

7th May 2014

**MAKING**  
**WATER**  
**PERFORM**



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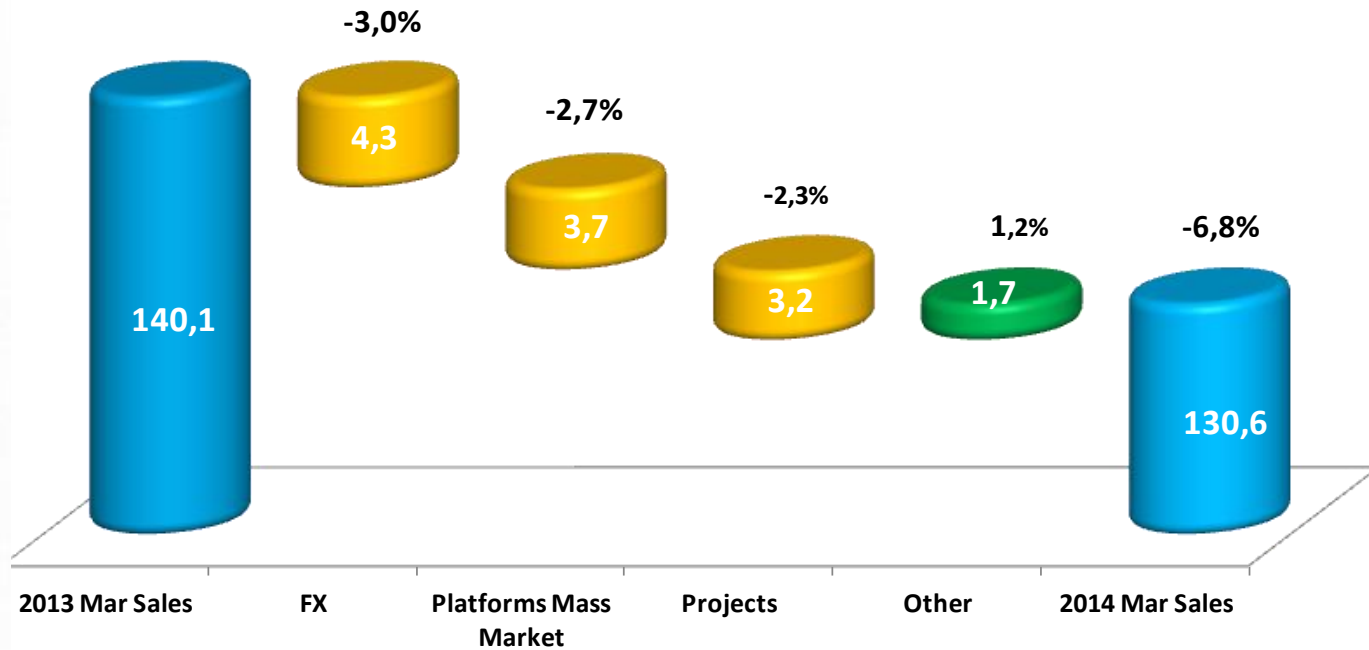
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# 1Q2014 Results - Summary

	Key magnitudes			
	€M	March 13 YTD	March 14 YTD	Evol.
Sales		140,1	130,6	-6,8%
EBITDA		10,0	9,2	-7,8%
Net Income		-2,2	-3,7	65,8%
Net Working Capital		234,2	228,8	-2,3%
Free Cash Flow post acquisitions		-38,1	-46,7	-8,6
Net Financial Debt		227,8	231,5	1,7%

- Sales: aligned with our expectations and affected by currencies, projects and mass market platform.
- EBITDA: lost volume cannot be compensated by good margin & opex performance.
- Net Profit: Sales decline in a quarter close to breakeven has a significant impact.
- Net working capital: evolution according with the time of the season.
- Free cash flow: first quarter is an investment quarter.
- Net financial debt: in line with last year results.

# 1Q2014 Results – Sales evolution



- Currencies have a significant impact on this quarter mainly due to Australian dollar, American dollar, Turkish lire & Indonesian rupee.
- **Sales** reflect changes in the mass market delivery conditions. Last year deliveries where to their logistic platform while this year we are delivering directly to the store. This change in conditions will push our sales into Q2 and Q3.
- **Project's Sales** are affected by the decision of closing down the division.

# 1Q2014 Results - Income Statement

	March 2013 YTD		March 2014 YTD		Evol.14/13
	€ M	% sales	€ M	% sales	
Sales	140,1	100,0%	130,6	100,0%	-6,8%
Gross Margin	71,4	51,0%	68,8	52,7%	-3,8%
Opex before Dep.& Amort.	60,1	42,9%	57,9	44,4%	-3,7%
Provisions for bad debt	1,3	0,9%	1,6	1,2%	25,1%
EBITDA	10,0	7,1%	9,2	7,1%	-7,8%
EBIT	1,5	1,1%	0,5	0,4%	-64,4%
Net Financial Result	-3,9	-2,8%	-3,8	-2,9%	-4,2%
PBT	-3,4	-2,4%	-4,0	-3,0%	17,3%
Net Income	-2,2	-1,6%	-3,7	-2,8%	65,9%

- Good **Gross Margin** performance, thanks to Fluidra efforts implementing efficiency program.
- **Opex** is in line with expectations, reflecting deleverage in Europe and small investments in Australia & Brazil.
- **EBITDA** is affected by lower sales volume and higher provisions that can not be compensated by the margin evolution and opex reduction.
- **Net result:** the tax rate is unfavorable in this quarter.

# 1Q2014 Results – Sales by Geographical Area

Fluidra Sales by Geographical Area					
€M	2013 YTD	%	2014 YTD	%	Evolution 14/13
Spain	26,8	19,1%	26,4	20,2%	-1,3%
South Europe - Rest	43,7	31,2%	36,0	27,6%	-17,7%
Central & Northern Europe	16,6	11,9%	19,2	14,7%	15,8%
Eastern Europe	5,3	3,8%	6,0	4,6%	12,6%
Asia & Australia	29,2	20,8%	26,0	19,9%	-11,1%
Rest of World	18,4	13,1%	16,9	12,9%	-8,0%
<b>TOTAL</b>	<b>140,1</b>	<b>100,0%</b>	<b>130,6</b>	<b>100,0%</b>	<b>-6,8%</b>

- Spain shows signs of recovery, excluded the mass market platform effect.
- Decline in **Southern Europe**, mainly due to France, which is impacted by projects, mass market platforms and overloaded channel due to poor 2013 campaign.
- Good performance in **Central, Northern and Eastern Europe** with double digit growth.
- In **Asia and Australia**, results are impacted by exchange rates. Growth is positive in local currency.

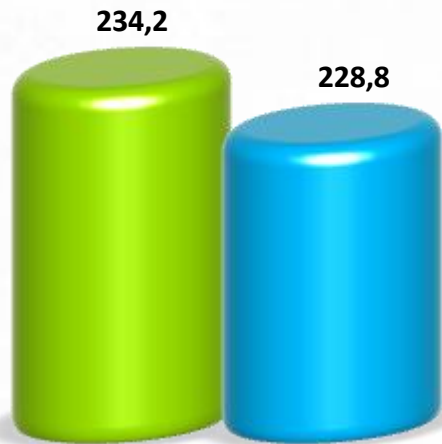
# 1Q2014 Results - Evolution of Sales by Business Unit

Sales by business units					
	2013 YTD	% of Total	2014 YTD	% of Total	Evolution %
<b>Pool</b>	95,7	68,3%	90,2	69,1%	-5,7%
- Private	80,7	57,6%	74,3	56,9%	-7,9%
- Commercial	15,0	10,7%	15,9	12,2%	6,1%
<b>Water Treatment</b>	18,4	13,1%	18,4	14,1%	0,1%
<b>Irrigation</b>	7,7	5,5%	6,5	4,9%	-16,4%
<b>Fluid Handling</b>	14,7	10,5%	15,2	11,6%	3,0%
<b>Projects</b>	3,5	2,5%	0,3	0,2%	-92,5%
<b>TOTAL</b>	<b>140,1</b>	<b>100,0%</b>	<b>130,6</b>	<b>100,0%</b>	<b>-6,8%</b>

- **Pool** reports a 6% decrease impacted by sales to mass market platforms pushed into the following quarters.
- **Irrigation** has been affected by a poor start to the season in France.
- Favorable performance of **Fluid Handling**, who increases the contribution of the unit to 12% of total consolidated sales, thanks to the positive evolution in Europe, Middle East & Russia.

# 1Q2014 Results – Net Working Capital

Net Working Capital (M€)  
First Quarter



■ 2013 ■ 2014

	March YTD		
	2013	2014	Evol. 14/13
Inventory	167,3	161,1	-3,7%
Accounts Receivable	192,7	186,0	-3,5%
Accounts Payable	125,8	118,3	-6,0%
<b>Net Working Capital</b>	<b>234,2</b>	<b>228,8</b>	<b>-2,3%</b>

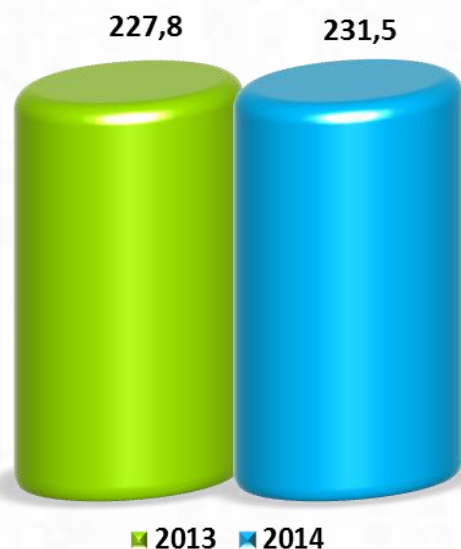
€M

- The evolution of **Net Working Capital** is in line with the season, with better quality of our stocks and lower AP due to lower manufacturing volumes in the quarter.



# 1Q2014 Results – Net Financial Debt and Free Cash Flow

Net Financial Debt (M€)  
First Quarter

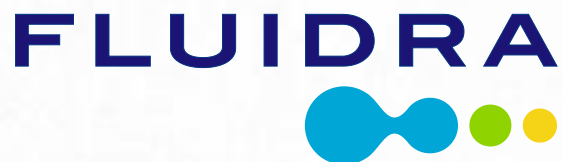


	March YTD		
	2013	2014	Evol. 14/13
Net income	-2,2	-3,7	-1,5
Depreciation (+)	8,5	8,7	0,2
Increase (-) / Decrease (+) NWC	-33,4	-47,2	-13,8
Capex (organic)	-5,8	-4,4	1,4
Free Cash Flow pre-acquisitions	<b>-32,9</b>	<b>-46,6</b>	<b>-13,7</b>
Acquisitions	-5,1	-0,1	5,0
Free Cash Flow post acquisitions	<b>-38,1</b>	<b>-46,7</b>	<b>-8,6</b>

- **Free Cash Flow**, in 1Q2014, reflects the investments needed to prepare the season and is, generally speaking, in line with the last year evolution, with the exception of NWC, due the lower level of AP.
- **2013 Acquisitions** includes payments for Veico (Brazil) and Fluidra Youli (China).

# 1Q2014 Results– Conclusions

- **First quarter** aligned with our expectations, affected by currencies, projects and platforms, although under these realities we see signs of recovery in coming quarters, in Southern Europe. The impact of foreign exchange, if rates maintain this level, will be minimal from third quarter onwards.
  
- **Development of our strategy** of deleveraging in Europe and investing internationally, within a framework of financial stability:
  - Implement in 2014 the restructuring plan announced in November 2013, with a target to reduce the cost base of 2012 by Euro15M.
  - Divestiture Plan of on non-core assets.
  - Develop the investments done over the past years to broaden our international business .



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