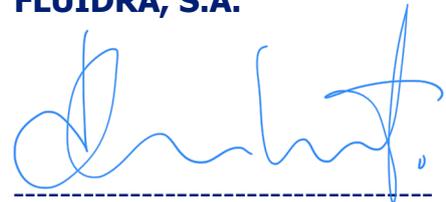


The undersigned, on behalf of Fluidra, S.A., a public limited company (sociedad anónima) organized and existing under the laws of Spain, registered with the Commercial Registry of Barcelona under volume 36883, sheet 132 page B 29036, with registered address at Avenida Francesc Macià, número 60, planta 20, Sabadell (Barcelona) and with tax identification number (C.I.F.) A-17728593 (the "Company") as Chief Financial Officer of the Company and not in his individual capacity, states that the attached consolidated annual budget for the Fiscal Year beginning January 1, 2020 including a description of underlying assumptions with respect thereto was based on assumptions believed to be reasonable as of the date of February 28, 2020.

Based on Covid-19 impacts the company has released some guidelines which are also included in the attached document.

This statement and the attached consolidated annual budget 2019 are made and delivered this 20th day of April, 2020 pursuant to subsection 5.4(e) of the credit agreements of the Company entered into on July 2, 2018.

**FLUIDRA, S.A.**

By: \_\_\_\_\_

Name: Javier Tintoré

Title: Chief Financial Officer



## Budget 2020

All guidance figures for 2020 are expressed in EUR. Due to the relevance of the USD denominated business we provide you with the exchange used for calculating the 2020 budget guidance, 1 EUR= 1.10 USD.

## Net Sales

Net sales for 2020 should be between € 1.435 million to 1.465 million with a sales growth range of 5-7%.

This sales growth range is well aligned with the information provided at Fluidra's Capital Markets Day in November 2018 and October 2019, 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 American market

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



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- 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 2020 should be between €265 million and €285 million at a margin of around 19% of sales on a pre IFRS16 basis and €289 million - €309 million on a post IFRS16 basis. 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 synergies
- Lean and Value initiatives
- Operating leverage obtained from sales growth

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

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 22% of sales at year end

2020 guidance for Net Financial Leverage was not provided as we finished 2019 at 2,6X (pre IFRS-16) and on a clear cash generating path towards the L/T financial policy of running the company around 2X leverage. The company considers that it can resume other cash allocation priorities as disclosed in its 2019 CMD, that can have an impact on year end leverage.

## **Later events linked to COVID-19's pandemic:**

While Fluidra's results up to February were off to a strong start, confinement measures have slowed down business in some of the areas where they have been



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implemented. As a consequence, Fluidra withdrew its hereinabove guidance for 2020. The evolution of the situation is currently too unpredictable to accurately assess the full year impact of the pandemic. The company expects to communicate further information in its first quarter results presentation.

The pool and wellness industry serves close to 16 million residential inground pools globally, with this installed base creating a strong, resilient base of activity, both for the sales of equipment and water treatment products. According to several disease control centers the coronavirus cannot survive in properly treated pool water. In many parts of the world, cleaning pool water is considered an essential activity and our teams continue working to support our customers.

Confinement measures will favor “stay at home” behaviors, which will support the aftermarket business as pool equipment will have to be maintained and replaced. Residential pool business and pool water treatment represents today 70% and 14% of Fluidra’s sales, respectively. On the contrary, the tourism industry is expected to face more severe headwinds due to COVID-19 with a consequent impact to our commercial pool business, which currently represents 7% of global sales.

At an operational level, Fluidra is actively working to implement several measures to ensure we maintain and reinforce our company:

- The Board of Directors has decided to put on hold any dividend distribution.
- The Board of Directors, the Executive Chairman and the CEO have agreed to lower their remuneration by 30% for this period. In addition, the management committee has agreed to lower their salary by 20%.
- The company has initiated temporary layoffs in various countries to adjust to the demand evolution and has decided to partially complement the workers’ salaries to soften the impact on their payroll. Such employment flexibility measures will be adopted in other geographical areas as needed.
- The company is reviewing its global operational expenditure to reduce discretionary spending as well as delaying lower priority capital expenditure.
- However Fluidra is ready for a strong season post the pandemic on all markets.

## **Accounting Changes:**

No significant accounting changes to be implemented in 2020.



## 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.*

