

November 2014

MAKING
WATER
PERFORM



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1. Fluidra at a glance

Fluidra at a Glance

Strong Financial Performance

- 2013 Sales: €592.7M (-5.7%)
- 2013 EBITDA: €47.7M (-33.9%; normalized Ebitda: €61.3M)
- 2013 Net Debt: €186.8m (+3.4%)

Business

- International leader in distribution of solutions for Pool, Fluid Handling, Water Treatment and Irrigation
- Vertically integrated for Pool, Water Treatment and Fluid Handling

International Footprint

- Products sold in 170 countries
- Direct presence in 41 countries through 125 branches
- 80% of revenues generated outside of Spain and 31% outside Europe

Customers & Products

- Over 41,000 clients worldwide
- Over 20,000 product references

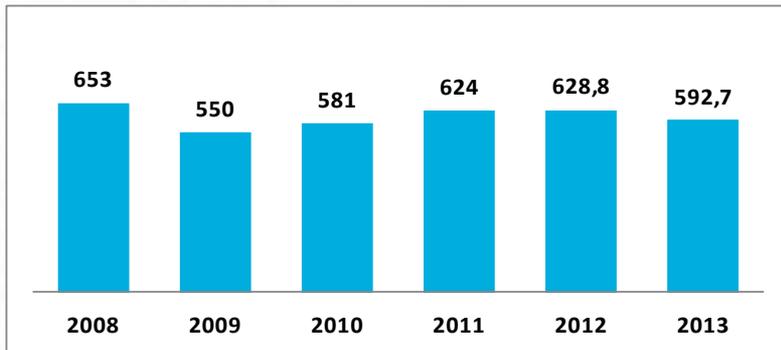
Stock Information

- Listed in the Spanish Stock Exchange
- BOD: 4 founding families 49.9% and Banc Sabadell 5.0%
- Free float: 45.1%

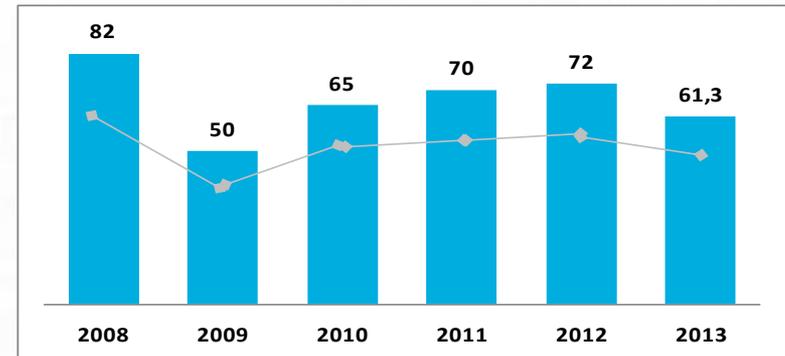
Summary Financials

- Improving efficiency
 - Centralization of distribution and commercial platforms, as well as manufacturing facilities
 - Consolidation of manufacturing plants
- Improvement in top line performance and EBITDA uplift

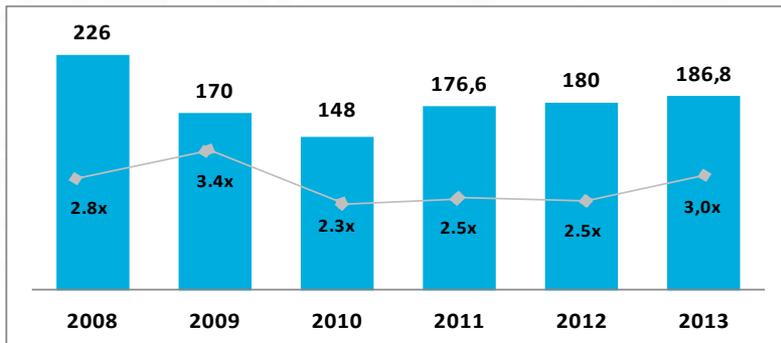
Sales (€m)



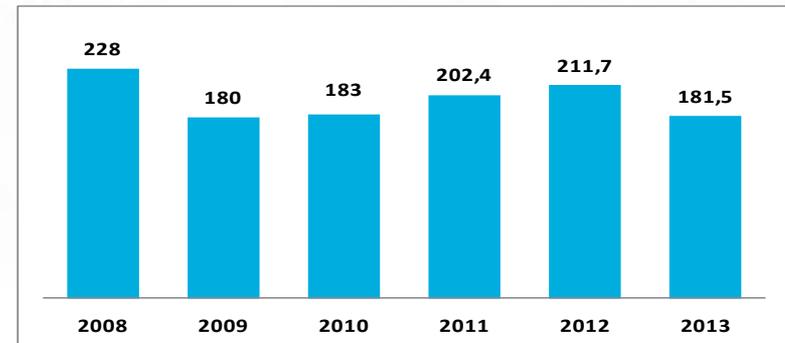
EBITDA (€m) & EBITDA Margin



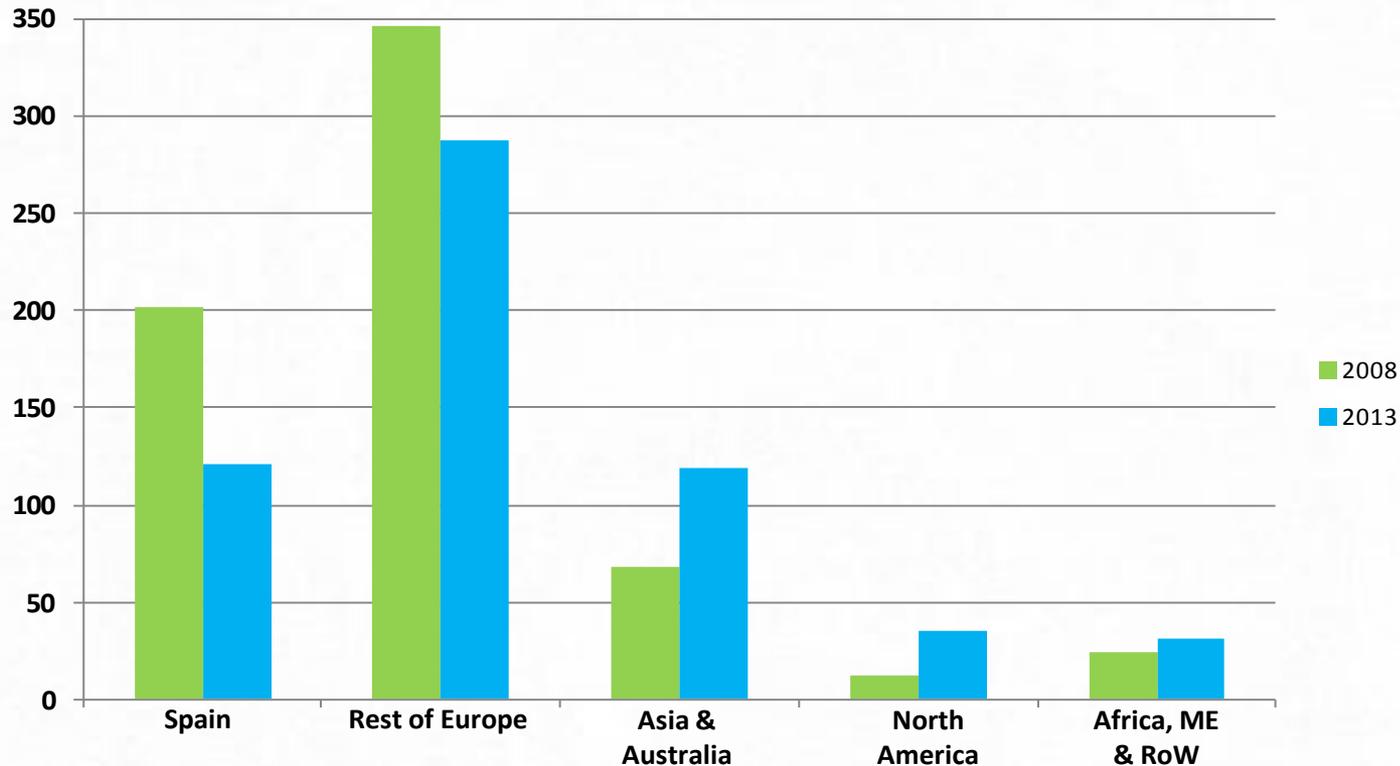
Net Debt (€m) & Net Debt/EBITDA



Working Capital (€m)

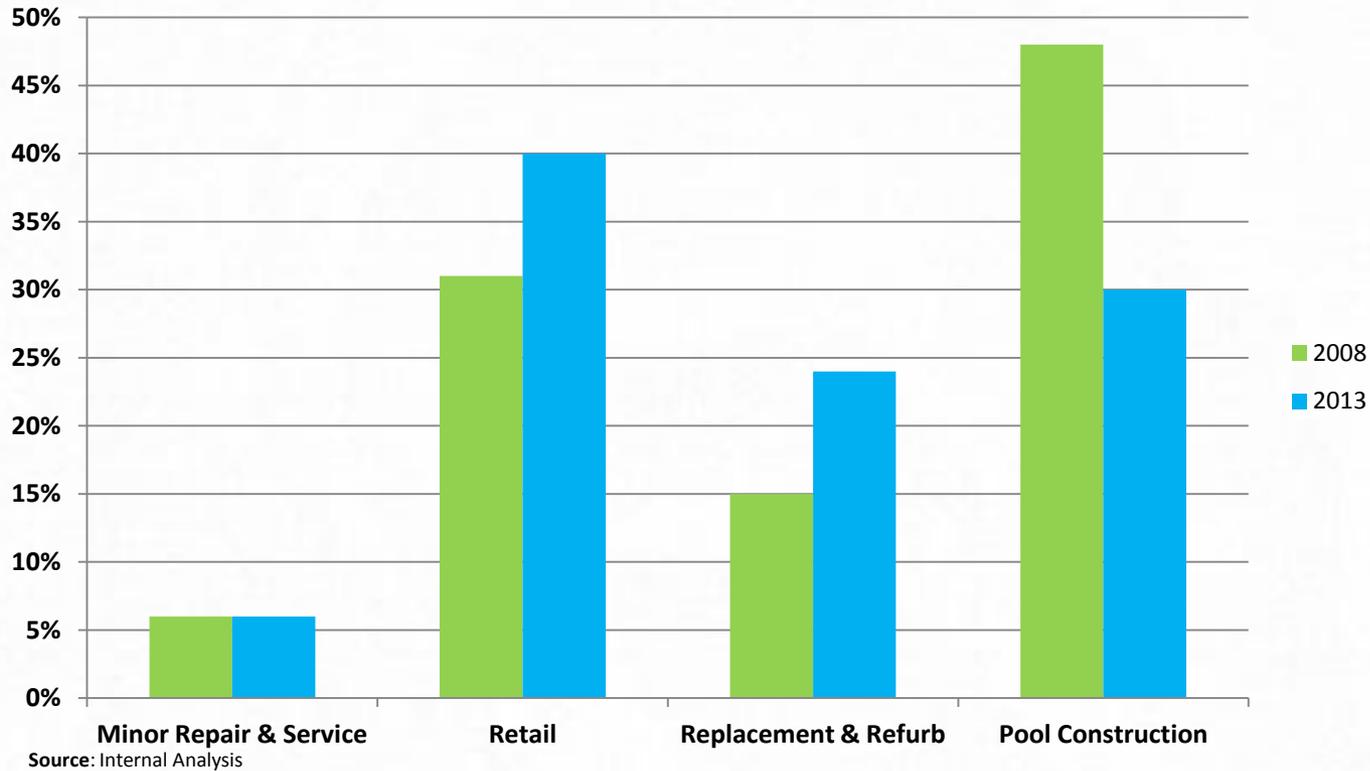


Fluidra's evolution – Geographical overview



- In 5 years time, €140M less volume in Europe, partially compensated with the growth in Asia & Australia (€50M), North America (€23M) and RoW (€7M).
- 2008, presence in 30 countries and 2013, presence in 41 countries.

Fluidra's evolution – Product overview

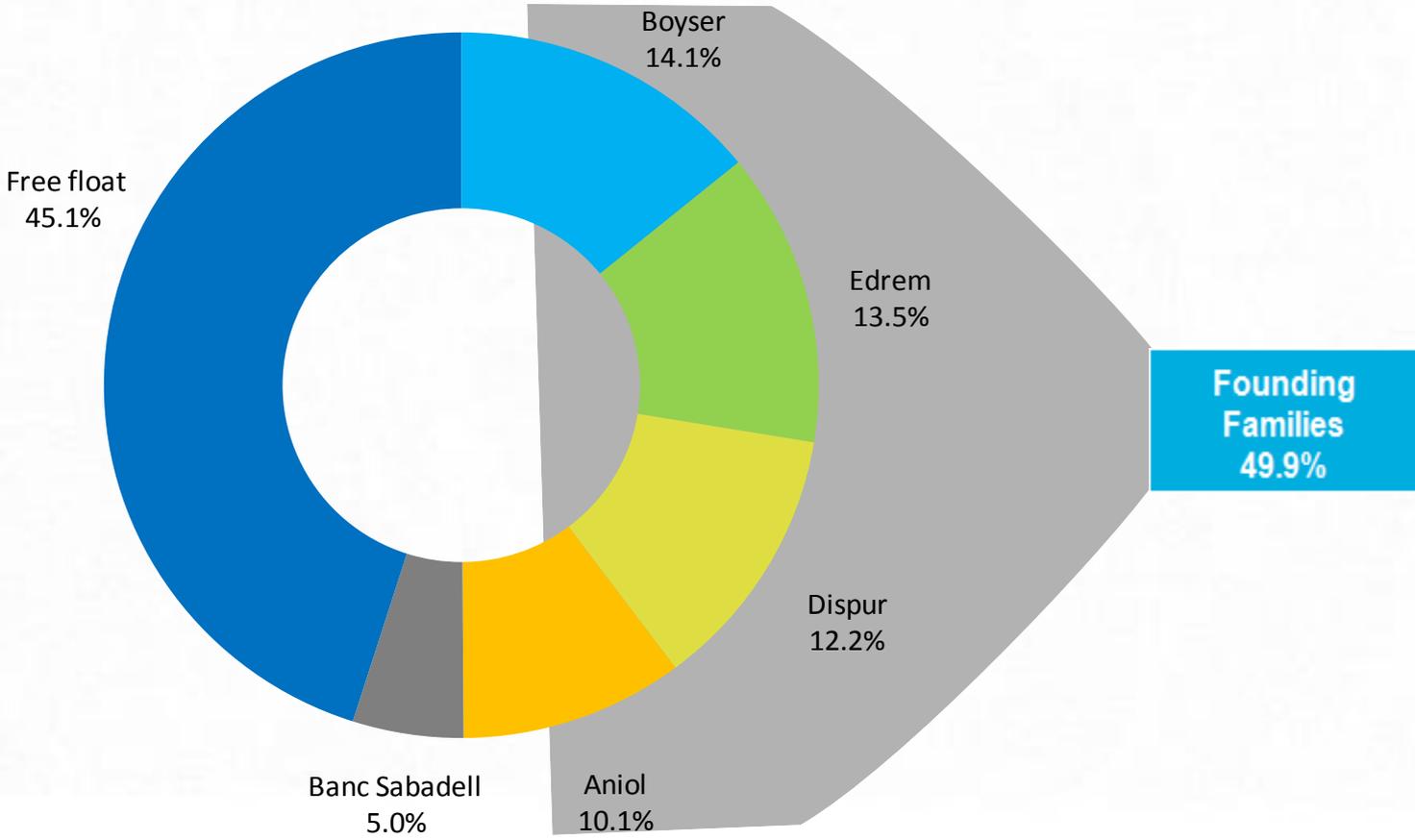


●● Significant evolution in product categories: from product addressed to construction business to value added product.

2. Shareholder Structure

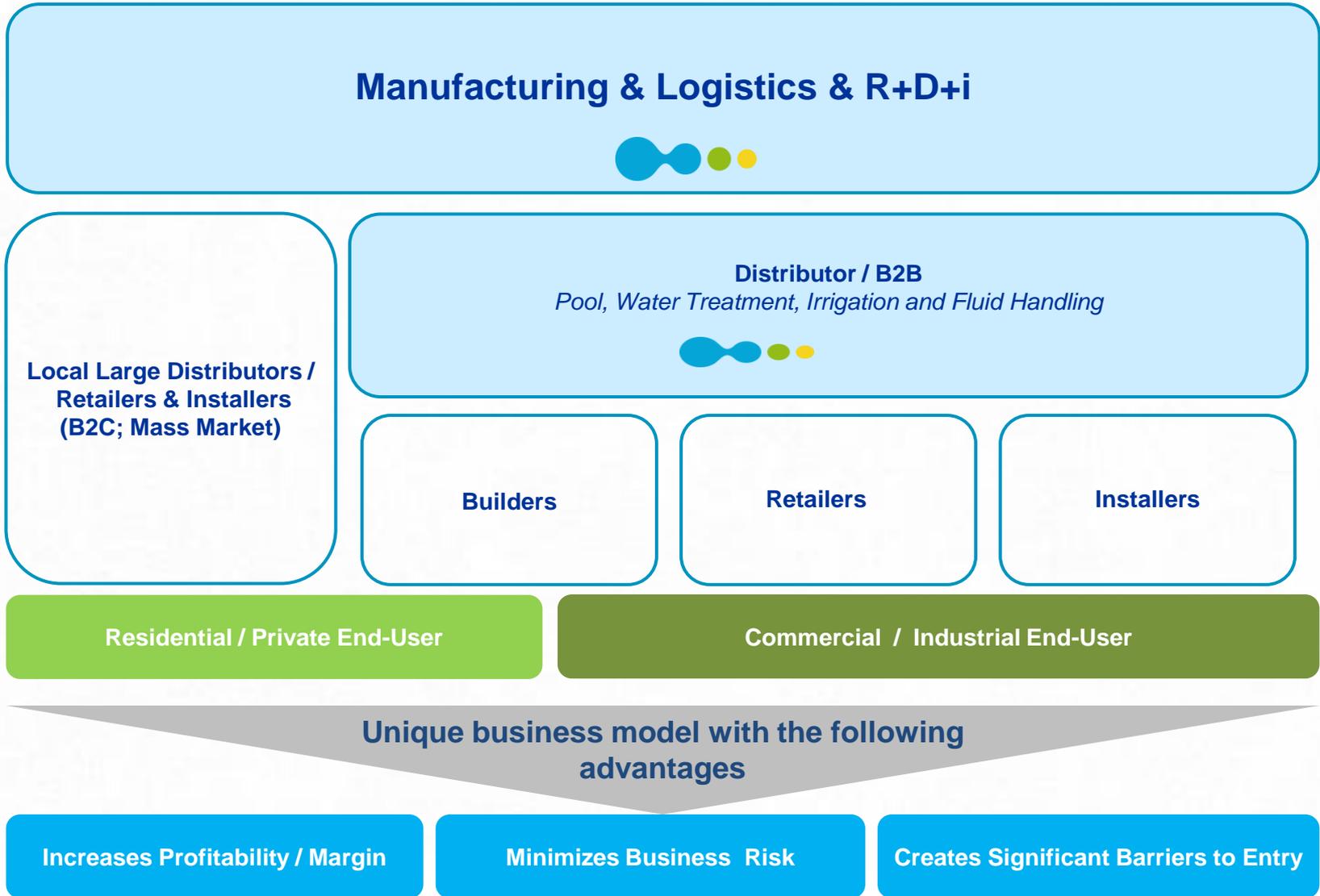
Shareholder Structure

● The shareholders' agreement by the founding families and Banc Sabadell reflects their confidence in Fluidra's growth strategy and in its future projects.



3. Business Model

Fluidra in the Business Value Chain: an integrated model



Overview of Divisions and Business Units

**FY 2013
Revenues
€592.7M**

Divisions

EUROPE

**ASIA &
AUSTRALIA**

**NORTH
AMERICA &
RoW**

**€410M
(69%)**

**€114M
(19%)**

**€69M
(12%)**

Business Units

Pool – Wellness

**€411M
(69%)**



- Design, production and distribution of all components for residential or commercial pools and wellness centers

Fluid Handling

**€60M
(10%)**



- Design, manufacturing and distribution of parts to carry water or other liquids in industrial, irrigation and pool applications

Water Treatment

**€89M
(15%)**



- Solutions for water treatment in domestic and industrial applications

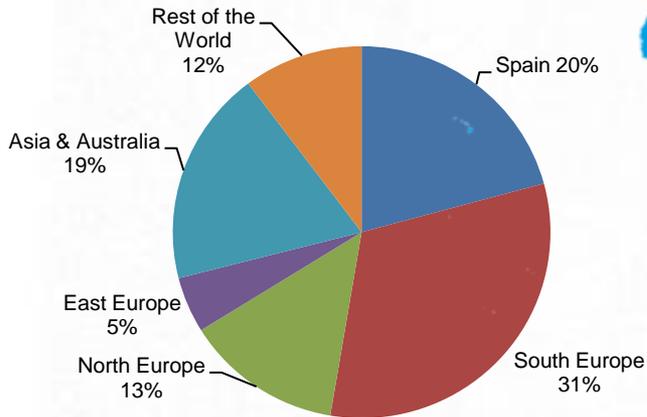
Irrigation

**€33M
(6%)**

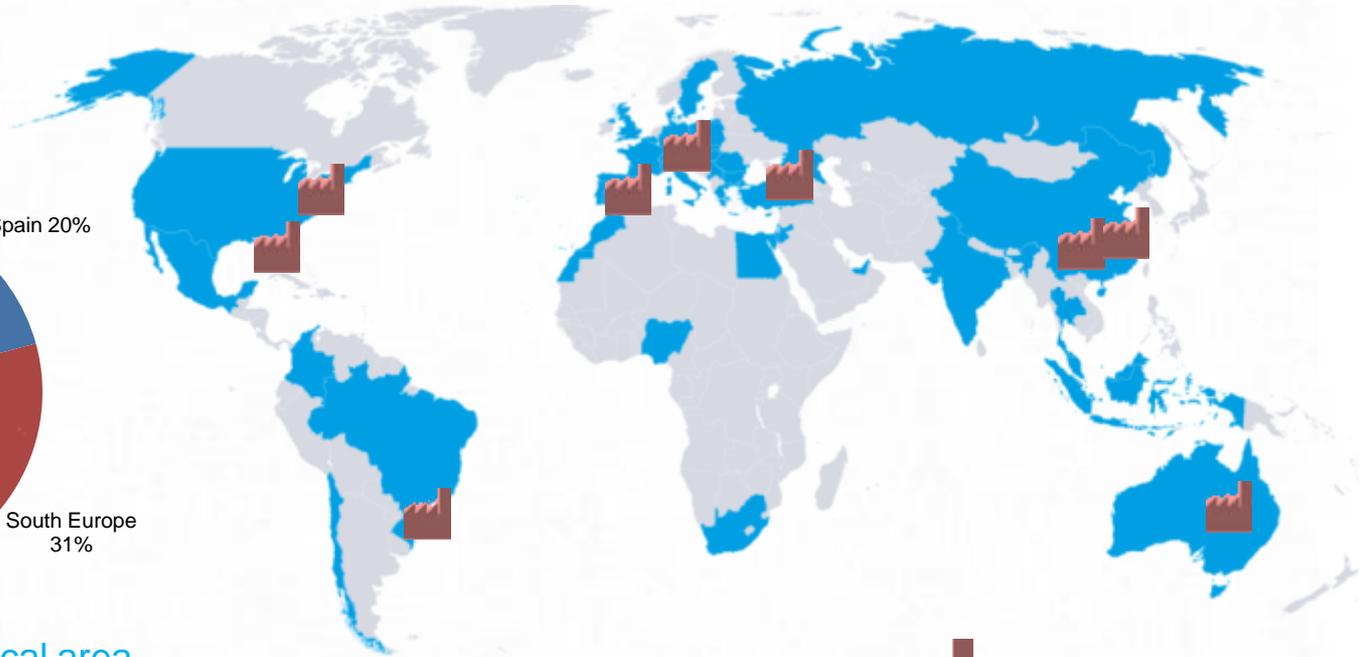


- Complete and efficient irrigation systems, for agricultural and landscaping applications

Distribution Network & Manufacturing Hubs



Sales by geographical area
80% international sales

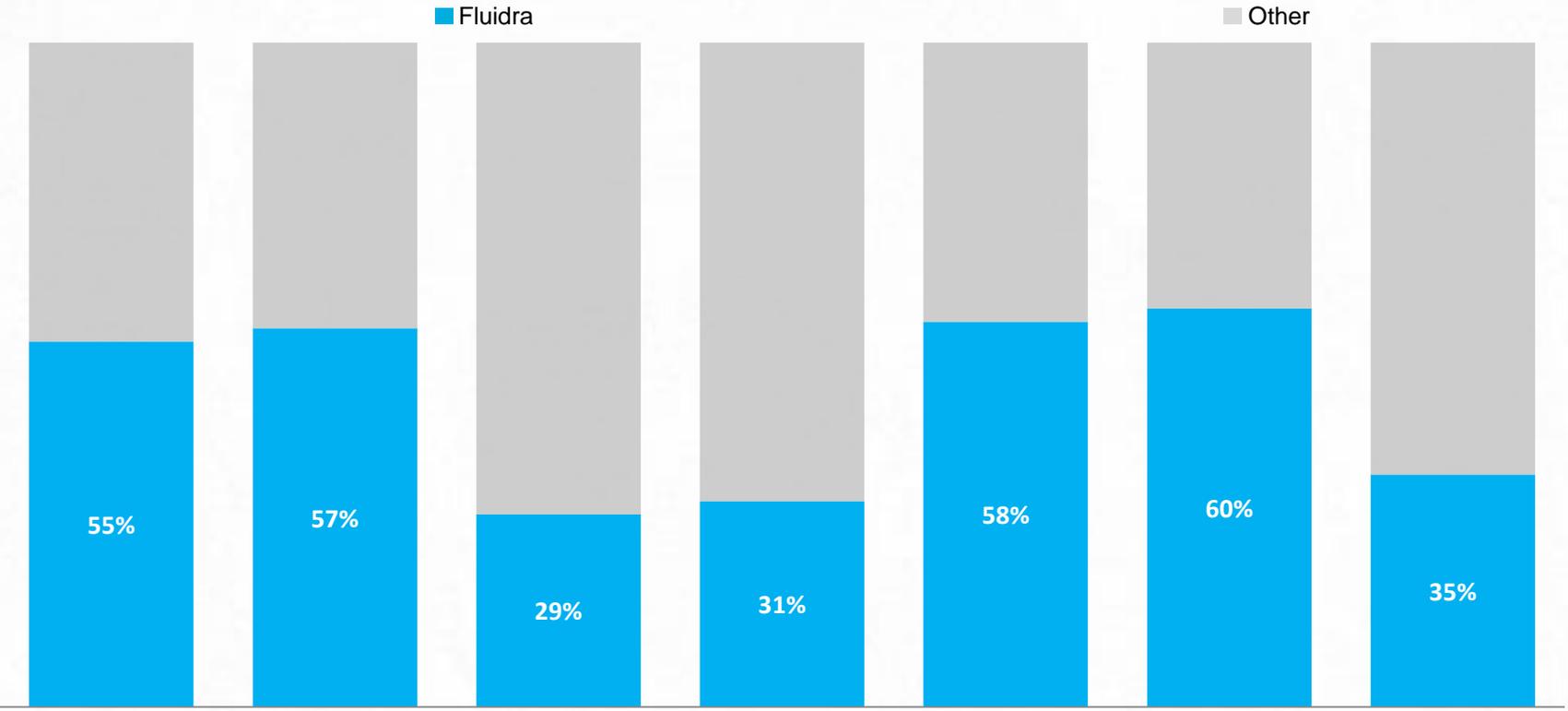


 Factories

125 branches in 41 countries: Alemania, Australia, Austria, Bélgica, Brasil, Bulgaria, Colombia, Chile, China, Chipre, Dinamarca, Egipto, Emiratos Árabes Unidos, España, EE.UU., Francia, Grecia, Hungría, India, Indonesia, Israel, Italia, Jordania, Malasia, Marruecos, México, Montenegro, Nigeria, Polonia, Portugal, Reino Unido, República Checa, Rumanía, Rusia, Serbia, Singapur, Sudáfrica, Suecia, Suiza, Tailandia y Turquía.

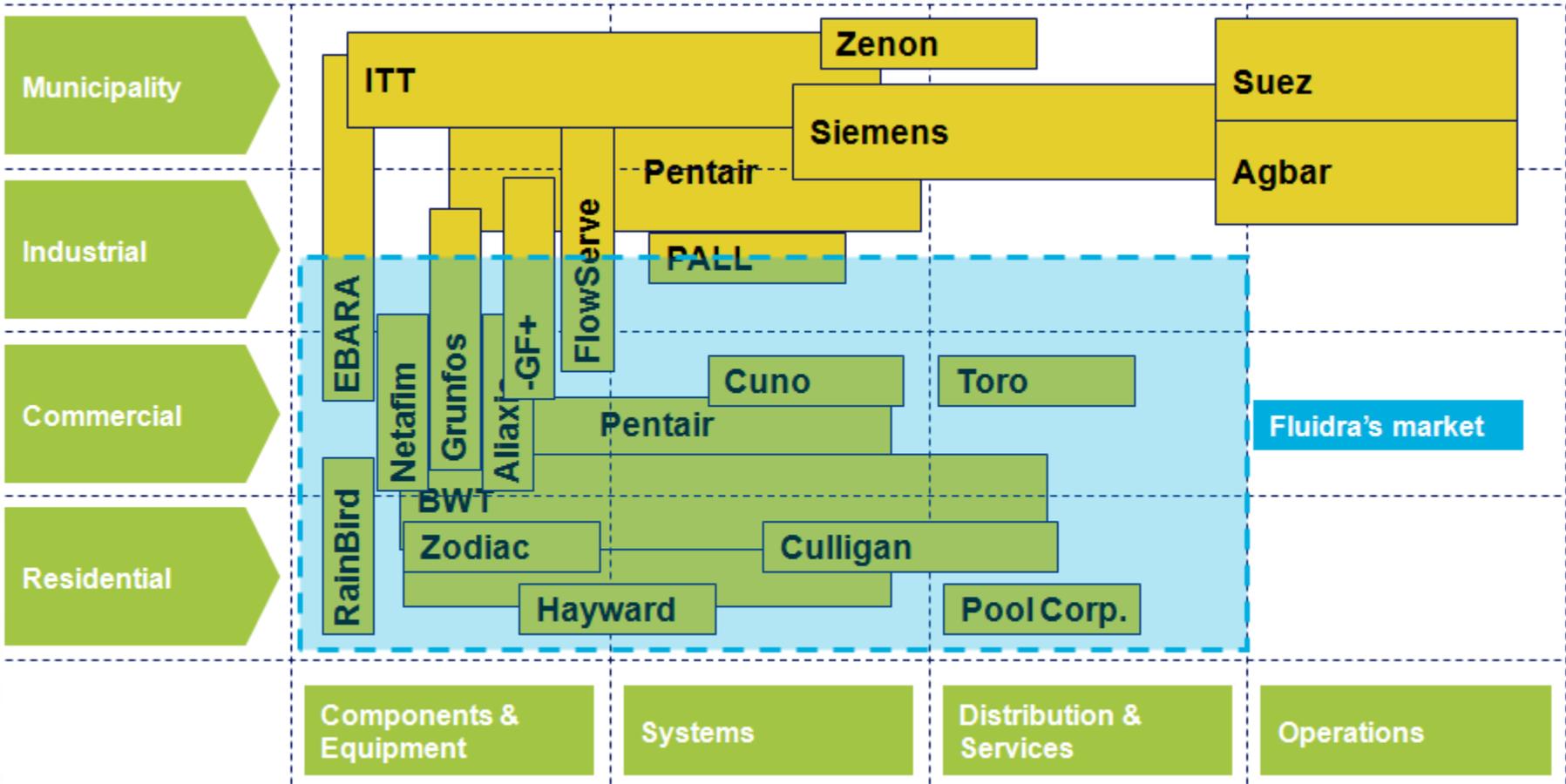
Internationally recognized leadership on Pools

Some examples on Country Market Share (%) on Pool activity



<p>Market Position</p>	Spain	Portugal	France	UK	Austria	Middle East	Australia
	#1	#1	#1	#1	#1	#1	#1

Fluidra's Positioning in the Water Business



Fluidra is present in growing, fragmented markets, through an integrated business model

4. Financial Performance

3Q2014 Results – Summary

	Main Magnitudes			
	€M	Sept 13 YTD	Sept 14 YTD	Evol.
Sales		485,4	477,9	-1,6%
EBITDA		54,3	63,3	16,5%
Net Income		8,3	14,4	72,7%
Net Working Capital		226,6	216,5	-4,5%
Free Cash Flow post acquisitions		-16,9	-6,2	10,7
Net Financial Debt		209,8	181,0	-13,7%

- Sales: Good third quarter performance, growing 1.3%. Year to date performance has been marked by the impact of currencies and discontinued operations (projects and divestitures). Adjusted for this effects, sales in the year grow 1.4%.
- Good EBITDA and Net Profit performance, mentioned reflecting the impact of the above points, in addition to the results of the restructuring and divestiture process.
- Good Working Capital and Free Cash Flow performance, with the subsequent reduction in Net Debt, aligned with our forecast for year-end.

3Q2014 Results – Profit and Loss Account

	Sept 2013 YTD		Sept 2014 YTD		Evol.14/13
	€ M	% sales	€ M	% sales	
Sales	485,4	100,0%	477,9	100,0%	-1,6%
Gross Margin	239,5	49,3%	242,8	50,8%	1,4%
Opex before Dep.& Amort.	179,8	37,0%	172,1	36,0%	-4,3%
Provisions for bad debt	5,4	1,1%	7,4	1,5%	37,4%
EBITDA	54,3	11,2%	63,3	13,3%	16,5%
EBIT	28,0	5,8%	35,8	7,5%	27,9%
Net Financial Result	-13,8	-2,8%	-12,3	-2,6%	-10,7%
PBT	10,5	2,2%	21,8	4,6%	107,9%
Net Income	8,3	1,7%	14,4	3,0%	72,7%

- Sales increased in the last two quarters, bringing the year to a contraction of 1.6%.
- Excellent **gross margin** performance, thanks to the work done in managing purchases and pricing.
- Good **OPEX** performance, which reaps the benefits of the restructuring and divestiture plan.
- **Bad debt provisions** affected by long DSO in Middle East and North Africa.

3Q2014 Results – Sales by Geographical Area

Fluidra Sales by Geographical Area					
€M	2013 YTD	%	2014 YTD	%	Evolution 14/13
Spain	104,7	21,6%	107,5	22,5%	2,8%
South Europe - Rest	153,9	31,7%	134,6	28,2%	-12,5%
Central & Northern Europe	67,8	14,0%	76,2	15,9%	12,4%
Eastern Europe	25,0	5,1%	25,3	5,3%	1,2%
Asia & Australia	80,3	16,5%	83,1	17,4%	3,5%
Rest of the World	53,8	11,1%	51,2	10,7%	-4,8%
TOTAL	485,4	100,0%	477,9	100,0%	-1,6%

- The **Spanish** market performs well in contrast to the drop of sales in **Southern Europe**, mainly caused by the fall in France due to the divestiture of *Irrigaronne*, the execution of projects in 2014 and the weak market performance.
- **Good international evolution** when adjusted for FX, Asia and Australia grow by 9.6%, Eastern Europe by 7% and Rest of the World remains practically flat.

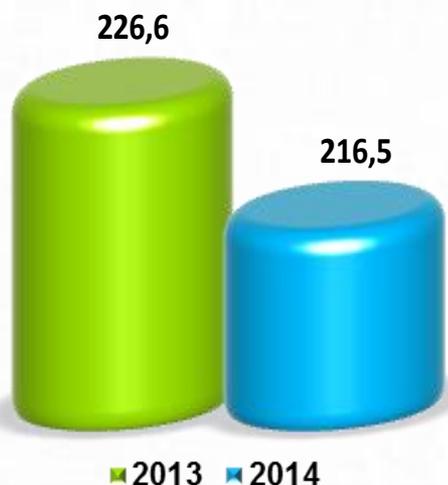
3Q2014 Results – Sales by Business Unit

Sales by business units					
€ M	2013 YTD	% of Total	2014 YTD	% of Total	Evolution %
Pool	323,8	66,7%	325,9	68,2%	0,6%
- Private	269,6	55,5%	276,5	57,9%	2,6%
- Commercial	54,2	11,2%	49,4	10,3%	-8,9%
Water Treatment	76,9	15,9%	76,4	16,0%	-0,7%
Irrigation	28,4	5,8%	24,3	5,1%	-14,2%
Fluid Handling	47,6	9,8%	48,3	10,1%	1,4%
Projects	8,7	1,8%	3,0	0,6%	-65,7%
TOTAL	485,4	100,0%	477,9	100,0%	-1,6%

- Good **Residential Pools** performance, while **Commercial Pool** is impacted by developments in Southern Europe.
- The **Irrigation Unit** is affected by the divestiture of the agricultural irrigation line of business last June. Business on the landscaping and residential markets evolves favourably.
- **Water treatment** declines in industrial activity which is practically offset by growth in residential activity.
- **Fluid Handling** presents good growth in Asia offsetting slight declines in Europe.

3Q2014 Results – Net Working Capital

Net Working Capital (M€)



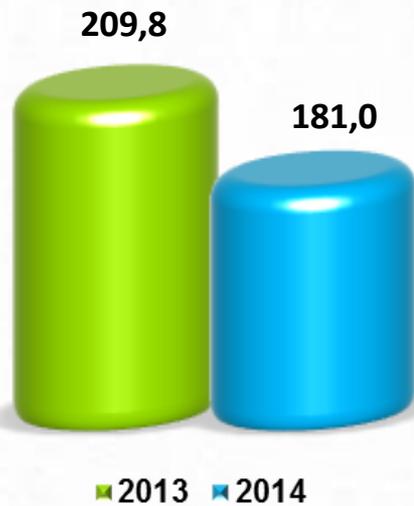
	September YTD		
	2013	2014	Evol. 14/13
Inventory	141,8	143,6	1,2%
Accounts Receivable	193,8	176,3	-9,0%
Accounts Payable	109,0	103,4	-5,1%
Net Working Capital	226,6	216,5	-4,5%

€M

- Good **Net Working Capital** performance. The sale of *Irrigaronne* and efforts made over the past few months to manage the balance sheet enables us to improve the NWC/Sales ratio.

3Q2014 Results – Net Financial Debt and FCF

Net Financial Debt (M€)



	September YTD		
	2013	2014	Evol. 14/13
Net income	8,3	14,4	6,0
Depreciation (+)	26,3	27,5	1,2
Increase (-) / Decrease (+) NWC	-25,8	-34,8	-9,1
Capex (organic)	-15,8	-12,2	3,8
Free Cash Flow pre-acquisitions	-7,0	-5,2	1,8
Acquisitions	-9,9	-1,0	8,9
Free Cash Flow post acquisitions	-16,9	-6,2	10,7

- Good **Free Cash Flow** performance thanks to the P&L, in addition to the lower investments made in acquisitions this year.
- Therefore, **Net Financial Debt** performs well and aligned with year end target.

3Q2014 Results – Highlights

- **Argelia**: Fluidra was awarded a contract worth € 600,000 for the design and supply of components for the pool and wellness area of the Ben Lahbib resort in Oran (Algeria).
- **Fluidra Accelera**: is a new initiative launched to give support and boost innovation in the world of water. The aim is to turn start-ups into profitable companies thanks to:
 - a high level of production, marketing and sales support through mentoring programs overseen by our senior management
 - networking events to attract potential investors.
- **Appointment of Gabriel López Escobar to the BoD**: This appointment reinforces Fluidra's Board, based on recommendations on Corporate Governance. Gabriel López earned a post-graduate diploma in Economics and Business at the University of Nancy (France). He is also a member of the Institute of Chartered Accountants of Spain and is on the roster of associated accountants of the Public Company Accounting Oversight Board (PCAOB). He has been chairman of PwC Spain Oversight Committee. He joined the firm in 1984, and has been partner since 1995.

3Q2014 Results – Conclusions

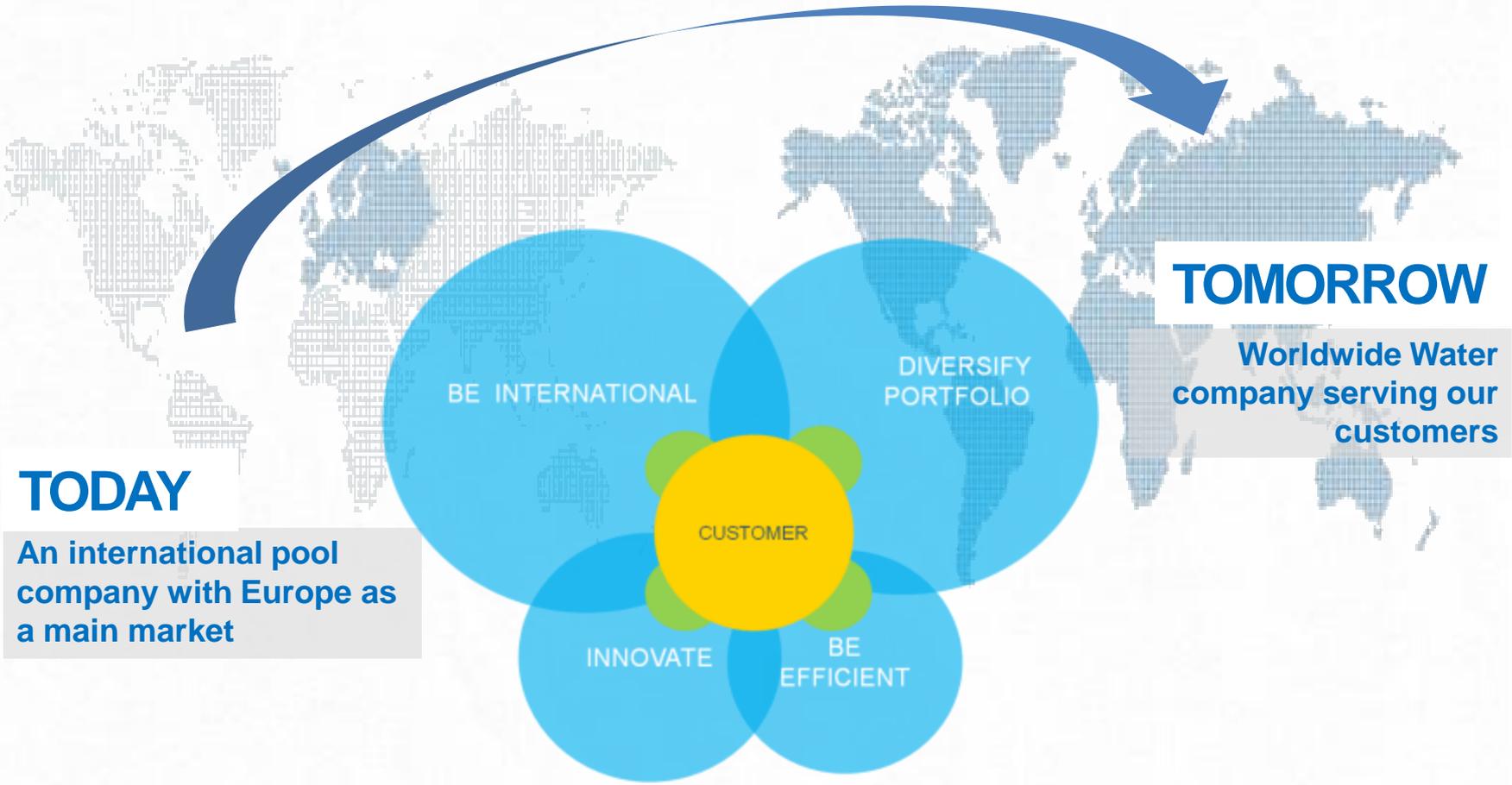
- **Year to date performance is in line with our forecast:**
 - **Divestiture Plan** for non-strategic assets successfully completed.
 - Implementation of the **Restructuring Plan**.
 - Recovery of business in **Spain**.

- The company is focused on:
 - Growth through increasing market share in Europe, taking advantage of our **operating leverage**.
 - Development of our **international business**.

- **Forecast for 2014:** We reiterate our guidance, sales should reach between M€580 and 600; EBITDA should range between M€65 and 69; and NFD/EBITDA ratio should stand at 2.5x.

5. Strategy and Investments Highlights

Strategy



Strategy guidelines



Residential Pool

Internationalization

- USA, CSA & Africa

Market Penetration

- Channels and focus on internet channel evolution
- Strategic product categories & bundling offers (beyond crossselling)
- Product & Service Innovation
- Pricing Strategy
- Technical Support & Service Strategy



Commercial Pool

- Develop business model around providing solutions that increase ROI for final owners (hotels, camping, gyms, parks) without construction risk



Industrial FH

- Develop industrial market through Cepex & Youli

Strategy guidelines



Other BU

Leverage distribution network and improve competitive position in cost and branding

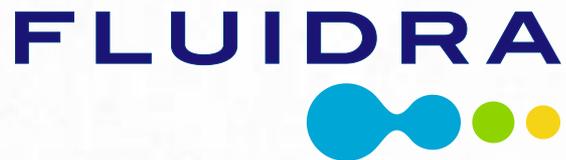


Operational Excellence

Build Fluidra of the XXI century:

1. Lean manufacturing strategy: value, cost, quality
2. Global logistics & warehousing strategy
3. Knowledge strategy: training, technical support & after sales service
4. Sales & marketing strategy: channels, pricing, sales force mng, bundling (beyond crossselling)
5. Lean processes: global standard processes supported by integrated single ERP
6. People strategy: attract, hire, develop & retain motivated employees to execute strategy
7. Finance strategy: provide value added analysis and efficient & compliant transaction processing
8. Corporate Social Responsibility Strategy: legal & environmental compliance





Contact: Avda. Francesc Macià, 60, planta 20
08208 Sabadell (Barcelona)
Tel: +34 937 243 900

e-mail: investor_relations@fluidra.com

6. Annex

International Leadership

Veico - Brasil

- Fluidra acquired **VEICO (February 2013)**, company that makes accessories for pools in the Brazilian state of Santa Caterina.
- Veico has a **turnover of more than Euro 3M** and industrial facilities of 1,500 square meters.
- **Veico** gives us manufacturing capabilities in a country where the construction of new pools has increased over 10% in recent years, with a park estimated of **1.4 million units**
- The estimated market size is about **Euro 200M**.
- The total **investment** represents a multiple of **4.0x EBITDA 2012**.



International Leadership

Presence of Fluidra in Latam

Latam Division

- **Latam Division**, Fluidra has decided to extend his presence in this area, with the aim to promote activities in the Latin America market. This new market will bring capability of growth and development on the continent.



Product Innovation

AstralPool MAC

- AstralPool MAC is the only compact, modular device in the market that has all the components needed for the physical and chemical control of pool water in the most efficient way possible.
- Its smart software enables all settings to be adjusted from a touchscreen and users thus have **total control over their pools**.
- AstralPool MAC is **an innovative product and a new concept** in understanding the way pools are managed.
- AstralPool MAC can make savings of up to **50% on energy (electricity and water)** in comparison with conventional pools systems.
- As a result, AstralPool MAC received an honourable mention at the prestigious **Red Dot Design Awards**.
- Success at its presentation in international fairs: **Lyon and Pekin**



reddot design award
honourable mention 2013

Product Innovation

Viron

- **Launch of high range products "Viron"** for U.S. and Australian residential markets, consisting of pumps, cartridge filters, control system with touchpad's, air conditioning, etc.. And characterized by a commitment to sustainability, energy efficiency and cutting edge technology, according to the commitment and strategic approach of Fluidra.
- **Maximum energy efficiency recognition.** The Australian authorities have qualified Viron P600 Pump as a pump eVo more energy efficient, according to the criteria of the **MEPS** (Minimum Energy Performance Standards) ([http://www.energyrating.gov.au/products-themes/other/swimming-pool-pumps / Voluntary-labeling](http://www.energyrating.gov.au/products-themes/other/swimming-pool-pumps/Voluntary-labeling)).



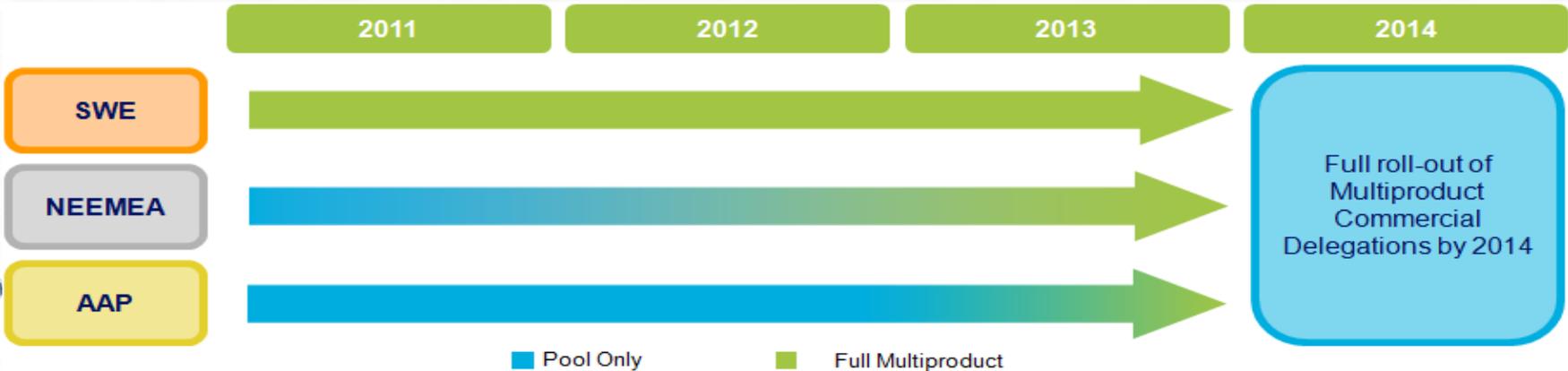
Leverage Pool Distribution Network

∞ Distribution: New branch format

- Old Model: branch with relatively large storage surface and just want point for customer attention
- New Model: Self service format, with different areas for training, show room and exhibits
 - Promotes cross-selling, becoming a one-stop shop for irrigation, water treatment, fluid handling and pool products
 - Improved brand awareness
 - Operational efficiency in opex and working capital, simplifying stock management



∞ Roll-out of Multiproduct Commercial Delegations



Become a player in Industrial FH in Asia

Fluidra Youli

- Fluidra closed the signature of a joint venture in China, **Fluidra Youli Fluid Systems (Wenzhou)**, dedicated to fluid handling in the Asian market and an initial focus in the Chinese market

FH Chinese Market

- **Industrial Fluid Handling - China:** fragmented market of Euro 300 -350M of local competitors with limited technology.
- Constitution of **Fluidra Youli Fluid Systems (Wenzhou)**: Fluidra will participate with 70% in the Joint Venture and the remaining 30% belongs to a local partner, Youli, who contributes a manufacturing facility and the distribution network. Youli is dedicated to extrusion and injection of C-PVC and U-PVC.
- **Fluidra Youli** will manufacture valves, fittings and pipes both American and metric measures. Fluidra Youli will be the platform to develop the distribution of our Industrial Fluid Handling activity in Asia and in markets as Mexico and USA.



Become a player in Industrial FH in Asia

Fluidra Youli Operation

- **Constitution of the Joint Venture (October 2012):** Fluidra contributes Euro 4,8M and Youli contributes the manufacturing facility.
- There are several **earn out payments** conditional on results up to a maximum limit of Euro 14,9M
 - **2012:** Euro 2,1M
 - **2013:** Euro 5,5M
 - **2014:** Euro 7,3M
- The total amount represent a multiple of **4,2x Ebitda-2012**.



Strategic Fit

- The Joint Venture is one additional step in Fluidra's **strategic plan**.
- This operation reinforces the Group **Internationalization** process, strengthening its market share in Asia where it is already leader in Pool. In addition, this is an important step in the business **Diversification**, increasing the Fluid Handling contribution, which today represents slightly more than 8%.
- **Materialization** of the joint venture in China: The creation of the Fluidra Youli joint venture underpins the company's growth potential in China and Asia, strengthening our international expansion strategy and consolidating our fluid handling business.

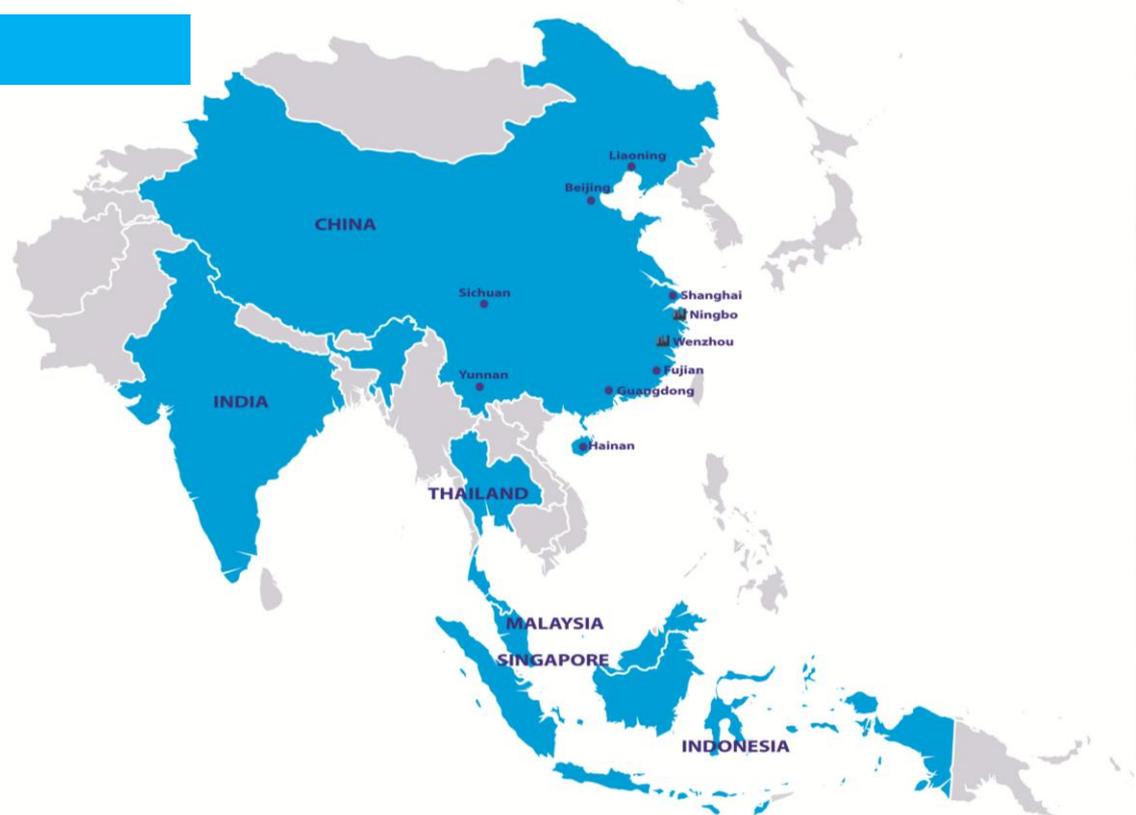


Operational Excellence

Asia Division

- **Asia Division**, Fluidra has created this new division to promote activities in the Asian market. This new structure will bring together the operations on the continent.

Presence of Fluidra in Asia



Improve Margins and Cash Flow Generation

Lean Management Program: Key Principles

Commitment

- Commitment from senior and middle management, as well as employees
- Pragmatic approach: focus on “real-life” issues

Potential to Improve

- Aggressive optimization objectives
- “Sky is the limit” in terms of potential to improve efficiency

Maximise Efficiency

- Optimize production and supply chain processes
- Restructure and minimize all functions without value-added

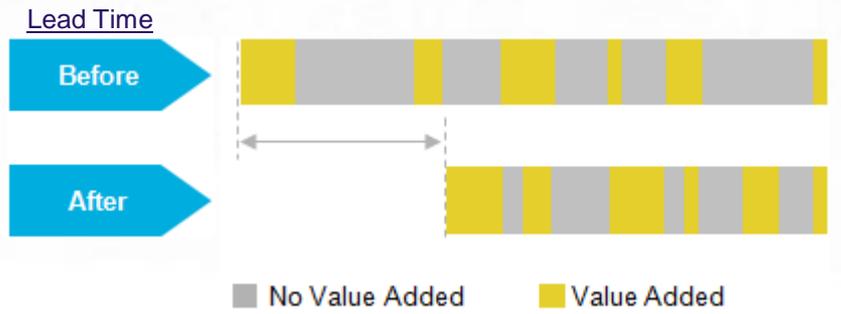
Fluidra Direct

- Old Model: shipments to delegations and from delegation to customers
- New Model: direct shipment to customers from central warehouse
 - Better service
 - Lower inventory requirements
 - Enables for new delegation concept



Supply Chain

- Focus on reducing share of non-value added processes in lead time (time from order reception to delivery)



Investment Highlights

