

# FLUIDRA

Results

First Quarter 2016

28th April 2016



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# Q1 2016 Results – Summary

	Main Magnitudes		
	1Q2015	1Q2016	Evol.
€M			
Sales	134,7	156,5	16,1%
EBITDA	10,3	13,1	27,4%
Net Income	-5,5	0,4	n/a
Net Working Capital	233,6	224,9	-3,7%
Free Cash Flow	-59,4	-52,7	6,6
Net Financial Debt	206,0	220,9	7,2%

- Excellent Sales performance, a 10% growth on a like-for-like basis, and double-digit growth in Spain, France and Australia.
- Good EBITDA performance thanks to increased volume and the contribution of South Africa.
- Net profit improves significantly as a result of increased volume, operating leverage and lower financial expenses.
- Good Working Capital and Net Debt performance before the start of the season in Northern hemisphere.
- Positive performance of Free Cash Flow driven by the P&L generation.

# Q1 2016 Results – Highlights

## Investing in growth and best practices



### Trace Logistics

- 17% expansion of our logistics operator to meet the needs of Southern Europe: 4.200 m<sup>2</sup>
- Current total capacity: 29,200 m<sup>2</sup> and 40,000 pallets



### Australia

- Moving from our current plant and 3 warehouses to a new facility to meet the growing market of the entire area of influence and facilitate customer service and profitability of our operations
- Warehouse: 8,000 m<sup>2</sup>; Production: 13,800 m<sup>2</sup>



### South Africa

- Moving from our 3 production plants and 1 warehouse to a new site to better serve South Africa, supporting the merger of our businesses in the area: Fluidra-Waterlinx and Fluidra South Africa.
- Warehouse: 6,000 m<sup>2</sup>; Production: 10,500 m<sup>2</sup>



# Q1 2016 Results – Consolidated Profit & Loss Account

	1Q2015		1Q2016		Evol.16/15
	€M	% sales	€M	% sales	
Sales	134,7	100,0%	156,5	100,0%	16,1%
Gross Margin	72,8	54,0%	83,2	53,2%	14,3%
Opex before Dep.& Amort.	60,8	45,1%	68,1	43,5%	12,0%
Provisions for bad debt	1,7	1,3%	2,0	1,3%	15,9%
EBITDA	10,3	7,6%	13,1	8,4%	27,4%
EBIT	2,0	1,5%	3,9	2,5%	100,6%
Net Financial Result	-6,8	-5,0%	-1,4	-0,9%	78,9%
PBT	-4,8	-3,6%	2,5	1,6%	n/a
Net Income	-5,5	-4,1%	0,4	0,3%	n/a

- Excellent **Sales** performance, exceeding our expectations. On a like-for-like basis, sales increase 10% and adjusted for currency, sales grow 12.4%.
- **Gross margin** evolves consistently when compared to previous year, excluding the impact of the Waterlinx acquisition.
- **OPEX** grows slower than sales growth, showing the operating deleveraging of the company. On a like-for-like basis, growth is 7.8%.
- Good **EBITDA** growth, which almost doubles sales growth in the quarter of preparation of the season.
- **Financial Result** improves considerably as a result of last year's new financing agreement.

# Q1 2016 Results – Sales Performance by Geographical Area

	Fluidra Sales by Geographical Area					
	€M	1Q2015	%	1Q2016	%	Evolution 16/15
Spain		29,8	22,1%	33,8	21,6%	13,3%
South Europe - Rest		31,0	23,1%	39,1	25,0%	26,2%
Central & Northern Europe		21,7	16,1%	23,7	15,2%	9,6%
Eastern Europe		6,3	4,7%	6,2	4,0%	-2,4%
Asia & Australia		29,3	21,8%	30,1	19,2%	2,8%
Rest of the World		16,6	12,3%	23,6	15,1%	41,8%
<b>TOTAL</b>		<b>134,7</b>	<b>100,0%</b>	<b>156,5</b>	<b>100,0%</b>	<b>16,1%</b>

- Very positive market developments in **Spain** thanks to a good start to the season.
- **Rest of South Europe** posts double-digit growth, driven by a very good start to the campaign in France, both in the professional and mass market channels.
- **Asia and Australia** region displays mixed developments, with China in decline and Australia posting double digit growth.
- **Rest of the World** presents an excellent performance supported by the acquisition of Waterlinx.

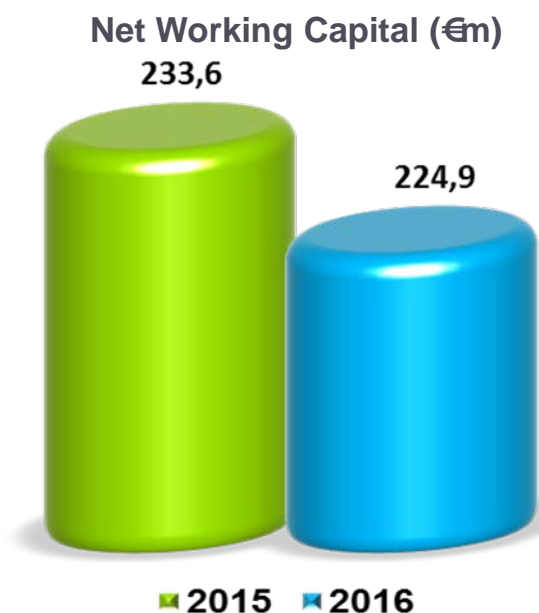
# Q1 2016 Results – Sales Performance by Business Unit

	Sales by business units					
	M€	1Q2015	% s/vtas	1Q2016	% s/vtas	Evolution 16/15
<b>Pool &amp; Wellness</b>		122,1	90,6%	141,3	90,3%	15,7%
Residencial		72,4	53,7%	87,3	55,8%	20,6%
Commercial		18,4	13,6%	17,6	11,3%	-4,0%
Pool Water Treatment		18,7	13,8%	23,2	14,8%	24,4%
Fluid Handling		12,7	9,4%	13,1	8,4%	3,6%
<b>Irrigation &amp; Domestic WT</b>		8,6	6,3%	9,7	6,2%	12,9%
<b>Industrial &amp; others</b>		4,1	3,0%	5,5	3,5%	33,6%
<b>TOTAL</b>		134,7	100,0%	156,5	100,0%	16,1%

- Good performance in **Pool & Wellness**, driven by the acquisition of Waterlinx, which represents 6.8 points of growth.
- **Residential pool**: excellent performance in all categories in general, specially in above-ground pools and pool robots.
- Moderate performance in **Commercial Pools**, impacted in 2015 by the ending of several major installations in the Americas.
- **Pool water treatment** grows over 20% thanks to Waterlinx and a good pre-campaign in Europe.
- **Domestic pool water treatment and irrigation** are developing well, driven by performance in Southern Europe.



# Q1 2016 Results – Net Working Capital



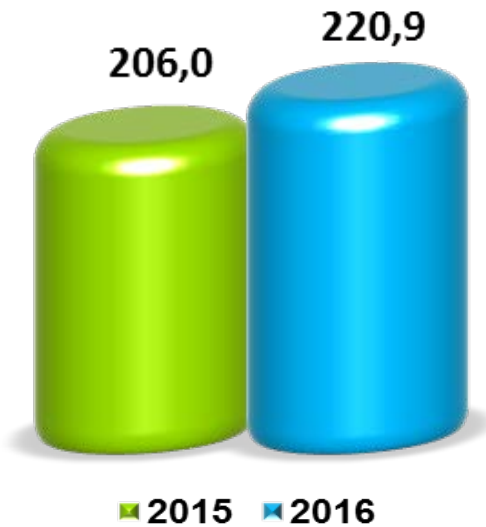
	January - March		
	2015	2016	Evol. 16/15
Inventory	175,8	182,7	3,9%
Accounts Receivable	175,7	190,5	8,5%
Accounts Payable	117,9	148,3	25,8%
Net Working Capital	<b>233,6</b>	<b>224,9</b>	<b>-3,7%</b>
Adjusted Net Working Capital	<b>233,6</b>	<b>241,0</b>	<b>3,2%</b>

- Good **Net Working Capital** performance, Stocks and Accounts Receivables grow below sales growth.
- 2016 Accounts Payable include Aqua's earn-out, so the comparable figure is €131.4 M, and adjusted NWC is €241 M, with an increase of 3.2%, well below growth sales (16.1%).



# Q1 2016 Results – Net Financial Debt & FCF

Net Financial Debt (€m)



	January - March		
	2015	2016	Evol. 16/15
Net income	-5,5	0,4	5,9
Depreciation (+)	8,3	9,2	0,8
Increase (-) / Decrease (+) NWC	-56,7	-54,9	1,8
Capex (organic)	-5,5	-7,4	-1,9
Free Cash Flow pre-acquisitions	<b>-59,4</b>	<b>-52,7</b>	<b>6,6</b>
Acquisitions capex	-2,3	-3,4	-1,1
Free Cash Flow post acquisitions	<b>-61,7</b>	<b>-56,1</b>	<b>5,5</b>

- **Free Cash Flow** improves by 11.1% in first quarter, which is always a quarter of investment for the preparation of the campaign in the Northern hemisphere.
- CAPEX reflects the investment in Australia to start the new plant, and the expansion of our South Europe distribution centre.
- Good **Net Financial Debt** performance in the quarter.

# Q1 2016 Results – Conclusions

- **Excellent performance in the first quarter of 2016:**
  - Good **sales** growth, mainly in Spain, France and Australia, markets which represent more than 50% of our business.
  - Excellent **Results** performance thanks to the operating leverage and improved financial costs.
- First quarter includes the preparation of the season in the Northern hemisphere, and 1 figures given us comfort to predict a good **2016 campaign**. We are focused on executing our strategy:
  - Focus on pool & wellness,
  - Penetration in all product categories to increase our market leadership,
  - and implementation of “Best Practices” to improve efficiency and profitability ratios.
- Q1 results provide us confidence in our **estimates for the year**: Sales between €675 M to €690 M; EBITDA between €81 M - €85 M and NFD/EBITDA levels at around 2.2x.

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