

FLUIDRA

2016 Results

27 February 2017



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2016 Results – Summary

	Main Magnitudes		
	€M	FY2015	FY2016
Sales	647,3	713,3	10,2%
EBITDA	72,2	86,0	19,1%
EBITA *	45,8	59,3	29,4%
Net Income	13,0	24,1	85,2%
Net Financial Debt	162,3	156,6	-3,5%
ROCE (EBIT)	6,7%	9,8%	46,0%
ROCE (EBITA)	9,2%	12,1%	31,9%

*EBITA: it excludes amortisation of intangible assets from acquisitions

- Excellent Sales performance, with excellent growth in Europe and Australia
- Extraordinary EBITDA performance on the back of increased volume and margin improvement. EBITA as an indicator of recurrent EBIT, shows growth levels that almost triple sales growth.
- Net Profit almost doubles as a result of the company's operational improvement.
- Good Net Debt performance, at 1.8x EBITDA, due to the excellent evolution of Free Cash Flow in a year of strong sales growth.
- Operating results improvement impacts very positively the return on capital employed.

2016 Results – Highlights

Holland

- Fluidra acquires 70% of SIBO B.V's capital, a leading Dutch swimming pool and distribution company, with a strong presence in the Benelux countries and Germany. This acquisition will enable access to markets in northern Europe, mainly in the Benelux region, a potential market of € 50 million a year, with over 230,000 residential pools installed.

Investing in growth

- Spain: Extension of 17% at Trace Logistics, to support Southern Europe's growth.
- Australia and South Africa: Both companies have moved to a new plant and warehouse to meet their growing regional market demands and improve operations profitability.

Commercial Pool

- 29th Taipei Summer Universiade: contract for the design, supply and installation of an Olympic competition swimming-pool and a training swimming-pool. Amount of award: €5 M.
- Fluidra has been selected install the pools at the 2018 Jakarta Asian Games. Amount of award: €4 M



2016 Results – Consolidated Profit & Loss Account

	FY2015		FY2016		Evol.16/15
	€ M	% sales	€ M	% sales	
Sales	647,3	100,0%	713,3	100,0%	10,2%
Gross Margin	327,9	50,7%	366,9	51,4%	11,9%
Opex before Dep.& Amort.	250,7	38,7%	276,8	38,8%	10,4%
Provisions for bad debt	5,1	0,8%	4,2	0,6%	-17,2%
EBITDA	72,2	11,1%	86,0	12,1%	19,1%
EBIT	26,1	4,0%	46,1	6,5%	76,7%
Net Financial Result	-5,6	-0,9%	-6,4	-0,9%	14,5%
PBT	20,5	3,2%	39,7	5,6%	93,8%
Net Income	13,0	2,0%	24,1	3,4%	85,2%

- **Good Sales** evolution in line with our expectations. On a like-for-like basis, sales increase 6.6% and adjusted for FX effect, sales increase 8.9%.
- **Opex** on a like-for-like basis, increases by 7.1%. Adjusted for non-recurring impacts (mainly Australia and South Africa) the increase is 5.7%.
- Good **EBITDA** performance thanks to increased volume and positive margin performance. Adjusted for currency effects, growth is 21.6%.
- **Net Profit** practically doubles, reaching 3.4% on sales, thanks to the expansion of operating result.

2016 Results – Sales Performance by Geographical Area

		Fluidra Sales by Geographical Area				
€M		FY2015	%	FY2016	%	Evolution 16/15
Spain		141,0	21,8%	153,2	21,5%	8,6%
South Europe - Rest		143,1	22,1%	164,6	23,1%	15,1%
Central & Northern Europe		96,8	15,0%	109,1	15,3%	12,7%
Eastern Europe		32,0	4,9%	32,3	4,5%	1,1%
Asia & Australia		139,3	21,5%	139,7	19,6%	0,3%
Rest of the World		95,1	14,7%	114,3	16,0%	20,4%
TOTAL		647,3	100,0%	713,3	100,0%	10,2%

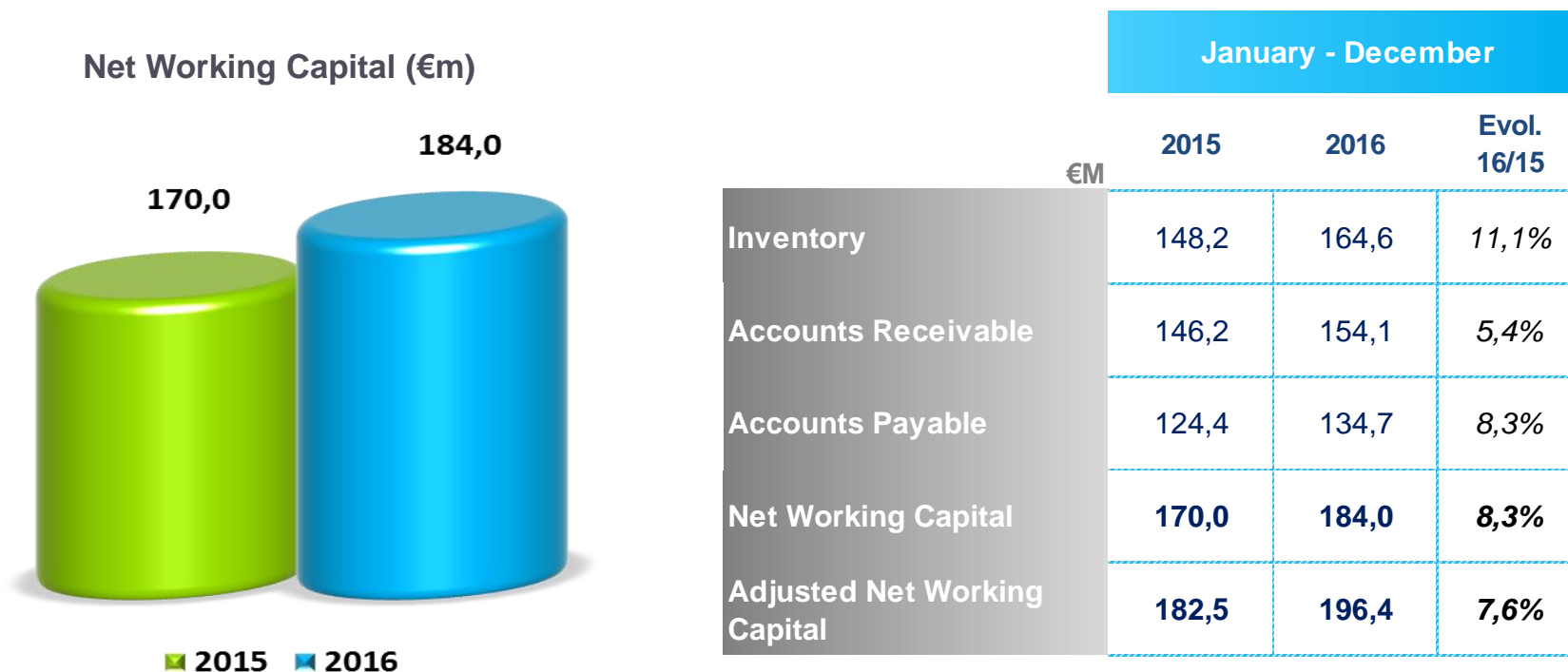
- Very positive performance of **Southern Europe** in general terms, driven by the Italian, French and Spanish markets, both in the professional channel and in mass market.
- **Central and Northern Europe** includes 6 months of SIBO's activity, which represents 6 points up in terms of growth, and the impact of the devaluation of the pound. Growth at constant currency is 19.3%.
- **Asia and Australia** show mixed developments, with China in decline and Australia posting high level of growth.
- The **Rest of the World** presents an excellent performance supported by the acquisition of Waterlinx in July 2015.

2016 Results – Sales Performance by Business Unit

	Sales by business units					
	M€	2015	% s/vtas	2016	% s/vtas	Evolution 16/15
Pool & Wellness		584,2	90,2%	651,8	91,4%	11,6%
Residencial		350,0	54,1%	407,2	57,1%	16,4%
Commercial		88,6	13,7%	81,7	11,5%	-7,8%
Pool Water Treatment		96,8	15,0%	109,9	15,4%	13,6%
Fluid Handling		48,8	7,5%	53,0	7,4%	8,6%
Irrigation & Domestic WT		40,2	6,2%	39,8	5,6%	-0,8%
Industrial & others		23,0	3,5%	21,6	3,0%	-5,9%
TOTAL		647,3	100,0%	713,3	100,0%	10,2%

- Good performance in **Pool & Wellness**, driven by the acquisition of *Waterlinx* and SIBO, which represents 3.1 points in growth.
- **Residencial Pool** shows an excellent performance in all categories in general, specially in above-ground pools and robot cleaners.
- **Commercial Pool** shows a decline due to the completion of several important facilities in America and the delay in the starting of the works in the Asian continent.
- **Pool water treatment** double digit growth is driven by *Waterlinx* and a long and positive campaign in Europe and Australia.

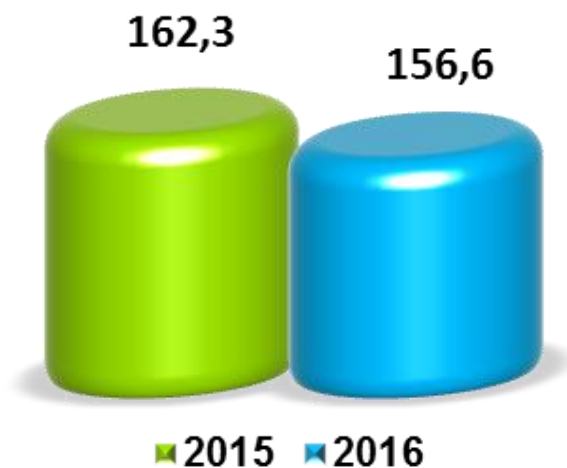
2016 Results – Net Working Capital



- Good development of **Net Working Capital**, which presents an increase of 8.3%. Adjusted **NWC** includes, in both financial years, the earn-out of Aqua for €16.9 M in 2015 and €17.8 M in 2016, the acquisition of and Waterlinx in 2015 and SIBO in 2016.
- The **NWC/Sales** adjusted ratio reaches at 27.4%, exceeding the targets of the 2018 Strategic Plan.

2016 Results – Net Financial Debt & Free Cash Flow

Net Financial Debt (€m)



€M

January - December

	2015	2016	Evol. 16/15
Net income	13,0	24,1	11,1
Depreciation (+)	46,0	39,8	-6,2
Increase (-) / Decrease (+) NWC (adjusted)	-5,7	-8,5	-2,8
Capex (organic)	-26,9	-28,0	-1,1
Free Cash Flow pre-acquisitions	26,5	27,4	0,9
Acquisitions capex	-15,4	-12,0	3,4
Free Cash Flow post acquisitions	11,1	15,4	4,3

- In a year with excellent sales growth, cash generation is to € 27.4 M, even with the increased investment in Capex, due to the investments for the new plants and information systems.
- Good performance of **Net Financial Debt**, with an improvement in Net Financial Debt ratio including investments in acquisitions.
- The difference between the cash generated and the NFD is mainly explained by the payment of dividends (€10 M).

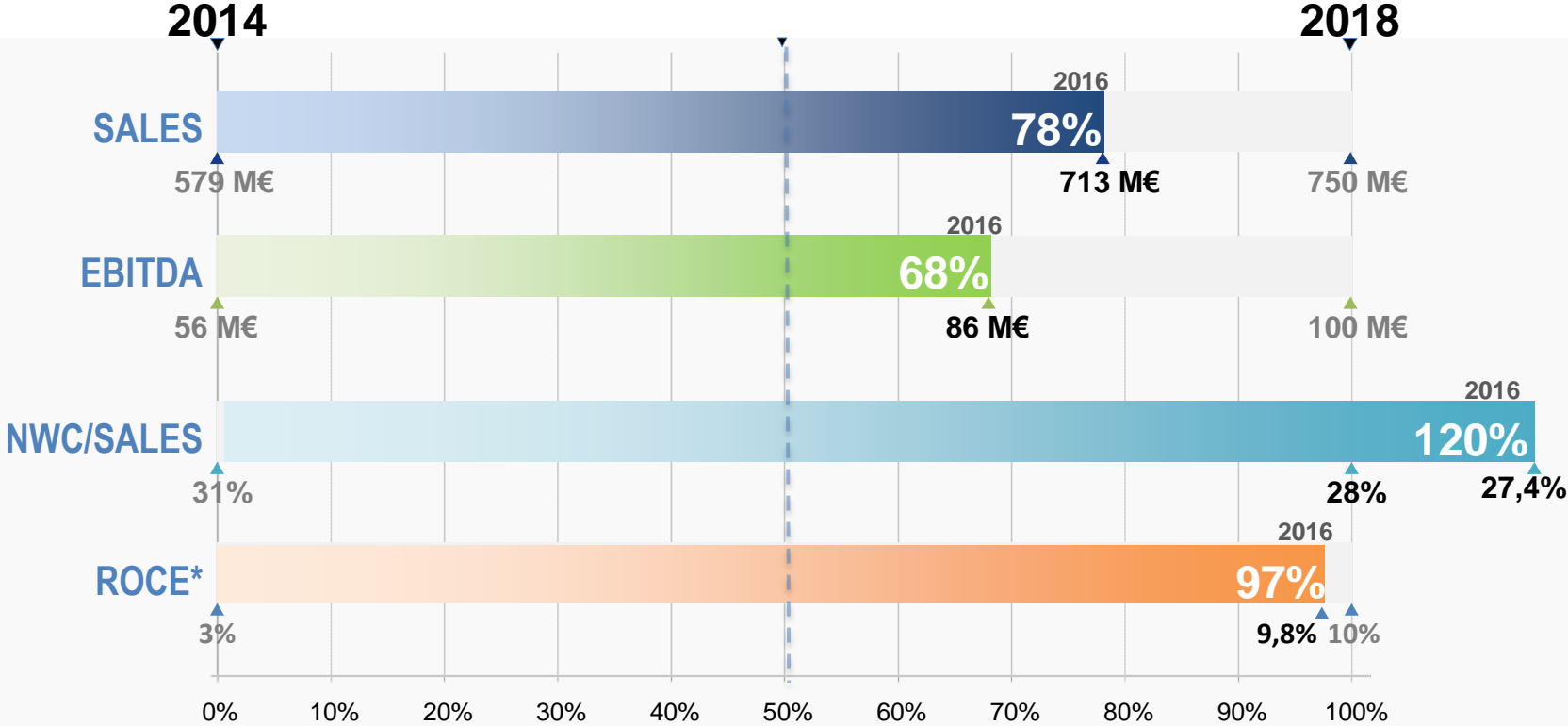
Results 2016 - Return on capital employed

	2015	2016
	M€	M€
Equity	332,0	336,3
Net Financial Debt	162,3	156,6
Capital Employed	494,3	492,9
EBIT (1)	33,1	48,2
EBITA	45,3	59,6
ROCE (EBIT)	6,7%	9,8%
ROCE (EBITA)	9,2%	12,1%

- Excellent performance of the **return on capital employed** by the company, as shown by the growth of **ROCE (EBIT)**. Very close to the objective set in our Strategic Plan.
- For a better understanding of Fluidra's business, we add the calculation of return using EBITA, as it better represents the performance of the company's recurring EBIT. It does not include amortisation of intangible assets from acquisitions that do not require replacement Capex.

(1) EBIT adjusted: €7M of Goodwill impairments in 2015 and €2.1M in 2016

2016 Results - Progress of the goals of the 2018 Strategic Plan



* ROCE calculated with EBIT adjusted by *impairments* of goodwill

2016 Results – Conclusions

- **Excellent performance of 2016, exceeding guidance in all aspects, with:**
 - Strong sales growth in practically all markets. Excellent growth in Spain and Europe in general terms.
 - Very good performance of the **results**.
- **Return on capital employed** increases to almost 10%, which if adjusted for the amortisation of intangible assets from acquisitions, is 12.1%.
- 2016 results confirm our **Strategic Plan**:
 - Focus on pool & wellness,
 - Penetration in all markets and product categories and implementation of best practices to increase our leadership,
 - And to improve efficiency and profitability ratios
- **Our Guidance for 2017:** Sales between €745 - 765 M; EBITDA between €94 - 100 M and ROCE (EBIT) around 11%. These figures represent to reach our Strategic Plan targets one year before our initial plan.

FLUIDRA

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