Cristina del Castillo García  - Fluidra, S.A. - Director of Investor and Shareholders Relations

Eloy Planes Corts  - Fluidra, S.A. - Executive Chairman

Xavier Tintore  - Fluidra, S.A. - Corporate General Manager

Good morning, and welcome to Fluidra’s Results Presentation for the First Half Year of 2018. My name is Cristina del Castillo, the Director of Investor Relations and Shareholders at Fluidra. The presentation will be made by Dr. Eloi Planes, Executive Chairman; and Dr. -- and Mr. Xavier Tintore, Corporate General Manager. You will be able to follow the presentation through your -- through the screens. And during the Q&A, if you’re interested, you should send your questions through the chat lid that appears in the lower part of your screen. You can send from now on all of your questions, and thus we'll be able to manage them and we will answer them as soon as the speakers end their presentations. All documentation is available in our webpage, fluidra.com, under the chapter Shareholders and Investors in the regular public information lid. This morning, there's also being sent to the National Stock Exchange Committee. (sic) [National Securities Market Commission]

This multi-conference will be available in our webpage as of this afternoon. In order to ease the understanding of the business in this presentation, on the legal warning we detailed and we included the business activity of Aquatron under the regular operations. The consolidated financial statements under the [NIFF-UE] effectivity of Aquatron excluded from the continued operations and classified as a discontinued activity.

So let's start the presentation, I'm going to give the floor to Mr. Eloi Planes.

Eloy Planes Corts  - Fluidra, S.A. - Executive Chairman

Well, thank you Cristina. Good morning, and welcome to the presentation of results of Fluidra for the first half year of 2018. Today, it's going to be the last time in which we will make -- we'll be presenting Fluidra’s results before the consolidation of Zodiac figures. As you all know, our merger with Zodiac took effect last 2nd of July. The new issued shares have already been listed since the 10th of July. The merger with Zodiac defines before and after not only in our company but in the whole pool industry the operation we have closed, which is unique both from a strategic point of view, and, from an -- its industrial rationale, positions Fluidra as an industry leader, a point of reference in all world markets, transforming us into a larger, more efficient and more profitable company.

The project is more solid than ever. And the inter-creation process makes headway quickly and without any hurdles. We are developing a strategic plan in order to reach large and great goals.

Let's now focus on the closure of June this year.

We have witnessed a first half year in which 3 external factors have marked the evolution of our business. First, the delay in the start of the season until half of June in the Northern Hemisphere, this formed currency impact and the development of commercial pools, first. This adverse weather, characterized by unusual rainfall, has affected the sales of pools during the first quarter and the second quarter. We believe that this has been translated into the Southern European markets in a growth rate that is 3 -- between 3 and 5 points below what we expected.

Zodiac has also experienced the same delay in its sales campaign, both in Europe and in the U.S.A., with growth rates in dollars a bit above 5%, with a growth rate of about 6% in the U.S.A. and of about 3% in the rest of the market. The July figures show a very satisfactory growth rate that is more regular for both companies. The growth we used for July is above 10%.
Secondly, the dollar during the first half year has performed with an average depreciation of 10%. In the same -- well, other currencies have behaved in the same way with -- amongst currencies with a strong weight in our consolidated figures. As a result, the currencies this half year have been strongly impacted by the evolution of the currencies.

And finally, a different comparison base -- a difficult comparison base for commercial pool, which in 2017 grew at paces close to 20% promoted by different portraits in the Asian continent. We expect a better performance in this division through the next half year, thanks to a less demanding comparative and portfolio projects for the second part of the year. The combination of these 3 factors has provoked an evolution in sales for the first half of the year at 0.4%, reaching EUR 454.2 million. Sales grew 2.7% if we adjust for currency.

As we did in the previous and the past results presentation, in order to bring forth great transparency and understanding, we will give you information about the recurrent results, excluding the revenues or extraordinary costs basically related to the capital gains produced by the sale of ATH in the figures of 2017 and all of the associated expenses -- all of the expenses associated to the process of merger with Zodiac.

As you can see on Page 3, the company’s results show a great robustness in spite of flat sales. The good evolution of our gross margin and the good containment of expenses have allowed us to place the company’s recurrent EBITDA at EUR 74.3 million, the EBITA at EUR 60 million and the net profit -- the recurring net profit at EUR 37.3 million, which implies a growth rate of 1.4%, 2.2% and 13.3%, respectively. These bases of robust and solid results allows us to assure an increase in results, thanks to the increase in volume, which we expect for the second half of the year.

The net financial debt is -- has reached EUR 202.3 million, whereas the net working capital has been impacted by larger stocks due to the delay in the sales campaign, which will be regularized before the end of the year, reaching then the normal parameters.

Before giving the floor to Xavier, who will get into the detail of the results analysis, let me insist on the historical moment that Fluidra is going through with the closure of the U.S. operation and allow me to give you some details about the current state of our merger process.

As I’ve said at the beginning of my presentation, the merger with Zodiac took effect last 2nd of July, about 30 days ago. It has been a long road characterized by unique effort and dedication of our human capital. We have had a great project to develop. After these last few months in which we have been planning the merger, we’ve been able to appraise the project we presented in November, and we can restate here today that the fundamentals, both in the industry and in the operation, are kept, and we have a clear implementation plan for the EUR 35 million in synergies.

The board has already been constituted. And Bruce Brooks, the company’s -- the new company CEO, has already moved to Barcelona this month.

The new organization is already working in all territories, and the teams are implementing the plan for the 100 first days. At the same time, we keep on working, looking towards the future.

The next step, we are preparing a new strategic plan for the new company. We have fought -- we want to organize a new Investors Day in November in order to share with all of you our future plans, giving you the maximum amount of detail. Therefore, we keep on working without rest in attaining our goals in making -- in turning into a reality then incredible success in consolidating the global leadership we want. This is our commitment with the company, with our shareholders and with our customers.

And now I’m going to give the floor to Xavier Tintore, who will explain in great detail all of the data for 2018.

**Xavier Tintore** - Fluidra, S.A. - Corporate General Manager

Well, thank you, Eloi.

And next, I'm going to give you a detailed explanation about the results for the first half year of 2018. As we normally do, we will show you the total and the organic data for many items, excluding 2 months of ATH, the divestiture we carried out in the first quarter of 2017, and the activity of Piscine Laghetto, the Italian above-ground pool manufacturer acquired in July last year, and some other small acquisition.
As Cristina has mentioned at the beginning of this conference, the commitment acquired with the European Commission of divesting in Aquatron has implied the need to reflect in our half yearly financial statements prepared according to the [NIFF-UE]. This activity is reflected as discontinued now. In order to make this presentation of results, we have kept both the sales and the result within the activities per (inaudible) . We believe that this divestiture, which is not material in the company’s -- in the new company’s consolidated figures because it just represents 2% of sales and EBITDA, it could include temporary commitments for distribution of the product manufactured in Israel, and we prefer to wait for the divestiture to materialize its adjustments. And we will keep on giving you separately the expenses associated to the operation with Zodiac in order to ease the understanding of our company’s recurrent business.

So let’s now analyze on Page 5 the evolution of the main lines in the P&L account.

The sales figure grew by 0.4%. And if we exclude foreign currency, it would be a growth rate of 2.7%. And if we adjust it for foreign currency and perimeter changes, it would be equal to 1.9%.

The lower growth rate can be explained by a sudden delay in the start of a campaign due to a colder and rainy weather compared to last year, which has affected especially through the second quarter significant markets like Spain, France and the U.S.A.

Let me just share with you a couple of data.

The average rainfall from March until June was between 2 and 4x above the historical average of the last 30 years for Spain and France.

Now the gross margin reached 51.6%, and this is 90 base points above the previous year, where we highlight 2 positive factors. The first one is the sale price management; and secondly, the mix associated to our lower volume of sales for commercial pool projects in Southeast Asia. These 2 positive factors compensate the increase in raw materials and commodities prices.

The operational expenses before provisions and depreciations reached EUR 158.9 million with a growth of 2.6%. This item excludes nonrecurrent income and expenses associated to Zodiac in this financial year. Now these nonrecurrent expenses include both the ones necessary to close the -- this transaction with Zodiac and also those necessary to capture the EUR 35 million in synergies. During this half year, these expenses reached EUR 6.8 million. In 2017, this item reflected the capital gains associated to the divestiture at -- in ATH for EUR 1.2 million.

Provisions for bad debt reached EUR 1.4 million with a slight improvement compared to last year.

EBITDA reached EUR 74.3 million with an increase of 1.4% in spite of the small increase in sales volume, thanks to the improvement in the margin and the provisions and also the control of the OpEx.

The financial result is close to 30% below the [provision], and this is associated to the market appraisal of hedging instruments.

And the tax rate is basically constant compared to the previous year.

The recurrent net result reached EUR 37.3 million, 13.3% above the previous year, thanks to a greater EBITDA and a lower volume of amortizations and a better financial result.

At the end of the page, we have included the information about the EBITDA and the net result reported in order to ease the understanding of the complete half yearly financial statements.

On Page #6, you can analyze the sales evolution for -- per geographic areas. Spain has had a rather irregular quarter with a good recovery in April and May and a sort of like weak performance in June. The annual cumulative figures at a constant perimeter, each shows a growth rate of 3%. The South of Europe keeps on progressing favorably with a growth rate of 9.9% in which about 5 points is due to the change of perimeter for Laghetto mainly, and the rest of -- is good evolution -- a good organic evolution with important rises in Portugal, Greece and Italy mainly. The North and the
Central Europe, which had a bad start of the campaign with a fall of 4.8%, has had a very good second quarter, which places the growth rate adjusted for currency at a 5.5%, supported by an excellent evolution in Austria and Germany.

Eastern Europe grew by 10.3% on a constant currency, thanks to the good performance in Bulgaria, Romania, and Croatia. On the other hand, the evolution in Asia and Australia is strongly impacted by the foreign exchange because under a constant currency, the reduction is of -- 7.5%. This reduction is due to the impact of commercial pool projects carried out in 2017, which have not been totally compensated with new installation. So Australia keeps on keeping its growth in Residential form -- Residential pools, finally, for rest of the world has also been highly influenced by foreign currencies due to a fall of 4.5% due to the late start in -- of the campaign in the States, a sudden weakness in South Africa effects, which have not been compensated by the excellent evolution of Latin America.

On Page #7, we show the evolution of the different groups' business units. The evolution of Residential Pool and Fluid Handling, they reflect the rather irregular campaign in some geographies, as we have seen in the previous page.

Commercial Pool fell by 7.7% due to the impact of the great projects of the Asian Games in Indonesia, Summer Universiades in Taipei and the [Fountains] in Eastern Europe, whose implementation was concentrated mainly during the first half year of 2017, and they have not been able to -- we have not been able to compensate them fully. In the following quarters, this impact will not be that significant.

Pool Water Treatment shows a growth rate of 7.2%, supported by a good performance in disinfection, equipment. Irrigation and Domestic Water Treatment reflects an impact -- the impact of a divestiture at ATH, which explained a large part of this reduction.

On Page #8, we show the evolution of the group's working capital. The net working capital reached EUR 294.1 million. Given that there are many effects that had an impact on the figure, the closure we have calculated, the adjusted net working capital, basically it reflects an equalization of the perimeter associated to the purchases and sales of companies and also the existence of earn-out short term. This net working capital, adjusted for these factors, reached EUR 289.2 million with a growth of 12.5%. This increase is supported -- or is due to 2 factors. On the one hand, an increase in inventories associated to the preparation for a campaign that has ended up being rather irregular. The company is working on adjusting these stock levels in order to reach -- to go back to the historical ratios in the next quarters. And the second factor is due to the cancellation of a sales program without needing to use accounts to be paid for, about EUR 9 million. And in order to ease the entry, well, the implementation of a new financing package on the 2nd of July once complete -- once we have completed our merger with Zodiac. And in accounts receivable, this is just a temporary effect, which will be corrected the next few months. In general, we can say that the evolution of the net working capital is also irregular due to a very untypical year. And I want to highlight that these are just temporary things, and we expect to recover the ratios of net working capital over sales with the normal figures for the group at the end of the year.

On Page #9, we show the evolution of the net financial debt and the free cash flow. As you know, the first quarter is a quarter of investment associated to the campaign in the Northern Hemisphere. The use of cash before the acquisitions is significantly above due mainly to the evolution of the working capital, as I've explained in the previous slide. And there is less contribution in the P&L account due to nonrecurring expenses associated to the Zodiac operation, which reached EUR 6.8 million.

The acquisitions and divestitures item collects the payment of the earn-out of SIBO and the purchase of some minority shareholders in the group’s subsidiaries. And in the previous year, we included the collection for the sale of ATH and reaching a difference close to EUR 10 million.

The net financial debt is of EUR 202.3 million, about EUR 10 million above the previous year.

I’d like to take advantage of the fact that I have the mic to remind you that on the 2nd of July, we canceled most of Fluidra’s debt contracts, which actually were implemented with financing associated to the budget program with Zodiac. And we are working on it at a good pace still, especially to be able to give greater visibility to our plans in the presentation of Investors Day in November, as Eloï has already mentioned. Additionally, we are also working on the divestiture at Aquatron, which we hope to complete in the next few months.

And without any further ado, I’m giving back the floor to our Executive Chairman, Mr. Eloï Planes, to conclude this results presentation.
Eloy Planes Corts - Fluidra, S.A. - Executive Chairman

Well, thank you Xavier.

As I've said at the beginning of my presentation, the figures for this half year must be contextualized. The weather during the first 6 months has been especially complicated for our interests. We see the base of -- our market base as really positive. And with improvement of the weather as of July and the prospective of projects in Commercial Pools, we expect a good performance in the second half of the year.

The results have been presented are robust. Good performance of the gross margin and a good containment of expenses. This is an excellent basis to increase our profits in the next few months. On the other hand, our teams keep on making headway quickly into the integration plan and the planning to capture synergies in sales and costs. After these very intense working months, I -- we can tell you that our medium-term perspectives are still well aligned with the forecasts we shared with you when we announced the merger operation during the -- last November. This merger operation will position us as a point of reference in the world markets, and it will turn us into a larger, more efficient and more profitable company. This new Fluidra is born with a will to grow to become a world reference much larger than what it has been so far and with great expectations for the next 3 years because our markets have a great potential, both in the field of Residential Pools and in Commercial Pools, and because the background trends in the markets in which we operate are very positive for our activities.

Today, we're giving you -- we're sharing with you our estimate as a proof -- our pro forma estimates for the company, the resulting company from the merger, for the whole of 2018. Now these initial estimates position sales between EUR 1.3 billion and -- EUR 1.31 billion and EUR 1.34 billion; EBITDA between EUR 215 million and EUR 230 million; and the net debt-to-EBITDA ratio between 3 and 3.3x. On our side, end-to-end, as I've already told you, we're working on the preparation of a strategic plan we would like to share with you next November.

So far, our presentation for today, the only thing I have left to do is to thank you for your participation in this multi-conference and to tell you that we will be delighted to respond any questions you may have for us. Thank you very much indeed.

QUESTIONS AND ANSWERS

Cristina del Castillo García - Fluidra, S.A. - Director of Investor and Shareholders Relations

Well, thank you, Eloi, Xavier, for your clear presentations. And now we will start the Q&A with all of the questions that have been received so far. (Operator Instructions)

The first question comes from a private investor, a private shareholder. He says, "As a shareholder, I'd like to know whether the results for the third quarter will already belong to the new Fluidra. In other words, will it include revenue, expenses and debt aggregated after the merger?"

Unidentified Company Representative

Thank you for your question. Yes, the results for the third quarter will already include the consolidated figures for Zodiac for the period that goes from June until September. In other words, it will include 3 months of Zodiac's activity, which will include 9 months of the activity of the old Fluidra within -- with all of its items.

Cristina del Castillo García - Fluidra, S.A. - Director of Investor and Shareholders Relations

The next question is asked by Alejandro Conde from the Banco de Santander, and he says, "My question is about the guidance, the sales guidance for 2018, excluding Zodiac, between 5% and 7%, which you presented during the first quarter 2018. My pro forma figures for the consolidated you have given today are well aligned. I'd like to know whether your expectations for the second half year still include an acceleration for the top -- for Fluidra's top line, excluding Zodiac."
Xavier Tintore - Fluidra, S.A. - Corporate General Manager

Yes, Alejandro, thank you for your question. Now the growth -- I mean, we will not get into the detail of the breakdown of the guidance on the one hand or the other. But basically, as you will understand, when you make the calculations, there is an acceleration during the second half of the year. Eloi has also mentioned some of the factors that imply that acceleration, and this is related to the context of the weather impact through the first half of the year, the currency issue and also the impact of Commercial Pool with a relevance that had during the first half year. Of course, the second part -- during the second part of the year, this impact will be lower, and Fluidra's activity will be significantly more accelerated than what we have seen through the first half of the year.

Cristina del Castillo García - Fluidra, S.A. - Director of Investor and Shareholders Relations

The next questions will be asked by Francisco Ruiz from Exane. They ask whether the -- I mean, “If Zodiac sales grew by 3% in Europe in dollar terms, that implies a significant fall. Could you give us Zodiac's sales and EBITDA during the first half year?”

Xavier Tintore - Fluidra, S.A. - Corporate General Manager

Yes, Paco, thank you for your question. In this results conference, we shall make no comment about Zodiac's results during the first half year. It’s a private company. They are still closing their figures. And what we want is to share with you in detail Zodiac’s evolution during -- I mean, during the November Investors Day, we will share that with you. Now what we wanted to share with you is just some data about the sales evolution and the estimate we have made about the results for the whole year as a pro forma. Eloi has shared with you a couple of data. The evolution based on 12 months in the American market was a very good one. It, well, reflected about a 6%. And in Europe, we’re seeing similar trends to the ones we have seen -- to the ones we have witnessed in the old Fluidra, so to speak, with growth rates that are not aligned with what we expected and due basically to the bad weather conditions. And Zodiac has also had more or less the same evolution.

Cristina del Castillo García - Fluidra, S.A. - Director of Investor and Shareholders Relations

The guidance you gave for the end of the year, does it include Aquatron?

Xavier Tintore - Fluidra, S.A. - Corporate General Manager

The guidance -- the sales estimate we have done includes Aquatron. As I’ve said, the agreement we have reached with the European Commission in order to carry out the transaction with Zodiac includes a divestiture in the manufacturing plant and R&D center we have in Israel. But we do not know yet because that will depend on the divestiture agreement, is whether it will include or not the distribution of the products manufactured in that plant in the European, American and Australian markets. So in terms of easing the understanding of it, the figures we have shared with you do include Aquatron’s activity fully. And as soon as we know the type of divestiture we will actually have, we will inform you about the impact this may have on our financial statements. At any rate, for the whole operation, as I’ve mentioned, we do not believe this will be a significant operation given that it account for less than 2%, both in terms of sales and in terms of the EBITDA of the combined company. And it doesn’t change at all the industrial rationale of the operation. I mean, it doesn’t have an impact on it.

Cristina del Castillo García - Fluidra, S.A. - Director of Investor and Shareholders Relations

Now the difference between the adjusted EBITDA and the reported EBITDA is $10 million, but the expenses for the merger is EUR 6.4 million, EUR 6.8 million. Why is there a difference to it? Could you give us a breakdown between the merger, expenses and costs in order to obtain the synergies?
Unidentified Company Representative

Yes. Now the difference in terms of EBITDA between the reported figures and the recurrent ones include not only the extraordinary expenses we have mentioned, EUR 6.8 million, but also the discontinued operations due to Aquatron, which is of about EUR 3.3 million in terms of EBITDA. Now that's what adds up to the EUR 10 million you mentioned.

Cristina del Castillo García - Fluidra, S.A. - Director of Investor and Shareholders Relations

The next block of question is asked by [Bruno Vesa] from (inaudible) Bank [EPI]. His first question is the following one. "Could you clarify a bit further the pro forma sales -- the growth of the pro forma sales for 2018?"

Unidentified Company Representative

Thank you, [Bruno]. Thank you, Bruno, for your question. Let's see. We have said that the growth could be between -- I mean, this EUR 1.3 billion in sales, that implies a growth of 1% or 1.5%, in the low range and 3.6%, 3.7% in the higher range with adjusting for foreign exchange rates. If we take a constant foreign exchange rate, that would position a growth rate in the low range of 4.6%, 4.7%, close to 5%; and at the higher range, it will be between 7% and 8% approximately.

Cristina del Castillo García - Fluidra, S.A. - Director of Investor and Shareholders Relations

Now for the second half of the year, could you give us a greater visibility about the growth of sales? Which part stems from the market evolution? And which part is a recovery of the delays from the first half year and which part would be a recovery from Commercial Pools?

Unidentified Company Representative

Okay, let's see. In general, what the guidance reflects is basically a market evolution. The reality, I mean, is that when -- due to weather situations, the campaign starts at the end of June, which is what has happened in some of the European markets. The recovery of the volume is a very small one. It's very small because we have no time left. And some equipment updating decisions cannot be made, and that -- and then it goes to the next period. So what this figure reflects is a recovery of the market, a normalization of the market trends. And of course, as I've mentioned as well, the impact associated to Commercial Pool through the second part of the year is much lower because if we compare -- the comparison we have with the previous year is much lower during the second half of the year, and also we have implementation of some projects in the Asian region, which makes the comparison to be much more balanced.

Cristina del Castillo García - Fluidra, S.A. - Director of Investor and Shareholders Relations

Could you inform us about which has been the growth rate in July in sales terms in the Iberian market?

Xavier Tintore - Fluidra, S.A. - Corporate General Manager

Let's see. As you know, we do not make any comments in -- we do not make detailed comments about growth rates. We do not like to talk about growth rates -- monthly growth rates, but we understand that with the irregular nature of this financial year, it's very difficult for you, and you need some additional data in order to have a visibility. Okay, July, as Eloi has said, is a very good month. It's being a very good month. We haven't enclosed it yet. We will close it tomorrow. But the growth lines we see in the Iberian region are -- in Spain they are very good, very good indeed. Very good. Normal like the ones we saw in previous financial years, which had not had the impact of irregularity that we see this year.
And there is another question from [Bruno]. "Bearing in mind the strategic plan, do you believe that there is a possibility or a margin to increase the EUR 35 million of cost synergies you have announced?"

Unidentified Company Representative

Let’s see. What I would say is that we have been working for 30 days after getting the approval from the antitrust department. And in the past 30 days, we have been able to work without all of the restrictions imposed by the antitrust regulation. The fact is that in these past 30 days, we have felt fully convinced, and we have ratified the excellence of this operation. The estimates we have made, the calculations we have made in terms of synergies were good, and we we’re convinced that we will reach them. Now what we will do is to keep on working on this during the next 3 months in order to reach the November Investors Day with a level of information and a level of detail -- a good level of detail in terms of the amount and the calendar, which will be greater for you. And it will allow you to make your estimates and your valuations and appraisals with greater security. But let me insist, with the 30 days we have had so far, we ratify this EUR 35 million cost synergies. Thank you.

[Angie Sack] from Aberdeen Standard Investment, she makes a comment. "Bearing in mind the figures from the first half year and analyzing the stand -- on a stand-alone basis -- the guidance on a stand-alone basis we have presented, that implies that during the second half year, we should have a growth rate of about 11.4% in order to reach the guidance we had presented. Is that -- that's a great challenge, isn't it?"

Unidentified Company Representative

Thank you. Thank you for the comment, [Angie]. Maybe we could get into the detail of that figure through the relations -- investors Relations, through Cristina. But we -- these are not the figures we have. We’re talking about growth rates of approximately mid- to high single digits, never double digits. So I'm open to trying to understand how you have made that calculation, Angie . And then maybe I'll be able to answer you through an email or through you, Cristina.

[Mark Webb] asks us if we could give us -- if we could give him greater color or light. "In which regions do we have this growth rate close to 10%? Which are the regions that make the greatest contribution?"
Hi, [Mark]. Well, I would say that in general, we see a very good performance in the U.S.A. We also see a good performance in general in the European region. And maybe, we see some areas with greater weakness in the Asian and Middle East regions. And in the Australia region, there's also a good growth rate, but the figure is relatively small because it's wintertime there, so we are preparing the campaign. But in general, I would say that the evolution is quite consistent, both in the American continent and in the Southern European continent.

Cristina del Castillo García - Fluidra, S.A. - Director of Investor and Shareholders Relations

[Fernando Abril-Mortorel] asks us, "Which nonrecurrent expenses do you expect for the second half year of the consolidated group?"

Thank you for that question, [Fernando]. Let me find my paper here because this is one of the questions I expected. Here it is. Let's see. We would like to remind you that -- okay, we have 2 expense -- 2 nonrecurrent expense components. On the one hand, we have the transaction expenses, which, as we have said, we expected between EUR 40 million and EUR 45 million. Now so far this year plus the last quarter last year, we have taken through the account about EUR 5 million. In July, of course, we will have materialized in the transaction a significant part of the expenses, about EUR 16 million or EUR 17 million, associated to all of the renewal of financial expenses. And we have left -- had about -- between EUR 23 million and EUR 25 million, which will be taken during the rest of the year. Now on the other hand, there is a second extraordinary or nonrecurrent expense chapter, which is related to the expenses we will incur into -- in order to be able to capture the EUR 35 million in synergies. If you remember well, these were approximately EUR 30 million, which will materialize in 2018, 2019 and 2020. Out of these expenses, we have approximately between EUR 3.5 million and EUR 4 million so far this year. And as I'm telling you, this financial year, we could have a similar amount during the rest of the year. But here, I'm going to refer to -- once again to the November Investors Day because then, we will have a greater visibility about the speed for the implementation of certain synergies, and we'll be able to make decisions to anticipate or delay some of these activities within this year or maybe the ones that fall in -- next year. We still see those EUR 30 million, but I am keeping the timing for myself for the November Investors Day presentation.

Cristina del Castillo García - Fluidra, S.A. - Director of Investor and Shareholders Relations

The guidance, net debt-EBITDA, does it include the future sale of Aquatron?

No. The guidance or the net debt over EBITDA guidance we have given of about 3.3 -- between 3 and 3.3x, it does not include the potential income associated to the sale of Aquatron. It's not included. And of course, that would reduce our debt level.

Cristina del Castillo García - Fluidra, S.A. - Director of Investor and Shareholders Relations

And the last question from [Fernando]. "Do you -- then you expect a strong reduction of stocks in the second half of the year, and then a net working capital over sales similar to the one you had in 2017?"

Yes, we're working on that. As I've mentioned, the irregular nature of the campaign has made it for us very difficult to adjust the level of stocks to the targets we had defined for the closing of the first half year. And of course now, during the second half of the year, we are now working to recover the same level and to close -- well, if not with the exact rates -- the exact ratios we had last year, we want to get close to that. And in 2 or 3 months, everything should be back in place.
And the last question is asked by Antoine Pinton from Spire Partners, and it is related to the new refinancing. “Could you give us greater color about the new refunding of the working financing?”

I think we mentioned that during the last multi-conference. Basically, our financing stands over 3 legs. On the one hand, we have a Term Loan B, which is multicurrency. There was a part in euros, a part in dollars and a small part in Australian dollars. And this amounts to about EUR 850 million all in all for 7 years. And when it comes to the financing of working capital, we have 2 instruments. We have an asset-high lending, in other words, a credit line based on assets, for about $230 million. Now this facility is used to cover basically the English-speaking markets, the U.S.A., England, and Australia and the North of Europe. And there is a second facility, which is a revolving credit facility of about EUR 130 million, which will be a revolving credit facility, a more classical revolving credit facility. And basically, it would be used in the South of Europe. And that's basically the new financing. Let me remind you, I think I also mentioned it during the last results conference, the process for the closing of the financing was highly satisfactory. And with regards to the Fluidra’s current average cost, which is 2.6%, 2.7%, with the new financing, the combined company will be positioned. It will position its average cost at about 4%.

Perfect. Well, thank you very much indeed. So far, so good. This concludes our presentation today. Thank you, Eloi; thank you, Xavier; and thank you all for your participation. And as usual, you know that Investors Relations is always available to make -- to discuss anything you want. Thank you very much and...