Committed to transparency and sustainability, another year committed

<table>
<thead>
<tr>
<th>Table of contents</th>
</tr>
</thead>
</table>
Table of results

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>713.3</td>
<td>647.3</td>
<td>593.8</td>
<td>592.7</td>
<td>629</td>
</tr>
<tr>
<td>EBITDA</td>
<td>86.0</td>
<td>72.2</td>
<td>65.7</td>
<td>47.7</td>
<td>72</td>
</tr>
<tr>
<td>Net profit</td>
<td>24.1</td>
<td>13.0</td>
<td>6.6</td>
<td>-10.2</td>
<td>14.5</td>
</tr>
<tr>
<td>Investments</td>
<td>29.2</td>
<td>26.9</td>
<td>19.9</td>
<td>22.1</td>
<td>22.3</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>156.6</td>
<td>162.3</td>
<td>151.6</td>
<td>187</td>
<td>180</td>
</tr>
</tbody>
</table>

SALES BY GEOGRAPHY

<table>
<thead>
<tr>
<th>(in EUR millions)</th>
<th>2016</th>
<th>2015</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>153.2</td>
<td>141.0</td>
<td>8.6%</td>
</tr>
<tr>
<td>Southern Europe - Other</td>
<td>164.6</td>
<td>143.1</td>
<td>15.1%</td>
</tr>
<tr>
<td>Central &amp; Northern Europe</td>
<td>109.1</td>
<td>96.8</td>
<td>12.7%</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>32.3</td>
<td>32.0</td>
<td>1.1%</td>
</tr>
<tr>
<td>Asia &amp; Australia</td>
<td>139.7</td>
<td>139.3</td>
<td>0.3%</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>114.3</td>
<td>95.1</td>
<td>20.4%</td>
</tr>
</tbody>
</table>

SALES BY BUSINESS UNIT

<table>
<thead>
<tr>
<th>(in EUR millions)</th>
<th>2016</th>
<th>2015</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pool &amp; Wellness</td>
<td>651.8</td>
<td>584.2</td>
<td>11.6%</td>
</tr>
<tr>
<td>Residential</td>
<td>407.2</td>
<td>350.0</td>
<td>16.4%</td>
</tr>
<tr>
<td>Commercial</td>
<td>81.7</td>
<td>88.6</td>
<td>-7.8%</td>
</tr>
<tr>
<td>Pool water treatment</td>
<td>109.9</td>
<td>96.8</td>
<td>13.6%</td>
</tr>
<tr>
<td>Fluid handling</td>
<td>53.0</td>
<td>48.8</td>
<td>8.6%</td>
</tr>
<tr>
<td>Irrigation and domestic water treatment</td>
<td>39.8</td>
<td>40.2</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Industrial and other</td>
<td>21.6</td>
<td>23.0</td>
<td>-5.9%</td>
</tr>
</tbody>
</table>
Financial structure table

(in EUR millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net financial debt/EBITDA</td>
<td>1.8</td>
<td>2.2</td>
<td>2.3</td>
<td>3.9</td>
<td>2.5</td>
</tr>
<tr>
<td>Net financial debt / consolidated net assets</td>
<td>0.47</td>
<td>0.49</td>
<td>0.47</td>
<td>0.62</td>
<td>0.54</td>
</tr>
<tr>
<td>ROCE (adjusted EBIT) *</td>
<td>9.8%</td>
<td>6.7%</td>
<td>3%</td>
<td>2.5%</td>
<td>7.4%</td>
</tr>
<tr>
<td>ROE</td>
<td>7.2%</td>
<td>3.9%</td>
<td>2.1%</td>
<td>-3.4%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

* Adjusted EBIT for impairment of goodwill and integration costs

Stock exchange information table

(at 31 December 2016)

- Number of shares (x1000): 112,629
- Closing price (EUR): 4.32
- Evolution in 2016: +38.02%
- Capitalisation at 31/12 (in EUR millions): 486.5
- Dividend per share (EUR): 0.09
- Payout (for 2015): 77%
- Earnings per share: 0.28
- EV / EBITDA: 7.5

Fluidra is a large multinational group which distributed a EUR 10 million dividend in 2016
## Human Resources

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>4,273</td>
<td>3,698</td>
<td>3,565</td>
</tr>
<tr>
<td>Net job creation</td>
<td>575</td>
<td>133</td>
<td>-35</td>
</tr>
<tr>
<td>Diversity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>68%</td>
<td>67%</td>
<td>67%</td>
</tr>
<tr>
<td>Women</td>
<td>32%</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>Investment in training (in EUR thousands)</td>
<td>430</td>
<td>225</td>
<td>361</td>
</tr>
<tr>
<td>Training hours</td>
<td>32,040</td>
<td>18,641</td>
<td>20,628</td>
</tr>
<tr>
<td>Rotation</td>
<td>4.7%</td>
<td>4.5%</td>
<td>9.9%</td>
</tr>
<tr>
<td>Accident rate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sick leave</td>
<td>173</td>
<td>68</td>
<td>57</td>
</tr>
<tr>
<td>Without sick leave</td>
<td>78</td>
<td>102</td>
<td>83</td>
</tr>
<tr>
<td>Absence rate</td>
<td>3.45%</td>
<td>3.30%</td>
<td>3.10%</td>
</tr>
</tbody>
</table>
Main figures for 2016
Business model
Corporate Governance
Annexes
Letter from the President
Strategy
2016 Financial year

Environment

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emission rate in tons [G4-EN18]</td>
<td>25,378</td>
<td>28,796</td>
<td>-</td>
</tr>
<tr>
<td>Waste generation [G4-EN23]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-hazardous (Tn)</td>
<td>13,216</td>
<td>19,749</td>
<td>12,361</td>
</tr>
<tr>
<td>Hazardous (Tn)</td>
<td>7,980</td>
<td>10,046</td>
<td>12,550</td>
</tr>
<tr>
<td>Water consumption (m³) [G4-EN8]</td>
<td>76,722</td>
<td>84,709</td>
<td>86,372</td>
</tr>
<tr>
<td>Natural gas consumption (GJ) [G4-EN3]</td>
<td>45,917</td>
<td>39,050</td>
<td>36,990</td>
</tr>
<tr>
<td>Diesel consumption (GJ) [G4-EN3]</td>
<td>45,232</td>
<td>34,291</td>
<td>32,235</td>
</tr>
<tr>
<td>Cogeneration (GJ)</td>
<td>5,822</td>
<td>9,078</td>
<td>5,791</td>
</tr>
<tr>
<td>Grid power (GJ) [G4-EN3]</td>
<td>121,709</td>
<td>110,591</td>
<td>115,555</td>
</tr>
<tr>
<td>Investment and environmental costs (in EUR) [G4-EN31]</td>
<td>1,535,676</td>
<td>1,153,021</td>
<td>830,025</td>
</tr>
</tbody>
</table>

Community [G4-EC1]

733.7 €
EURO millions

(in EUR millions)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic value created:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total consolidated revenue (sales + other revenue)</td>
<td>733.7</td>
<td>666.9</td>
<td>615.4</td>
</tr>
<tr>
<td>Economic value distributed:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees (personnel costs)</td>
<td>158.3</td>
<td>144.7</td>
<td>137.0</td>
</tr>
<tr>
<td>Suppliers (Changes in inventories + other operating expenses)</td>
<td>491.1</td>
<td>450.7</td>
<td>415.9</td>
</tr>
<tr>
<td>Shareholders (Dividend-Result attributable to holders of parent-company equity instruments)</td>
<td>15*</td>
<td>10.0</td>
<td>6.7</td>
</tr>
<tr>
<td>Company - Public Administration (Taxes)</td>
<td>13.1</td>
<td>6.2</td>
<td>3.5</td>
</tr>
<tr>
<td>Capital providers (Financial expenses)</td>
<td>6.5</td>
<td>5.6</td>
<td>9.4</td>
</tr>
<tr>
<td>Economic value retained:</td>
<td>49.7</td>
<td>49.5</td>
<td>42.9</td>
</tr>
</tbody>
</table>

* Proposed dividend; pending approval at the General Shareholders’ Meeting.
** Corresponds to income tax expense.
Fluidra is a domestic and international leader in sustainable water use.

Fluidra is a listed Spanish multinational group devoted to developing applications for sustainable water use associated with the extensive field of Pool & Wellness for domestic, commercial and public use.

Fluidra operates in 45 countries through 150 subsidiaries and production centres located across all continents. The Group has a team of approximately 4,300 people.

Since 1969, respect for water and its rational use is the cornerstone of our Group's philosophy. This is the vision of the Fluidra Group companies, which specialise in water conservation, distribution, treatment and use.

Table with corporate data

Company name
Fluidra S.A.
Address
Avda. Francesc Macià 60, planta 20E
08208 Sabadell (Barcelona - Spain)
Telephone
(+34) (0)93 724 39 00
Website
www.fluidra.com
Share capital
EUR 112,629,070
Number of shares
112,629,070
Nominal
EUR 1.00
Business activity:
Developing applications for sustainable water use in the Pool & Wellness sector
Markets
It operates in 45 countries and distributes to 150 worldwide. Europe is the company’s main market, followed by Asia and Australia.
Table with shareholder structure
(as of 31 December 2016)
(in percentage)

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FOUNDING FAMILIES</strong></td>
<td>50.6%</td>
</tr>
<tr>
<td>BOYER</td>
<td>14.1%</td>
</tr>
<tr>
<td>EDREM</td>
<td>13.8%</td>
</tr>
<tr>
<td>DISPUR</td>
<td>12.4%</td>
</tr>
<tr>
<td>ANIOL</td>
<td>10.2%</td>
</tr>
<tr>
<td><strong>FREE FLOAT</strong></td>
<td>44.4%</td>
</tr>
<tr>
<td><strong>BANCO SABADELL</strong></td>
<td>5.0%</td>
</tr>
</tbody>
</table>

Main figures for 2016
- Business model
- Corporate Governance
- Annexes

Letter from the President
- Strategy
- 2016 Financial year
**Organizational Structure Chart**

(At April 2017)

---

**Fluidra S.A.**

**EXECUTIVE PRESIDENT**

- Corp. Communications
- HR
- Investor Relations

**SALES & OPERATIONS GM**

- Business Support
  - Controlling
  - Tax & Legal
  - Finance
  - IT
  - R&D
  - FES

**CORPORATE GM**

- Marketing and Trade
  - Marketing Development
  - Institutional Affairs

**IBERÓ AMÉRICA**

- **Iberia**
  - F.C. France
  - Fluidra Belgium
  - F. Ind. France

- **F. Com. España**
- **F. Com. Portugal**

- **TPS**
- **GRE**

- **América**
  - Fluidra Mexico
  - Fluidra Colombia
  - Fluidra Brasil
  - Fluidra Chile

**FRANCE**

- SSA F. Österreich
- Fluidra Deutschland
- AP Switzerland
- Astral Bazenove
- Fluidra Nordic
- Fluidra Polska
- Fluidra Magyar
- Certikin International
- Astral UK
- SIBO Fluidra

**NWE**

- Fluidra Hellas
- Fluidra Cyprus
- Fluidra Morocco
- Fluidra Waterlinx
- Fluidra Egypt
- Fluidra Balkans
- Fluidra Romania
- Fluidra Serbia
- Fluidra Adriatic
- Fluidra Montenegro
- Astral SNG
- Fluidra Kazakhstan
- Fluidra Malaysia
- Fluidra Thailand
- Fluidra Indonesia
- Fluidra Singapore
- Fluidra Vietnam

**EE & AFRICA**

- AP Australia
- Price Chemicals

**AUSTRALIA**

- Asia
- ME & India
- Fluidra ME
- India
- AP China
- Fluidra Malaysia
- Fluidra Thailand
- Fluidra Indonesia
- Fluidra Singapore
- Fluidra Vietnam

**Rest of the World**

**COO**

- ME & India
- Fluidra ME
- India
- AP China
- Fluidra Malaysia
- Fluidra Thailand
- Fluidra Indonesia
- Fluidra Singapore
- Fluidra Vietnam

- Rest of Europe
- F Com Italia
- Inquide Italia
- Fluidra Havuz
- IML

**Metal. Chem & Mono Product**

- Metalast
- Inquide

**Fluid Handling & Irrigation Business Unit**

- Cepex

**Lean & Quality**

- Polyester & Robots

**Polyester & Robots**

- Fluidra USA

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(*) Fluidra Engineering Services
Letter from the President
The trends we have been observing since 2015 have not only continued but have also accelerated in certain Southern European markets. In this context, 2016 was an excellent year for Fluidra. We consolidated the growth path that we initiated two years ago and carried on with the development that has characterised our group since it was founded. We have continued recovering efficiency and profitability levels, consolidating and settling our fundamentals. During 2016, we proved our ability to increase yields in a more positive environment compared to previous years. Once again, we demonstrated the financial strength that our group has.

Organic growth was solid and consistent throughout the year. Our presence in southern Europe’s markets showed very positive trend with double-digit growth, and it is also worth noting Australia’s excellent performance consistently displaying high growth rates. In general terms, all of our markets maintain positive trends, except for a few minor markets such as China. This performance is especially noteworthy when considering the uncertainties that had haunted the markets in the previous twelve months: the UK’s vote to leave the European Union; the presidential elections in the United States; the political turmoil in Brazil and Italy; and oil price volatility.

**A year of investment**

In 2016, following our philosophy of expanding and consolidating markets, we invested in growth.

Growth in Europe, together with the change in logistic model, led us to expand our facilities in Trace Logistic in order to further develop our service and branch model in this region. The deployment of the new branch model (cash & carry), which allowed us to lighten the weight of our capillarity in southern Europe, is based on the centralisation of upstream stocks in the supply chain seeking to improve the level of service and support the implementation of a more efficient delegation model throughout the region.

We made a significant investment in Australia to absorb the growth in this area, by moving to a new plant with greater capacity and simultaneously consolidating central logistics. We also invested to accelerate our Waterlinx integration plan, the leading South African company we acquired in August 2015. The analysis made prior to the purchase, which accounted for the plans of the South African management team and the implementation of Fluidra’s best practices, provided us with an opportunity to improve both in terms of production and the logistics system. In this regard, we
carried out the consolidation of both the different production plants and the logistics central warehouses. Both new sites in Australia and in South Africa are rented, so we only incur in investments directly related to our operations.

“All these investments are part of our strategy which includes geographical penetration, product portfolio, growth and improvements in efficiency and profitability”

In July, Fluidra acquired 70% of Sibo B.V.’s capital, a leading Dutch swimming pool and water facilities company (water gardens and natural pools or bio-pools) with a strong retail presence in Benelux and Germany. With this acquisition, we are positive that we will have more access to different northern European markets, a potential market of about 50 million euros per year, with over 230,000 residential pools installed and a commercial pools inventory of about 5,000 units. Besides, SIBO is a global leader in bio-pools, that is, biological or natural pools, an eco-friendly trend booming in northern Europe. Although this type of pool represents slightly less than 2% of the total inventory in this European region, it is gaining momentum exponentially as a highly environmentally friendly alternative.
Thanks to the work of our commercial pool business consulting division, we were awarded two major projects in Southeast Asia: 2017 Taipei Summer Universiade (award worth EUR 5 million) and 2018 Asian Games Jakarta (for EUR 4 million). Both contracts are examples of the extensive capabilities of our group in the world of swimming pools and wellness.

We have continued to innovate in new, more efficient and environmentally friendly products, such as Internet of Pools (Fluidra Connect), LumiPlus Design, the Neolysis process, AstralPool Mac, the range of Viron pumps or the large FreePool project that will be a watershed in indoor public swimming pools. Every year, we allocate around 1.5% of our consolidated sales to R&D&i, and these products and developments are the result of this investment. We seek solutions to the needs of our direct customers and so that the end user of a pool or wellness installation can get the most from the pool, making it more sustainable, efficient, increasing the time of enjoyment and at the lowest possible cost.

**Annual figures**

Fluidra’s sales at year-end 2016 stood at EUR 713.3 million, 10.2% higher than in 2015. The financial recovery of Spain, France, Australia and other mature markets, along with our restructuring efforts and strong financial discipline and a solid balance sheet enabled us to close this financial year with EBITDA growth of 19.1%, reaching EUR 86 million, which represented a 12.1% EBITDA margin on sales, higher than that of 2015 which stood at 11.2%.

The company’s net profits stood at EUR 24.1 million, an increase of 85.2% compared to the previous year.

In terms of balance sheet, the excellent performance across all items comprising net working capital should be noted. At the end of 2016, it stood at EUR 184 million, representing a net working capital to sales ratio of 25.8%. Free cash generation to the income statement was EUR 27.4 million.

Net Financial Debt (NFD) reached EUR 156.6 million at the end of 2016. The multiple of NFD / EBITDA stood at 1.8, below 2.2x in 2015.
2016 was an excellent year. Markets welcomed our strong performance throughout the year. All in all, completing our 2018 Strategic Plan, the investments made throughout the year and the growth of our business in mature markets led to a 38% increase in Fluidra’s value in the markets, setting the closing price in 2016 at EUR 4.32 per share, while share liquidity increased alongside trading growth.

**Strategy for the future**

2017 got off to a good start, on the back of the year just ended. And that gives us the certainty that the current year will be better for both Fluidra and the international economy as a whole. We have flexibility and financial strength, and a team of great professionals who are fully committed to this project. Therefore, we will continue working hard to achieve our profitability and efficiency goals, gaining market share in mature markets and aiming to become leaders in markets and in product categories in which we are not yet leaders.

“We will continue working hard to achieve our profitability and efficiency goals, gaining market share in mature markets and seeking to lead those in which we are not the leading company”

We focus on implementing our strategy, which is based on:

- Showcasing swimming pool & wellness.

- Ensuring our product categories penetrate in all countries in which we have a presence to increase our shares and leading position.

- Implementing best practices that will allow us to increase our efficiency and profitability ratios.

**Our commitments**

We will continue to uphold and increase our commitment to society and the environment, as well as to all our stakeholders, that is, within the framework of a truly sustainable economy. We will also continue to develop products and roll out projects that provide efficient, cutting-edge solutions to our customers.
This year, we established the Fluidra Foundation with the main objective of promoting responsible and sustainable use and enjoyment of water as a natural and essential resource for humankind, taking advantage of the group’s knowledge of water resources.

Led by Joan Planes, founder and honorary president of Fluidra, the activities of the Fluidra Foundation are aligned with two basic commitments: a social commitment to projects aimed at accessibility, awareness and education on water use, and a cultural commitment focused especially on promoting music. In an effort to become leaders in sustainability and efficiency, our aim is to preserve water, a resource essential for life that is ever so scarce.

We want to be a global group offering sustainable and efficient pool solutions and applications. A leading company in the Pool & Wellness sector worldwide.

Water is our world and our future.

Once again, I would like to thank you for the confidence that you have placed in Fluidra.

Eloi Planes
President and CEO
Business model

Identity and commitment  19
Mission and values  19
Value Chain  21
Worldwide presence  24
Fluidra’s mission is to take care of people’s well-being and health through the sustainable use of water for leisure, sports and therapeutic applications.

Fluidra seeks to contribute gradually and sustainably towards economic, environmental and social development by strengthening and renewing its commitments to partners and stakeholders in the sectors in which it operates.

**MISSION**

**CUSTOMERS:**

Our customers are at the heart of everything we do, and we endeavour to convey security and confidence as well as providing them with effective and innovative solutions.

**SHAREHOLDERS:**

We aim to increase the value of our company through our commitment to ethics, transparency and good governance.

**EMPLOYEES:**

We offer an environment full of opportunities so that our employees may develop personally and professionally.

**SUPPLIERS:**

We seek to go forward together, building long-lasting relationships based on mutual respect and which are mutually beneficial.

**SOCIETY:**

Aware of our corporate social responsibility, we are committed to contributing to the development of our local community.

**ENVIRONMENT:**

We are committed to fostering responsible use of water and to applying the most stringent sustainability standards for the sake of our future generations.
Fluidra is a responsible and socially committed company that implements a business model using approaches based on innovation and sustainability.

Fluidra has eight strategic commitments:

**OUR ETHOS**: Commitment to ethics in terms of performance and good corporate governance.

**OUR ENVIRONMENT**: Commitment to environmental protection.

**OUR SOCIETY**: Commitment to the development of the communities where we operate.

**OUR STAFF**: Commitment to the health, safety and development of our employees.

**OUR CUSTOMERS AND SUPPLIERS**: Commitment to the quality of our products and services.

**INNOVATION**: Commitment to R&D&I as the bedrock of our competitiveness and efficiency.

**WATER DEFINES US**: Commitment to the responsible use of water.

**ADAPTABILITY**: We detect opportunities and adapt to them with an entrepreneurial approach.

**INNOVATION**: We encourage our staff to be creative as this is the driving force behind continuous improvement.

**OPENNESS**: We welcome dialogue and exchanging of views that enable us to learn and improve every day.

**TRANSPARENCY**: We are committed to honesty, coherence and respect in the day-to-day running of our business.
Fluidra’s business model vertically integrates R&D&I, production, logistics, marketing and services. This model allows the company to diversify risks, optimise resources and create significant entry barriers to competitors.

R&D&I

Research, development and innovation remain one of the key pillars of Fluidra’s future: the company’s goal is to create a culture of innovation to become an industry leader. To this end, it has the support of the Innovation Committee, responsible for establishing the strategy, validating all projects relating to products that are carried out in the 15 Fluidra Centres of Excellence and technical centres, and defining the corporate “Guidelines” intended to serve as a guide for all Centres in the process of product development. A total of 109 people spend on average 50% of their time working on product R&D.

PRODUCTION

Fluidra has its own industrial fabric. Its 23 production centres, which employ more than 1,900 people, are located in the main Group markets and work on different technologies that enable the manufacture of full ranges, under different brands, for all business units.
In addition, Fluidra’s production centres offer their services to customers outside the group and manufacture products or full ranges under clients’ brands.

The multi-technology plants are divided as follows:

- Plastic injection: production centres in Spain, Australia, China, South Africa and Brazil.
- Laminates and windings: production centres in Spain, China and the United States.
- Metal processing: production centres in Spain, Australia and China.
- Thermoplastic moulding and rotational moulding: production centres in Spain, Australia, China and Brazil.
- Rubber injection: production centre in Spain.
- Chemicals: production centre in Spain, Mexico, Italy, Australia and South Africa.
- Extrusion: production centres in Spain, Brazil and China.
- Vitreous coating: production centre in Spain.
- Electronics: production centres in Spain, Australia, Israel and the United States.
In order to streamline resources and allow each unit to focus on its specific part of the business, Fluidra offers shared services from its headquarters in Sabadell

SALES AND LOGISTICS

With production centres spread across all continents and its ample marketing capabilities, Fluidra’s capillarity is ideally poised to progressively increase its market share. The company has a specialised distribution network for the different business units with a direct presence in 45 countries with 128 subsidiaries and branches, which employ more than 1,350 professionals.

In Spain, the logistic model is based on regional branches (cash & carry) with stock only for those items with higher turnover and deliverability in short periods of time for the other items. As a result of its commitment to efficiency, the company has an innovative automated logistics operator with a surface area of 55,000 sqm and a capacity to dispatch 150,000 pallets annually and carry out 20,000 daily box collections.

SERVICES AND MANAGEMENT

The last link in Fluidra’s value chain is the provision of management services and functions both with regard to Group companies and also to customers and end users services so that in this way it may come full circle in the water business.

In order to optimise the Group’s resources and allow each unit to focus on its specific part of the business, Fluidra offers shared services to centralise accounting and finance duties through the Shared Service Centre, as well as providing legal and tax services, marketing, auditing and human resources from the headquarters in Sabadell (Barcelona).

The company offers customers:

• **After-sales technical assistance.** Fluidra’s after-sales technical support service offers solutions and answers questions on installation, maintenance or repairs. In high season it is reinforced by a call centre for both customers and end users.

• **Customer training.** With the advances of innovations and the increasing automation and complexity of the industry, Fluidra has, since 2012, a Customers Training Plan which organises training sessions for customers worldwide on an annual basis.
Weighing income in geographic areas
(in EUR millions)

- **Spain**: 153.2
- **Rest of the World**: 114.3
- **Asia & Australia**: 139.7
- **Southern Europe - Other**: 164.6
- **Central & Northern Europe**: 109.1
- **Eastern Europe**: 32.3

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, France, Germany, Greece, Holland, Hungary, Italy, Montenegro, Poland, Portugal, Romania, Serbia, Spain, Sweden, Switzerland and United Kingdom

2016 Integrated Report - Executive Summary
Strategy

Market environment  26
Strategic priorities  28
The world is going through a period of great uncertainty marked by many changes: the UK decided to leave the European Union; there is a new president in the United States; and Europe has major upcoming elections in key countries in 2017.

Alongside these geopolitical movements, global GDP growth forecasts for 2017 are lower than those achieved in 2016. The first IMF estimates indicate a global growth of 3.4%, where advanced economies would grow an average of 1.8%; emerging and developed economies are up by 4.5%; and underdeveloped countries would post 4.9% growth. In this context, the IMF estimates of GDP growth for Spain in 2017 stands at 2.3%, somewhat lower than the GDP growth for 2016, estimated at the end of this report at 3.2%.

One of the main reasons for the slowdown in 2017 is China. The country was used to double-digit GDP growth supported by a growing investment of up to 50% of GDP and a heavy industry that monopolises the bulk of global markets, both which are unable to absorb the production of the Asian giant. This shift towards a GDP based on domestic consumption has already begun. In this context, the IMF expects China’s GDP growth to stand at 6.2% for 2017.

“In 2016, we exceeded the expectations set in our strategic plan and the forecast for 2017 suggests that we will meet our targets for 2018 a year earlier than expected.”
All leading indicators confirm the good performance of the Spanish economy and predict a positive 2017.

Outlook in Spain

The International Monetary Fund (IMF) continues to rely on the Spanish economy and the forecast launched in the last quarter of 2016; Spain is still the fastest growing economy in the entire Eurozone. After a year of political uncertainty, Spain has managed to form a government and the agreements are expected to materialise soon, both in terms of budgetary and deficit control to meet the requirements of the European Union, as in the measures to create jobs and maintain attractive and sustainable levels of future GDP growth.

The set of leading indicators confirms the good performance of the Spanish economy and predicts a positive 2017: the number of members of Social Security and private consumption is on the rise, the price index of commodities is also positive, car sales and new mortgages have gone up and bank lending to households is increasingly growing.
Fluidra presented its 2018 Strategic Plan in 2015, which is its roadmap for profitable growth.

The construction of new pools in 2015 reached a turning point after several years of decline originated with the onset of the 2008 crisis, while forecasts pointed to a gradual improvement. In 2016, the number of existing pools in the world was approaching 15.6 million and the number of new pools grew approximately 330,000, which attests to the recovery of the sector.

Fluidra’s business model allows it to benefit from recurring revenues from the existing pool park, as well as from the recovery of newly built pools. The company estimates that 70% of the business is related with the
Best Practices in 2016

Expanding the implementation of the Cash & Carry business model.
Implementation of the model in Mexico, Portugal, Russia, Spain and Hungary

Consolidating Fluidra Engineering Services (FES) in 100% of the subsidiaries.
Concession of projects in Asia: 2017 Summer Universiade in Taipei and 2018 Asian Games in Jakarta.

Achieving a more effective and efficient logistic model.
Implementation of the model in Italy, Australia and South Africa.

Professional management of the customer portfolio.
Evolution in Portugal, Spain, Italy, Singapore, Thailand, United Kingdom and Austria.

Accelerating the optimisation of production processes through Lean Manufacturing to achieve a maximum level of excellence.
Implementation of the model in Italy, Australia and South Africa.

Continuing the consolidation of the sector.
Acquisitions of Sibo, EGT Aqua and Somhidros

maintenance and care of the pool park and the remaining 30% with new construction. The group’s international expansion has made it possible to develop a network covering almost all of the world’s park pools, excluding the United States.

The 2018 Strategic Plan consists of three main pillars: focus, penetration and best practices. Fluidra has placed its focus on the Pool & Wellness sector, it has increased its market penetration through its international subsidiaries and it has implemented best practices in key areas such as sales, manufacturing and logistics in all countries where it operates.
Priorities and financial objectives

Fluidra’s financial forecasts indicate that the achievement of objectives of the 2018 Strategic Plan could be brought forward by one year. The turnover of EUR 713 million and the growth achieved place Fluidra closer to the target set for 2018. In addition, this higher volume is making it possible to reach higher EBITDA levels, which also bring the company closer to achieving the plan’s targets. The ratios of working capital use are already better than those established for 2018, which proves the rigour employed in the company’s capital management. These indicators forecast that Fluidra can anticipate by one year the achievement of the 2018 Strategic Plan.

Fluidra expects to continue with its profitable growth which combines organic and inorganic growth, maintaining financial strength of the group with net debt below 2x EBITDA, providing a payout to shareholders of around 50%.

2017-2020 CSR Master Plan

In 2016, we worked on defining the new CSR Master Plan with 2020 as a deadline, thus aligned with the Corporate Strategic Plan. The new CSR Master Plan establishes two general objectives on which all actions planned are managed:

1. To position Fluidra as a leading Spanish business group through value creation on the basis of CSR.

2. To achieve the ability to successfully meet the sustainability requirements set out in international stock indexes like the Dow Jones Sustainability Index.
To achieve these objectives, and following the structure defined by the Sustainability Excellence Club, six strategic work dimensions have been defined:

- CSR management
- Environmental dimension
- Stakeholders and communication
- Internal social dimension
- External social dimension
- Ethics, compliance and corporate governance

All goals and actions defined in the plan are aimed towards the consolidation of existing CSR structures and to complete anything that may be missing to achieve the objectives.

The 6 dimensions are broken down into 32 goals, 54 measures and 60 actions, all to be developed between 2017 and 2020.

The actions planned to be developed between 2017 and 2020 are, among others: implementing a CSR training and awareness plan for all employees, creating and developing the Social Action and Patronage Master Plan aligned with the goals of the United Nations, the Customer Centric Plan, applying the technological innovation in customer relationships, developing a corporate volunteer programme, drafting Equality and Corporate Diversity plans, implementing the OHSAS 18001 / ISO 45001 and ISO 50001 on energy management and the implementation of the CDP (Carbon Disclosure Project), and setting short-term goals, or in the field of ethics and compliance, designing a reporting on taxes paid in the countries in which it operates.
Corporate Governance

Corporate Governance Structure 33
Governing bodies 34
Ethical framework 39
Risk management 40
CSR management 43
Fluidra’s governing bodies are the General Shareholders’ Meeting and the Board of Directors which, in turn, have established the following Governance Committees: Appointments and Compensation Committee, Audit Committee and Delegate Committee.

The Articles of Association, Regulations (of the General Meeting and the Board), and other internal rules and procedures make up the regulatory body that governs Fluidra’s corporate governance system. The company ensures compliance with the recommendations and international best practices regarding governance, which is why it continuously reviews and updates its rules and regulations.

Fluidra adopts and publishes the Annual Corporate Governance Report which is governed by the recommendations on corporate governance of listed companies. This document has been available on the corporate website since its adoption.

In addition to the governing bodies described above, Fluidra has a governance structure for the management of the company which consists of the Corporate Committee, in charge of the Group’s day-to-day business, and the G30, an expanded executive committee with the presence of all geography area managers, the production centres and the cross-sectional corporate functions.

The Sales and Operations General Manager and the Corporate General Manager attend all Board meetings, and channel and convey to that body any issues that may be identified as relevant to the Group.

Andrés Botella
Head of Tax, Legal and Compliance

"Our process of reviewing and updating regulations allows us to adapt quickly to the recommendations of best practices in terms of good governance."
Fluidra’s Board of Directors performs its duties with unity and independence, offering equal treatment among shareholders and guided by the interests of the company.

The responsibilities of the Board of Directors can be summarised schematically as follows:

1. Approval of the strategy and organisation of the Company, and supervising and monitoring compliance thereof.

2. Approval of certain operations or investments relevant to the Group.


5. General Meeting call.

The following resolutions adopted by the Board of Directors on 1 December 2015 in relation to the composition of the Board came into force during financial year 2016, with effect from 1 January 2016:

- Appointment of Mr. Eloy Planes Corts as new President of the Board of Directors, also appointed Executive President of the Company in the internal organisation chart of the same.

- Appointment of Mr. Gabriel López Escobar as Coordinating Director of the Board of Directors of the Company.

- Appointment of Mr. Óscar Serra Duffo as Deputy President of the Board of Directors of the Company.

- Appointment of Mr. Juan Planes Vila as Honorary President of the Company.

Mr. Eloi Planes Corts, as Executive President of the Company, has delegated all functions legally permitted.

Furthermore, as of 21 January 2016 the Board of Directors approved the appointment by co-option of Dispur, S.L., as a member of the Board of Directors of the Company as nominee director to fill the vacancy which, with effect from 31 December 2015, was left due to the resignation of director Mr. Juan Planes Vila. At the same event, Dispur, S.L. accepted the position and appointed Ms. Eulàlia Planes Corts as the individual representing the company to exercise the position.
Women on the Board

The Board of Directors met on 21 January 2016 and appointed Dispur, S.L. as company Director; the former is represented on the Board by Ms. Eulàlia Planes Corts, the first female member of the Board of Directors of Fluidra.

Directors’ performance review

In accordance with the provisions contained in Article 14 of the Regulations of the Board of Directors, the Appointments and Compensation Committee is to assess the skills, expertise and experience required of candidates to join the Board and will therefore define the roles and capabilities required to fill each vacancy. Moreover, it will determine the appropriate work conditions in terms of time and workload for them to carry out their duties.
# Composition of the Board of Directors

<table>
<thead>
<tr>
<th>Name or company name of Board member</th>
<th>Representative</th>
<th>Position on the Board</th>
<th>Date of first appointment</th>
<th>Date of last appointment</th>
<th>Type of Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eloy Planes Corts</td>
<td>-</td>
<td>President and CEO</td>
<td>31/10/2006</td>
<td>08/06/2011</td>
<td>Executive Chairperson</td>
</tr>
<tr>
<td>Óscar Serra Duffo</td>
<td>-</td>
<td>Deputy President and Board Member</td>
<td>05/09/2007</td>
<td>05/06/2013</td>
<td>Nominee Director (Boyser, S.L.)</td>
</tr>
<tr>
<td>Gabriel López Escobar</td>
<td>-</td>
<td>Coordinating Director and Board Member</td>
<td>30/10/2014</td>
<td>05/05/2015</td>
<td>Independent</td>
</tr>
<tr>
<td>Aniol, S.L.</td>
<td>Bernat Garrigós Castro</td>
<td>Deputy Secretary and Board Member</td>
<td>25/04/2012</td>
<td>06/06/2012</td>
<td>Nominee</td>
</tr>
<tr>
<td>Bansabadell Inversió Desenvolupament, S.A.</td>
<td>Carlos Ventura Santamans</td>
<td>Board Member</td>
<td>05/09/2007</td>
<td>05/06/2013</td>
<td>Nominee</td>
</tr>
<tr>
<td>Bernardo Corbera Serra</td>
<td>-</td>
<td>Board Member</td>
<td>05/09/2007</td>
<td>05/06/2013</td>
<td>Nominee (Edrem, S.L.)</td>
</tr>
<tr>
<td>Juan Ignacio Acha-Orbea Echeverría</td>
<td>-</td>
<td>Board Member</td>
<td>05/09/2007</td>
<td>05/06/2013</td>
<td>Independent</td>
</tr>
<tr>
<td>Jorge Valentín Constans Fernández</td>
<td>-</td>
<td>Board Member</td>
<td>05/05/2015</td>
<td>-</td>
<td>Independent</td>
</tr>
<tr>
<td>Richard J. Cathcart</td>
<td>-</td>
<td>Board Member</td>
<td>05/09/2007</td>
<td>05/06/2013</td>
<td>Independent</td>
</tr>
<tr>
<td>Dispur, S.L.</td>
<td>Eulàlia Planes Corts</td>
<td>Board Member</td>
<td>21/01/2016</td>
<td>-</td>
<td>Nominee</td>
</tr>
<tr>
<td>Albert Collado Armengol</td>
<td>-</td>
<td>Non-Board-member Secretary</td>
<td>17/09/2007</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

1. Date of last appointment as Director: His appointment as President was agreed on 1 December 2015 and with effect from 1 January 2016.
2. Date of last appointment as Director: His appointment as Deputy President was agreed on 1 December 2015 and with effect from 1 January 2016.
3. Date of last appointment as Director: His appointment as Coordinating Director was agreed on 1 December 2015 and with effect from 1 January 2016.
### Audit Committee

At present, Fluidra, in compliance with the provisions of its internal regulations, has an Audit Committee consisting of 4 members, two of whom are independent, its Chairperson being one of the two independent members. The last change in the composition of the Committee, adopted on 1 December 2015, was the acceptance of the resignation of Mr. Juan Planes Vila as a member thereof and as a result of his resignation as director of the Company.

#### Audit Committee

<table>
<thead>
<tr>
<th>Name or company name of Committee member</th>
<th>Representative</th>
<th>Position on the Committee</th>
<th>Type of Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gabriel López Escobar</td>
<td>-</td>
<td>President and Committee Member</td>
<td>Independent</td>
</tr>
<tr>
<td>Bansaball Inversió Desenvolupament, S.A.</td>
<td>Carlos Ventura Santamans</td>
<td>Secretary and Committee Member</td>
<td>Nominee</td>
</tr>
<tr>
<td>Juan Ignacio Acha-Orbea Echeverría</td>
<td>-</td>
<td>Committee member</td>
<td>Independent</td>
</tr>
<tr>
<td>Bernardo Corbera Serra</td>
<td>-</td>
<td>Committee member</td>
<td>Nominee</td>
</tr>
</tbody>
</table>

The Committee met 5 times during 2016.
**Appointments and Compensation Committee**

This committee currently consists of 4 members, two of whom are independent, its Chairperson being one of the two independent members. Thus the provisions contained in the Company’s internal regulations are met.

The most recent changes to the composition of the Committee, adopted on 1 December 2015, were as follows:

- Acceptance and confirmation of the resignation of Mr. Juan Ignacio Acha-Orbea Echeverria as member of the Appointments and Remuneration Committee.

- Appointment of Mr. Jorge Valentin Constans as new member of the Appointments and Compensation Committee.

### Appointments and Compensation Committee

<table>
<thead>
<tr>
<th>Name or company name of Committee member</th>
<th>Representative</th>
<th>Position on the Committee</th>
<th>Type of Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard J. Cathcart</td>
<td>-</td>
<td>President and Committee Member</td>
<td>Independent</td>
</tr>
<tr>
<td>Aniol, S.L.</td>
<td>Bernat Garrigós Castro</td>
<td>Secretary and Committee Member</td>
<td>Nominee</td>
</tr>
<tr>
<td>Oscar Serra Duffo</td>
<td>-</td>
<td>Committee member</td>
<td>Nominee</td>
</tr>
<tr>
<td>Jorge Valentin Constans Fernández</td>
<td>-</td>
<td>Committee member</td>
<td>Independent</td>
</tr>
</tbody>
</table>

**REMUNERATION POLICY**

The remuneration of the members of the Board of Directors consists of a fixed annual remuneration and an allowance for attending Board of Directors meetings.

A benchmark study on the remuneration of Fluidra’s directors compared to the Spanish market to objectify their compensation took place in 2016.
There are two pillars which support ethical management in the organisation of Fluidra group: the Code of Ethics, entitled People Values, and the Code of Ethics for Suppliers. The first inspires and defines the day to day conduct of all employees of Fluidra and the second works as guidelines for social responsibility and sustainability in the supply chain.

**People Values**

The Code of Ethics is a reflection of the values and principles that should guide the conduct of all companies which belong to the Fluidra group. The Code of Ethics was created by Fluidra in 2008 and was last updated in 2015.

So that the ‘People Values’ Code of Ethics is not just a mere declaration of intent, there are several mechanisms that disseminate, promote and ensure its implementation and enforcement, namely: the Ethics Committee, the Confidential Channel, a training activity and a disciplinary system when failing to comply with the law and ethical principles.

In 2016, nine queries were recorded through this channel. Once examined and evaluated, they did not lead to complaints on human rights violations, corruption or discrimination.

**Suppliers’ Code of Ethics**

The actions of suppliers and providers of materials operating outside the scope of the group’s internal control are monitored by Fluidra. To this end, Fluidra has implemented a Supplier Code of Ethics since 2011 which is specific to its supply chain.
The efficient management of potential risks is essential for proper development, achieving objectives and the future plan of any company. Fluidra, as an international industrial group, understands that corporate risk management is one of the cornerstones of its business.

Corporate risk management falls to the Audit Committee as an advisory body and as representative of the Board of Directors.

The Risk Management System works in a comprehensive and continuous manner, consolidating such management through subsidiaries, geographical areas and supplementing it with corporate support areas. It includes the identification, analysis, assessment – both by activity and by the current environment –, controls and associated mitigation plans.

**Risks that materialised in 2016**

**Failure to comply with expectations in the US market.**

In 2011, Fluidra acquired Aqua group, a leading company in the world of robotic pool-cleaners with presence in the US and Israeli market. Growth forecasts and penetration in the US market have not reached the levels initially expected. Likewise, the value in use of the cash-generating unit resulting from the acquisition of Aqua group does not cover the value of the net assets and goodwill assigned, so an impairment in the Goodwill resulting from the purchase ensued reducing it to EUR 1.5 million.

**Referendum on the membership to the European Union held in the UK.**

Following the outcome of the referendum on the membership to the European Union held in the UK on 23 June 2016, there have been immediate consequences such as the devaluation of the pound sterling. Although we find that Fluidra’s operations in the UK have grown at double-digit in local currency, there is a drop in sales value and investments (assets and liabilities) when consolidated in EUR, while no significant impact has been observed at the moment thanks to the actions taken by Fluidra’s Management team. The company continues to monitor both the UK’s economy and the market and competitors to act in an appropriate manner given the current uncertainties.
Monitoring of and response plans for Fluidra's main risks.

**Development of new products.**
Continuous analysis of sales of new strategic products and its comparison with that of competitors based on monitoring tools for market research, analysis of statistical databases by market and by product type. Conducting comparative studies to set themselves apart from the competition and updating the assessment dossiers of products with the information obtained. Specific action plans aimed at ensuring the adaptation of production capabilities to anticipate levels of demand for these new products.

**Credit risks.**
The Fluidra Group has a highly diversified portfolio of domestic and international clients, in which there is not one top customer that represents a significant percentage of the turnover of the year, so credit risk is also mitigated.

**Technological risks.**
Given the activities carried out by the various business units of Fluidra, protecting technology and development is key to maintaining its competitive edge. To this end, the company has criteria and development policies in place together with legal protocols that ensure protection.

**Financial risks.**
Financial risks are subject to continuous monitoring for exposure to exchange rate risk or interest rate risk, among others, and policies and measures are suggested in this respect.
Subsidiaries management risk.
Fluidra is certain that bolstering and standardising the procedures and internal controls in the Group’s subsidiaries is the way forward for early detection and eradication of irregularities in the management of subsidiaries. In this respect, the INVICTUS project is a valuable tool for achieving this goal.

Implementation of new business activities.
Continuous assessment of new activities and organisation by Fluidra, which add more value to the group, culminated in 2016 with the acquisition and integration Sibo in the Netherlands. Aware that any new activity involves an inherent risk, the company hired specialised external consultants who provided advice on the procurement processes and Fluidra has established the necessary controls to mitigate the risk associated with the development and integration of any new activity.

Human capital risks.
Fluidra group companies have a variable remuneration policy linked to professional development and the achievement of personal goals so as to be able to identify and reward its best employees. The parent company has a reporting channel created by the Audit Committee under the collegial management of the corporate management of the corporate management of Human Resources, Internal Audit and the Legal department, so that any employee of the group can file a complaint about issues related to internal control, accounting or auditing. The company has an Internal Code of Conduct in place for matters relating to the stock market.

Risks relating to processes.
These risks are managed and monitored centrally by the Management and Control Department and verified by the Internal Audit Department. The processes of obtaining the consolidated economic and financial information are developed centrally and under corporate criteria, with the Financial Statement, both consolidated and individual, from the corresponding subsidiary, verified by external auditors.
Fluidra understands Corporate Social Responsibility (CSR) as an integral part of its management in search of greater value creation for all its stakeholders, in an open and frank relationship, which provides sustainable development for all and takes care of the physical environment in which it takes place. The company has a structure set up for the strategic and operational management of CSR.

**Corporate Social Responsibility Committee**

Corporate Social Responsibility (CSR) within Fluidra is managed through the CSR Committee as a cross-sectional element and driver of the policies and actions of corporate responsibility, responsible for channelling from the governing bodies to the base, and vice versa, everything that may affect the relationships with its stakeholders.

The CSR Committee meets every three months to assess the planned progress and take appropriate decisions on the evolution of the results. In 2016, it is worth noting the incorporation as a member of the CSR Committee of the President of the newly created Fluidra Foundation, Mr Joan Planes, who is also the Honorary President of the Fluidra group.
2016 Financial year

Results for the year  45
Business areas in 2016  50
Shareholders  53
Human Resources  56
Innovation  60
Customers  63
Suppliers  67
Environmental management  70
Society  74
Fluïdra concentrated its efforts in 2016 on achieving the objectives of the 2018 Strategic Plan, with various milestones in the year to underpin the good progress of the plan. The main challenges the company faced during the year and their degree of compliance are detailed in the following table:

<table>
<thead>
<tr>
<th>AREA</th>
<th>OBJECTIVE</th>
<th>SITUATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Placing the focus on sales</td>
<td>Penetration, Pricing, FES and SAM</td>
<td>Sales growth by 6.8%</td>
</tr>
<tr>
<td>Placing the focus on operations</td>
<td>Improve service and achieve high levels of quality and timeliness of delivery</td>
<td>97% customer service</td>
</tr>
<tr>
<td>Return on capital</td>
<td>Divestitures programme and Net Working Capital management</td>
<td>Net financial debt at 1.8 X EBITDA</td>
</tr>
<tr>
<td>Environmental control and information technology</td>
<td>Implementation of INVICTUS</td>
<td>Compliance with standards</td>
</tr>
<tr>
<td>Organisation</td>
<td>Foster the talent of teams</td>
<td>Implementation of the talent management programme</td>
</tr>
</tbody>
</table>
2016 KEY MILESTONES FOR FLUIDRA

2016

FEBRUARY
Purchase of Somhidros’ fountain business

The acquisition for EUR 1 million of the relevant branch of Somhidros' ornamental fountain business, involved the incorporation of the Spanish group leader in this sector and consolidated the leadership of Fluidra in commercial pools.

MARCH
Acquisition of EGT Aqua

Fluidra acquires the goodwill of French company EGT Aqua, market leader in the wooden pools sector. This acquisition, worth about EUR 1 million, allowed access to a new segment and reinforce the leading position in the pool sector.

JULY
Investments in Australia and South Africa

Fluidra invested approximately EUR 5 million in new facilities to transfer the activities of its subsidiaries in Australia and South Africa. These measures were aimed at increasing production capacity in response to growing demand in both market.
The company reached an agreement to buy 70% of the share capital of Sibo, a key player in the Benelux market in distribution of equipment and components for water gardens, natural pools and swimming pools. The total of the company was valued at EUR 13 million and the acquisition of 70% was held by a first payment of EUR 5.7 million and a second payment will be made in 2018 based on the results obtained by Sibo in 2017.

**SEPTEMBER**

**Start-up of the Fluidra Foundation**

The establishment of Fluidra Foundation has been a further step in the development of the company’s commitments to society and culture. This institution will focus more efficiently on the initiatives and impacts developed by the group.

**OCTOBER**

**Asian Games 2018 project**

The company was chosen to run the installation of pools of the Asian Games 2018, a project worth EUR 4 million consisting of the renovation of Gelora Bung Karno sports facilities in Jakarta (Indonesia).

**OCTOBER**

**29th Summer Universiade Project**

Fluidra secured a contract worth EUR 5.1 million for the design, supply and installation of the Olympic-size competition pool and of the training pool for the 29th Summer Universiade, the university world championships to be held from 19 to 30 August in Taipei (Taiwan).
The Fluidra Group has a turnover at year-end 2016 of EUR 713.3 million with a growth of 10.2% over the previous year (+12.6% at constant exchange rates). The evolution of the turnover has been very positive on European markets, although it has been affected by the devaluation of the pound sterling. In the rest of the world, growth has also been remarkable, slowed only by China and supported by the acquisition of Waterlinx in South Africa, by the sales growth in the US and the strong performance in Australia.

By business areas, the main player of the good performance of the figures is residential pool, which has increased in sales by 16.4%, together with 13.6% of the water treatment family.

To contextualise the sales figures, we must take into account three events occurred during the year: the impact of Waterlinx, acquired in July 2015; the acquisition of Sibo in 2016, which has contributed EUR 7.5 million; and disinvestment in November 2016 in Calderería Plástica del Norte, whose sales in December 2015 stood at EUR 0.2 million.

### Table of results

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
<th>Evolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>713.3</td>
<td>647.3</td>
<td>10.2%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>86.0</td>
<td>72.2</td>
<td>19.1%</td>
</tr>
<tr>
<td>Net profit</td>
<td>24.1</td>
<td>13.0</td>
<td>85.2%</td>
</tr>
<tr>
<td>Net Working Capital</td>
<td>184.0</td>
<td>170.0</td>
<td>8.3%</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>27.4</td>
<td>26.5</td>
<td>0.9</td>
</tr>
<tr>
<td>Net Financial Debt</td>
<td>156.6</td>
<td>162.3</td>
<td>-3.5%</td>
</tr>
</tbody>
</table>
EBITDA totalled EUR 86 million in 2016, a figure 19.1% higher than the previous year, on the back of higher net sales and a higher gross margin. The improvement in EBITDA reflects a net profit attributable to the main company of EUR 24.1 million, almost double the EUR 13 million of 2015, which represents 3.4% on sales.

Net financial debt (NFD) decreased by 3.5%, going from EUR 162.3 million to EUR 156.6 million due to cash flow generation from operations, which financed disbursements made following the purchase of Sibo. Therefore, Fluidra maintains its goal of keeping a NFD / EBITDA ratio below 2.2, as it closed 2016 with a ratio of 1.8.

Results by business and geographic areas

**AMERICA**
Good market performance despite the severe crisis of the Brazilian market. The significant recovery of our US operations with good growth performance is worth noting.

**AFRICA**
The transfer of the new manufacturing and logistics facilities has consolidated its leadership position in the south.

**WESTERN EUROPE**
It maintains profitable growth as in recent years, posting double-digits in Germany and Austria. Despite Brexit, the UK also grew at double digit rates in local currency. With the acquisition of Sibo in the Netherlands, the group becomes the undisputed leader in this area.

**SOUTHERN EUROPE**
Growth in all markets continues with strong improvement in results as it still is operationally leveraging all operations.

**EASTERN EUROPE**
Improvement in market share with significant penetration into pool, wellness and fountain projects impacted by foreign exchange.

**ASIA/MIDDLE EAST**
Instability issues in the Chinese market affecting the entire area continue, but the focus on commercial pool projects in all markets has helped maintain reasonable growth.

**AUSTRALIA**
The opening of new manufacturing and logistics facilities, maintaining good growth, have laid the foundations to strengthen the results in the area.
The internet of things applied to pools is one of Fluidra’s priorities, and as such, it already has several solutions that enable professionals and individuals to manage their facilities more efficiently.”
The Best Practices and the various acquisitions made during the year have strengthened Fluidra’s leadership in the swimming pool industry, while opening some doors in specific segments such as natural pools and wooden facilities.

Fluidra continues to promote technological developments in the industry, especially with regard to the “Internet of things”, a concept which has been talked about for quite some time now. Currently, thanks to Fluidra, this idea has entered the world of pools with the introduction of the Internet of Pools. With the aim to adapt to a constantly evolving demand and covering all the needs of its customers globally, Fluidra has three solutions to control a pool remot:

- Fluidra Connect
- Viron Connect
- Poolstation

Commercial Pool: Engineering projects

In 2016 Fluidra signed, among many other installation projects, two projects with which it strengthens its presence in Asia and its commitment to growth in Commercial Pool through the sale of engineering solutions, one of the growth drivers of the Strategic Plan.

Fluidra won the tender for the design, supply and installation of the Olympic and training swimming pool for the 29th Summer Universiade championships to be held in Taipei (Taiwan) from 19 to 30 August 2017. The contract amounts to EUR 5.1 million and once the competition is over, both pools will be re-installed in their final location, in the south of Taiwan.

It has also been chosen to install the pools of the 2018 Asian Games in Jakarta in the renovation project of the Gelora Bung Karno sports facilities. The project, whose contract is worth EUR 4 million, includes the installation of four pools to be used for the water sports of the games in the Indonesian capital: competition pool, water polo pool, diving pool and training pool.
Fluidra complements its Pool & Wellness core business with the provision of services, simultaneously in many cases, in the field of landscape irrigation as the facilities can be next to each other. In this market, Fluidra remains an international distributor of top brands, but is increasingly working on setting up its own brand (Cepex) with all the necessary products for residential installations, looking for new products and working with top manufacturers.

**Fluid handling**

This year, in addition to standardising the full range of existing products, work has been carried out on some special and very rare products in this market for special facilities, such as the LUG type butterfly valve, the valve with inductive positioners or valves with special measurements (large and small).

**Ignia green**

Ignia green is the brand of products for the urban garden sector. It was released at national, European and South American level in 2016, and has expanded its range of products.

**Ignialight**

Ignialight is a brand specialised in manufacturing lighting products with LED technology for ornamental fountains, industrial and sports facilities, public street lighting and architectural and garden lighting.
During financial year 2016, Fluidra’s share maintained a very positive performance staying away from the underlying market trends. Following the publication of the year-end results in late February 2015, the shares rocketed in the stock market marking a clear trend for the whole year. At the end of May, coinciding with the celebration of MedCap Forum organised by BME in Madrid, the shares posted new highs in the stock market reaching a verticality that far from scaring investors, led them to trust even more in the growth potential of Fluidra.

The market as a whole generally appreciates the efforts made in the past by Fluidra to recover any drops in profitability as a result of the negative European environment. In financial year 2016, Fluidra’s figures built trust for investors in the path ahead and the increases in share prices and contracting volume are the result of this trust. In addition, the fact of anticipating to achieve the targets set in the 2018 Strategic Plan in advance make the market rely on higher returns in the future and consider the possibility of investments and acquisitions of greater significance, as soon as Fluidra increases both its sale volume and efficiency and profitability ratios.

“Durante el 2016 Financial year, dentro de un entorno geopolítico complicado, los inversores han confiado en la propuesta de valor de Fluidra”
At year-end, the price of Fluidra’s shares came to EUR 4.32 per unit, which represents a cumulative rise for of 38.02% in the year. The volume of shares traded during 2016 was 59.34% higher than the volume traded in 2015.

### Share trends chart

(Base 100: 31 dec 2015)

<table>
<thead>
<tr>
<th>Month</th>
<th>Fluidra</th>
<th>Ibex 35</th>
<th>Ibex Mid</th>
<th>Ibex Small</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEC 15</td>
<td></td>
<td></td>
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<tr>
<td>JAN 16</td>
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<td>FEB 16</td>
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<tr>
<td>MAR 16</td>
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<td>APR 16</td>
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<td>MAY 16</td>
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<td>JUN 16</td>
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<tr>
<td>JUL 16</td>
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<tr>
<td>AUG 16</td>
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<tr>
<td>SEP 16</td>
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<td>OCT 16</td>
<td></td>
<td></td>
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<tr>
<td>NOV 16</td>
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<td></td>
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</tr>
<tr>
<td>DEC 16</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### Main figures for 2016

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalisation (EUR)</td>
<td>486,558</td>
<td>352,529</td>
<td>345,771</td>
<td>306,351</td>
<td>250,600</td>
<td>215,122</td>
<td>260,173</td>
</tr>
<tr>
<td>Number of shares</td>
<td>112,629</td>
<td>112,629</td>
<td>112,629</td>
<td>112,629</td>
<td>112,629</td>
<td>112,629</td>
<td>112,629</td>
</tr>
<tr>
<td>Last price (EUR)</td>
<td>4.32</td>
<td>3.13</td>
<td>3.07</td>
<td>2.72</td>
<td>2.235</td>
<td>1.91</td>
<td>2.31</td>
</tr>
<tr>
<td>Max. price (EUR)</td>
<td>4.6</td>
<td>3.675</td>
<td>3.68</td>
<td>2.93</td>
<td>2.64</td>
<td>3.13</td>
<td>3.5</td>
</tr>
<tr>
<td>Min. price (EUR)</td>
<td>2.95</td>
<td>2.82</td>
<td>2.385</td>
<td>2.025</td>
<td>1.82</td>
<td>1.76</td>
<td>1.95</td>
</tr>
<tr>
<td>Capitalisation (shares)</td>
<td>21,237</td>
<td>13,328</td>
<td>36,077</td>
<td>23,454</td>
<td>17,438</td>
<td>21,414</td>
<td>15,492</td>
</tr>
<tr>
<td>Dividends (EUR/share)</td>
<td>0.0901</td>
<td>0.059</td>
<td>n/a</td>
<td>0.071</td>
<td>0.071</td>
<td>0.072</td>
<td>0.036</td>
</tr>
<tr>
<td>Dividend yield (%)</td>
<td>2.09%</td>
<td>1.88%</td>
<td>n/a</td>
<td>2.60%</td>
<td>3.20%</td>
<td>3.80%</td>
<td>1.60%</td>
</tr>
<tr>
<td>Payout (%)</td>
<td>77.00%</td>
<td>101.00%</td>
<td>n/a</td>
<td>55.20%</td>
<td>53.10%</td>
<td>44.20%</td>
<td>n/a</td>
</tr>
</tbody>
</table>
At year-end, the shareholding structure of the company did not suffer any noteworthy variation regarding the segment of the founding partners. Therefore, the free float percentage on the stock market remained stable at 44.4%.

- At the end of 2016, the Board of Directors controlled 55.6% of the total share capital of the company.
- The remaining 44.4% is free float on the stock market.

### Table with shareholder structure (as of 31 December 2016)

(in percentage)

<table>
<thead>
<tr>
<th></th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Founding Families</td>
<td>50.6%</td>
</tr>
<tr>
<td>Boyser</td>
<td>14.1%</td>
</tr>
<tr>
<td>Edrem</td>
<td>13.8%</td>
</tr>
<tr>
<td>Dispur</td>
<td>12.4%</td>
</tr>
<tr>
<td>Aniol</td>
<td>10.2%</td>
</tr>
<tr>
<td>Free Float</td>
<td>44.4%</td>
</tr>
<tr>
<td>Banc Sabadell</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

**We create value for shareholders and investors**

Fluidra is committed vis-à-vis its shareholders to distribute at least 45% of consolidated profit in those years with positive results. In the past two years, the payout percentage has been much higher than this 45%.

(*) On 2 March 2017, Banco de Sabadell sold its 5% holding. So, as of that date the free float of the company stands at 49.4%
Josep Tura  
HR/CSR Director

Fluidra implements corporate management policies that ensure the development of its staff and promote cultural integration.

The main asset of the Fluidra Group is its team of people, and their daily contribution and talent are essential to the success of the business and to the future of the company. Therefore, in order to provide the best working environment and conditions possible, Fluidra implements corporate management policies that ensure the development of its people and encourage gradual culture and values integration within the existing geographical and cultural diversity in the companies that make up the Group.

HUMAN RESOURCES

Fluidra’s Human Resources policy aims to create an environment where the team feel motivated and committed. This policy is structured into five major areas:

- A. Legal compliance
- B. Sourcing talent
- C. Developing talent
- D. Organisation
- E. Recognition

"The people who make up Fluidra are the key to our success. We strive to provide the best working conditions, with a policy that seeks to motivate, involve and promote the development of our employees"
It is worth mentioning the Group’s effort to maintain the level of quality employment, with a high percentage of staff with permanent contracts. In 2016, the percentage of permanent staff was still 93% of the aggregate workforce according to the report. Fluidra continues to prioritise the hiring of staff based locally with regard to the geographical areas where the workplaces are located.

In 2016, organisational changes to further adapt the organisational structure of the workforce to the growth strategy under the 2018 Strategic Plan were implemented. Part of the sales growth plan comes from acquisitions. Halfway through 2016, a company in northern Europe called SIBO was acquired, based in the Netherlands. Moreover, at the end of 2016 there was a divestment with the sale of the company Calderería Plástica del Norte.

The overall number of Fluidra employees greatly increased to a total of 4,273 employees at the end of 2016, with an average workforce of 4,336.
Workforce by gender
(in percentage)

<table>
<thead>
<tr>
<th>Gender</th>
<th>REST OF EUROPE</th>
<th>OPERATION</th>
<th>NWE</th>
<th>IBERIA</th>
<th>HEADQUARTERS</th>
<th>FRANCE</th>
<th>FH, ME &amp; ASIA</th>
<th>EE &amp; ÁFRICA</th>
<th>DIRECT ACCOUNTS</th>
<th>AMÉRICAS &amp; PACIFIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>35.4%</td>
<td>34.0%</td>
<td>35.1%</td>
<td>26.0%</td>
<td>47.0%</td>
<td>26.5%</td>
<td>37.0%</td>
<td>23.5%</td>
<td>50.0%</td>
<td>24.6%</td>
</tr>
<tr>
<td>Men</td>
<td>64.6%</td>
<td>66.0%</td>
<td>64.9%</td>
<td>74.0%</td>
<td>53.0%</td>
<td>73.5%</td>
<td>63.0%</td>
<td>76.5%</td>
<td>50.0%</td>
<td>75.4%</td>
</tr>
</tbody>
</table>

Men and women in the workforce
(in percentage)
Fluidra has an active and dynamic workforce. The company takes it upon itself to foster their involvement in activities of their interest, by encouraging them to take part in recreational, family-related, volunteering and sports activities.

**2016 Employee-focused Activities**

**2016 General Sales Meeting in Sitges**

More than 400 people attended a four day sessions consisting of presentations and technical training. Fluidra’s marketing department hosted more than 30 workshops and solutions to make swimming pool maintenance easier and enhance user experience.

**‘Living Fluidra’ is an increasingly popular online information portal**

This digital environment enables all those interested in Fluidra’s news and events, especially employees in various companies of the Group, to easily learn about the overall situation of Fluidra across the board.

**Instagram photography contest**

Fluidra has organised a summer photography contest for employees for eight years. This year, it was opened to the general public and was launched through the social network Instagram.

**Fluidra’s solidarity: Fluidra’s Day 2016**

Coinciding with World Water Day, Fluidra’s Day takes place on 22 March. For the fourth consecutive year, the campaign was entitled ‘With your help, they win’. The aim is to encourage active participation of Group employees by choosing solidarity projects. Three of which were chosen in this year’s event, each of which received a donation of EUR 3,000.

**9th Fluidra Futsal Tournament**

The 11th futsal tournament hosted by the Fluidra Group took place on 16 April. The company Poltank was the winner of the internal championship and represented Fluidra in the Catalonia Intercompany games held in May, finishing fifth among more than 20 participating companies.

**App for new slogan**

The company organised a competition via a mobile app so that employees could suggest a new slogan for the group. More than 1,000 proposals were submitted from 42 countries, and the winner was ‘Enjoying Water’ by Xavier Pujol Boada (Sacopa), which has been chosen as Fluidra’s new motto as of 2017.
Research and development is one of the core activities of Fluidra’s strategy. The company is clearly focused on developing products and solutions that meet market needs.

To do this, Fluidra has an R&D structure consisting of 15 Centres of Excellence (CoE in Spanish) and Technical Centres (CT in Spanish) located in 8 countries: Spain, France, the United States, Israel, Australia, Chile, South Africa and Brazil, with an approach

"We have a team of over a hundred people working across 15 facilities who spend half of their time developing innovative products”
on technological specialisation, coordinated from Central Services R&D&i located in Polinyà (Barcelona). A total of 109 people spend on average 50% of their time working on product R&D.

The Innovation Committee is the body responsible for establishing Fluidra’s innovation strategy and for defining the corporate guidelines whose objective is to serve as a guide for all CoEs in the product development process. A second level involves the Product Committees coordinating R&D&i for each of the CoEs. The multidisciplinary approach of these committees is essential to ensure that the actions undertaken by the CoEs are aligned with the needs of Fluidra.

---

**Notable R&D data in 2016**

- **109** Human team
- **47%** Dedication to the activity
- **137** Number of projects
- **1.3 years** Average time of maturity
- **1.1%** Innovation intensity
- **8.2%** Sale of new products

* * Total R&D investment over sales  
** ** Of total sales
In 2016, new products and solutions were launched as a result of the activity of the Centres of Excellence: Specifically, during the 2016 Lyon Fair the following developments were presented, launched on the market during the year:

**technology**

Throughout 2016, several pilot projects were developed, which have involved different Fluidra Centres of Excellence with the aim of proving the feasibility of integrating Additive Manufacturing technologies, both in production processes and in product development. Among the projects that have been initiated, it is worth mentioning those related to the following:

- **Rapid tooling**: design and manufacture of moulds and tools for short ranges and mould validation.
- **Rapid manufacturing**: design and manufacture of final parts of low demand, complex geometry parts and product customisations.

**industry 4.0**

Fluidra has started the path towards Industry 4.0: integrating Additive Manufacturing technologies, along with digitisation and intensive use of internet, among other technologies, which will lead to smarter and more eco-friendly industrial plants and processes, and to supply chains and markets that are much better interconnected.
Fluidra’s business focuses on design and marketing of products for those in the pool and wellness, water treatment, irrigation and fluid handling industries. Fluidra provides these customers not only with advice during project development, purchase and after-sales, but also with training to share its know-how on sector innovation.

Customers in Fluidra are divided into three types, depending on their intended use of the product:

- **Industry Channel**, which has increased around 5%
- **Professional Channel**, the most important one, which accounts for approximately 80% of the total and shows a tremendous growth in retail and online customers of nearly 6% in both profiles.
- **Mass Market Channel**, the most improved channel posting a growth of over 10% in general wholesale.

At the end of 2016, Fluidra had around 52,000 customers mainly distributed in Europe (39,000). The increase in the number of customers over last year was 17%, as it is broken down in the corresponding table.

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>52,672</td>
<td>7,428</td>
</tr>
<tr>
<td>EUROPE</td>
<td>39,070</td>
<td>5,351</td>
</tr>
<tr>
<td>ROW</td>
<td>13,602</td>
<td>2,077</td>
</tr>
</tbody>
</table>

The number of customers increased by 17% last year, with European markets being specially active.”
In 2016, satisfaction surveys were sent to 3,421 customers, with a 5.56% response ratio (as of 18 January 2017), with the results displayed in the following charts.

**Customer Care Service staff resolve inquiries on the call**

*in percentage*

- Strongly Agree: 23%
- Agree: 63%
- Disagree: 11%
- Strongly Disagree: 3%

**Fluidra has high quality products to offer its customers**

*in percentage*

- Strongly Agree: 22%
- Agree: 72%
- Disagree: 5%
- Strongly Disagree: 1%

**I have observed improvements in the Repair and Returns Service compared to 2015**

*in percentage*

- Strongly Agree: 10%
- Agree: 53%
- Disagree: 28%
- Strongly Disagree: 9%
Fluidra’s commitment to quality added a new milestone in 2016 with the definition of the role of the Group Quality Manager.”

Marc Albajar
Head of Lean & Quality

QUALITY

Product quality is one of the main pillars of Fluidra’s strategy, a principle for which, in 2016, the new role of Group Quality Manager was defined. In close coordination with the quality managers of each company and the after sales department (SAT) its mission is to develop a quality management system and to standardise methodologies, with the ultimate goal of reducing quality incidences for customers and internal groups.

During the past financial year, the priority for the area responsible for quality has been the consolidation of Quality Monitoring Committees by company and by strategic product where the issues with the greatest impact are discussed. The target proposed for 2016 had been a 10% reduction of customer complaints over the previous year. Thanks to the measures taken this year and in previous years, a 17% reduction of customer lines complaints was achieved at year end compared to last year, as it is displayed in the chart below.
To achieve such a significant improvement in the variables analysed, the work performed in this area has focused on two main targets this year:

**CUSTOMERS:** The monitoring of customer complaints is performed through indicators and through Quality Committees that perform such action by company and by product, depending on the impact and criticality thereof. In 2016, this was carried out for the Robots, Poolmac and Led products. To consolidate indicators to follow through companies that are integrated into the Integrated Quality Management platform (IQM).

**PRODUCTS:** FMEA (Failure Mode and Effects Analysis) for Design and Process is a tool that works in the detection, assessment and prevention of possible failures inherent to product design and process. The use of the application has enabled Fluidra to achieve more solid product designs and processes. In 2016, this tool was applied to the following products: Victoria Plus pump, Leds, Chlorinator, Valves, Hydroton and Hercules robots.
Financial year 2016 was globally characterised by an increased purchase volume of around 5%, slightly below the business growth of the group. The year was marked by a decline in world prices of listed commodities (oil, gas, metals), especially in the first few months of the year.

Low prices for oil and metals in the first half favoured improvements in derivative product costs, especially resins (ABS, PP, PE), engines and steel, without any stress caused by the supply side as it happened in 2015.

In terms of energy, Fluidra has continued to improve the efficiency of most plants and consumption points of the group in Spain, where energy consumption growth was below production growth. This improvement is the result of the measures and investments implemented from energy audits conducted in 2014. As a key milestone for 2016, Royal Decree 56/2016 on energy efficiency, forced companies that met certain volume and consumption requirements to conduct energy efficiency audits. Fluidra, as a business group, fell within the specific conditions of the Royal Decree, and so met all required energy audits to cover 85% of total consumption.

“In 2016, we changed the power supplier for 55 supply points of the group in Spain for one who certified that the energy provided comes from 100% renewable sources”
We continue working on the progressive centralisation of the different companies common to the various suppliers, so that the maximum possible synergies are achieved. Chemical products are an example of this approach.

A key milestone within this progressive centralisation is the creation of the company Fluidra Global Distribution under the Invictus project. FGD comprises most of the finished product purchases from third-party suppliers outside the group, with a progressive increase in its turnover. This trend will continue in future years, following the roll-out of the Invictus project.
Local suppliers

Given the close relationship and knowledge of our suppliers, 42% of the group’s purchases are carried out in Spain. The remaining 58% are imported products or products used in the same productive areas where they are manufactured. Thus, the purchase impact for local suppliers is significant, avoiding unnecessary movements of goods while promoting the local economy.

CSR in the supply chain

One of the cornerstones of Fluidra in its relationship with suppliers of raw materials and services is the Supplier Code of Ethics. This Code is present in the approval process and its membership is automatically implemented by the general clauses in all corporate agreements and automatic ordering system.

Evaluation of suppliers

Following the lead of the previous year, Fluidra is implementing a systematic process of social risk assessment for suppliers categorised as critical for the company.

In 2016, continuing with last year’s assessment process and the criticality criteria in place, the number of suppliers exceeded 170, which together represent a purchase volume of around 57% of the total.

The objective for 2017 is to cover all critical suppliers and move forward with other suppliers based on their purchase volume.

The carbon footprint emissions attributable to Fluidra by the movements of their employees have been incorporated in the calculation
Fluidra, aware of the importance of environmental protection, sets in its corporate guidelines the Mission, Vision and Values, and its commitment to promote responsible use of water and apply rigorous sustainability criteria. Fluidra’s activity refers mainly to water. Respect for the environment, promoting the use of clean technologies and sustainable use, treatment and recycling of resources are an integral part of the company’s day-to-day activities. Fluidra’s activities generate environmental impacts and its management aims to minimise the environmental impacts of this activity, focusing on the commitment of the efficient use of raw materials, energy and water use and the correct treatment of emissions, waste and discharges.

“Caring for the environment is part and parcel of our mission and our corporate commitments, it is intrinsic to the essence of Fluidra, so we strive to efficiently manage the impact of all our activities”
**FLUIDRA’S COMMITMENT TO THE ENVIRONMENT**

1. To prevent pollution by eliminating and/or minimising significant environmental impact.
2. To properly manage natural resources, avoiding exploitation, optimising its consumption and promoting use of reusable and/or recyclable materials.
3. To provide training and motivation to and raise awareness among employees and other stakeholders to ensure minimal environmental impact.
4. To engage all Fluidra suppliers, contractors and providers through the Supplier Selection Policy in the commitment to care for the environment (Fluidra’s Code of Ethics).
5. To comply with the existing legislation and base our management system on continuous improvement.

### Environmental Certifications

<table>
<thead>
<tr>
<th>Companies</th>
<th>ISO 14001</th>
<th>EMAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cepex</td>
<td>2005</td>
<td></td>
</tr>
<tr>
<td>GRE</td>
<td>2008</td>
<td></td>
</tr>
<tr>
<td>Inquide</td>
<td>2006</td>
<td></td>
</tr>
<tr>
<td>Metalast</td>
<td>2011</td>
<td></td>
</tr>
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<td>Poltank</td>
<td>2004</td>
<td>2004</td>
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<td>Sacopa</td>
<td>2008</td>
<td>2007</td>
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<tr>
<td>Talleres del Agua</td>
<td>2010</td>
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The Group companies detailed in the table below have certificates such as ISO 14001 or EMAS environmental management systems, audited by external companies that verify compliance with environmental requirements set in ISO 14001 or EMAS standards.
Environmental investments and costs

In 2016, management costs and waste treatment expenses increased, and environmental investment over the previous year also increased. The details on costs and environmental investments can be found in the accompanying tables and charts.

Monitoring of 2016 Targets

- During 2016, those companies with environmental management systems based on ISO 14001 or EMAS have successfully passed maintenance environmental audits.

- Water consumption was reduced by 9%, which demonstrates Fluidra’s goal of making responsible use of water in its facilities.

- Regarding the optimisation of waste management, Sacopa improved from 81% (2015) to 89% (2016) on the recovery of waste, a 10% increase. Cepex went from a 90.4% recovery in 2015 to 91.4% of the waste generated by internal recycling, recovery and management of by-products. Talleres de Agua discarded the objective of reducing waste casings in 2016 (aluminium profile, aluminium sheet and stainless steel sheet) by 5%. In 2016, Metalast began a pickling and electropolished optimisation process of steel that will continue in 2017.
• Throughout 2016, the purchasing department responsible for the procurement of energy purchases of the Fluidra Group carried out several actions: purchase of 100% renewable green energy, optimisation of the power installed in the workplace in collaboration with the manager and environment managers of Fluidra companies, and also promoted the implementation of an energy management system, currently installed in Cepex.

• The energy consumption of GRE increased by 4% (from 223,404 kwh to 232,942 kwh) and failed to reduce consumption by 3%. Cepex reduced power consumption by 3%, from 1.43 kw/kg to 1.48 kw/kg of raw material, thanks to monitoring power consumption and the new refrigeration installation. Poltank did not manage to reduce power consumption by 3%, as it increased power consumption for processed materials from 0.61 kw/raw material to 0.65 kw/raw material posting a 7% increase. Metalast carried out the implementation of the electricity consumption monitoring system which will be consolidated by 2017.

• In the process of improving the control of emissions, Inquide invested in neutralising gases by scrubber and increased its aspirations.

• In relation to the objectives of reducing the environmental impact of raw materials and products, Talleres de Agua was able to reduce consumption of wood and plastic raw materials. Poltank did not manage to reduce acetone as a cleaning agent by 5%, which rather increased by 26%.

• Regarding environmental training to promote environmental awareness and educate staff on good environmental practices derived from environmental aspects –such as energy consumption, proper waste management, responsible water consumption, handling chemicals and environmental emergency actions (fire and discharges)–.
Fluidra is a responsible and socially committed company. The company works on a daily basis to engage in the reality of the countries where it operates. Its growing relationship with the environment enables it to engage in closer dialogue with communities, with an increasingly active contribution towards sustainable development and the welfare of society.

Many employees are actively involved in associations related to water management and other activities such as the development of guidelines and standards, with the aim of promoting a sustainable environment.

“Once again we have proved our commitment to society by promoting solidarity projects and by participating in cultural, academic and sports activities”

Many professionals are actively involved in associations linked to water management
February

1. Round Table at Barcelona International Business Club
   Eloi Planes

May

2. Presentation of the Strategic Plan
   Eloi Planes

June

“Responsible Board of a Directors”
IESE Madrid
Eloi Planes
Pere Ballart

September

Conference on Fluidra & Japan
Foment del Treball
Pere Ballart

October

3. “Protecting R&D&I results in the water and environment industries”
   Catalan Water Partnership
   Erika Jiménez

November

3. Fluidra Presentation
   ESCI-UPF
   Cristina Roca

Presentation of the Strategic Plan
UAB
Carlos Franquesa

Symposium on intangible assets
ESADE
Erika Jiménez

4. Why does Fluidra choose Google Apps?
   Fàbrica Moritz
   Roberto Carbajal

5. Conference on Strategic Change
   Acció / IESE
   David Tapias

The internationalisation of Fluidra in the USA
IE Cambra Terrassa – BBVA
Ignacio Elburgo

Roundtable on EU legislative reforms
Pan-European LESI Young Members Event
Erika Jiménez
Tax contributions

Fluidra’s business activity generates wealth in the areas where it has a presence, both through its own impact on local economies and tax contributions. Fluidra is aware of the importance of its contributions to the local economy and therefore maintains a strict policy in terms of tax contributions in the countries where it operates.

Fluidra’s tax contributions in 2016 amounted to EUR 32.5 million in direct taxes. That amount includes the expense for corporate income tax accrued in 2016 and the payment of employer social security contributions.

The breakdown of the overall amount by geographic area reveals that Fluidra contributed 66.4% of the total direct tax contribution in Spain, 12.6% in France, 3.7% in the UK, 3.1% in Australia, 3.7% in the United States, 4% in Italy, 4% in Austria, 1.5% in Portugal and 0.6% in Belgium. Fluidra pays these taxes directly to the Tax Authorities of the aforementioned countries.

The business activity that Fluidra carries out in these regions generates significant revenue for the countries’ treasury. The total indirect taxes channelled by Fluidra for these institutions in 2016 amounted to EUR 28.7 million.
In 2016, Fluidra created the Fluidra Foundation, a logical step in its commitment to society, to better focus its corporate social responsibility initiatives and achieve greater impact.

The Fluidra Foundation selects and optimises grants and sponsorship deals that had, to date, been applied from Fluidra and also takes the lead in conducting its own actions which are aligned with its commitments:

- **Social commitment**: projects aimed at accessibility, awareness and education on water use.
- **Cultural commitment**: to disseminate music as a tool for personal growth and to promote personal dignity.

"At Fluidra, we have always believed in sustainable water use and in democratising its access to all groups of people. We value culture in general and music in particular as a way to ensure dignity for people”
Through Fluidra Accelera we encourage innovation and entrepreneurship in the areas where we operate"
Annexes

Directory  80
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