

FLUIDRA

Results First Half 2016

29th July 2016



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H1 2016 Results – Summary

	Main Magnitudes		
	1H2015	1H2016	Evol.
€M			
Sales	352,2	397,2	12,8%
EBITDA	51,0	58,4	14,5%
Net Income	16,5	24,5	48,7%
Net Working Capital	244,1	233,0	-4,5%
Free Cash Flow	-45,7	-35,8	9,9
Net Financial Debt	199,3	212,4	6,5%

- Excellent Sales performance, with 9% growth on a like-for-like basis, with double-digit growth in Europe.
- Good EBITDA performance despite the impact of the move to the new facilities in Australia.
- Excellent Net Profit development as a result of increased volume, improved company operations and improved financial results.
- Positive development of Free Cash Flow supported by the P&L generation and a good performance of Working Capital and Net Debt Level.

H1 2016 Results – Acquisition in the Netherlands

- Fluidra acquired 70% of SIBO B.V's capital, a leading Dutch swimming pool and water gardens and natural pools with a strong distribution presence in the Benelux and Germany.
- SIBO sales in 2015 close to € 17 million and an EBITDA of around € 2 million. This acquisition will provide access to different markets in northern Europe, mainly the Benelux, a potential market of € 50 million a year, with over 230,000 residential pools installed.
- SIBO is a global leader in bio-pools (biological or natural pools) an eco-friendly proposal growing in northern Europe. With around 100,000 bio-pools installed throughout Europe, it is a clear market trend, expanding to other countries where Fluidra operates.



H1 2016 Results – Acquisition in the Netherlands

- The strategic rationale for the acquisition is to gain penetration into Benelux with traditional swimming pool products manufactured by the Group, and to incorporate a new product category – bio-pools or natural swimming pools – to the distribution network of our companies in northern Europe.
- The agreement values 100% of SIBO in € 13 million. The purchase price for 70% of the share capital shall be paid as follows: a first payment net of existing cash in the amount of € 5.7 million; and a second payment shall be made in 2018 based on the results obtained by SIBO in the year closing at 31 December 2017.
- The purchase agreement entered also includes cross-options which would increase the control of Fluidra up to 100% of the share capital of SIBO in the future.
- The 2016 SIBO contribution will be around € 7 million on Sales, and neutral at Ebitda level due the company seasonality.



H1 2016 Results – Consolidated Profit & Loss Account

	1H2015		1H2016		Evol.16/15
	€ M	% sales	€ M	% sales	
Sales	352,2	100,0%	397,2	100,0%	12,8%
Gross Margin	181,3	51,5%	204,5	51,5%	12,8%
Opex before Dep.& Amort.	127,3	36,2%	143,5	36,1%	12,7%
Provisions for bad debt	3,0	0,8%	2,6	0,6%	-12,7%
EBITDA	51,0	14,5%	58,4	14,7%	14,5%
EBIT	33,1	9,4%	40,0	10,1%	20,8%
Net Financial Result	-9,3	-2,6%	-2,6	-0,7%	71,8%
PBT	23,9	6,8%	37,4	9,4%	56,6%
Net Income	16,5	4,7%	24,5	6,2%	48,7%

- Very favourable **Sales** performance, exceeding our expectations. On a like-for-like basis, sales increased 8.9% and adjusted for this effect and FX, sales increased 11.1%. With double-digit growth all across Europe.
- **Gross margin** is steadily rising in the second quarter, matching the previous year at period end.
- **OPEX**, develops in line with sales, both on a like-for-like basis and with acquisitions. It reflects the expenses associated with the move to the new facilities in Australia and South Africa.
- Good **EBITDA** performance, impacted by the expenses for the new facilities in Australia and South Africa.
- **Financial Result** improved considerably (last year's expenses was impacted by € 4.8M of one-offs).
- **Net Profit** evolves favourably as a result of increased volume and the operational and financial improvement of the company.

H1 2016 Results – Sales Performance by Geographical Area

Fluidra Sales by Geographical Area					
€M	1H2015	%	1H2016	%	Evolution 16/15
Spain	84,6	24,0%	92,9	23,4%	9,9%
South Europe - Rest	92,3	26,3%	109,5	27,6%	18,7%
Central & Northern Europe	57,1	16,2%	62,6	15,8%	9,7%
Eastern Europe	17,8	5,0%	19,0	4,8%	7,0%
Asia & Australia	58,4	16,6%	58,4	14,7%	0,0%
Rest of the World	42,2	12,0%	54,8	13,8%	29,9%
TOTAL	352,2	100,0%	397,2	100,0%	12,8%

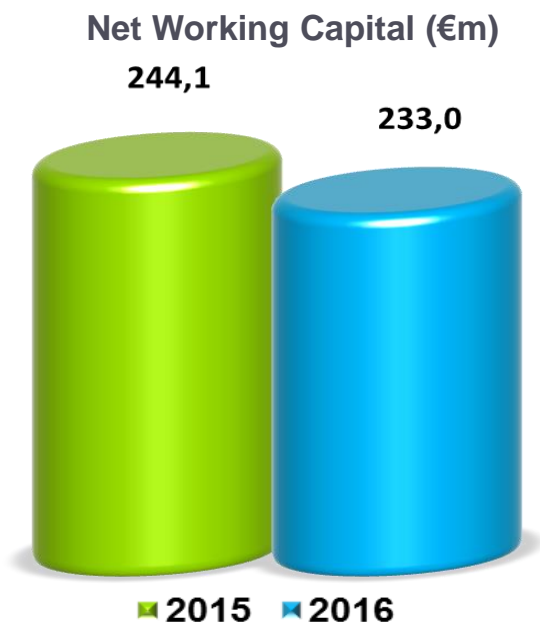
- Very positive market performance in **Spain** with a good campaign on all channels.
- The **Rest of Southern Europe**, also delivered double-digit growth, driven by a very good campaign in Italy and good performance in France, both in the professional and mass market channels, helped by growth in EGT Sunbay wooden pools.
- **Asia and Australia**: the region displays mixed developments, with China in decline and Australia posting an excellent growth.
- The **Rest of the World** presents an excellent performance supported by the acquisition of Waterlinx, which contributes € 13.8 million in 2016, and the North America positive performance.

H1 2016 Results – Sales Performance by Business Unit

	Sales by business units					
	M€	1H2015	% s/vtas	1H2016	% s/vtas	Evolution 16/15
Pool & Wellness		320,7	91,1%	363,3	91,5%	13,3%
Residencial		196,9	55,9%	229,0	57,7%	16,3%
Commercial		44,5	12,6%	42,8	10,8%	-3,7%
Pool Water Treatment		51,0	14,5%	61,7	15,5%	21,0%
Fluid Handling		28,3	8,0%	29,7	7,5%	5,1%
Irrigation & Domestic WT		21,8	6,2%	22,2	5,6%	2,3%
Industrial & others		9,7	2,8%	11,6	2,9%	19,2%
TOTAL		352,2	100,0%	397,2	100,0%	12,8%

- Good performance in **Pool & Wellness**, driven by the acquisition of Waterlinx, which contributes 4.3 points in growth.
- **Residencial Pool** posted an excellent performance in all categories in general, specially in above ground pools, filters and pool robots.
- Performance in **Commercial Pools** impacted in 2015 by the ending of several major facilities in the Americas.
- **Pool water treatment** grows on the back of Waterlinx and a positive campaign in Europe.
- **Irrigation and domestic water treatment** post a positive development, driven by good performance in Southern Europe.

H1 2016 Results – Net Working Capital



	January - June		
	2015	2016	Evol. 16/15
Inventory	161,3	171,5	6,3%
Accounts Receivable	224,5	238,5	6,2%
Accounts Payable	141,8	177,0	24,9%
Net Working Capital	244,1	233,0	-4,5%
Adjusted Net Working Capital	244,1	249,5	2,2%

- Good **Net Working Capital** performance at this time of year. Stocks and accounts receivables grow below sales growth.
- Accounts payable account for the calculation of Aqua's earn-out, so the comparable figure is €160.5 million, and NWC is comparable to €249.5 million, with an increase of 2.2%, well below sales growth (12.8%).

H1 2016 Results – Net Financial Debt & FCF



	January - June		
	2015	2016	Evol. 16/15
	€M		
Net income	16,5	24,5	8,0
Depreciation (+)	17,9	18,4	0,5
Increase (-) / Decrease (+) NWC	-67,2	-63,0	4,2
Capex (organic)	-12,9	-15,7	-2,9
Free Cash Flow pre-acquisitions	-45,7	-35,8	9,9
Acquisitions capex	-4,1	-4,3	-0,2
Free Cash Flow post acquisitions	-49,8	-40,1	9,8

- Free Cash Flow improved by 21.7% in this period of the year, supported by a good generation thanks to P&L and good working capital performance.
- 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 in the season.

H1 2016 Results – Conclusions

- **Excellent performance in the first half of 2016:**
 - Good **sales** double digit growth in Europe and good performance in the rest of geographies.
 - Good performance of **results** thank to the operating leverage and improved financial costs.
 - Strengthening our distribution capacity in Northern Europe with the **acquisition of SIBO**.
- After a positive first half of the year, we foresee a **positive overall campaign for 2016**. We continue to work according to our 2018 Strategic Plan:
 - Focus on pool & wellness
 - Penetration in all product categories to increase our leadership
 - and implementation of Best Practices to improve efficiency and profitability ratios
- With the results of this period, we reiterate our **guidance for the full year**: Sales between € 675 - € 690 M; EBITDA between € 81 - € 85 M and NFD/EBITDA ratio around 2.2x.

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