

## Budget 2019

All guidance figures for 2019 are expressed in EUR. Due to the relevance of the USD business into the 2019 we provide you with the exchange used for calculating the 2019 budget guidance 1 EUR= 1,18 USD.

## Net Sales

Net sales for 2019 should be between € 1.350 million to 1.400 million with a sales growth range of 4-8% of a perimeter that excludes the Aquatron divestiture and the Youli sale of assets.

This sales growth range is well aligned with the information provided at the Fluidra's Capital Market Day in November 2018 where the company forecasted a long term compound annual growth rate of >6% in the period 2017-2022.

Assumed drivers of growth are:

- Installed base growth of pools (in units): 1,5% to 2%
- Average ticket growth which includes technology improvements as well as pricing: 1,5% to 2,5%
- New build growth: 1-1,5%
- Market share gains: 1-2%

Being a market where weather has an impact in the year, the company estimates that an impact of +/- 1% can be driven by above average rain.

North America will drive revenue growth based on 4 key strategies:

- Prescriber loyalty: based on being supportive of the pool professional with excellent channel management, loyalty programs, training and symposiums, in store merchandising and custom marketing programs.
  - Aftermarket share growth: dedicated sales and marketing programs to gain share in the aftermarket segment with specific solutions that are easy to install and service, as well as solutions to facilitate remote servicing.
  - Product expansion: develop product portfolio taking advantage of the Fluidra-Zodiac merger to complete product catalogue
  - Connected pools: connected devices and systems are a clear growth driver in the North America market
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Europe and Southern Hemisphere will drive growth based on 4 key strategies:

- Gain capillarity through the expansion of the Pool professional stores or cash and carry store
- Gain penetration in current accounts by expanding the use of sales activity management and expanding the use of loyalty programs
- Use brands to efficiently manage sales channels protecting the pool professional business
- Integration and cross selling opportunities arising from the Fluidra-Zodiac merger

Emerging markets will drive by expanding share in commercial pool by 2 key strategies:

- Product range expansion focusing on energy and water efficiency
- Expand Fluidra Engineering services globally to be able to offer a full solution to developers and prescribers

## **EBITDA**

EBITDA for 2019 should be between €240 million and €260 million at a margin of around 18% of sales. This EBITDA expansion of approximately 100 bps is well aligned with the information provided at the Fluidra's Capital Market Day where the company forecasted a 400bps margin expansion in the period 2017-2022.

This margin expansion will be driven by 3 key factors:

- Cost synergy: achieve an accumulated figure of €19m of run rate synergy at the end of the year (compared to a € 8,7m at end of 2018), and in order to reach that number the company will use one off cost of €15,7 million.
- Lean and Value initiatives to gain efficiency through product or process redesign
- Operating leverage obtained from sales growth

## **Leverage and key balance sheet items:**

2019 guidance on Net Financial Leverage (as per company's audited financial statements definition) at the year-end is to be below 2,6X EBITDA.

Capex of around 3-3,5% of sales with two key drivers:

- Maintenance capex for manufacturing plants and commercial operations which represent approximately 1,5-2% of sales
- R&D capitalization which represents approximately 1-1,5%

Net Working Capital of sales of around 25% of sales



## **Accounting Changes:**

Fluidra will implement IFRS16 into their financial statements when issuing the first quarter 2019. The above mentioned guidance for 2019 does not include any IFRS 16 adjustment, and it has been provided as such to facilitate comparison with 2018 financial statements and Capital Markets Day information which did not include any IFRS16 impacts.

## **Disclaimer**

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, and 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. 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 (Comisión Nacional del Mercado de Valores). We invite all interested persons or entities to consult these documents.

