Fluidra

RESULTS

FY 2017

28 february 2018

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Summary

FY 2017 RESULTS

Main figures

€M	FY2016	FY2017	Evolution
Sales	713.3	781.4	9.6%
EBITDA	86.0	99.0	15.2%
Adjusted EBITDA*	86.0	105.3	22.4%
Adjusted EBITA*	59.3	79.6	34.2%
Net Profit	24.1	31.1	29.0%
Adjusted Net Profit*	24.1	35.6	47.7%
Net Financial Debt	156.6	145.7	-7.0%
ROCE (Adj EBITA)	12.0%	16.3%	4.3%

* Adjusted items exclude merger expenses & non-recurring LTI compensation

- **Excellent Sales performance, with a 9.9% increase on a like-for-like basis and constant currency. Outstanding growth in Europe, Latin America and Asia.**
- **Extraordinary performance of EBITDA and EBITA once adjusted for non recurring costs of the long term incentive plans and Zodiac transaction costs, based on increased volume and excellent operating leverage.**
- **Adjusted Net Profit grows by almost 50% due to higher EBITDA and lower tax rate, that more than compensate higher financial expenses.**
- **Good Net Debt performance at 1.4x Adjusted EBITDA due to the good evolution of Free Cash Flow in a year of strong sales growth.**
- **Excellent ROCE performance based on strong growth results.**

Highlights

FY 2017 RESULTS

COMPELLING RATIONALE

- In November 2017, Fluidra and Zodiac announced a merger to create a global leader in the pool industry.
- Businesses are highly complementary in terms of geographical coverage, brand portfolios and product offerings.
- Market guidance for 2020: Sales growth 6-7%; EBITDA margin c.21%; and NFD<2.0x.
- Teams for both companies are planning on integration and capturing sales and cost synergies.

MERGER PROCESS

- Obtained preliminary credit ratings for the combined entity of BB/Ba3 by S&P and Moody's, respectively.
- Launched refinancing process with a Term Loan B of €850M, a Revolving Credit Facility of €130M, and an Asset Based Lending facility of $230M.
- Fluidra shareholders approved the merger on Feb 20. Zodiac shareholders scheduled to vote to approve the merger on Feb 28.
- The closing of the merger remains subject to regulatory and other approvals and the companies continue to operate as independent businesses at this stage. The merger is expected to close in Q2.

Profit & Loss Account

FY 2017 RESULTS

	FY2016		FY2017		
	€M	% sales	€M	% sales	Evol. 17/16
Sales	**713.3**	**100.0%**	**781.4**	**100.0%**	**9.6%**
Gross Margin	366.9	51.4%	398.3	51.0%	8.6%
Opex before Dep.& Amort.	276.8	38.8%	297.7	38.1%	7.6%
Provisions for Bad Debt	4.2	0.6%	1.6	0.2%	-61.1%
EBITDA	**86.0**	**12.1%**	**99.0**	**12.7%**	**15.2%**
EBIT	46.1	6.5%	58.6	7.5%	27.1%
Net Financial Result	-6.4	-0.9%	-12.8	-1.6%	99.1%
Profit Before Taxes (PBT)	39.7	5.6%	45.8	5.9%	15.4%
Net profit	**24.1**	**3.4%**	**31.1**	**4.0%**	**29.0%**

- **Sales** evolve favorably in all geographies; adjusting for exchange rates, sales growth reached 10.2% and for changes in the consolidation perimeter also, sales grew by 9.9%.
- **Gross margin** evolution is impacted by commodity pricing increases that have not been fully absorbed by sales price evolution.
- **Opex,** on a like-for-like basis and adjusted for non-recurring impacts, increase by 5.1% showing good operating leverage.
- Good **EBITDA** performance thanks to increased volume and positive operating leverage, once adjusted for non recurring reaches €105.3M with growth of 22.4%.
- **Net Profit** grows 29% and, once adjusted for non recurring, reaches €35.6M with growth of 47.7%, thanks to higher EBITDA and lower tax rate that more than compensates higher financial expenses.

Evolution of sales by geographical area

FY 2017 RESULTS

	FY2016		FY2017		
	€M	% sales	€M	% sales	Evol. 17/16
Spain	153.2	21.5%	152.4	19.5%	-0.5%
South Europe - Rest	164.6	23.1%	191.0	24.4%	16.0%
Central & Northern Europe	109.1	15.3%	118.5	15.2%	8.6%
Eastern Europe	32.3	4.5%	40.7	5.2%	25.8%
Asia & Australia	139.7	19.6%	152.2	19.5%	8.9%
Rest of the World	114.3	16.0%	126.8	16.2%	10.9%
TOTAL	**713.3**	**100.0%**	**781.4**	**100.0%**	**9.6%**

- **Spain** grows by 9.1% when adjusted for divestitures of both ATH and Calplas.
- Very positive performance of **Southern Europe** in general terms. Acquisitions represent 5.3 points of growth, while growth on a like-for-like basis is an excellent 10.7%.
- **Central and Northern Europe** evolve very positively driven by Germany and the Netherlands, thanks to the contribution of SIBO in these geographies. Adjusting for it and the currency effect, growth is 3.1%.
- **Eastern Europe** grows nicely driven by the evolution of commercial pool business.
- In **Asia and Australia,** South East Asia has great results on the back of commercial pool business.
- **Rest of the World** presents an excellent performance in Latin America and solid growth in the US.

Evolution of sales by business unit

FY 2017 RESULTS

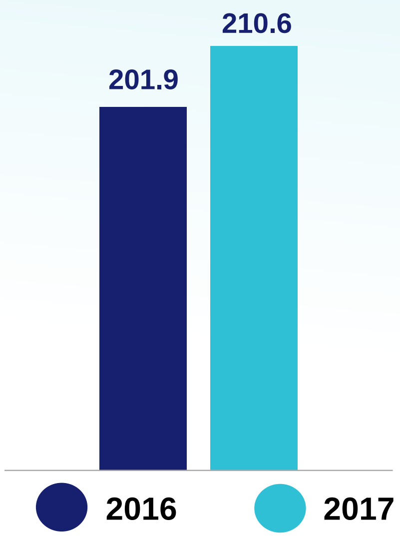
	FY2016		FY2017		
	€M	% sales	€M	% sales	Evol. 17/16
Pool & Wellness	**651.8**	**91.4%**	**726.6**	**93.0%**	**11.5%**
Residential	407.2	57.1%	449.5	57.5%	10.4%
Commercial	81.7	11.5%	95.4	12.2%	16.8%
Pool Water Treatment	109.9	15.4%	122.1	15.6%	11.1%
Fluid Handling	53.0	7.4%	59.6	7.6%	12.5%
Irrigation and Domestic Water Treatment	**39.8**	**5.6%**	**29.0**	**3.7%**	**-27.3%**
Industrial and Other	**21.6**	**3.0%**	**25.8**	**3.3%**	**19.5%**
TOTAL	**713.3**	**100.0%**	**781.4**	**100.0%**	**9.6%**

- Good performance in all **Residential Pool** categories, specially in pumps, filters, above-ground pools and pool covers.
- Great evolution of **Commercial Pool** driven by the excellent performance in South East Asia and Eastern Europe.
- **Pool water treatment** posts a double-digit growth, with a very good performance of disinfection equipment (salt chlorinators).
- Good performance of **Fluid Handling** in Europe, accelerated by the acquisition of SIBO.

Net working capital

FY 2017 RESULTS

Adjusted Net Working Capital (€M)



December

€M	2016	2017	Evol. 17/16
Stocks	164.6	172.8	5.0%
Accounts Receivable	154.1	160.0	3.8%
Accounts Payable	134.7	135.4	0.5%
Net Working Capital	**184.0**	**197.3**	**7.2%**
Adjusted Net Working Capital*	**201.9**	**210.6**	**4.3%**

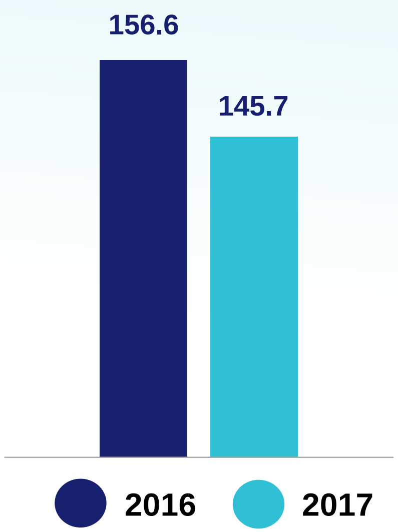
* Adjusted NWC by acquisitions and earn-outs

- Good development of **Net Working Capital**, which presents an increase of 7.2%. **Adjusted NWC** excludes earn-outs (mainly Aqua in 2016, and SIBO and Waterlinx in 2017) and changes in perimeter.
- The **Adjusted NWC/Sales** ratio reaches 27.0%, exceeding the target of the 2018 Strategic Plan.

Net financial debt and free cash flow

FY 2017 RESULTS

Net Financial Debt (€m)



January - December

€M	2016	2017	Evol. 17/16
Net Profit	24.1	31.1	29.0%
Depreciation & Amortization (+)	39.8	40.4	1.3%
Increase (-) / Decrease (+) Adjusted NWC	-8.5	-8.7	2.4%
Investments (organic)	-28.0	-28.7	2.5%
Free Cash Flow pre-acquisitions	**27.4**	**34.1**	**24.5%**
Acquisitions & Divestitures	-8.4	-12.4	47.6%
Free Cash Flow post-acquisitions	**19.0**	**21.7**	**14.2%**

- Excellent **Free Cash Flow** evolution, based on the improvement in all headings. P&L generation rises by €7 million. The **Acquisitions & Divestitures** heading mainly includes Aqua's partial earn-out payment, the purchase of Laghetto, Riiot and some minority shareholders of subsidiaries, net of the proceeds from ATH sale.
- Good development of **Net Financial Debt**, which combined with the improved results, leads to a leverage ratio of 1.4x Adjusted EBITDA.

Return on capital employed

FY 2017 RESULTS

January - December

€M	2016	2017	Evol. 17/16
Equity	336.3	343.7	2.2%
Net Financial Debt	156.6	145.7	-3.3%
Capital Employed	492.9	489.4	-0.7%
EBIT (1)	48.2	61.9	28.3%
Adjusted EBITA	59.3	79.6	34.2%
ROCE (EBIT)	**9.8%**	**12.6%**	**2.8%**
ROCE (Adjusted EBITA)	**12.0%**	**16.3%**	**4.3%**

(1) EBIT is adjusted for €2.1M of Goodwill impairments in 2016 and €3.2M in 2017

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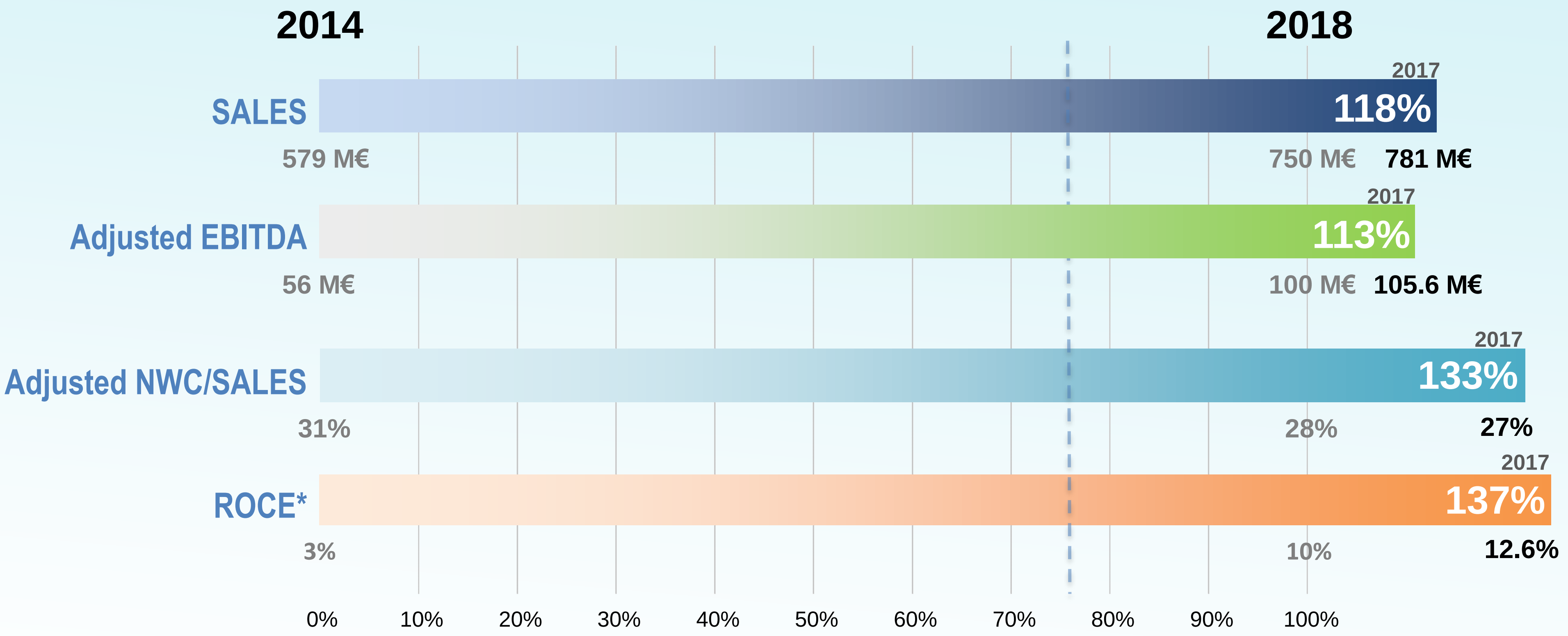
- Excellent performance on **Return On Capital Employed** by the company, which exceeds the objective set in our 2018 Strategic Plan.
- For a better understanding of Fluidra's business, we calculate ROCE using EBITA, as it better represents the company's performance. It excludes amortisation of intangible assets from acquisitions that do not require replacement Capex. ROCE (Adjusted EBITA) reaches 16.3%.

Progress of the goals of the 2018 Strategic Plan



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

Conclusions

FY 2017 RESULTS

- Our strategy has served Fluidra well to reach its strategic objectives one year in advance, and has positioned the company well for the upcoming merger. Excellent performance in the full year of 2017:
  - Strong sales growth in practically all markets, among which Europe, Asia and Latin America stand out.
  - Very good results thanks to a good operating leverage, improving Adjusted EBITDA margin to 13.5%.
  - Reduction in Net Financial Debt reaching a leverage ratio of 1.4x Adjusted EBITDA.

- With these results and current trading in Q1, Sales growth for 2018 will be between 5-7%.

- 2018 is going to be an important year in our history with the Fluidra and Zodiac merger:
  - Teams continue to plan for a smooth integration and capturing both sales and cost synergies.
  - Closing remains subject to regulatory and other approvals.
  - The merger is expected to close in Q2.
  - Plans are aligned with our expectations. Fluidra's forward guidance for the combined entity will resume following closing of the merger.

THANK YOU

Enjoying Water

FLUIDRA

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