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TO THE SPANISH NATIONAL SECURITIES MARKET COMMISSION

Fluidra, S.A. ("**Fluidra**"), pursuant to the provisions of article 228 of the Consolidated Securities Market Act approved by Legislative Royal Decree 4/2015, of 23 October, hereby issues the following:

MATERIAL FACT

In relation to the refinancing for the pending merger of the Fluidra and Zodiac groups, which was notified as a material fact on February 15, 2018 under registration number 261590, Fluidra has received preliminary first time credit ratings from S&P Global Ratings ("**S&P**") and Moody's Investor Service ("**Moody's**"). On the date hereof, S&P assigned Fluidra a long-term issuer credit rating of BB. Also on the date hereof, Moody´s assigned Fluidra a Corporate Family Rating (CFR) of Ba3. Both S&P and Moody's have assigned a stable outlook to these ratings.

The press releases from S&P and Moody's that announce these ratings are attached to this material fact.

Sabadell, February 15, 2018

S&P Global
Ratings

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Research Update:

Pool Equipment Manufacturer Fluidra Rated 'BB(Prelim)' On Merger Agreement With Zodiac Pool Solutions; Outlook Stable

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Research Update:

Pool Equipment Manufacturer Fluidra Rated 'BB(Prelim)' On Merger Agreement With Zodiac Pool Solutions; Outlook Stable

Overview

- Spain-based Fluidra S.A. and Piscine Luxembourg Holdings 2 S.à.r.l., the parent company of U.S.-based Zodiac Pool Solutions, have agreed to merge, which will create a leader in the pool equipment industry with €1.3 billion of pro forma sales.
- In connection with the merger, Fluidra will issue shares to Zodiac's shareholders and the combined group will refinance most of its existing credit facilities.
- We forecast the combined group will generate about €100 million of annual free cash flow and maintain S&P Global Ratings-adjusted debt to EBITDA of 3x-4x.
- We are assigning our preliminary 'BB' ratings to Fluidra and the proposed €850 million first-lien term loan.
- The stable outlook reflects our view that the combined group will maintain solid profitability and free cash flow generation over the next 12-18 months.

Rating Action

On Feb. 15, 2018, S&P Global Ratings assigned its preliminary 'BB' long-term issuer credit rating to Fluidra S.A., a Spain-based multinational group serving the residential and commercial pool and wellness sector. The outlook is stable.

At the same time, we assigned our preliminary 'BB' issue ratings to the proposed euro-equivalent €850 million floating-rate first-lien term loan maturing in 2025. The preliminary recovery rating on this facility is '3', indicating our expectations of 50%-70% recovery (rounded estimate: 55%) in the event of payment default. The term loan will be issued by the subsidiaries Fluidra Finco, S.L.U. (euro tranche) and Zodiac Pool Solutions LLC (U.S. dollar tranche) and guaranteed by Fluidra and some of its subsidiaries. We are not assigning our ratings to the revolving credit facility (RCF) and to the asset-based loan (ABL).

The final ratings will be subject to our receipt and satisfactory review of all the final transaction documentation. Accordingly, the preliminary ratings should not be construed as evidence of the final ratings. If the terms and conditions of the final documentation depart from what we have already reviewed, or if the financing transaction does not close within what we consider to be a reasonable time frame, we reserve the right to withdraw or revise the ratings.

Rationale

The new group will combine the operations of two existing players in the pool equipment industry: Fluidra and Zodiac Pool Solutions. We forecast the new Fluidra group will generate sales of €1.3 billion and adjusted EBITDA of about €220 million in 2018. Overall we see limited integration risks between the two companies, given their similar size, focus of operations, and lack of geographic overlap. That said, we believe there will be some costs associated with aligning manufacturing and logistics for the whole group.

We understand that the merger will be cash neutral for the group, as it will be funded through the issuance of new Fluidra shares to Zodiac's existing shareholders. We believe the refinancing of its debt structure should support the group's debt maturity profile.

The new shareholder structure will include affiliates of private equity firm Rhône Capital (42%), representing the former majority owner of Zodiac, Fluidra's historical four founding families (29%), and free float on the Spanish stock exchange (29%). A formal agreement between the major shareholders supports the business strategy and the financial policy, as well as the composition of the board of directors and the management structure. These factors are positive for the group's deleveraging profile.

In our view, the new combined group's business strengths include its position among the top three players globally (alongside Hayward Industries and Pentair) in the consolidating residential pool equipment industry. The new group will have a strong presence in the largest pool markets, such as the U.S. (30% of pro forma sales) and Europe (48%). Moreover, it has a relatively good scale of operations for the industry, with €1.3 billion of sales, as well as wide product distribution in 150 countries and a well-spread manufacturing footprint. Its portfolio of well-recognized brands (for example, AstralPool and the Jandy Pro Series) cover most product categories (filters, pumps, heating/cooling, and cleaning systems), supporting solid profitability, which we forecast will result in a 16%-17% adjusted EBITDA for 2018-2019. We believe maintaining high product quality and innovation should remain key with professional customers (pool builders, maintenance services, remodelers, and dealers) in the U.S. and Europe.

Another business positive is that about 64% of pro forma sales in 2017 were derived from the aftermarket pool segment (replacement of older pool equipment). This segment is generally viewed as more resilient and less cyclical than sales driven by the new pool construction segment (36% of sales), which we view as more discretionary in nature and more correlated to the volatile residential new-build cycles.

Business challenges, in our view, include that the combined group is operating only in one, relatively niche, and discretionary category compared with consumer durables categories like home appliances. The products have a long replacement cycle of eight to 10 years and are big-ticket items. The group faces strong competition in its main markets, against other established players such as Hayward and Pentair, which have better market positions in such core product categories as chlorinators and pumps.

We also view the business as exposed to a high degree of seasonality. The bulk of sales is generated in the second quarter of the year in anticipation of the summer season in Europe and in North America. This leads the company to see large seasonal working capital movements of €160 million-€180 million, which will be mostly funded by a RCF and the ABL. Still, there are some mitigants to this seasonality, such as sales generated in the Southern Hemisphere (about 15% of pro forma sales) and the "early buy program," allowing distributors and dealers to pre-buy inventories for the following season at favorable prices and conditions.

Supporting the financial profile is our forecast that the group will likely generate significant free operating cash flow (FOCF) of about €100 million. Despite the large working capital movements, the business model continues to display low capital expenditure (capex) intensity. This is notably due to Zodiac's business model, which relies on a significant part of using outsourced manufacturing partners. We also note the group has some excess capacity to accommodate volume growth.

We forecast that the group's debt leverage--measured by our adjusted debt-to-EBITDA ratio--will gradually decrease over the next two years, supported by solid free cash flows and factoring in our understanding that the group will prioritize debt deleveraging in that period. We believe that discretionary spending on debt-financed acquisitions is likely to be constrained by the limited number of suitable acquisition targets in the industry, with no indication that Fluidra could move to an adjacent category. We also understand that shareholder remuneration will be modulated in conjunction with a stable debt leverage.

Our base-case scenario of gradual debt deleveraging in 2018-2019 in the range of 3.5x-4.0x is also supported by our view that the existing shareholder agreement between Fluidra's historical shareholders and affiliates of private equity firm Rhône Capital should not lead to a sizable level of shareholder remuneration that could constrain credit metrics. We think that the composition of the board of directors and the fact that affiliates of Rhône Capital have less than a majority stake, as well as our expectation that Rhône Capital will exit its investment in the medium term, support our view that the group will maintain a consistent financial policy.

In our base case for 2018-2019, we assume:

- Sales of €1.3 billion-€1.4 billion, driven by about 7%-9% growth in 2018, mainly thanks to the alignment of the early-buy program moving sales from August-September 2017 to October 2017-February 2018. About 3.0% organic sales increase in 2018-2019, mainly driven by volumes in the aftermarket

segment;
- S&P Global Ratings-adjusted EBITDA margin of 16%-17%, reflecting the current profitability in the two merged businesses, restructuring costs associated with the integration, and some benefits on cost savings, notably in procurement;
- FOCF of about €100 million, with capex of €40 million-€50 million annually, with limited expansion capex; and
- S&P Global Ratings-adjusted debt of €800 million-€850 million, which primarily includes borrowing, operating leases and pension, netted by surplus cash.

Based on these assumptions, we arrive at the following S&P Global Ratings-adjusted credit measures for 2018-2019:
- Debt to EBITDA in the 3.5x-4.0x range;
- EBITDA interest coverage at about 5.0x; and
- FOCF to debt at 10%-15%.

Liquidity

We view Fluidra's liquidity as adequate and calculate that liquidity sources should exceed uses by more than 1.2x in the next 12 months.

Principal liquidity sources in the next 12 months include:
- About €60 million of cash on balance sheet on Dec. 31, 2017;
- €130 million of undrawn committed RCF and €190 million (US$230 million) undrawn committed under the ABL facility (we understand that these facilities could be partially drawn at closing); and
- Our forecast of cash funds from operations of €150 million-€160 million.

Principal liquidity uses in the next 12 months include:
- Very limited short-term debt with only €8.5 million debt repayment under the first-lien term loan;
- Large working capital outflows of about €180 million-€190 million (including intra-year requirements) due to seasonality of the business; and
- Maintenance capex of about €30 million-€40 million.

Outlook

The stable outlook on Fluidra reflects our view that the new Fluidra group should benefit from strong regional market positions in Europe and the U.S. in its industry. We believe that the group's portfolio of strong brands and the long-term relationships with professional customers will support an S&P Global Ratings-adjusted EBITDA margin of 16%-17% and FOCF of about €100 million annually in 2018-2019.

For the rating category, we believe Fluidra should maintain S&P Global Ratings-adjusted debt to EBITDA of 3.0x-4.0x over the next 12-18 months, supported by a consistent financial policy on discretionary spending.

Downside scenario

We could lower the ratings if we see S&P Global Ratings-adjusted debt to EBITDA increasing to above 4.0x on a recurring basis. This could result from a sharp drop in sales in the combined group's new-build business, while its aftermarket business could suffer from pool owners delaying renovation works. We could also see lower profitability coming from an inability to pass on higher raw material costs in the context of stronger price pressure between competitors.

A negative rating action could also occur if we were to observe the group deviating to a more aggressive financial policy, which would negatively affect debt leverage. This could arise from a large debt-funded acquisition in an adjacent category or much larger dividend payments than expected in 2018-2019.

Upside scenario

We could raise the rating if Fluidra is able to deleverage, reaching a S&P Global Ratings-adjusted leverage ratio of 2.0x-3.0x, thanks to continued strong FOCF and a consistently prudent financial policy toward discretionary spending.

From an operational standpoint, this is contingent on a successful merger of Fluidra and Zodiac, sustained by strong organic sales growth leading to global leadership in the industry, market share gains in all key product segments and geographic markets, as well as further business diversity.

Ratings Score Snapshot

Corporate Credit Rating: BB(prelim)/Stable/--

Business risk: Fair
- Country risk: Low
- Industry risk: Intermediate
- Competitive position: Fair

Financial risk: Significant
- Cash flow/Leverage: Significant

Anchor: bb

Modifiers
- Diversification/Portfolio effect: Neutral (no impact)
- Capital structure: Neutral (no impact)
- Liquidity: Adequate (no impact)
- Financial policy: Financial sponsor-4 (no impact)
- Management and governance: Fair (no impact)
- Comparable ratings analysis: Neutral (no impact)

Issue Ratings- Recovery Analysis

Key analytical factors

- The proposed €850 million equivalent (euro and dollar split to be defined) senior secured first-lien term loan due 2025 has a preliminary 'BB' issue rating and a preliminary '3' recovery rating. Our indicative recovery prospects are in the 50%-70% range (rounded estimate 55%).
- The security package includes share pledges over shares held by Fluidra, S.A. in Fluidra Finco, S.L.U., and all the equity interests directly held by Fluidra Finco, S.L.U. or any guarantor (65% of foreign subs of the U.S. borrower). It also includes perfected first-priority security interests in, and mortgages on, substantially all other material owned tangible and intangible assets of Fluidra Finco, S.L.U. and each guarantor other than the ABL priority collateral (consisting of accounts receivable, inventory, cash, etc.). Perfected second priority pledge of all ABL priority collateral.
- The facilities are covenant lite, with only a springing covenant on the RCF, tested when it is drawn at 40% or more, and on the ABL when its availability is less than the greater of 10% of the line cap (the lesser of the borrowing base and US$230 million) and US$17 million.
- Under our hypothetical default scenario, we assume a steep decline in sales and income from a slowdown in consumer spending on pool equipment and, consequently, lower sales and operating margins for the group.
- We value Fluidra as a going concern, given its solid brand portfolio and leading position in the global pool equipment market.

Simulated default assumptions

- Year of default: 2023
- Jurisdiction: Spain

Simplified waterfall

- Emergence EBITDA: Approximately €110 million
- Capex represents 2.5% of three-year annual pro forma average sales.
- Cyclicality adjustment is 5%, in line with the specific industry subsegment.
- Operational adjustment is 5% to reflect lower leverage vs peers
- Multiple: 6.0x to reflect the bigger size and geographic scope vs. peers.
- Gross recovery value: About €650 million
- Net recovery value for waterfall after administrative expenses (5%): About €615 million
- Estimated priority claims [ABL or other]: About €48.5 million
- Estimated first-lien debt claims: about €955 million
- Recovery range: 50%-70% (rounded estimate 55%)
- Recovery rating: 3

*All debt amounts include six months of prepetition interest.

Related Criteria

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings , April 7, 2017
- Criteria - Corporates - General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- Criteria - Corporates - Recovery: Methodology: Jurisdiction Ranking Assessments, Jan. 20, 2016
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - Industrials: Key Credit Factors For The Consumer Durables Industry, Dec. 12, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Ratings List

New Rating

Fluidra S.A.	
Corporate Credit Rating	BB(prelim)/Stable/--
Fluidra Finco, S.L.U.	
Senior Secured	BB(prelim)
Recovery Rating	3(55%)(prelim)
Zodiac Pool Solutions LLC	
Senior Secured	BB(prelim)
Recovery Rating	3(55%)(prelim)

Additional Contact:
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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's assigns Ba3 rating to Fluidra; stable outlook

Global Credit Research - 15 Feb 2018

Milan, February 15, 2018 -- Moody's Investors Service, ("Moody's") today assigned a first time Ba3 Corporate Family Rating (CFR) and Ba3-PD Probability of Default Rating to Fluidra, S.A. ("Fluidra" or the "company"), a Spanish-listed multinational group serving the residential and commercial pool and wellness sector. Moody's also assigned a Ba3 (LGD 3) rating to the company's proposed EUR850 million equivalent senior secured term loan and EUR130 million Revolving Credit Facility (RCF). The outlook on the ratings is stable.

A full list of assigned ratings can be found at the end of this press release.

Fluidra is in the process of merging with Piscine Luxembourg Holdings 2 S.à r.l., a parent company of Zodiac Pool Solutions LLC (Zodiac, B3 positive), a global manufacturer of residential pool equipment and connected pool solutions. The proposed senior secured term loan and RCF, together with a USD230 million Asset-Based Lending (ABL) facility, are aimed at refinancing the debt structure of the integrated entity.

RATINGS RATIONALE

Fluidra's Ba3 Corporate Family Rating reflects the expected improvement in the company's business profile as a result of the pending merger with Zodiac. In particular, the rating reflects Fluidra's (1) leading market positioning in the residential pool equipment sector, as following the integration with Zodiac, the company will be among the top three players in each of the most relevant markets including North America and Europe; (2) good geographical diversification; (3) healthy profitability and cash flow generation; and (4) good liquidity.

Less positively, the rating also factors in Fluidra's narrow business focus as well as the high cyclicality of the end market, owing to the discretionary nature of spending for new swimming pool construction. This cyclicality is however mitigated by the large share of sales, approximately 64%, derived from the aftermarket segment that is more resilient during economic downturns. The rating also reflects some execution risks related to the merger with Zodiac and the planned cost synergies.

The Ba3 rating reflects the company's moderate leverage, with an expected Moody's adjusted gross debt/EBITDA at 4.1x pro forma for the merger and the proposed refinancing, and Moody's expectations that leverage will progressively decline towards 3.5x in the next 18-24 months. Moody's expects Fluidra's cash flow to remain solid in the next two years, with reported annual Funds From Operations (FFO) between EUR145 million and EUR155 million.

Pro forma for the transaction, Fluidra's liquidity comprises EUR60 million of cash on the balance sheet, a EUR130 million 6-year RCF, and a USD230 million (EUR190 million) ABL. The RCF and ABL are intended for working capital financing purposes. These liquidity sources, together with the expected FFO, should comfortably cover major cash needs, which Moody's expects to include (1) annual capex of around EUR50 million, (2) large working capital swings of up to EUR75 million, owing to the high seasonality of the business; and (3) the payment of some contingent liabilities related to previous acquisitions, estimated at approximately EUR15-20 million in the next 24 months.

STRUCTURAL CONSIDERATION

The Ba3 rating assigned to the proposed EUR850 million equivalent senior secured term loan and RCF is in line with the group's CFR, reflecting the fact that these facilities will rank pari passu among them and both will constitute the vast majority of the group's debt. The term loan and RCF will enjoy a first-priority pledge over substantially all of the group's tangible and intangible assets, other than receivables, inventory and cash, over which the ABL will have a first-priority pledge and the term loan and RCF will have a second-priority pledge.

Each of the term loan, the RCF and the ABL will be guaranteed by Fluidra and each of its material restricted subsidiaries. The RCF is subject to a springing financial covenant based on net leverage tested only if the RCF is drawn for more than 40%, for which we expect the company will retain ample headroom. We used a standard 50% recovery rate, because there are no maintenance financial covenants in the term loan and only springing covenants in the ABL and RCF.

RATIONALE FOR THE STABLE OUTLOOK

The stable outlook reflects Moody's expectation that Fluidra's merger with Zodiac will position the company solidly in the global residential swimming pool market and that risks related to the merger are manageable. The stable outlook factors in a gradual reduction in leverage with Moody's adjusted gross debt/EBITDA trending towards 3.5x by 2019.

WHAT COULD CHANGE THE RATING UP

Ratings could be upgraded if the integration with Zodiac is completed successfully with evidence of improving performance as the combined entity reaps the benefits of enhanced scale and merger synergies with EBITDA margin (as adjusted by Moody's) trending towards 20% and adjusted gross debt/EBITDA reducing below 3.0x.

WHAT COULD CHANGE THE RATING DOWN

Ratings could be downgraded if the company' operating performance deteriorates as a result of difficulties integrating Zodiac and/or changes in demand dynamics, with Moody's adjusted gross debt/EBITDA increasing above 4.25x on a sustained basis, or if the company fails to maintain a good liquidity profile.

LIST OF ASSIGNED RATINGS

Issuer: Fluidra S.A.

Assignments:

....LT Corporate Family Rating, Assigned Ba3

....Probability of Default Rating, Assigned Ba3-PD

....BACKED Senior Secured Bank Credit Facilities, Assigned Ba3

Outlook Action:

....Outlook Assigned Stable

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Consumer Durables Industry published in April 2017. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

Fluidra is a Spanish listed multinational group devoted to the pool and wellness sector, with a focus on developing leading products and applications for the commercial and residential pool markets. Fluidra is in the process of merging with Zodiac, a global manufacturer of residential pool equipment and connected pool solutions. The combined entity will keep Fluidra's name and public listing on the Spanish stock exchange, employ a workforce of 5,500 pool industry professionals and operate a global footprint stretching across more than 45 countries. For the last twelve months ended June 2017, the combined entity had pro forma sales and EBITDA of EUR1.3 billion and EUR210 million, respectively. Pro forma for the merger, the company's largest shareholders will be affiliates of Rhône Capital (42%) and Fluidra's founding families (29%).

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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