

FLUIDRA

Q1 RESULTS 2020

May 13th 2020



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- The assumptions, information and forecasts contained herein do not guarantee future results and are exposed to risks and uncertainties; actual results may differ significantly from those used in the assumptions and forecasts for various reasons.
The information contained in this document may contain statements regarding future intentions, expectations or projections. All statements, other than those based on historical facts, are forward-looking statements, including, without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations. Such forward-looking statements are affected, as such, by risks and uncertainties, which could mean that what actually happens does not correspond to them.
These risks include, amongst others, seasonal fluctuations that may change demand, industry competition, economic and legal conditions, restrictions on free trade and/or political instability in the markets where the Fluidra group operates or in those countries where the group's products are manufactured or distributed, and those that may arise from potential COVID-19-related contingencies. The Fluidra group makes no commitment to issue updates or revisions concerning the forward-looking statements included in this financial information or concerning the expectations, events, conditions or circumstances on which these forward-looking statements are based.
In any event, the Fluidra group provides information on these and other factors that may affect the company's forward-looking statements, business and financial results in documents filed with the Spanish national securities market commission. We invite all interested persons or entities to consult these documents.
- **In order to give a better understanding of the results, we comment on adjusted financial statements and provide a reconciliation to reported measures in the appendix.**

Eloi Planes
Executive Chairman



Bruce Brooks
CEO



Xavier Tintoré
CFO



1. COVID-19 preparedness and response with minimal disruption.
 - a. Responded to COVID-19 challenges with contingency measures, focusing on the health and safety of our employees, our customers, and our businesses
 - b. Privileged balance sheet with ample liquidity and immaterial term loan maturities until 2025
 - c. Provided technological means to help medical community during this crisis
2. Delivered a solid Q1 despite COVID-19 impacts with double digit growth top and bottom line in January and February.
3. Strong 2020 pool season expected post pandemic confinements. COVID-19's worst impacts in mid March and into April, situation recovering as lockdown eases.
4. Strong delivery of cost Synergies and other margin improvement initiatives maintained – margin and cash delivery equity story remains intact despite pandemic challenged topline growth.

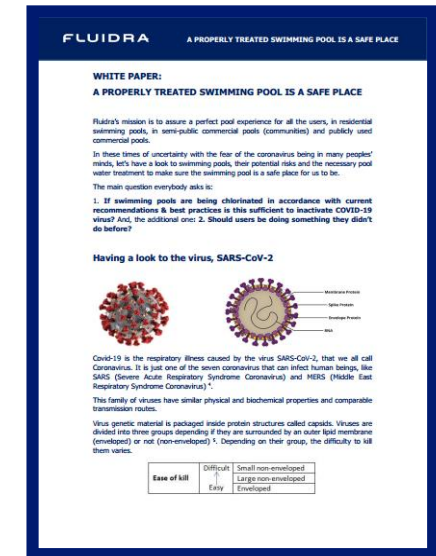
€M	2019	2020	Evol. 20/19	Const. FX & Perimeter
Sales	313.1	315.8	0.9%	1.3%
EBITDA	50.0	51.4	2.9%	1.0%
EBITA	35.0	35.9	2.5%	1.4%
Cash EPS	0.07	0.09	31.3%	27.9%
Operating Net Working Capital	459.3	448.2	(2.4%)	(2.0%)
Net Debt	959.5	924.6	(3.6%)	(4.5%)
Net Financial Debt	857.1	804.0	(6.2%)	(7.5%)
Full Year Run Rate Synergies Achieved	16.7	32.1	92.2%	

- **Sales** increased double digit through February but were impacted by COVID-19 in March.
- **EBITDA** and **EBITA** showed excellent operating leverage pre COVID-19 impacts.
- **Cash EPS** improved significantly as did Net Profit.
- **Operating Net Working Capital** performed well improving ratio to Sales by 230bp.
- **Net Debt** decreased despite investment on M&A and higher lease capitalization.
- Continued good progress on cost **Synergies** achievement.

*Note: EBITDA and EBITA are adjusted to include Run Rate Synergies and exclude Non-Recurring Expense. For more details please refer to page 20.
For more details on Cash EPS please refer to page 21.*

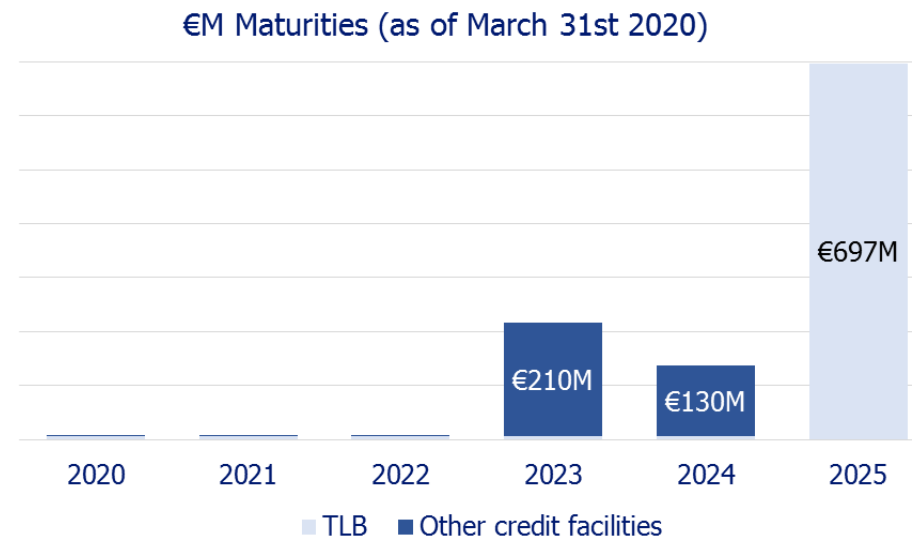
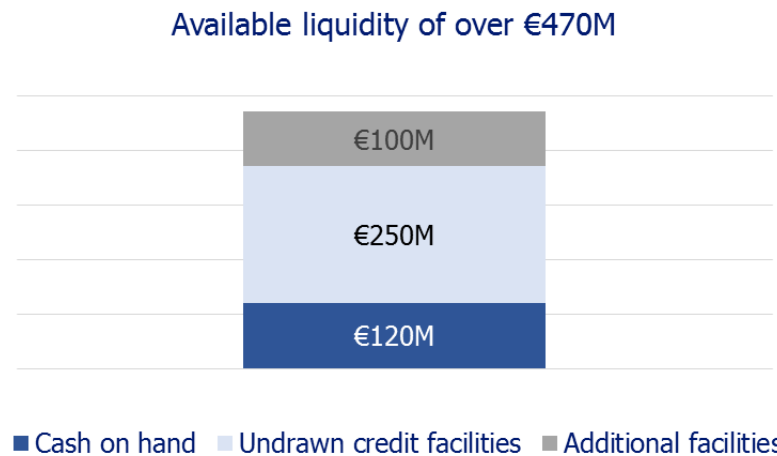
People, Customers and Society

- Management has been on top of the crisis to minimize disruption by protecting the safety of our employees and by providing coherence for our business partners.
- Proactively incorporating business measures to minimize disruption and protect our professional customers: call & collect, click & collect, direct deliveries and different opening hours.
- Supporting our communities by manufacturing ventilator components and personal protection equipment.
- Awareness campaign "A Pool is a Safe Place" as properly treated pool water kills the virus:
 - White Paper: Technical-chemical document shared with Pool Associations, Swimming Federations, Public Administrations
 - #EnjoyaSafePool: [video](#) addressed to the general public explaining what to do. Bundle of POS materials
 - COVID-19 free space beyond pool water: pool surround disinfection and air disinfection (indoor facilities)



Balance Sheet and Cash Management

- TLB repriced in January due on 2025 with ample liquidity through cash on hand, ABL, RCF, and other bilateral credit facilities.
 - End of Q1 available credit lines of €454M, drawn at 45%
 - Expanded loans and credit lines in April by over €100M as a precautionary measure
- NWC readiness ahead of the season, with Q1 being our peak quarter - levels can be adjusted later in the year.
- Heightened Capex approvals – continued strategic investments including opportunistic M&A.
- Put on hold Dividend distribution.



Sales Impact and Recent Evolution

- Business slow down in confinement hit areas. Impact varies on a country by country basis based on level of lockdown.
- Demand coming back quickly once confinement measures are eased.
- Business impacted last 2 weeks of March, with April predicted to be the most challenging month (c. 20% decline).

Operating Expenses

- Measures to curb fixed Opex: temporary layoffs, hiring and merit freezes, reduction in salary and general reduction of discretionary spending.

Supply Chain

- Marginal supply chain impacts in Q1.
- Some ongoing confinement impacts, but inventory is within targets.

Q1 €M	2019	% Sales	2020	% Sales	Evol. 20/19	Const. FX & Perimeter
Southern Europe	109	35%	94	30%	(13.7%)	(13.2%)
Rest of Europe	51	16%	56	18%	10.5%	10.6%
North America	89	28%	104	33%	16.3%	12.8%
Rest of the World	64	21%	62	20%	(3.6%)	2.1%
Total	313	100%	316	100%	0.9%	1.3%

- **Southern Europe**, weak evolution in the quarter explained by COVID-19 impact in March.
- **Rest of Europe**, outstanding growth in Germany and Eastern Europe.
- **North America**, strong double digit performance partially offset by Canada and marginal COVID-19 impact.
- **Rest of the World**, weaker evolution in Australia and South Africa, hit by COVID-19, which offset the good performance in Asia and Latin America.

Q1 €M	2019	% Sales	2020	% Sales	Evol. 20/19
Pool & Wellness	301	96%	306	97%	1.4%
Residential	215	69%	219	69%	1.4%
Commercial	23	7%	26	8%	11.5%
Pool Water Treatment	43	14%	42	13%	(2.6%)
Fluid Handling	20	6%	19	6%	(1.5%)
Irrigation, Industrial & Others	12	4%	10	3%	(13.6%)
Total	313	100%	316	100%	0.9%

- **Residential Pool** growth led by excellent performance of Gas Heaters, which had an easy comparable, and Lighting Equipment.
- **Commercial Pool** increased 11.5% helped by Eastern Europe, Middle East and Asia.
- **Pool Water Treatment** decreased 2.6%, impacted by Southern Europe with flat performance of Water Care Equipment and weaker evolution of Chemicals due to lockdown.
- **Pool & Wellness Fluid Handling** recorded an almost flat evolution impacted by COVID-19.

€M	2019	% Sales	2020	% Sales	Evol. 20/19
Sales	313.1	100%	315.8	100%	0.9%
Gross Margin	168.1	53.7%	169.9	53.8%	1.0%
Opex before Dep. & Amort.	117.6	37.6%	116.6	36.9%	(0.9%)
Provisions for Bad Debt	1.2	0.4%	2.2	0.7%	79.4%
EBITDA	50.0	16.0%	51.4	16.3%	2.9%
Depreciation	14.9	4.8%	15.5	4.9%	3.9%
EBITA	35.0	11.2%	35.9	11.4%	2.5%
Amortization (PPA related)	15.8	5.0%	14.6	4.6%	(7.4%)
Non-Recurring Expense and Run Rate Synergies	9.9	3.2%	3.6	1.2%	(63.4%)
Net Financial Result	10.6	3.4%	14.8	4.7%	40.1%
Tax Expense	1.2	0.4%	0.8	0.3%	(29.2%)
Minorities	0.2	0.1%	0.4	0.1%	102.3%
Net Profit	(2.6)	(0.8%)	1.6	0.5%	nm
Cash Net Profit	13.5	4.3%	17.8	5.5%	31.3%

- Sales evolved slightly positive helped by strong start to the year ahead of the pandemic.
- Gross Margin improved driven by price increase read through that help absorb mix.
- Opex decreased helped by Synergies.
- EBITDA and EBITA grew despite COVID-19 impact in volume during March.
- Amortization line showed a decrease which we will continue to see in future quarters and years.
- Non-Recurring Expense reflects a significant decrease of Integration Related Expenses and a stable Stock Based Compensation.
- Net Financial Result increased despite lower debt interests due to significant FX impact.

Note: EBITDA and EBITA are adjusted to include Run Rate Synergies and exclude Non-Recurring Expense. For more details please refer to page 20.

For more details on Cash EPS please refer to page 21.

March €M	2019	2020	Evol. 20/19
Inventory	327.7	309.6	(5.5%)
Accounts Receivable	443.6	427.7	(3.6%)
Accounts Payable	312.1	289.1	(7.4%)
Operating Net Working Capital	459.3	448.2	(2.4%)
<i>Operating NWC / LTM Sales</i>	<i>35.0%</i>	<i>32.7%</i>	<i>(2.3%)</i>
Earn-Outs & Other Items	8.9	6.8	(23.5%)
Total Net Working Capital	450.4	441.4	(2.0%)

- **Operating Net Working Capital performed well improving ratio to Sales by 230bp.**
- **Inventory reduction reflects improvements in Inventory management and some limited impact due to COVID-19.**
- **Accounts Receivable lowered due to COVID-19 impact and more efficient collection management.**
- **Significant decrease of short term Earn-Outs.**

Cash Flow and Net Debt

€M	2019	2020	€ Evol. 20/19
Reported EBITDA	40.0	47.8	7.7
Net Interest Expense Paid	(10.4)	(10.7)	(0.3)
Corporate Income Tax Paid	7.9	(0.8)	(8.7)
Operating Working Capital	(162.0)	(170.7)	(8.7)
Other Operating Cash Flow	4.5	4.3	(0.2)
Operating Cash Flow	(120.0)	(130.1)	(10.2)
Capex	(12.9)	(9.4)	3.4
Acquisitions / Divestments	17.9	(15.5)	(33.3)
Other Investment Cash Flow	(2.0)	0.8	2.8
Net Investment Cash Flow	3.0	(24.1)	(27.1)
Lease Liability Payments	(5.7)	(5.7)	(0.1)
Treasury Stock	(1.7)	(0.2)	1.5
Dividends, FX and Others	1.6	(0.8)	(2.4)
Financing Cash Flow	(5.8)	(6.7)	(1.0)
Free Cash Flow	(122.7)	(160.9)	(38.2)
Prior Period Net Debt	822.1	756.8	(65.3)
FX Impacts	14.7 ¹	6.9	(7.8)
Free Cash Flow	122.7	160.9	38.2
Net Debt	959.5	924.6	(34.9)
Net Leases	(102.4)	(120.6)	(18.2)
Net Financial Debt	857.1	804.0	(53.1)

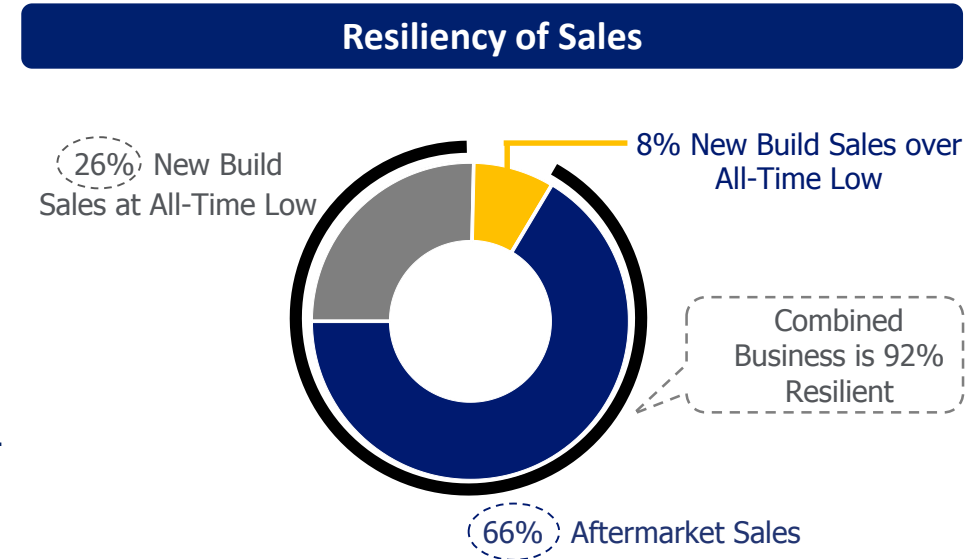
(1) Assuming no FX impacts on Q1 '19 leases.

- **Q1 is an investment quarter due to the preparation for the Northern Hemisphere season.**
- **Capex improves due to phasing and prioritization plan.**
- **Acquisitions reflects Fabtronics and minorities acquisitions as well as BWT's agreement, while 2019 reflected the divestiture of Aquatron.**
- **Net Financial Debt decreased despite Q1's investments in all cash flow lines, reflecting the momentum of our last twelve months cash generating profile.**
- **Net Leases increased due to entering into extended long term lease agreements for Spain's core manufacturing facilities.**

1. 2020 guidance withdrawn due to COVID-19 uncertainties.
2. We continue to manage the situation very actively, and note some successes, and early signs of encouragement in this extraordinary environment.
3. We will provide a more detailed update for the shorter term outlook with our H1 2020 Results on 31st July.
4. We note the following developments for your interest:
 - The most significant impacts were felt in late March and April with Southern Europe on confinement, i.e. mostly closed for business (global April Sales down c. 20% YoY)
 - Initial data for May already points to a fast and encouraging recovery as global lockdown eases
 - Cost of Goods Sold is variable as it includes cost of materials and components
 - Some 35-40% of our Opex is “variable” as it includes sales transportation, commissions, temporary labor, etc.
 - The 65-60% which is a “fixed” component we have already secured initiatives for temporary adjustments (temporary layoffs and hiring freeze, salary reductions, etc.) to moderate the shorter term impact on EBITDA
 - Capex approvals have also been heightened to delay lower priority investments

Strategy and investment thesis remains unchanged despite recessionary environment:

- Attractive industry with double engine growth
- Top line may be impacted by contrasting dynamics
- Solid residential Aftermarket business
 - Strong comeback of Residential Pool professional channel as lockdown eases
 - Excellent performance of Above Ground Pool as a “quick fix” for enjoying a pool in the backyard
 - Accelerating performance of Pool Water Treatment to sanitize pools against COVID-19
- New Builds and refurbishments might soften in a recessionary environment. Current New Build levels far from pre Great Financial Crisis peaks and below long term average
- Weaker perspectives for Commercial Pool impacted by Hospitality evolution (represents c.8% of Sales)
- Strong delivery of Synergies and Lean/Value Initiatives, new environment provides acceleration opportunities
- Excellent cash generation profile, even in a topline challenged environment
- Increasing ROCE that could be accelerated by M&A opportunities



1. Delivered a solid Q1 despite COVID-19 impacts.
2. Strong 2020 pool season expected post pandemic. COVID-19's worst impacts in late March and into April, situation improving quickly as lockdown eases.
3. Strong delivery of cost Synergies and other margin improvement initiatives maintained. Current environment provides an opportunity to accelerate.
4. Our strategy and investment thesis remains unchanged:
 - Resilient and attractive market
 - Driving growth through customer-focus strategy
 - Margin expansion and strong cash conversion
 - Delivering ROCE increase



Appendix

Q1 RESULTS 2020

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(I) Sales by Geography

Q1	Evol. 20/19	Const. FX	Perimeter	Const. FX & Perimeter
Southern Europe	(13.7%)	(13.7%)	(13.2%)	(13.2%)
Rest of Europe	10.5%	10.8%	10.3%	10.6%
North America	16.3%	12.6%	16.5%	12.8%
Rest of the World	(3.6%)	2.6%	(4.1%)	2.1%
Total	0.9%	1.2%	1.0%	1.3%

(II) Reported Profit & Loss Account

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€M	2019	% Sales	2020	% Sales	Evol. 20/19
Sales	313.1	100%	315.8	100%	0.9%
Gross Margin	168.1	53.7%	169.8	53.8%	1.0%
OPEX	126.9	40.5%	119.8	37.9%	(5.5%)
Provision	1.2	0.4%	2.2	0.7%	79.4%
EBITDA	40.0	12.8%	47.8	15.1%	19.4%
D&A	30.7	9.8%	30.1	9.5%	(1.9%)
Financial Result	10.6	3.4%	14.8	4.7%	40.1%
PBT	(1.2)	(0.4%)	2.9	0.9%	(330.3%)
Taxes	1.2	0.4%	0.8	0.3%	(29.2%)
Minorities	0.2	0.1%	0.4	0.1%	102.3%
NP from Cont. Oper.	(2.6)	(0.8%)	1.6	0.5%	(159.9%)
NP from Disc. Oper.	(0.1)	0.0%	0.0	0.0%	(100.0%)
Total Net Profit	(2.8)	(0.9%)	1.6	0.5%	(157.4%)

(III) Reconciliation of Adjusted to Reported EBITDA

€M	2019	2020
Adjusted EBITDA	50.0	51.4
Integration Related Non-Recurring Expense	(7.0)	(0.9)
Other Non-Recurring Expense	-	(0.1)
EBITDA Discontinued Operations (Aquatron)	0.1	-
Stock Based Compensation	(2.4)	(2.3)
Run Rate Synergies	(0.7)	(0.4)
Reported EBITDA	40.0	47.8

(IV) Reconciliation of Reported to Cash Net Profit and Cash EPS (Quarterly Detail)

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€M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Reported Net Profit from Continued Operations	(2.6)	28.8	24.1	8.4	1.6
Integration Related & Other Non-Recurring Expense	7.0	11.7	20.3	27.5	1.0
Stock Based Compensation	2.4	6.9	10.5	12.2	2.3
Run Rate Synergies	0.5	2.0	7.1	10.1	0.4
P&L Financial Result	10.6	25.8	35.8	55.4	14.8
Cash Interest Paid	(10.4)	(22.8)	(35.2)	(46.6)	(10.7)
Amortization (PPA related)	15.8	31.4	47.4	63.9	14.6
Perimeter	-	1.1	1.2	14.0	-
Cash Adjustments	25.9	56.0	87.2	136.5	22.3
Tax Rate	37.6%	28.7%	28.0%	28.4%	27.8%
Taxed Cash Adjustments	16.2	39.9	62.8	97.8	16.1
Cash Net Profit	13.5	68.7	86.9	106.2	17.8
Share Count	195.6	195.6	195.6	195.6	195.6
Cash EPS	0.07	0.35	0.44	0.54	0.09

(V) Reported Balance Sheet

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Assets	03/2019	03/2020	Liabilities	03/2019	03/2020
PPE & Rights of Use	219.7	234.2	Share Capital	195.6	195.6
Goodwill	1,094.2	1,124.5	Share Premium	1,148.6	1,148.6
Other Intangible Assets	784.8	742.0	Retained Earnings	94.2	117.7
Other Non-Current Assets	99.3	106.0	Treasury Shares	(6.6)	(14.3)
Total Non-Current Assets	2,198.0	2,206.6	Other Comprehensive Income	(7.3)	5.1
			Minorities	8.7	6.1
			Total Equity	1,433.3	1,458.8
Non-Curr. Assets Held for Sale	1.5	-	Bank Borrowings + Loans	863.5	708.6
Inventory	327.7	309.6	Other Non-Current Liabilities Incl. Lease	326.9	348.9
Accounts Receivable	451.6	427.7	Total Non-Current Liabilities	1,190.4	1,057.5
Other Current Assets	7.8	11.2	Bank borrowings + Loans	152.5	211.1
Cash	156.4	120.2	Accounts Payable	321.0	295.9
Total Current Assets	945.1	868.8	Other Current Liabilities Incl. Lease	46.0	52.1
Total Assets	3,143.1	3,075.3	Total Current Liabilities	519.5	559.0
			Total Equity & Liabilities	3,143.1	3,075.3

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Thanks For Your Attention