amount: €5 M

## Asian Games 2018 Yakarta

- Fluidra has been chosen to install the pools for the Asian Games 2018 in a renovation project of the Gelora Bung Karno sports facilities.
- Fluidra will install four pools to be used for water sports in the games in the Indonesian capital: a competition pool, a water polo pool, a diving pool and a training swimming pool.
- Contract amount: €4 M



# Q3 2016 Results – Consolidated Profit & Loss Account

	3Q2015		3Q2016		Evol.16/15
	€ M	% sales	€ M	% sales	
Sales	509,0	100,0%	565,4	100,0%	11,1%
Gross Margin	258,9	50,9%	290,0	51,3%	12,0%
Opex before Dep.& Amort.	188,3	37,0%	210,0	37,1%	11,5%
Provisions for bad debt	4,8	0,9%	3,9	0,7%	-17,3%
EBITDA	65,8	12,9%	76,1	13,5%	15,7%
EBIT	38,4	7,6%	48,1	8,5%	25,1%
Net Financial Result	-13,3	-2,6%	-5,4	-1,0%	59,1%
PBT	25,1	4,9%	42,6	7,5%	69,6%
Net Income	16,2	3,2%	26,4	4,7%	62,9%

- Favourable **Sales** performance, exceeding our expectations. On a like-for-like basis, sales increase 7% and adjusted for this effect and currencies, sales increase 9%.
- **Gross margin** continues its positive evolution explained by price management activities.
- Good **EBITDA** performance, recovering operating leverage in the third quarter, after the inauguration of the new facilities in Australia and South Africa.
- **Financial Result** improves considerably thanks to the elimination of last year's one-offs.
- **Net Profit** evolves favourably as a result of increased volume and the company's operational and financial improvements.

# Q3 2016 Results – Sales Performance by Geographical Area

Fluidra Sales by Geographical Area						
	€M	3Q2015	%	3Q2016	%	Evolution 16/15
Spain		121,1	23,8%	130,6	23,1%	7,9%
South Europe - Rest		125,8	24,8%	147,4	26,1%	17,1%
Central & Northern Europe		80,7	15,8%	90,7	16,0%	12,5%
Eastern Europe		25,5	5,0%	27,3	4,8%	7,0%
Asia & Australia		89,2	17,5%	91,5	16,2%	2,5%
Rest of the World		66,8	13,1%	78,0	13,8%	16,7%
<b>TOTAL</b>		<b>509,0</b>	<b>100,0%</b>	<b>565,4</b>	<b>100,0%</b>	<b>11,1%</b>

- Positive performance in **Southern Europe** in general, driven by a very good campaign in Italy, France and Spain, both in the professional and mass market channels.
- **Central and Northern Europe** includes two months of SIBO's activity, representing 6 point of growth, and the impact of the pound's devaluation. Constant currency growth is 18%
- **Asia and Australia:** the region displays mixed developments, with China in decline and Australia posting an excellent performance in local currency.
- **Rest of the World** shows excellent performance supported by the acquisition of Waterlinx.

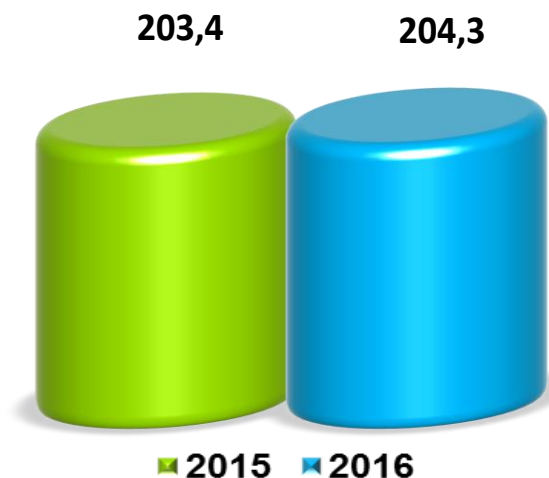
# Q3 2016 Results – Sales Performance by Business Unit

Sales by business units					
M€	3Q2015	% s/vtas	3Q2016	% s/vtas	Evolution 16/15
<b>Pool &amp; Wellness</b>	461,0	90,6%	517,3	91,5%	12,2%
Residential	277,4	54,5%	322,9	57,1%	16,4%
Commercial	67,3	13,2%	64,1	11,3%	-4,7%
Pool Water Treatment	77,2	15,2%	88,6	15,7%	14,8%
Fluid Handling	39,1	7,7%	41,7	7,4%	6,6%
Irrigation & Domestic WT	32,2	6,3%	31,4	5,6%	-2,5%
Industrial & others	15,8	3,1%	16,7	3,0%	5,7%
<b>TOTAL</b>	<b>509,0</b>	<b>100,0%</b>	<b>565,4</b>	<b>100,0%</b>	<b>11,1%</b>

- Good organic performance in **Pool & Wellness**, driven additionally by the acquisitions of Waterlinx and SIBO.
- **Residential Pool** posts excellent performance in all categories in general, specially in above-ground pools, filters and pool robots.
- Performance in **Commercial Pools**, impacted by the completion of several major facilities in the Americas in 2015, and which still does not display the new contracts in Asian region.
- **Pool water treatment** grows thanks to a positive campaign in Europe and Waterlinx.

# Q3 2016 Results – Net Working Capital

Net Working Capital (€m)



## January - September

	2015	2016	Evol. 16/15
Inventory	153,4	169,2	10,3%
Accounts Receivable	172,2	182,6	6,0%
Accounts Payable	122,2	147,4	20,6%
<b>Net Working Capital</b>	<b>203,4</b>	<b>204,3</b>	<b>0,5%</b>
<b>Adjusted Net Working Capital</b>	<b>203,4</b>	<b>215,9</b>	<b>6,1%</b>

- Good Net Working Capital performance in this period. NWC in Accounts Payable includes Aqua's earn-out; similarly, all headings are affected by the acquisition of Sibio, so comparable NWC is € 215.9 M, with a 6% increase below sales growth.



# Q3 2016 Results – Net Financial Debt & FCF



	January - September		
	2015	2016	Evol. 16/15
Net income	16,2	26,4	10,2
Depreciation (+)	27,4	28,0	0,7
Increase (-) / Decrease (+) NWC	-21,5	-29,3	-7,8
Capex (organic)	-18,3	-22,3	-4,0
Free Cash Flow pre-acquisitions	<b>3,8</b>	<b>2,9</b>	<b>-0,9</b>
NWC from acquisitions	-5,1	-5,1	0,0
Acquisitions capex	-9,9	-11,8	-1,9
Free Cash Flow post acquisitions	<b>-11,2</b>	<b>-14,0</b>	<b>-2,8</b>

- Free Cash Flow supported by good generation in P&L.
- CAPEX includes investments in Australia and South Africa to equip new plants and the expansion of the logistics centre in Southern Europe.
- Good performance of Net Financial Debt including payment for 70% of SIBO.

# Q3 2016 Results – Conclusions

- Excellent performance in the third quarter of 2016:
  - Great **Sales** growth in Spain, France and Australia, and good performance in other geographies.
  - Good performance of **results** thanks to operating leverage and improved financial costs.
- Q3 evolution confirms the value of our 2018 Strategic Plan to improve **Fluidra's fundamentals**:
  - Focus on pool & *wellness*,
  - Penetration in all product categories to increase our leadership,
  - And implementation of *Best Practices* to improve efficiency and profitability ratios.
- Based on this results, we reiterate our **estimates for the whole of 2016**: Sales between €675M and €690M; EBITDA between €81M and €85M and NFD/EBITDA levels of around 2.2x.

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