

# FLUIDRA

*ROAD MAP TO 2020*



February 2017



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1. Introduction

2. Trends & Market and how we compete & win

3. Opportunities for profitable growth

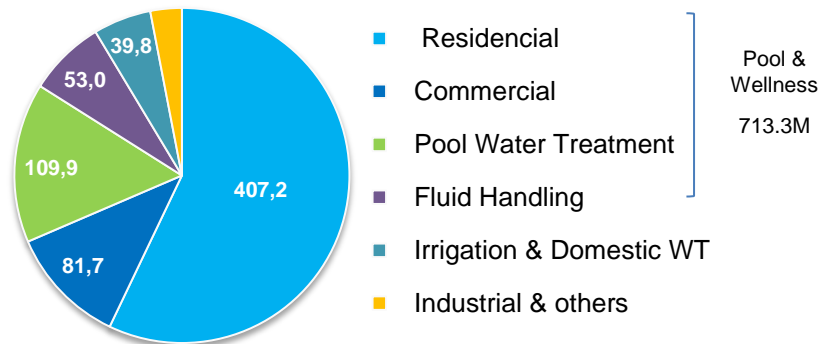


# 1. Introduction

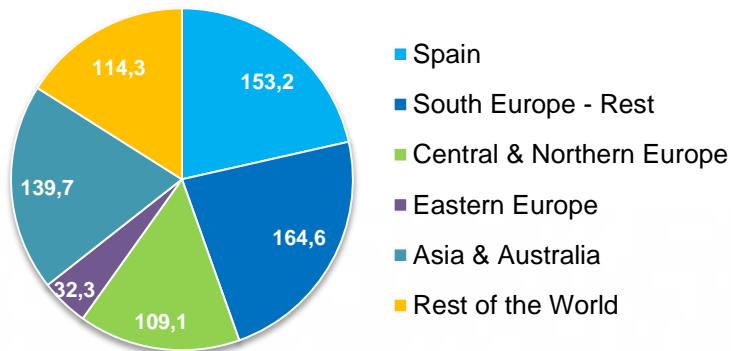


# Fluidra in a snapshot

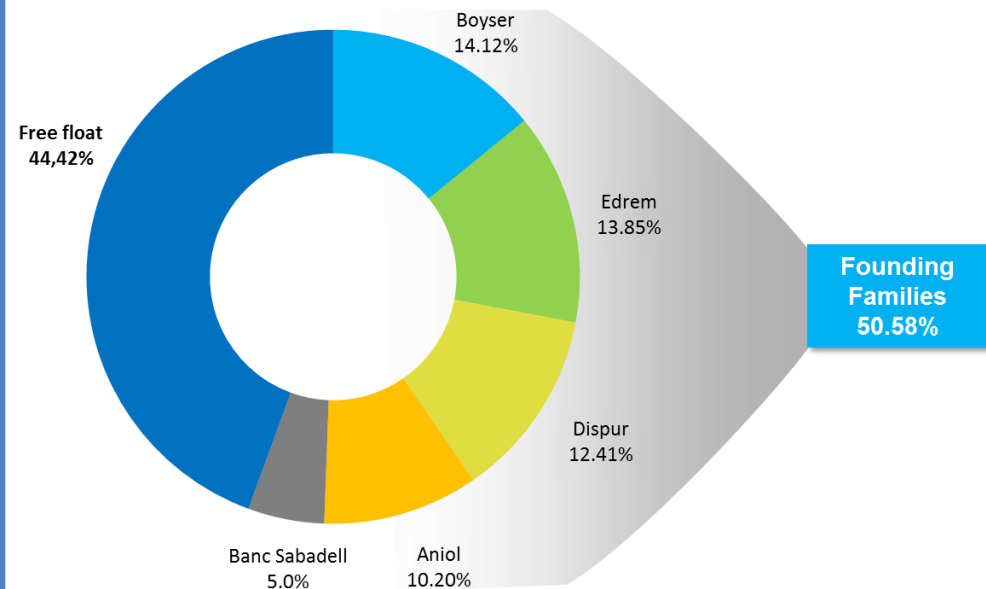
Fluidra Sales by Business Unit – 2016 (€M)



Fluidra Sales by Geographical Area 2016 (€M)

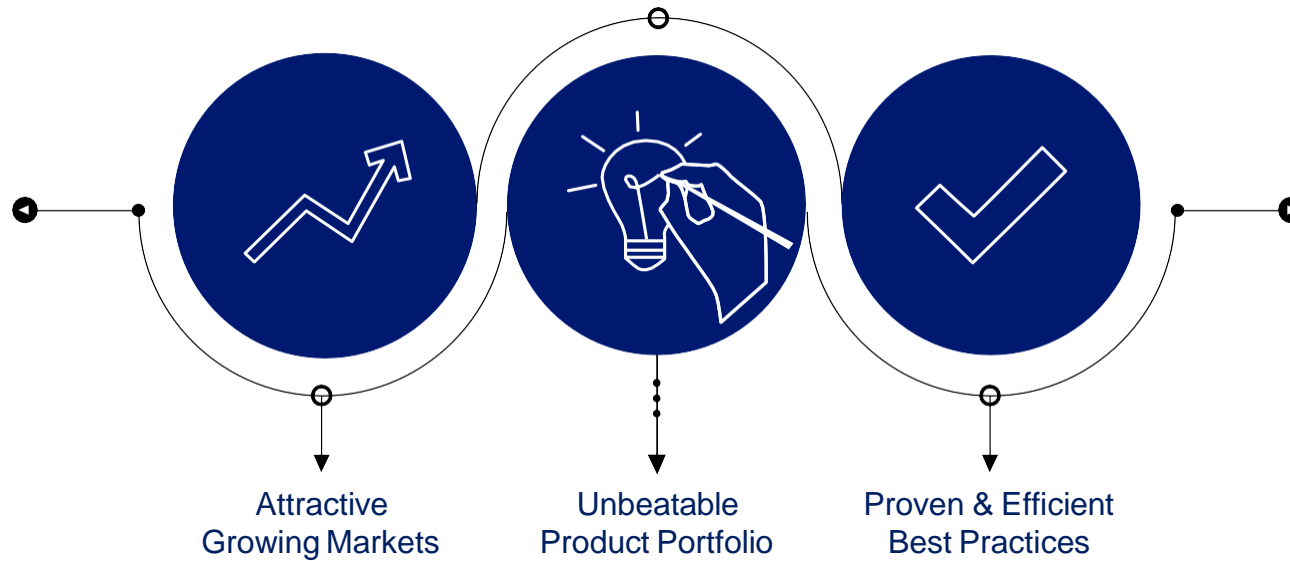


Shareholders structure

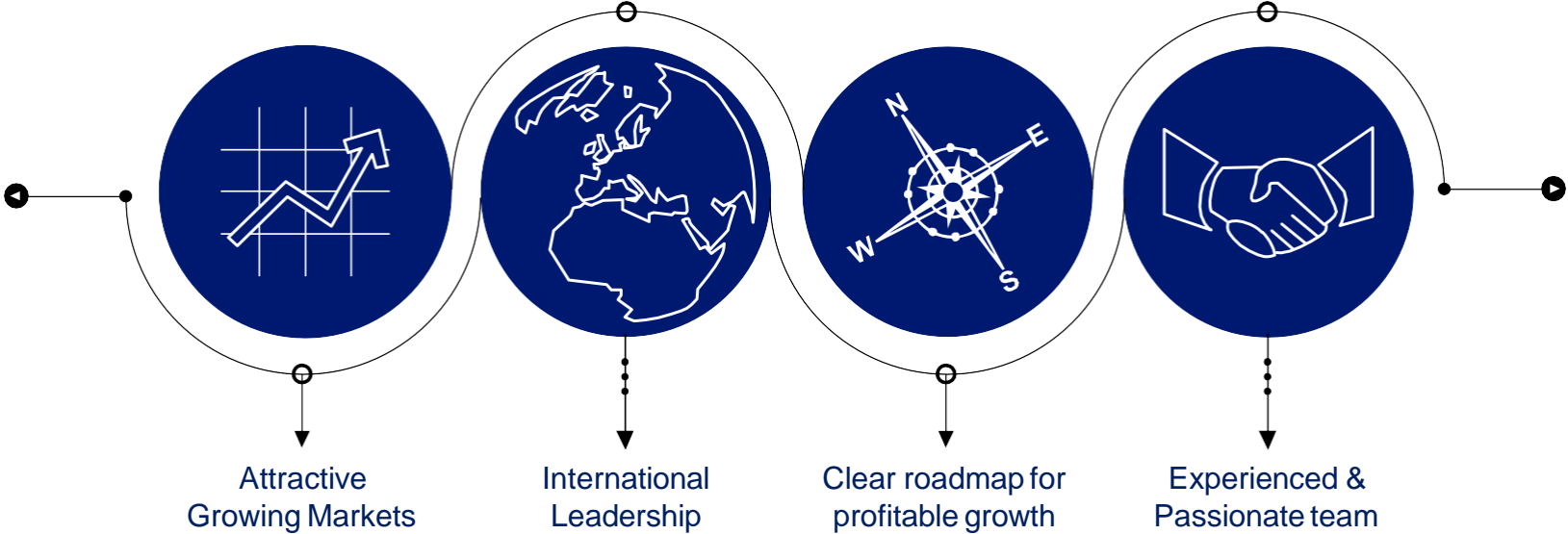


# Fluidra today is a stronger company

...more balanced and with great potential



# Why Fluidra?



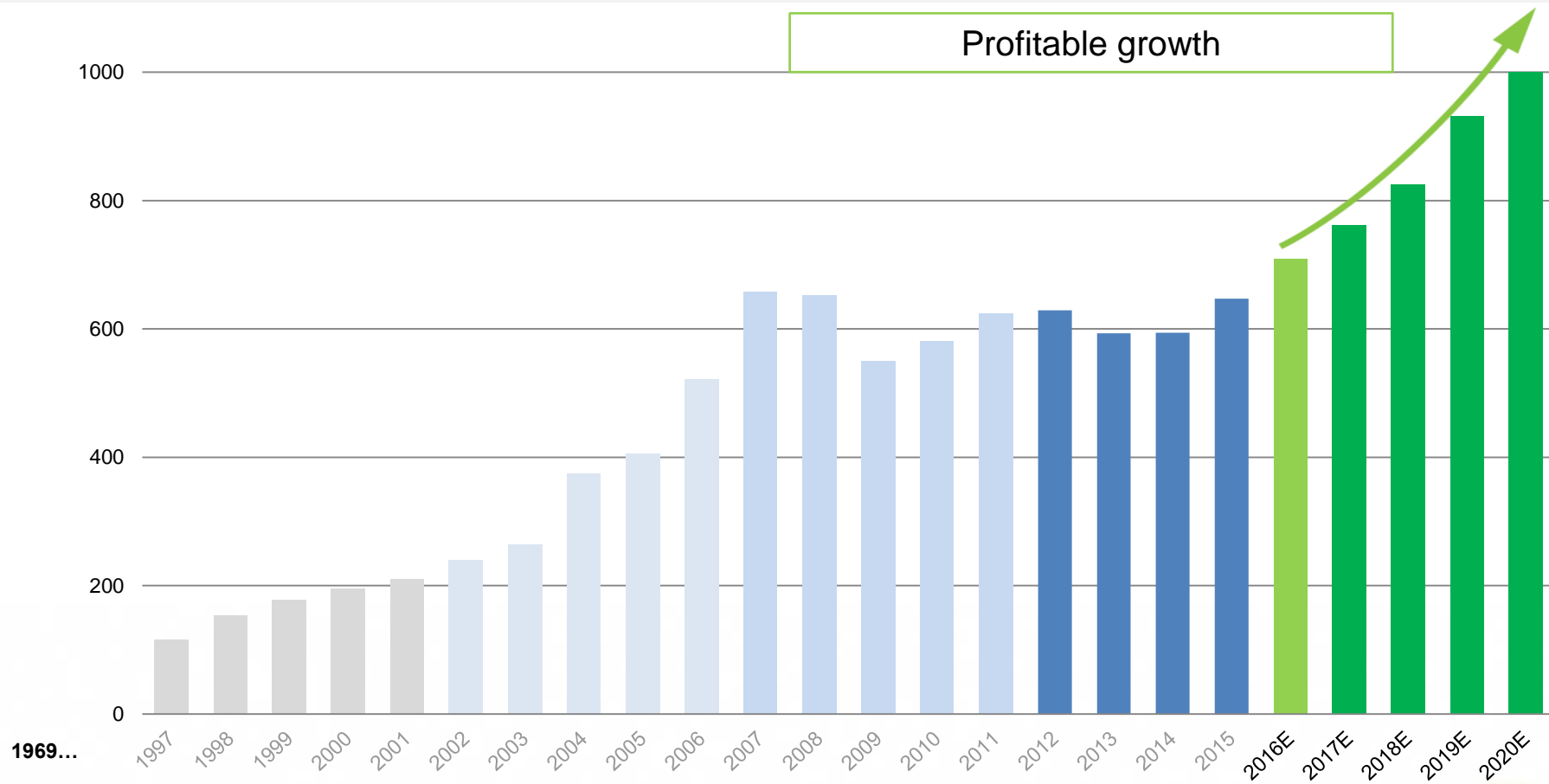
# Fluidra Evolution Vs. Market Evolution


**+1.5%**


**+2.0%**


**+5.9%**

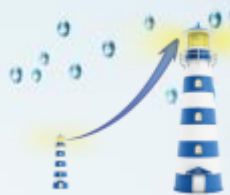
**G.D.P.  
Forecast**



Source: IMF-WEO

Note: GDP forecasts reflects GDP CAGR for the 2016-2020 period

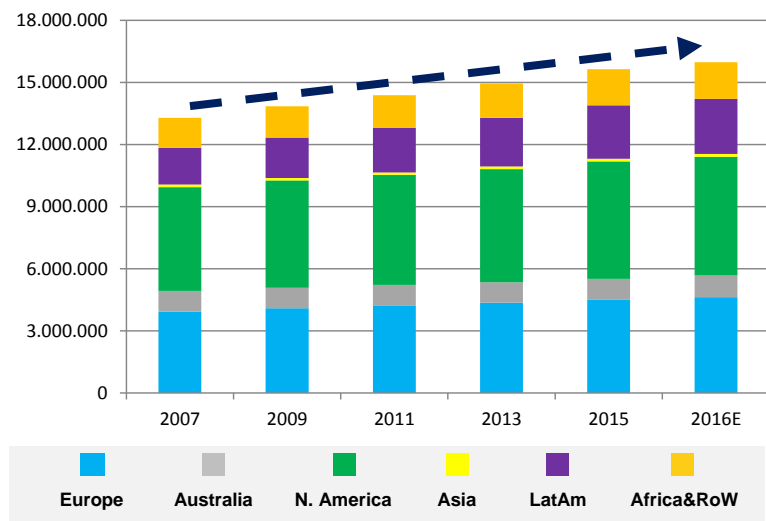
## 2. Trends & Market and how we compete & win



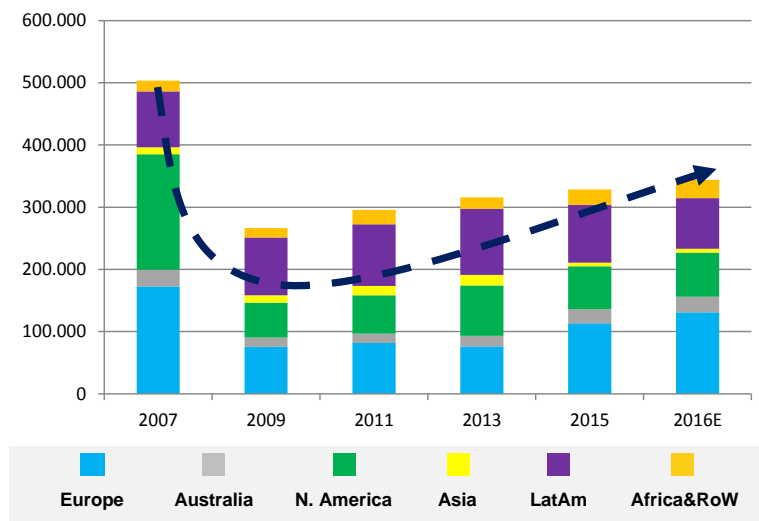


# Evolution of the Pool Market

Total Pool Base



Construction of New Pools



**Strong growth of global pool markets after the 2008 financial crisis.**  
Continued recovery expected in mature markets. Sustained growth in emerging markets.

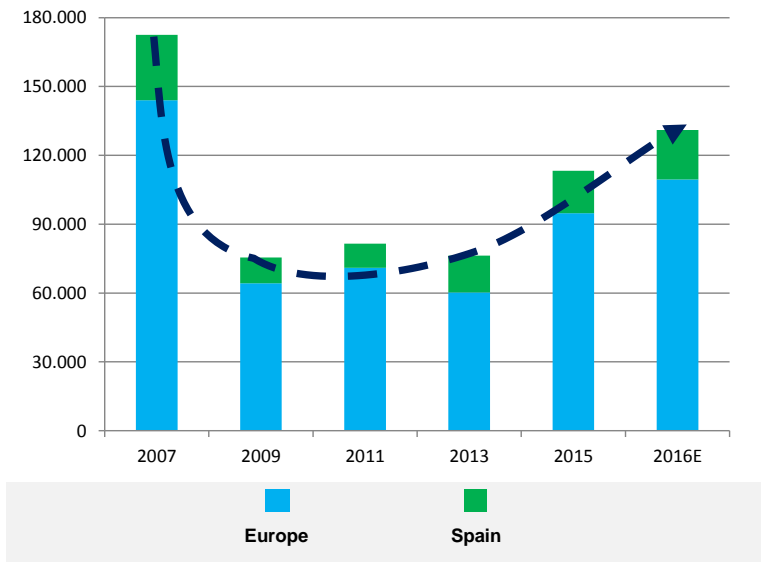
Growth of pool base expected to continue across the board.

New pools built showing recovery. Reflects a return to growth & a healthier industry.

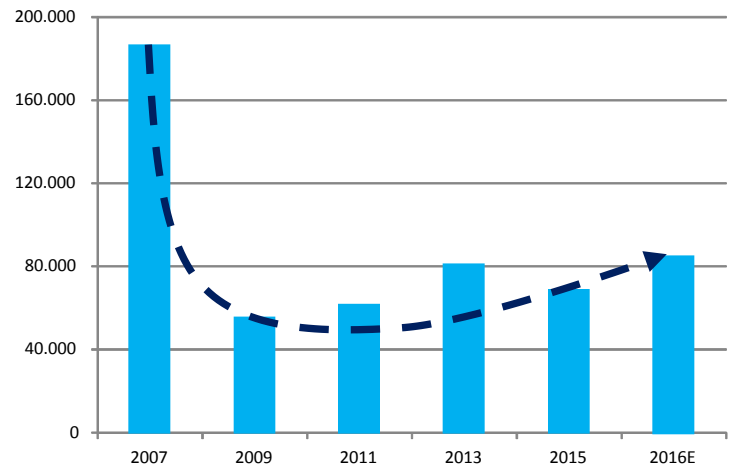
Source: Associations' reports, trade publications, annual reports, Internal studies & estimates  
Note: Only refers to In Ground Pools

# Evolution of the Pool Market

Europe-Evolution of New Pools



N. America-Evolution of New Pools



**New pool builds is showing growth and continued recovery is expected, reflecting a healthier industry**

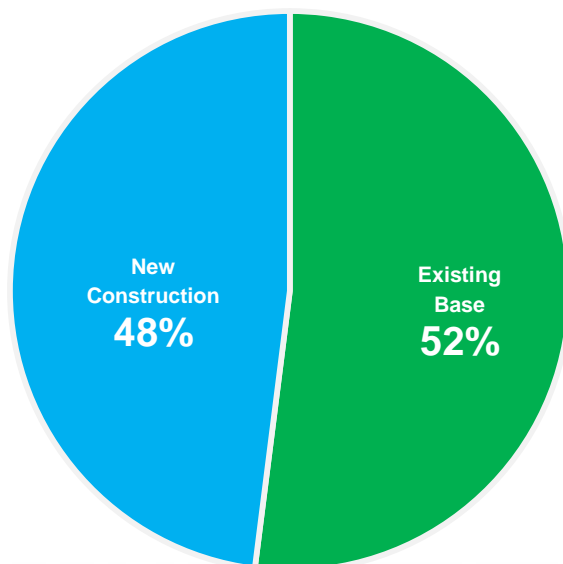
Source: Associations' reports, trade publications, annual reports, Internal studies & estimates  
 Note: Only refers to In Ground Pools



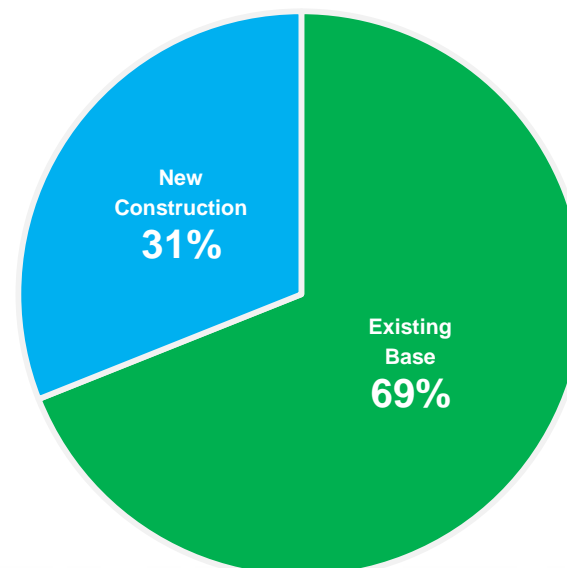
# Fluidra is now stronger

## ...in a healthier market

European Pool Market Model (2008)



European Pool Market Model (2016)

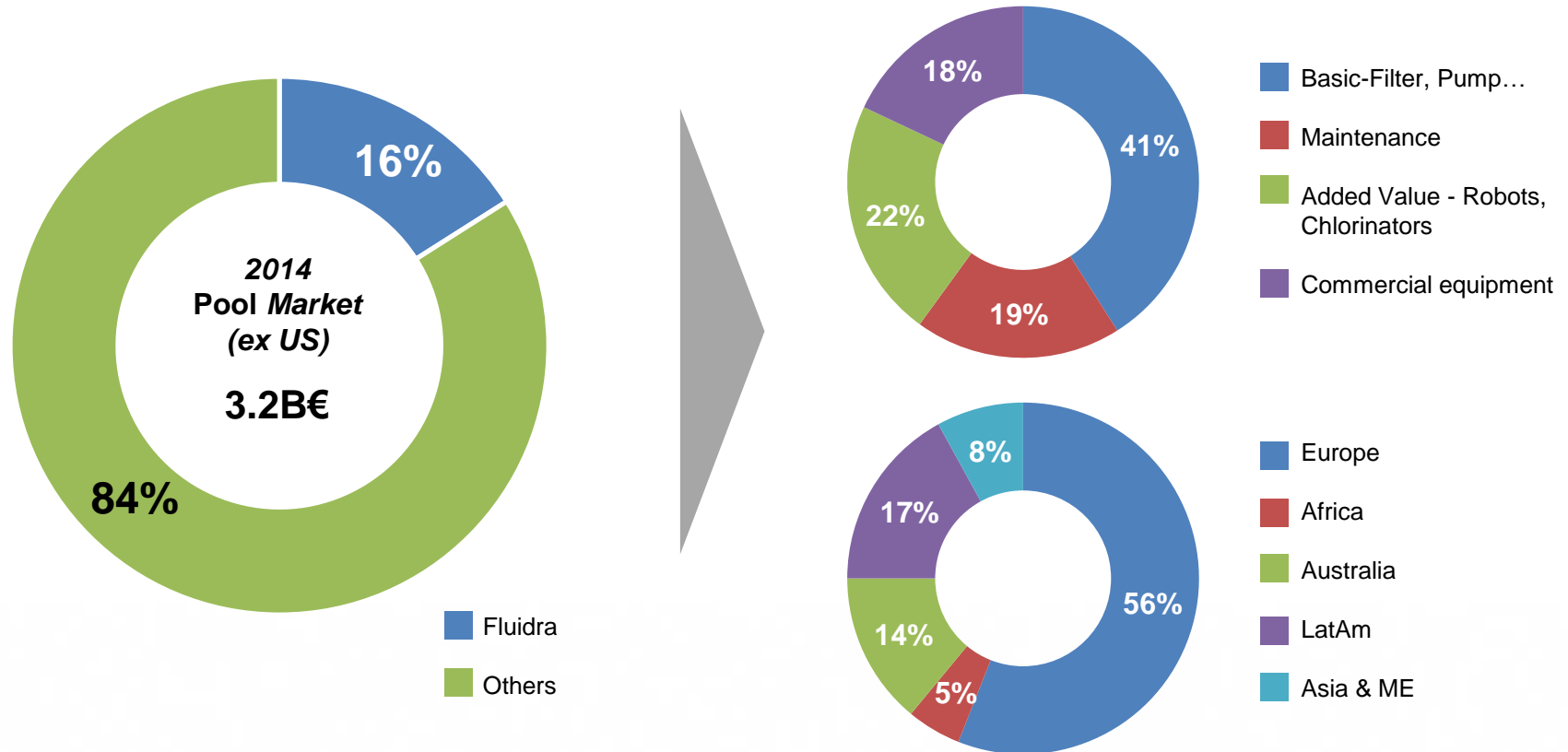


Fluidra benefits from recurring revenues coming from the pool base as well as from a recovery of new construction

Source: Associations' reports, trade publications, annual reports, Internal studies & estimates

# The opportunity is significant...

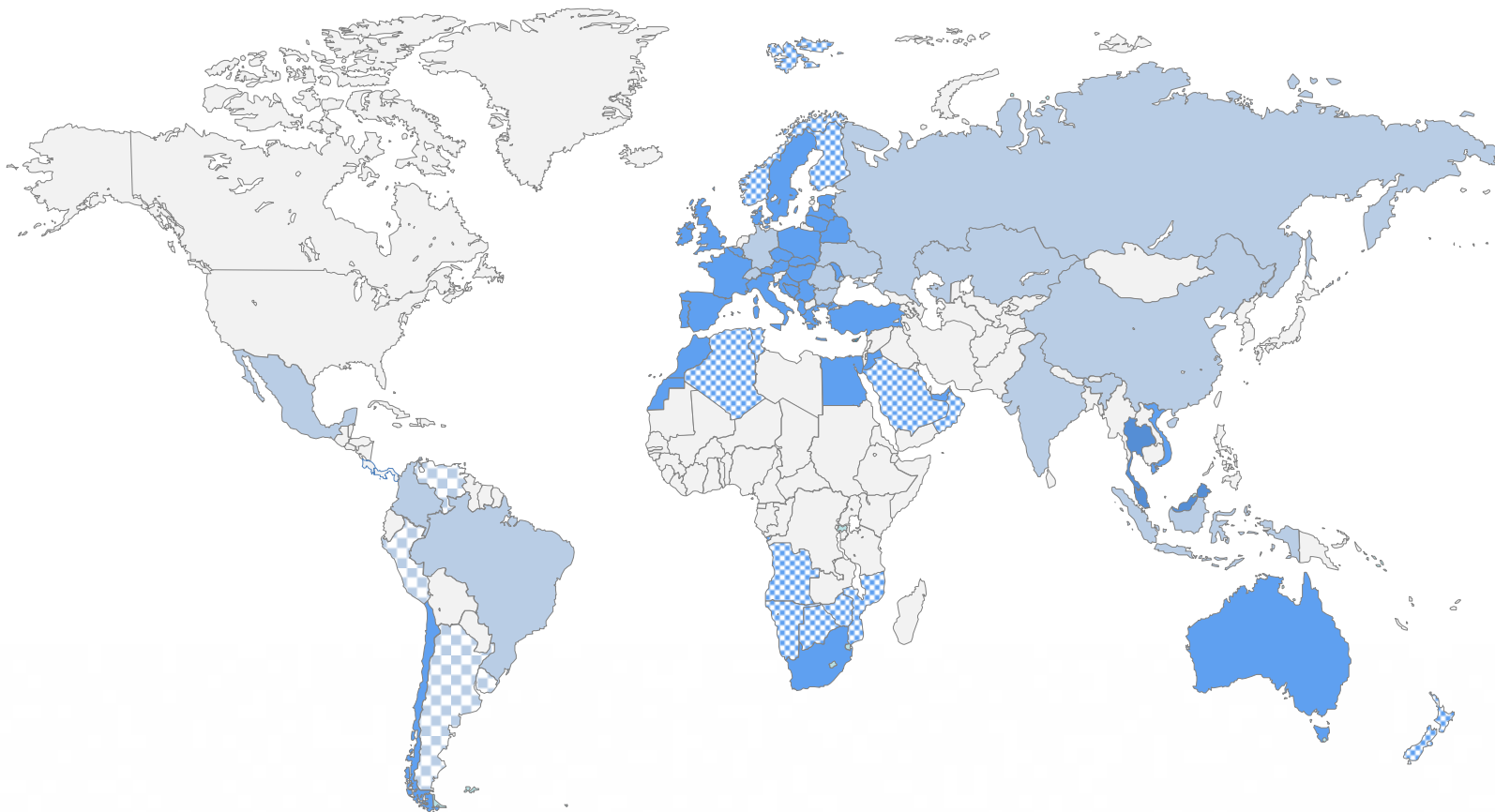
## In terms of product and geographies







Source: Company elaboration based on country pool associations data and other public company data.

# ...to continue building our international leadership

## Clear #1 in most relevant markets...

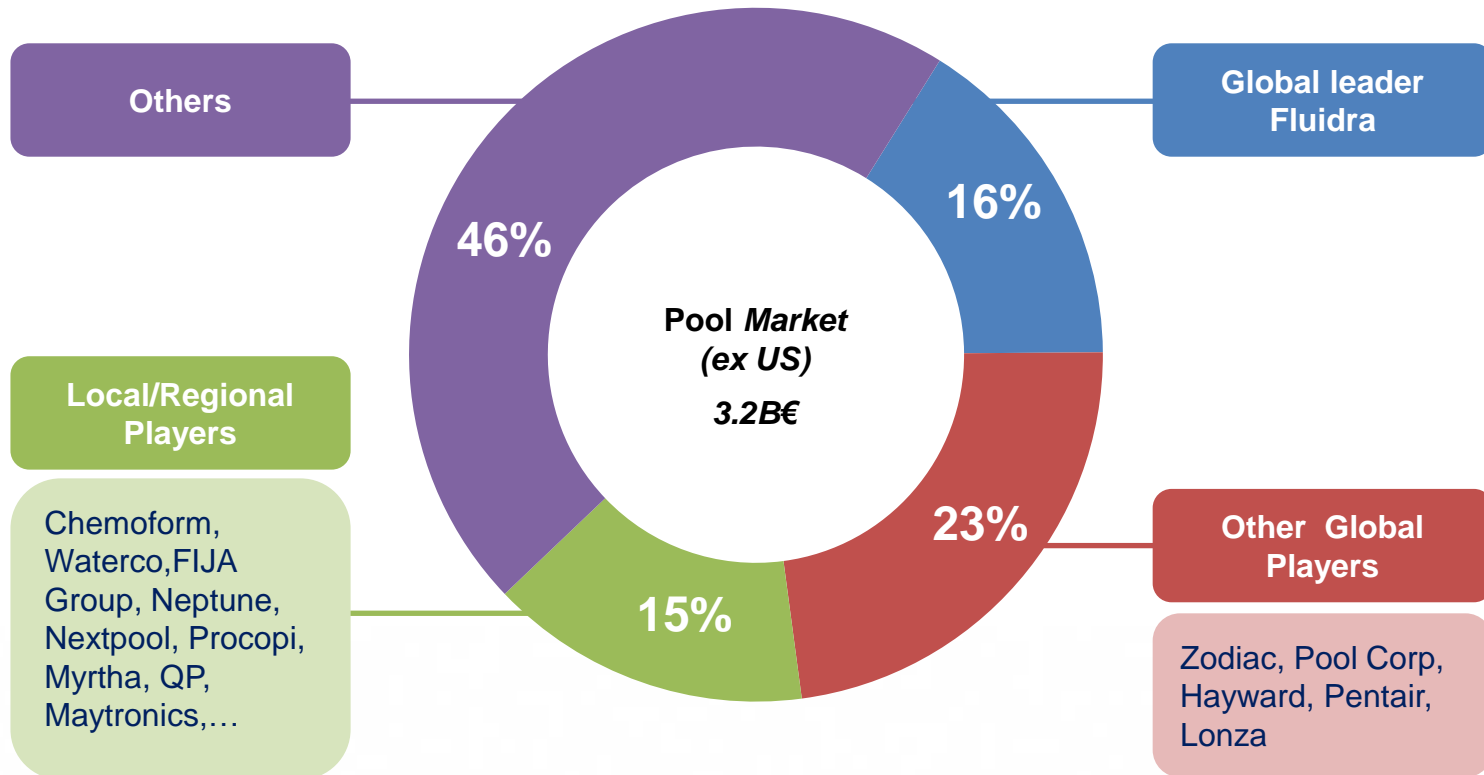


	No. of Countries	% of Global Pool Base
 Market Leader	31	40%
 Export Leader	12	1%
 Key Player	13	21%
 Export Player	4	5%

Source: Company elaboration based on country pool associations data and other public company data.

# ...to continue building our international leadership

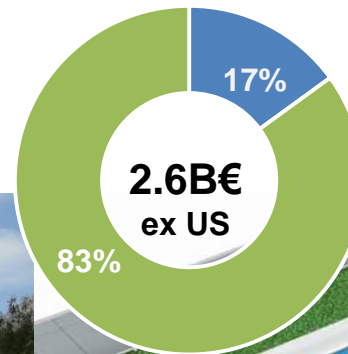
## Competing with different players in every geography



Source: Company elaboration based on country pool associations data and other public company data



# Residential Pool



# Unbeatable Product Portfolio

## Residential-Split by Group and Application



Broad product portfolio that meets the needs of every step of the pool building & maintenance process





# Business model: how we compete

## Integrated value chain with own distribution

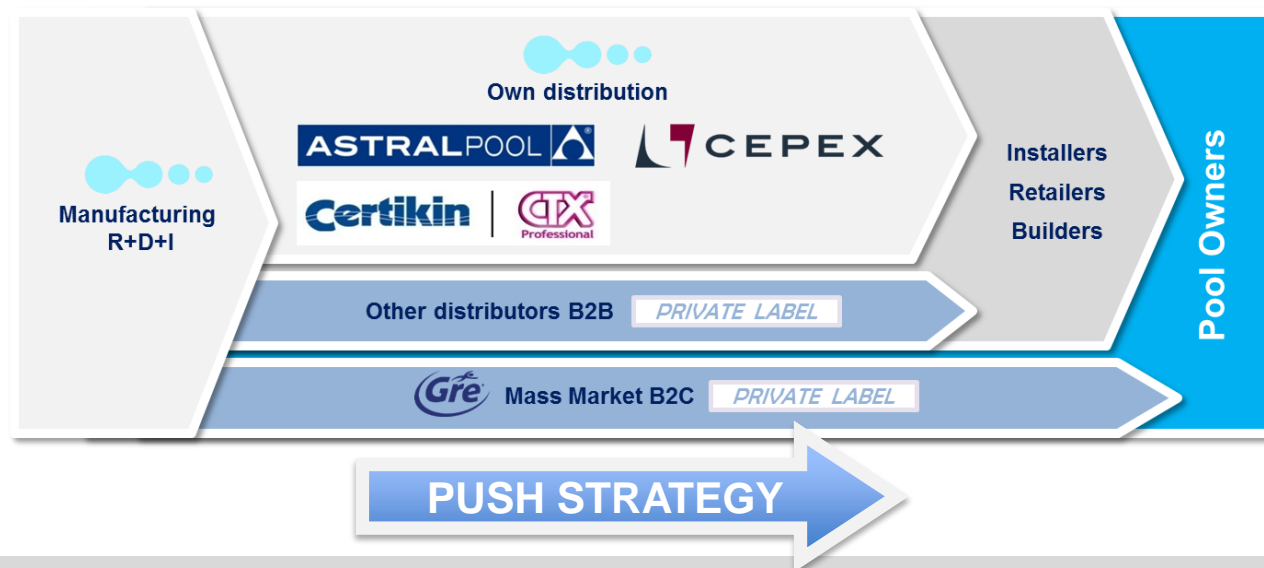


### KEYS OF INTEGRATED MODEL

- Allows multichannel approach with differentiated brands & personalized product.
- Integrated margin
- High barrier to entry
- Minimizes business risk

# A model that meets our customer needs

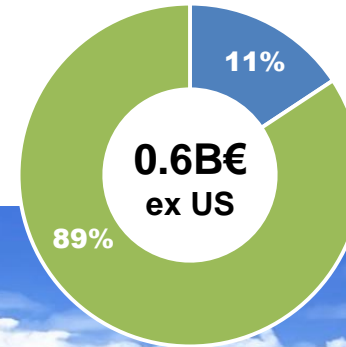
## Excellent match of our model with industry success factors



### KEY SUCCESS FACTORS

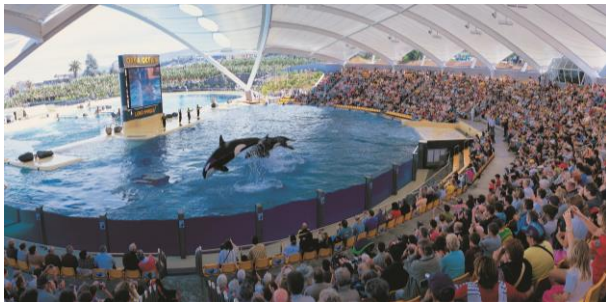
- One stop shop: pool, irrigation, fluid handling, water treatment.
- Technical support & training
- Availability in branch/on time delivery
- After sales service

# Commercial Pool



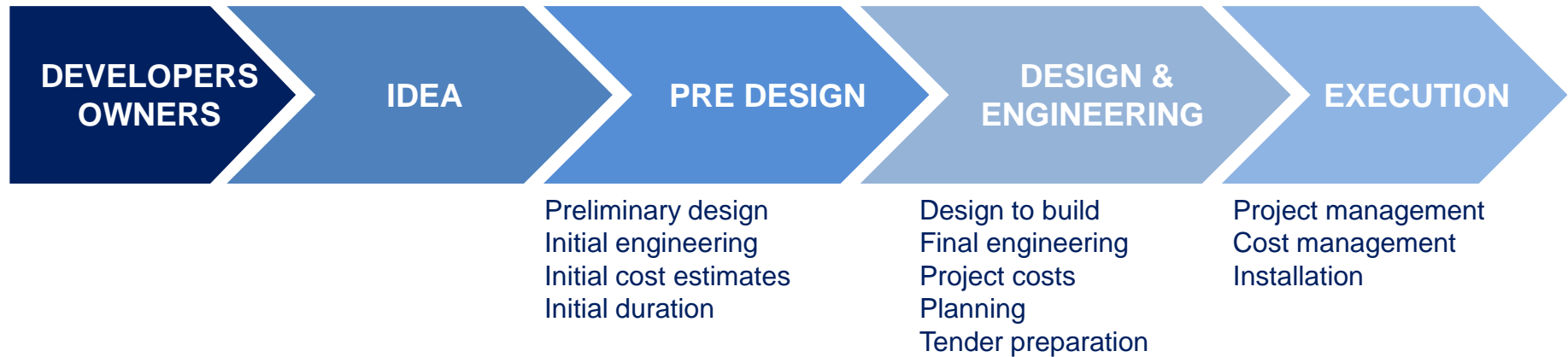


# Commercial Pool covers a wide range of installations



# Understanding decision making for commercial

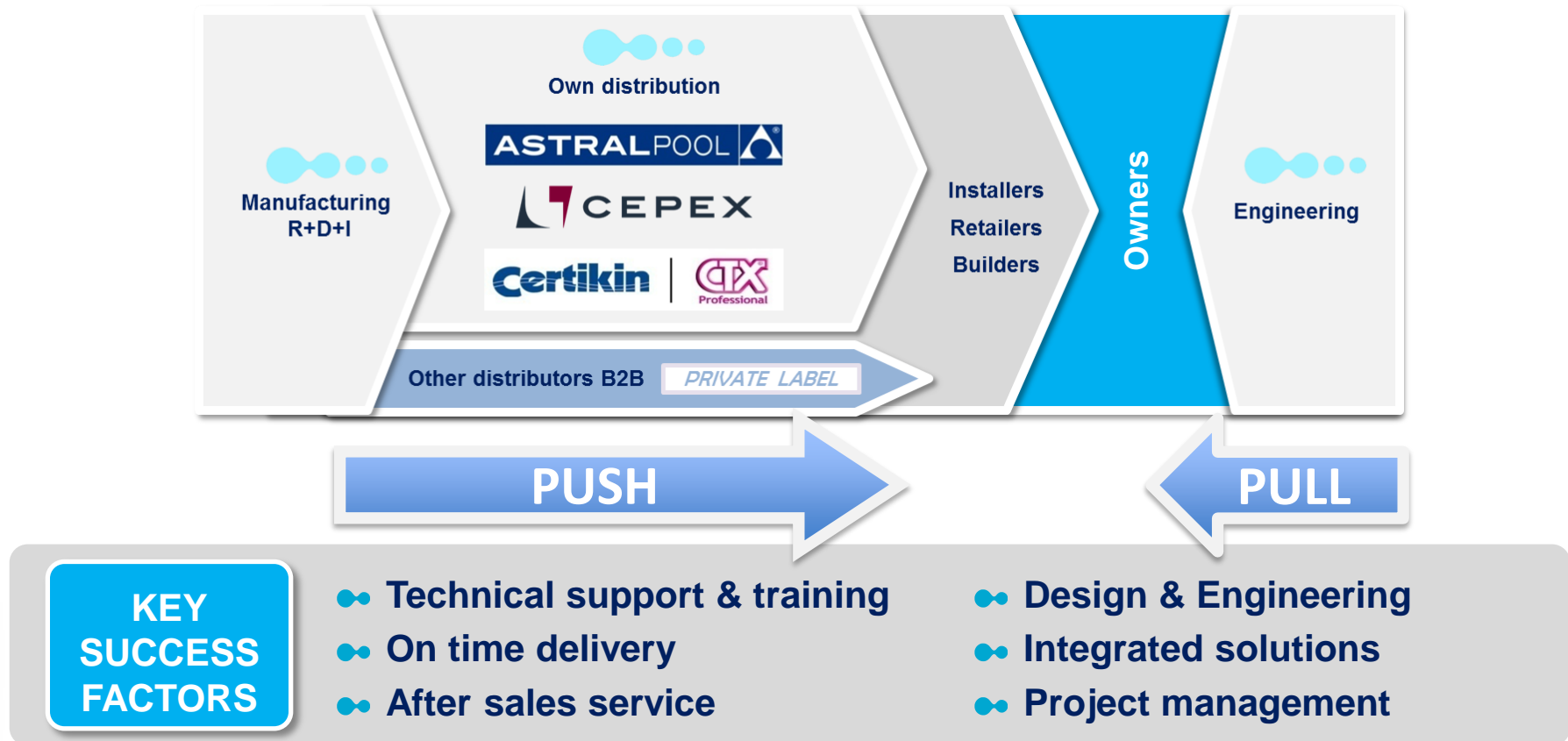
...owners play a key role on choosing the solution



Provide **Engineering Services** to prescribe the use of **Fluidra** products as the **best solution for Commercial pool installations**

# A model that delivers to our customer needs

## Complete match of industry success factor and our model



### 3. Opportunities for profitable growth





# Strategic approach by geographical market

Core for pool: Mainly business of residential pool and a huge base of professional customers



- Market size 2.5B€
- c.80% of our sales

Emerging for pool: Mainly commercial pool business through projects



- Market size 684 M€
- c.15% of our sales

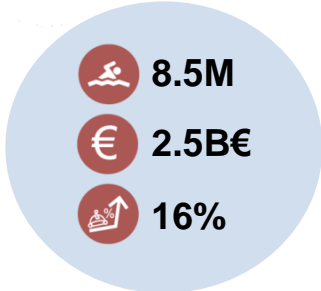
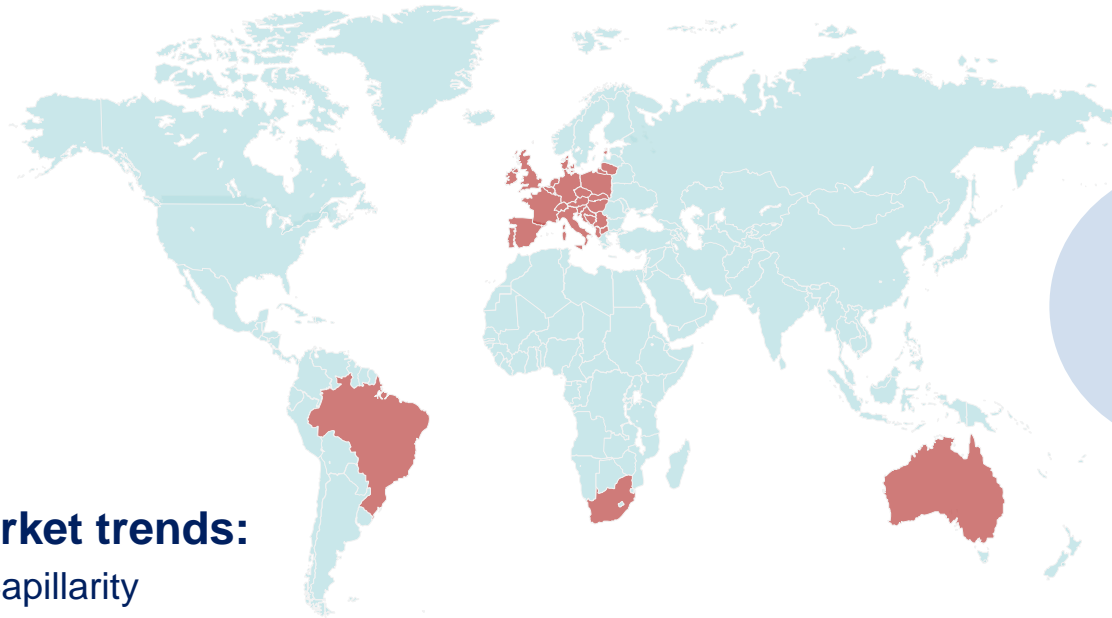
USA: Robotic cleaner niche strategy



- Market size 65 M€
- c.5% of our sales



# Core Pool Markets: Penetration



## Market trends:

- Capillarity
- Focus on installed base pools: Added value
- Perfect service level
- Commercial market already developed by actual customers
- Few global players & major competitors are locals

Total pools

Market size

Market share

Our opportunity is to further develop our business model to gain penetration



# Core Pool Markets: Share by category



	EUROPE	AUSTRALIA	S. AFRICA	BRAZIL
Category 1	●	●	●	●
Category 2	●	●	●	●
Category 3	●	●	●	●
Category 4	●	●	●	●
Category 5	●	●	●	●
Category 6	●	●	●	●
Category 7	●	●	●	●

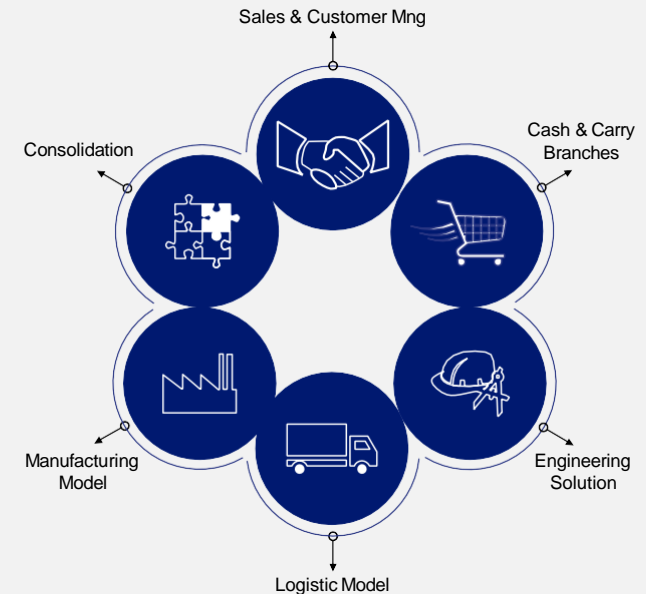
Increase penetration in all categories to minimum 20% is 210M€



# Core Pool Markets: Best practices at full speed



- Gain capillarity by opening new cash & carry branches.
- Perfect delivery to our customers.
- Customer management to optimize share.
- Introduce new product in added value categories.
- Engineering solutions to improve penetration.



Expand success story of Spain

# Spain: Pool Market today

## The Spanish pool market is valued at € 300M

- On average, Spain has 1 pool for every 37 people.
- New Pools: 18.500 built in 2015 / 21.500 in 2016.
- Market trend is back to growth (+6%).
- Business remains on renovation/upgrade of the installed pool park.



Fluidra Comercial España



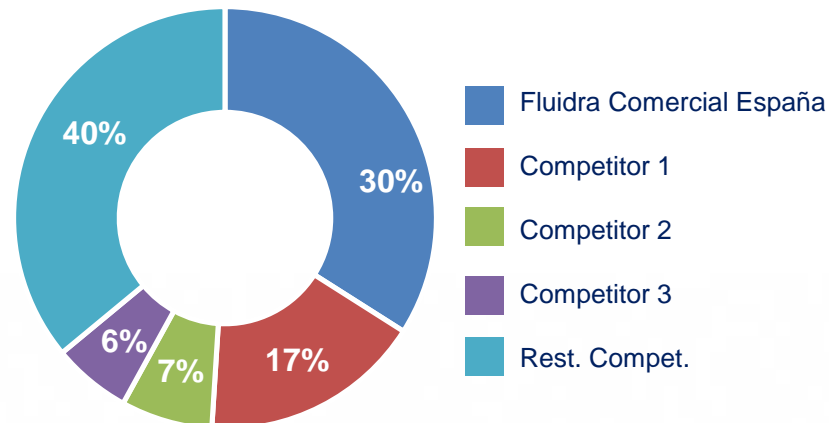
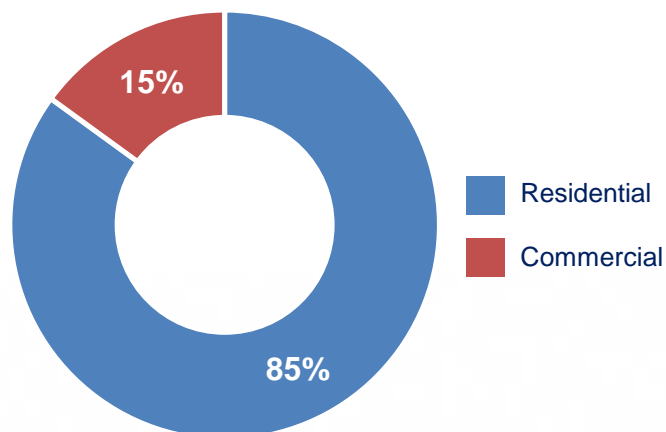
101M€



219 Employees



22 Branches



Note: Fluidra's share does not include sales done in Spain through other channels by other group companies..

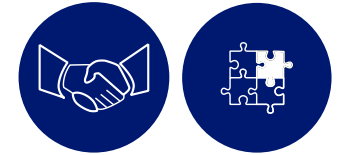
# New logistic model



	2011	2016
<b>Branches</b> (From Old Branches to C&C)	30	19
<b>Inventory level</b>	17 M€	3,5 M€
<b>Logistic FTEs</b> (Average per Branch)	5.8	3.5
<b>Transport Cost</b> (% of Net Sales)	5.1%	3.0%
<b>Service Level</b> (% Perfect & Full Order delivery)	80%	90%

**“Closer to market”, better service and more efficiently**

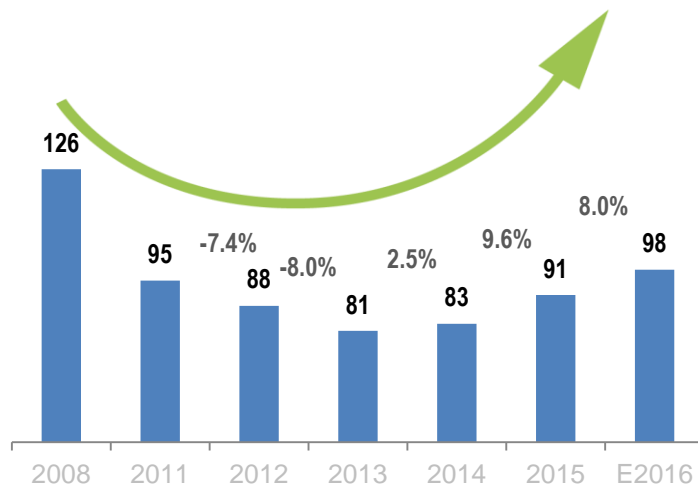
# New customer approach



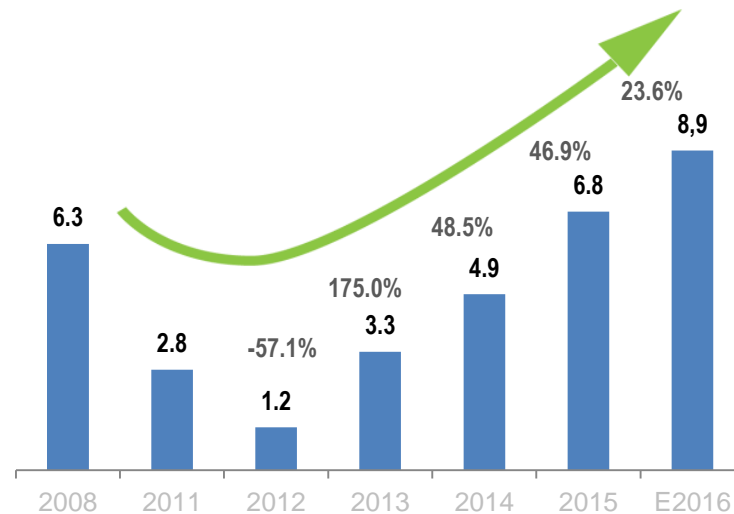
	2011	2016
<b>Company Consolidation</b> (From Companies to Business Units)	3	1
<b>Sales Network</b> (Number of Reps)	79	67
<b>Sales Activity Model</b> (Commercial Tools)	GENERALIST 3 COMPANIES	SPECIALIST Trade Efficiency
<b>Capillarity and Efficiency</b> (Average num. Customers per Rep)	200-250	140
<b>Inside Sales</b> (Num. Customer / Contacts per Day)	---	6,300 / 73
<b>Market share</b>	28%	30%

**“Closer to market”, better service and more efficiently**

# Results 2008 - 2016



SALES



EBITDA

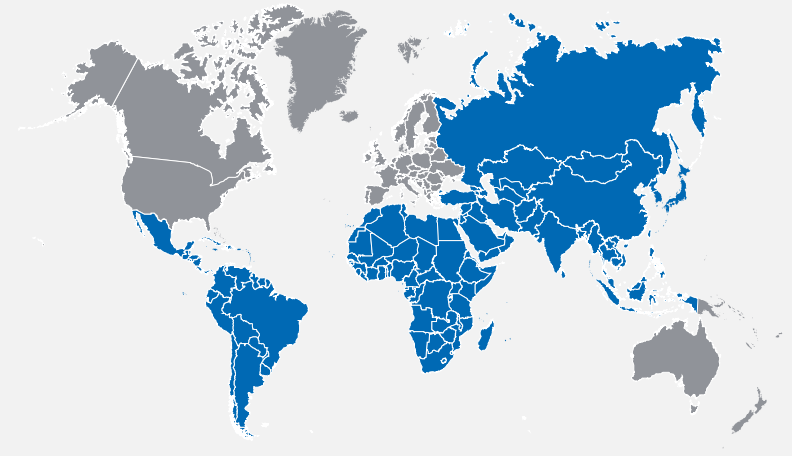
**Proven best practices deliver excellent operating leverage**



# Emerging Pool Markets: Focus on Commercial Pool



- Market based on Commercial Pool
- Residential market is not relevant
- Highly fragmented markets
- Market size: 684 M€
- Fluidra share: 15%
- Fluidra Coverage from 73% to 90%



## Market trends:

- Tourism is the major driver
- Prescription in Developers/Engineering companies

Our opportunity is to become a reference in Engineering Solutions





# Emerging Pool Markets: Our strategy



**Develop Engineering solutions concept:  
From product prescription to project  
management.**

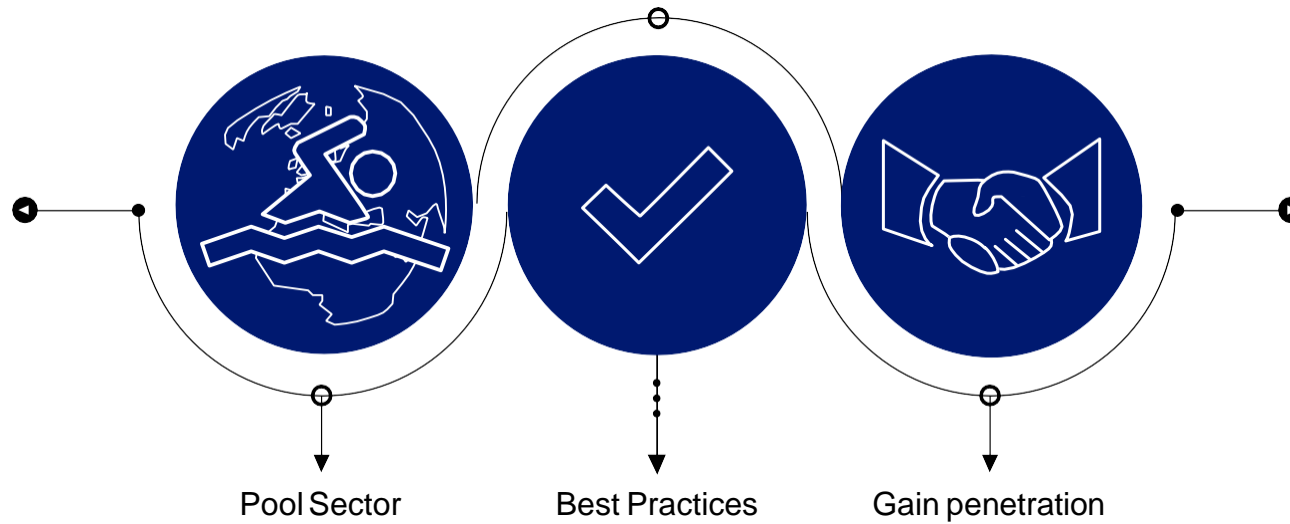


**Further development of regional centres  
of engineering** (existing in Dubai and Singapore).

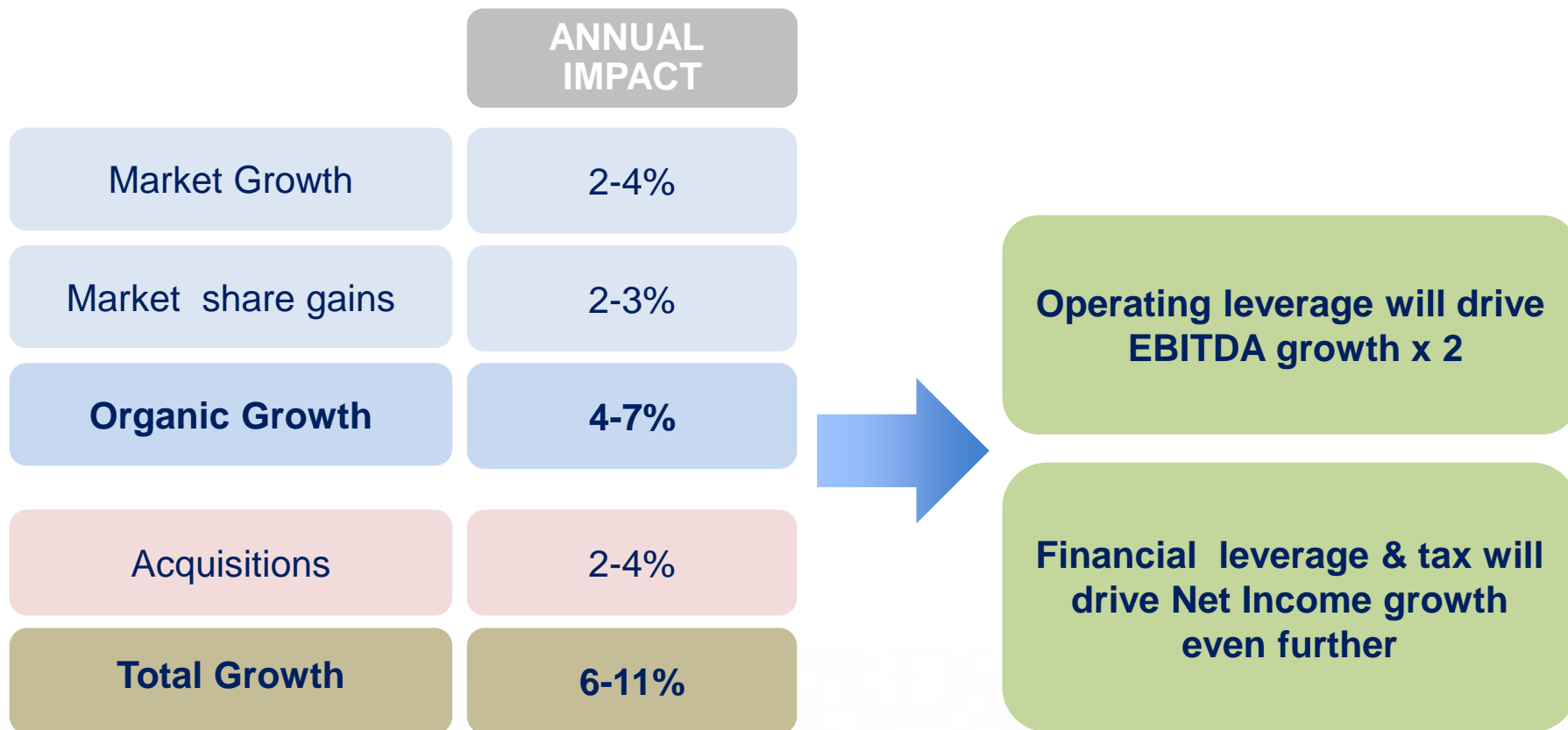
**Global leader in Commercial Pool**



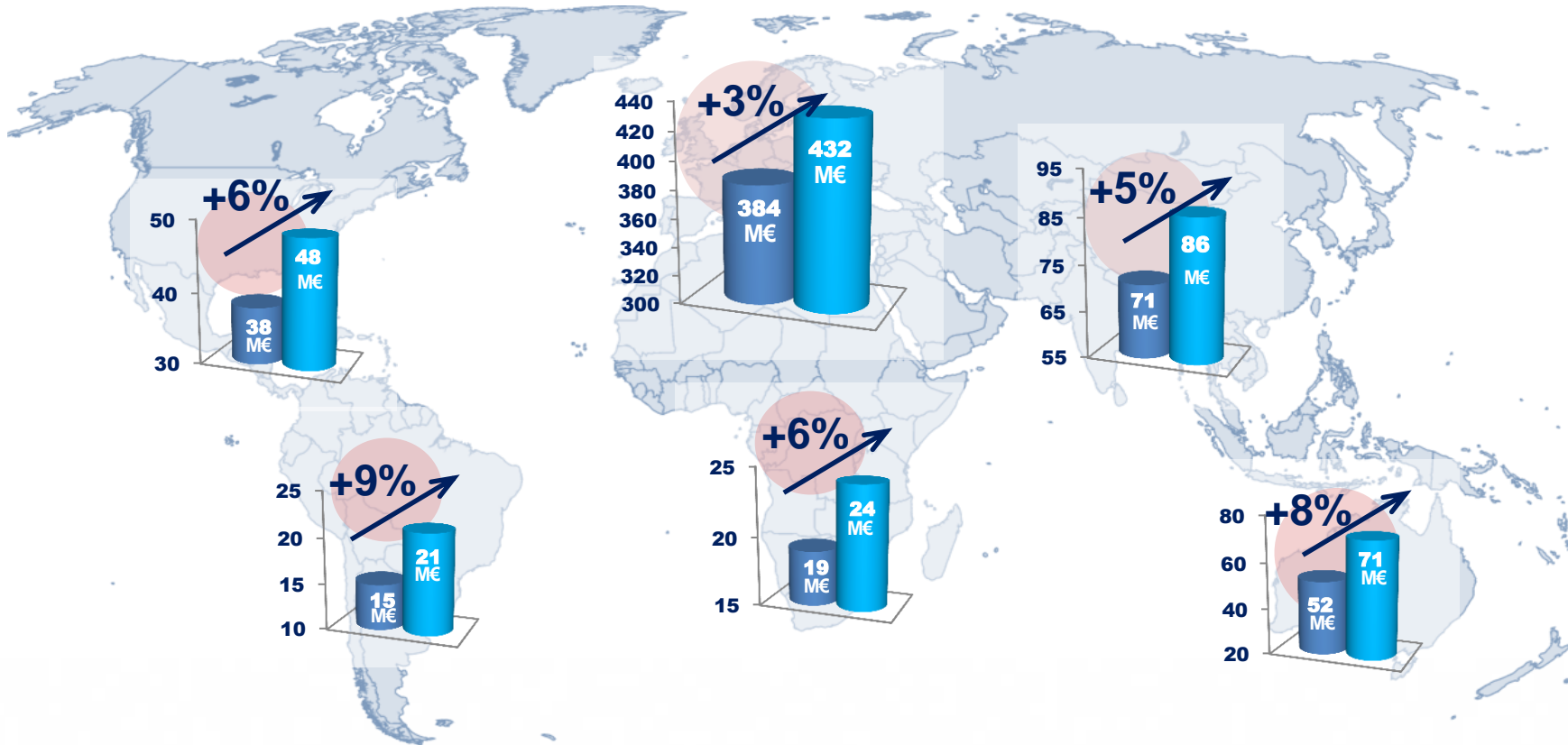
# Focus on profitable growth



# Accelerated growth & operating leverage



# Organic growth expected in all continents



Note: Net sales for 2014 adjusted for divestitures. Expected organic CAGR from 2014 to 2018.



# Outlook of increasing returns for shareholders

		2014(*)	TARGET 2018	CAGR'14- 18
Profitable Growth	Sales	579	750	7%
	EBITDA	56	100	15%
	Net Income	0	30	100%
Generating More value	ROCE	3%	10%	
	<i>NWC/Sales</i>	31%	28%	
	<i>Capex/Sales</i>	4%	4%	
	NFD/EBITDA	2.7X	≤2.2X	

(\*) Adjusted for divestitures and extraordinary expenses



# Self funded strategic plan

## Clear uses of Cash

	POLICY	TARGET 2018
Dividends	50% payout	15M€
Acquisitions	Target $\leq 4X$ EBITDA in 3 years	10-20M€/year

## Financial debt finances liquid assets

	2014	TARGET 2018
Net Working Capital	176M€	210M€
Net Financial Debt	151M€	220M€

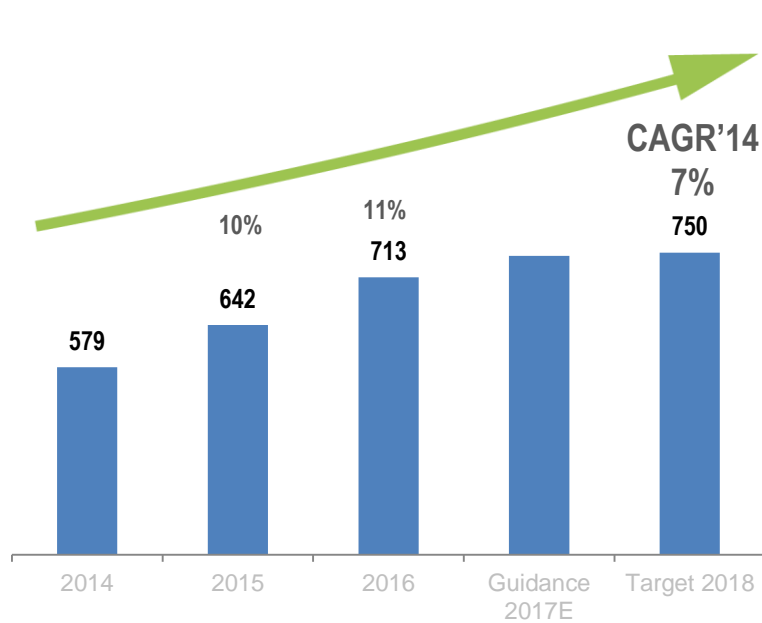
# Cash generation & uses of cash

	ACCUMULATED 2018		ACCUMULATED 2018
Free Cash Flow	123M€	Dividends	52M€
Change in NFD	68M€	Acquisitions	80M€
	191M€	Minority interest	15M€
		Earn out	31M€
		Other cash items	13M€
			191M€

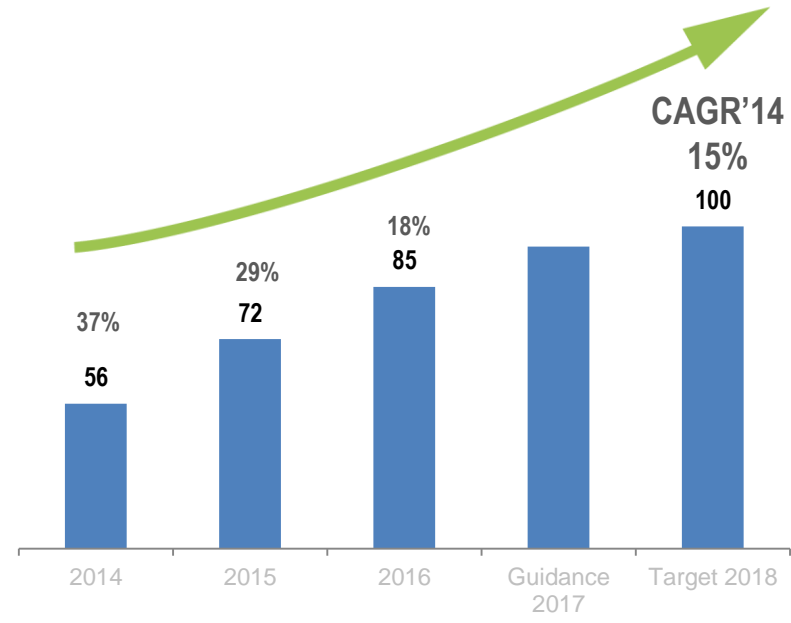
Note 1: Minority interest reflects cash used to purchase shares from minority owners in subsidiaries.

Note 2: Other cash items includes bank refinancing fees, purchase of shares and other balance sheet accounts of minor value.

# Are we on the right track for 2018?



SALES



EBITDA

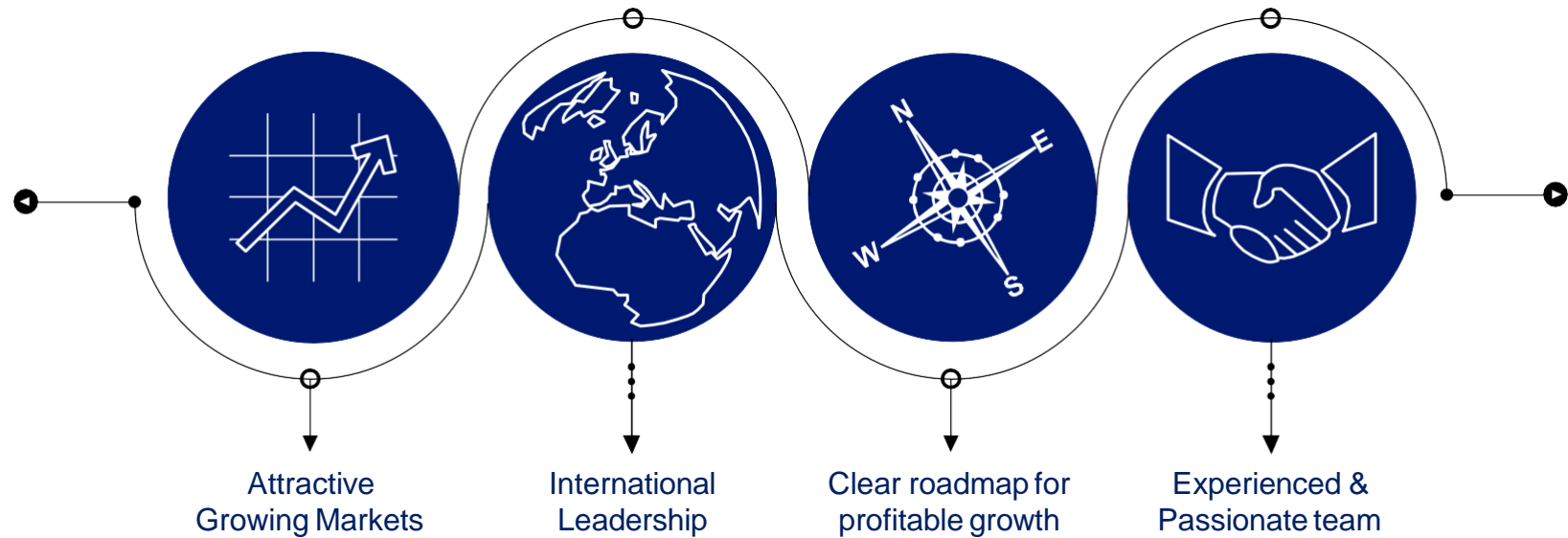
The evolution of 2015 and for 2016 show that we are on the path to achieving targets in 2017

Note: 2014 adjusted for divestitures and extraordinary expenses





# In summary: Why Fluidra?



...with an attractive valuation



THANK YOU