Fluidra 1Q RESULTS

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FLUIDRA

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26 April 2018

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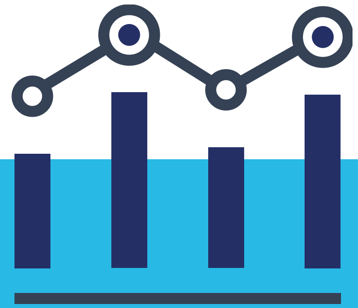
Summary

1Q RESULTS 2018



Main figures	2017	2018	
	€M	€M	Evol. 18/17
Sales	183.2	181.0	-1.2%
EBITDA*	18.4	18.4	0.2%
EBITA*	11.8	11.8	0.4%
Net Profit*	3.3	4.6	41.2%
Reported EBITDA	19.6	15.7	-19.9%
Reported Net Profit	4.5	2.6	-43.1%
Net Financial Debt	212.6	212.6	0.0%
Net Working Capital	251.7	263.0	4.5%

*Adjusted items exclude non-recurring income & expenses

- **On a like-for-like basis, Sales growth is 2.2% impacted by currency and a late start of the season in the Northern Hemisphere.**
- **The recurring measures of our business performance EBITDA* and EBITA* perform well despite Sales growth thanks to Gross Margin improvements and good Opex control. In addition, Net Profit* benefits from lower Depreciation & Amortization and Minority charges.**
- **Good level of Net Debt at same levels of 2017, including earn-out payments.**
- **Working Capital, affected by acquisitions, evolve well in the preparation for the start of the campaign.**

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Relevant Facts

1Q 2018 RESULTS

FLUIDRA + ZODIAC

COMPELLING RATIONALE

- In November 2017, Fluidra and Zodiac announced a merger to create a global leader in the pool industry.
- Businesses are highly complementary in terms of geographical coverage, brand portfolios and product offerings.
- Market guidance for 2020: Sales growth 6-7%; EBITDA margin c.21%; and NFD<2.0x.
- Teams of both companies are planning on integration and capturing sales and cost synergies.

MERGER PROCESS

- Obtained preliminary credit ratings for the combined entity of BB/Ba3 by S&P and Moody's, respectively.
- Carried out refinancing process with a Term Loan B of €850M, a Revolving Credit Facility of €130M, and an Asset Based Lending facility of $230M that will be effective when merger is closed.
- Fluidra shareholders approved the merger on Feb 20. Zodiac shareholders approved the merger on Feb 28.
- The closing of the merger remains subject to some regulatory and other approvals and the companies continue to operate as independent businesses at this stage. The merger is expected to close in Q2.

Profit & Loss Account

1Q RESULTS 2018

	2017		2018		
	€M	% sales	€M	% sales	Evol. 18/17
Sales	**183.2**	**100.0%**	**181.0**	**100.0%**	**-1.2%**
Gross Margin	94.6	51.7%	95.2	52.6%	0.6%
Opex before Dep. & Amort. *	75.3	41.1%	76.6	42.3%	1.7%
Provisions for Bad Debt	1.0	0.5%	0.3	0.2%	-70.0%
EBITDA*	**18.4**	**10.0%**	**18.4**	**10.2%**	**0.2%**
EBIT*	8.8	4.8%	9.5	5.3%	8.0%
Non-recurring Income/Expense	1.2	0.7%	-2.7	1.5%	-325.0%
Net Financial Result	-2.8	-1.5%	-2.7	-1.5%	-3.6%
Net Profit*	**3.3**	**1.8%**	**4.6**	**2.5%**	**41.2%**
Reported EBITDA	**19.6**	**10.7%**	**15.7**	**8.7%**	**-19.9%**
Reported Net Profit	**4.5**	**2.5%**	**2.6**	**1.4%**	**-43.1%**

- Sales, adjusted for FX, grow 2.3% and adjusted for perimeter and FX rise 2.1%.
- Positive Gross Margin evolution thanks to pricing increases and mix, that absorb commodity cost increases.
- Opex evolve positively on a like-for-like basis and adjusting for non-recurring impacts.
- Both EBITDA* and Net Profit* perform well despite the slight decrease in Sales.

* Adjusted for non-recurring income / expense

Sales by geographical area

1Q RESULTS 2018

	2017		2018		
	€M	**% sales**	**€M**	**% sales**	**Evol. 18/17**
Spain	36.6	20.0%	36.9	20.4%	0.7%
Southern Europe – Rest	44.0	24.0%	49.6	27.4%	12.6%
Central & Northern Europe	27.0	14.7%	25.7	14.2%	-4.8%
Eastern Europe	7.4	4.0%	7.9	4.4%	6.8%
Asia and Australia	35.3	19.3%	30.7	16.9%	-13.0%
Rest of the World	32.9	18.0%	30.3	16.7%	-7.8%
TOTAL	**183.2**	**100.0%**	**181.0**	**100.0%**	**-1.2%**

- Positive performance of Southern Europe, helped by the acquisitions done in 2017. Spain grows by 7.4% adjusting for ATH divestiture.
- Central and Northern Europe is affected by the late start of the season and adverse weather conditions in the region.
- Asia and Australia is impacted by currency and by the strong results of Commercial Pool installations in Q1 2017 in the region.
- Rest of the World segment adjusted for FX shows a slight decrease of 1.4%, due to a late start of the season in the US which is not compensated by the good evolution in Latin America.

Sales by business unit

1Q RESULTS 2018

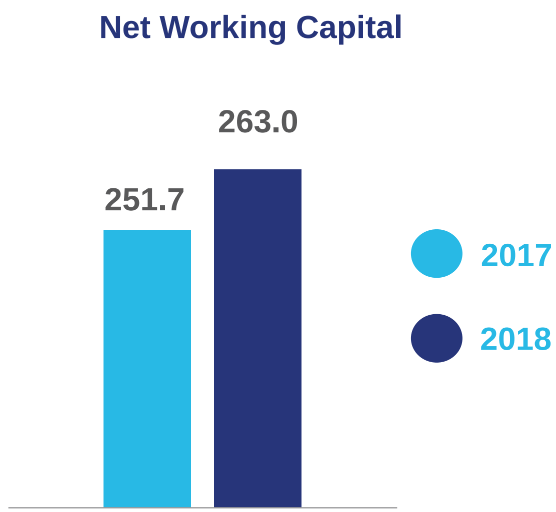
	2017		2018		
	€M	**% sales**	**€M**	**% sales**	**Evol. 18/17**
Pool & Wellness	**168.3**	**91.9%**	**168.8**	**93.2%**	**0.3%**
Residential	104.1	56.8%	103.8	57.3%	-0.3%
Commercial	20.2	11.1%	20.1	11.1%	-0.6%
Pool Water Treatment	28.2	15.4%	29.6	16.3%	4.9%
Fluid Handling	15.8	8.6%	15.3	8.5%	-3.3%
Irrigation and Domestic Water Treatment	**7.7**	**4.2%**	**5.7**	**3.1%**	**-26.2%**
Industrial and Others	**7.1**	**3.9%**	**6.5**	**3.6%**	**-8.2%**
TOTAL	**183.2**	**100.0%**	**181.0**	**100.0%**	**-1.2%**

- Slow start of the season drives Residential Pool and Fluid Handling evolution in the quarter.
- Commercial Pool decreases due to the strong Q1 2017, which included several significant installations in the Asian region.
- Good evolution of Pool Water Treatment, with a very good performance of disinfection equipment (salt chlorinators).
- Irrigation and Domestic Water Treatment impacted by ATH divestiture and by the late start of the season.

Net Working Capital

1Q RESULTS 2018

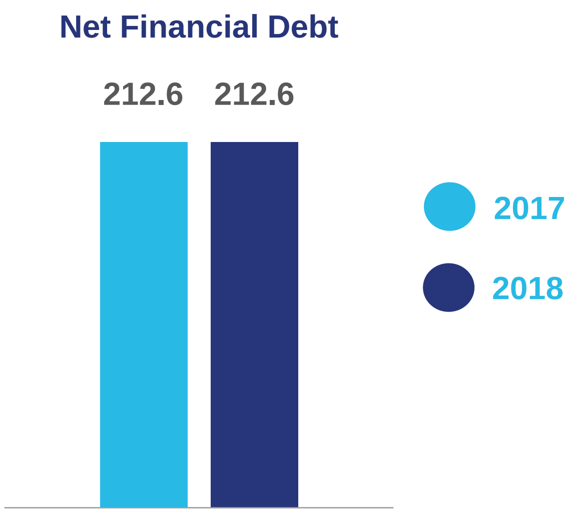
March	2017	2018	
	€M	€M	Evol. 18/17
Inventory	200.5	216.1	7.7%
Accounts Receivable	215.8	217.6	0.8%
Accounts Payable	164.6	170.6	3.7%
Net Working Capital	**251.7**	**263.0**	**4.5%**
Adjusted Net Working Capital	**256.2**	**266.6**	**4.1%**



- Adjusted Net Working Capital posts a 4.1% growth, driven by the build up of Inventories in preparation of the campaign in the Northern Hemisphere.
- Key adjustments to Working Capital are related to the earn-out partial payment of both Waterlinx and Laghetto, and changes in perimeter.

Net Financial Debt and Free Cash Flow

1Q RESULTS 2018



January - March	2017	2018	
	€M	€M	Evol. 18/17
Reported Net Profit	4.5	2.6	-1.9
Depreciation & Amortization (+)	9.6	8.8	-0.8
Increase (-) / Decrease(+) Adjusted NWC	-61.5	-60.7	0.8
Investments (organic)	-6.2	-6.5	-0.3
Free Cash Flow pre-acquisitions	**-53.6**	**-55.8**	**-2.2**
Acquisitions & Divestitures	-1.9	-5.7	-3.8
Free Cash Flow post-acquisitions	**-55.5**	**-61.5**	**-6.0**

- Q1 is a quarter of investments to prepare for the season in the Northern Hemisphere, therefore FCF is negative. The cash used in the quarter is very close to 2017's use, with less cash generated by the P&L, and a very similar investment in Capex and NWC.
- The Acquisitions & Divestitures heading mainly covers SIBO's earn-out partial payment.

Conclusions

1Q RESULTS 2018

We remain confident and positive with regard to the performance of the year.

- **Market dynamics continue to be healthy despite the late start of the season.**
- **Margins have evolved positively in Q1 despite rise of commodity prices.**

With the results of this first quarter, we reiterate that our Sales growth guidance for 2018 is between 5-7%.

Regarding the Fluidra and Zodiac merger:

- **Teams continue to plan for a smooth integration and capturing both sales and cost synergies.**
- **Closing remains subject to regulatory and other approvals.**
- **The merger is expected to close in Q2.**
- **Plans are aligned with our expectations. Fluidra's forward guidance for the combined entity will be published following closing of the merger.**

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THANK YOU
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