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FDR.MC - Full Year 2018 Fluidra SA Earnings Call

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PRESENTATION

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

Welcome to the presentation of results for Fluidra for 2018. My name is Cristina del Castillo, and I am the Director of Investor Relations and shareholders, Fluidra. The presentation will be made by Eloi Planes, the Executive Chairman; Mr. Bruce Brooks, CEO; and Xavier Tintoré, CFO. You will be able to follow the presentation through the screen. There are different possibilities, English, Spanish and original, given that all of them will speak in their languages.

In order to set up the Q&A, you should send your questions through the chat Lidé that appears in the lower part of your screen. You can send from now on all of your questions, and thus, we will be able to manage them, and we will actually answer them as soon as the different speakers end their presentations.

I have -- I do not have any sound. Bruce, can you tell them that the sound has disappeared from my booth? There is no sound anymore.

The understanding of business, the legal warning we say that we had included Aquatron's activities in the general operations. The consolidated financial statements have the activity of Aquatron excluded from continued operations and classified as a discontinued activity. And we will give you the pro forma activity for 12 months in the new Fluidra. In the appendix, you will see all of the pro forma information and the real end of the year.

Let's start, and I'm going to give the floor now to Mr. Eloi Planes.

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

Good morning, and welcome to the presentation for 2018. After formalizing our merger with Zodiac on 2nd of July 2018, today, we present the combined results of the financial year for Fluidra and Zodiac. In order to give you the greatest transparency and understanding, you'll see that -- and following the same line that we made in the third quarter last year, we will give you the information of the new Fluidra on a pro forma basis and excluding the nonrecurrent concepts. You will also find the match in the appendix so that you can understand perfectly well the different steps between the pro forma and the consolidated figures.

The merger with Zodiac united 2 successful companies, and it places us as an industry leader in our industry. 2018 has been a special year in which the efforts had been focused on defining and executing and implementing the integration project. The new organization and its management team was our first priority during the first moment after the closing, and this has allowed us to implement the integration plan according to plan.

Last 12th of November, we shared with all of you our Strategic Plan 2022, in which we detailed the forecast for our industry and our merger. Today, during the first presentation of results after the publication of this plan, I'm happy to confirm that in 2018, even with the late start of the campaign, we have been able to meet all of our forecasts. I'd like to highlight the consistency of the fundamentals of the American market and of the European market, which have finally shown, both of them, growth rates above 6%.



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A key point in the value creation of our plan is the implementation of the cost synergies. Our goal is to implement the restructuring project before the start of the campaign. And this has allowed us to reach and go beyond the synergy goals defined for last year. I was telling you that the integration is proceeding according to plan, and this allows us to feel fully comfortable with our synergy goals for this year 2019.

The results that have been obtained, together with the comfort we feel in the synergy execution, give us a solid basis for the execution or implementation of the plan 2022. It's a solid, well-balanced and ambitious plan that proposes a high value creation based on the structure of our industry, which tends toward an organic growth rate of approximately twice the GDP based on the already installed swimming pools, which guarantees the recurrency of the business and also the strong rationale of our merger, a merger that gives us an intrinsic capacity to free and release very wide cost synergies and margin efficiency.

So now I'm going to give the floor to Bruce, Fluidra's CEO, which, who together with Xavier, our CFO, will present in detail the results obtained in 2018.

Bruce W. Brooks - Fluidra, S.A. - CEO & Director

Gracias, Eloi. It's a pleasure to be here today to discuss our results for 2018. I'll start with comments on our overall performance and trends in the business and then turn it over to Xavier to provide more details on the financial results.

The numbers you see in Slide 5 are the 2017 and 2018 pro forma figures for 12 months for Fluidra and Zodiac combined. Although the merger was completed in -- wasn't completed until July 2, I'll focus my comments on the pro forma results to give you the best view of the combined business performance for the full year.

For the full year, adjusted for currency, we grew 5.2% compared to the prior year. The pool season started slowly in most major pool markets this year, but sales performance improved as the year progressed, and we finished the year quite strong with sales growth of 7% in the fourth quarter on a standalone basis. As a result, we are in line with the growth targets in our 2022 plan.

For the year, most geographic areas had very positive sales trends on a constant currency basis. Europe's growth remained over 7%, while North America grew at 6.3%. The Rest of the World, however, underperformed our expectations. Performance there was affected by challenging comparison to a large amount of Commercial Pool activity in Asia in 2017. But we're now seeing signs of improvement compared to the prior quarter. We will go into revenue details by region later in our comments.

Sales growth, combined with good performance on gross margin and superb delivery of synergies of EUR 8.7 million on a run-rate basis, has enabled us to reach an EBITDA of EUR 223.7 million or a 17% margin. This is 6.3% more than the prior year and 9% higher when adjusted to constant currency. EBITDA and cash earnings per share also grew for the year, benefiting from further margin expansion. The results support our improving returns story, which is a key part of our strategic plan. We will continue to focus on quality, value improvement, integration synergies and new products to keep us on track with our longer-term goals.

Net working capital ended the year at EUR 322.6 million or 24.5% of sales. Year-on-year growth was a very small 1.3% when adjusted for earn-outs. The team's cash management efforts put us in excellent position compared to the roughly 26% initial guidance in our strategic plan.

Net financial debt finished at EUR 719.7 million, which is within our guidance and almost flat when adjusted for currency. This result reflects good operating cash flow performance in a year that was heavily impacted by EUR 75 million of nonrecurring cash expenses related to the transformational merger of Fluidra and Zodiac.

The integration process is a fundamental part of our plan to solidify Fluidra's position as the global leader in the pool and wellness industry. Our plan and objectives are clear: to effectively combine our talented worldwide teams and build on our customer-first approach to deliver strong sales growth while we unlock substantial merger-related synergies and value improvement to drive higher margins and cash flow.



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The integration process is working really well with over 20 teams and 200 of our best people focused on executing a well-thought-out plan. We have identified more than 4,400 actions as part of the plan, and we've already completed 75% of them. By the end of 2019, the vast majority of the actions will be complete.

Our progress on delivering cost synergies in 2018 was excellent. We surpassed our initial plan by 28% on a flow-through basis with EUR 3.7 million of savings compared to a plan of EUR 2.9 million, and by 23% on a run-rate basis with EUR 8.7 million of savings compared to a plan of EUR 7.1 million. And that was just in our first 6 months after we closed the deal. This acceleration in synergy achievement meant that we also accelerated the related nonrecurring costs, which were EUR 18.8 million for the year compared to a plan of EUR 12.5 million.

In addition to the cost synergies, we've also identified several good opportunities for revenue synergies. We haven't included revenue synergies in our strategic plan, but we will start to take action on these opportunities during 2019. Although these initiatives will not be material until 2020 as we go through the proper regional compliance criteria, the initiatives will create some margin for our 2022 top line plan.

We were pleased with our progress on the integration and plan to keep the strong momentum as we go through 2019. So we'll be reaffirming our guidance from EUR 19 million of run rate cost synergies by the end of 2019. We're also happy to have completed the sale of Aquatron to BWT as of February 1. This divestiture resulted from a commitment to the European Commission as part of the regulatory approval process for the merger, and we were able to complete it within the time line set by the commission. The final sale agreement included some amendments to the original agreement at the request of the European Commission. And the final sale price was fixed at EUR 28.3 million, of which EUR 4.2 million will be paid in the first quarter of 2022.

Turning now to Page 7. You see the sales evolution by geography. The challenging weather impact that we saw earlier in the year was mitigated by the strong performance in the second half, but the late start of the pool season in the Northern Hemisphere still had an impact on the market and on our sales for the full year. Southern Europe recovered nicely with 6.6% growth and was led by Italy. The Rest of Europe has had a very positive year. With cooperative weather in the North, sales grew, adjusted for currency impact, by more than 8%. Growth in the region was led by Northern and Central Europe, both showing double-digit growth with somewhat slower growth in Eastern Europe.

North America performed well in the fourth quarter after a weaker first half with strong growth in the U.S.A. Sales of Jandy equipment for the pool pro continued to lead with a high single-digit growth rate for the full year. This performance has helped offset the late season start in the U.S. Mexico and Canada showed good performance as well, and that gave us a solid accumulated growth of 6.3% on a constant currency basis.

In the Rest of the World, our performance year-to-date was also impacted by currency movements. The reported 6.2% decline is only down 0.9% on a constant currency basis. We saw solid performance in Australia and South Africa, but it wasn't enough to offset the negative comparison to the large number of Commercial Pool projects executed during 2017. Fortunately, as we head into 2019, Rest of the World is already showing signs of improvement compared to the challenging 2018 and now with the positive pipeline of projects.

Next, on Page 8, we see the evolution by business unit. Residential Pool evolution and Fluid Handling both accelerated their growth during the quarter, delivering a more normalized yearly growth of 3.9% and 1.9%, respectively, on an actual basis after a weaker first half of the year.

Commercial Pool revenues decreased 4.6% due to the impact of large projects in 2017 for the Asian Games in Indonesia, Summer Universiades in Taipei and fountains in Eastern Europe. These projects were executed mainly during the first months of 2017 and were not totally compensated this year. As I said, in Q4, we started to see an improvement with the stronger pipeline as we enter 2019.

Pool water treatment had a solid year with 3.2% growth, supported by chemical consumables and disinfection devices.

Irrigation, industrial and other noncore businesses decreased in the year, primarily due to the divestment of ATH in the first half of 2017, which is part of our plan to focus on our core Pool & Wellness business.



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So in summary, I'm pleased with our results in 2018. Despite the significant effort that came with the merger, we delivered solid sales growth in our main markets. We continue to improve operational efficiency to increase our margins, and we're on track with our integration and synergy targets. Our new product development efforts remain strong, and very important to us all, we are quickly becoming one Fluidra.

With that, I'll turn it over to Xavier to explain the financial results in more detail.

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

Thank you very much, Bruce. In order to understand the business evolution, the results on Page #9, our pro forma for the 12 months, they include Aquatron's results as well in spite of the fact that the divestiture commitment that we had with the European Commission implies the need to reflect Aquatron's activity as discontinued. As you know, the transaction took place in February, and therefore, Aquatron will be leaving our perimeter in 2019 with the cash entry -- corresponding cash entry. I want to say that this P&L, this pro forma P&L account, which has, as a goal, to ease your understanding of the business evolution, excludes all transaction or integration costs for the company, which are specified in the annex to this presentation.

Having said that, let's now analyze on Page 9 the evolution of the P&L main lines. Remember that it's 12-month pro forma. The pro forma sales figure grew by 2.5%. And if we exclude foreign currency, it will be a growth of 5.2%. The year was marked by a first half with a lower growth rate associated to a certain delay in the start of the campaign due to a colder and rainier weather compared to last year and a second half in which growth rates had been good.

The gross margin reached 51.8%, which is 30 basis points above the previous year. And here, we would like to highlight 2 positive factors. The first one is the management of sale prices, and the second is the mix associated to a lower sales volume for Commercial Pool projects in Southeast Asia. These 2 positive factors, they offset the increase in raw materials and commodities.

Operational expenses before provisions and amortizations reached EUR 461.4 million with a growth rate of 2.5%, an increase which reflects mainly investments for growth in the U.S.A., both in the aftermarket industry or business against the already pool -- installed pool bases like in IoT, or the Internet of Things. I'd like to highlight that this chapter excludes nonrecurring expenses for transaction and integration.

Bad debt provisions reached EUR 3.4 million with a worsening compared to the previous year due to the evolution in the Middle East and Eastern Europe. EBITDA reached EUR 223.7 million with an increase of 6.3%, thanks to the improvement of the gross margin and the contribution of the operation synergies.

The P&L account shows a significant increase in the amortizations of intangibles due to the merger. This fact stems from the purchase accounting exercise and the assignment of the goodwill to depreciable intangibles, which have started being depreciated on the 2nd of July. This item is a significant one because the value of intangible asset in the balance reached EUR 768.6 million. And for this reason, that rather than the EBIT, we will talk about the EBITA, which is a better measurement of the company's results after the depreciation of the assets, which require a replacement CapEx. The EBITA in this period grew by 7%, reaching EUR 183.6 million.

The financial result is the aggregation of the financial expense of both companies to the capital structure that both companies had until the 30th of June and the new capital structure is starting on the 2nd of July, which has a lower cost. The variation in the financial result is mainly due to the impact in the currency differences. The tax rate reflects the mix of countries for this pro forma 12-month structure, excluding extraordinary expenses. And its improvement is due, above all, to the tax reform in the U.S.A.

This P&L account, as I have said, reflects the pro forma activity for both companies. Obviously, the trading information of the consolidated group of Fluidra only reflects Zodiac's activity since the 2nd of July. We had included this P&L account and the balance in the annex. As we did during the presentation of the third quarter, I think it's worthwhile actually reviewing this annex for a few minutes to explain its content.

On Page 15, we show the P&L account which reflects the first 6 months of the old Fluidra and the last 6 month of the new Fluidra once we had included Zodiac's activity. This P&L account shows many impacts associated to the merger, each one in its own item. We will mention them next.



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On Page 16, we include a reconciliation between the pro forma 12-month sales figure and the sales figure reported. Obviously here, the items are related to the sales made by Zodiac during the periods in which it has -- was not consolidated with Fluidra. In other words, all of 2017 and the first 6 months of 2018. We also increased by almost EUR 26 million in 2017 due to the adjustment of the early buys campaign in the U.S.A. So that, that year be comparable to 2018. We also exclude Aquatron sales as a discontinued activity and the sale of assets of Youli, a company that's in the process of being closed after having actually transferred its activity.

On Page 17, we include a reconciliation between the pro forma EBITDA on Page 9 and the mercantile account on Page 14. Most items are related to the merger operation with Zodiac. I'm going to now talk about the most relevant ones.

The first lines correspond to an EBITDA impact on the sales we have explained in the previous page, the second significant impact of the transaction costs. The transaction expenses, as you will remember, we said that the transaction would imply EUR 45 million expenses associated to lawyers, investment banks and refinancing. We are slightly above that amount. The EUR 22 million reported in this reconciliation -- we need to add EUR 18 million to the EUR 22 million for refinancing, which will be depreciated depending on the life of the loans, and also EUR 12 million expenses paid by Zodiac before consolidation and which have been included the full debt.

The third concept to be highlighted is integration. We said on Investors' Day that in order to obtain EUR 35 million in synergies, we would have to invest EUR 35 million. We have used already EUR 18.8 million for that concept.

The next impact I'd like to mention is the revaluing of the inventory due to the application of the NIIF for EUR 31.5 million. As you know, this rule demands assigning of the purchase price to all assets valuing at market price, which is what this adjustment reflects for the stocks. Remember that this is an adjustment that has no cash impact. This adjustment reconcile the pro forma figures to the figures reported in the mercantile account.

And finally, Page 17 reflects the balance at the December closing with the final application of a purchase price allocation, which, as we mentioned beforehand, generates an intangible asset of EUR 787 million to be depreciated in the next few years.

If we now go back to our normal presentation, i.e., Page #10, we will see the evolution of the group's working capital. The net working capital reached EUR 322.6 million with a growth rate of 4.0%. There are a number -- a couple of factors that explain this evolution, which is quite well aligned with the business evolution. In 2017, the accounts payable item included EUR 10.0 million of earnout or contingent payments for purchases to companies short term. And in 2018, it only includes EUR 1.5 million. And therefore, they exclude, to this effect -- if we exclude this, the net working capital for the group grew by 1.3%. The evolution of accounts receivable reflects the cancellation of the factoring program, which is a result of the new financing contract that was started in July, and this impact represents 2 growth points. And the rest is related to the business evolution mainly affected by the campaign in the U.S.A.

The next page shows the evolution of the net financial debt and the free cash flow. Here, I have preferred to show you a pro forma free cash flow based on the EBITDA due to the existence of many nonrecurrent items associated to the transaction. The cash generation is high and well aligned with the previous year with EUR 171.4 million, which is 3.8% below the previous year. And the main difference is due to the cash generation in the net working capital as a result of the change of period for the early buy invoicing.

The debt is EUR 719.7 million, which is 3.2x EBITDA, within the guidance defined for the closing of the financial year and well aligned with the group's strategic plan. In a financial year with so many elements that complicate our visibility, we have wanted to clarify things by reconciling it with the debt. And that's why we have included a reconciliation of the pro forma debt in 2017 to the debt at the 2018 closing on Page 18.

That significant impact of the debt is the evolution of the exchange rate. We had adjusted for foreign currency, because if we adjust for foreign currency, the debt grows by 0.9%. Additionally, there is a very significant impact in the cash of -- the nonrecurrent cash, which explains the year's evolution. And once we get into 2019 with a more natural pathway, it will allow us to go through the road of deleveraging that we explained on Investors' Day.

And without any further ado, I give back the floor to Eloi Planes.



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

Well, thank you, Bruce. Thank you, Xavier. The 2018 campaign started late and with a real bad weather in the Northern Hemisphere. The sales evolution during the second half of the year makes the full year growth and constant currency growth in our main markets is above 6%. This growth rate, even in an unfavorable weather conditions, shows the consistency of the industry's fundamentals. This good performance during the second half of the year, whilst we were carrying out many integration tasks, has also been reflected in margins and cash generation. And thus, we have complied with the EBITDA and net financial leverage estimates.

Integration is key for Fluidra, and it's been carried out as we had foreseen. More than 20 teams are working to implement the integration process in each country and for each function. We would like to highlight that we are already reaching very high compliance rate, above 75%.

Our magnificent performance in terms of synergies in 2018 allows us to look out with rational optimism in 2019 when we foresee complying with the synergies goals once again.

So our conclusions are clear. We have reached our goals for 2018 as the integration still follows its road as we had planned. Thus, we're facing the 2019 campaign well prepared and ready, and we see the fundamentals in the American market and the European market as very consistent. Our expectations for the full year are, thus, well aligned with the strategic plan that we told you in November.

Before talking about the guidance, I'd like to point out that given the distribution structure in -- of the Zodiac in the U.S.A., we expect greater volatility between quarters than what Fluidra has had in the past. Thus, getting now into the full costs or provisions for 2019, we have the following: sales between EUR 1.35 billion and EUR 1.4 billion; EBITDA between EUR 240 million and EUR 260 million; and the net debt over EBITDA ratio at below 2.6x.

There is no doubt that the merger that we have carried out places us as a point of reference in the world markets in our industry. The new Fluidra has great expectations for the next few years because our markets have a great potential, both in Residential Pools as in Commercial Pools, and because intrinsic trends and background trends are positive for our activities.

So far -- well, this is the end of 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 answer any questions you may have for us. Thank you very much.

QUESTIONS AND ANSWERS

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

Thank you, Eloi, Bruce and Xavier for your presentations. And now we will start with the Q&A session with all of the questions that have been received so far. The first question -- the sound has -- talks to us about the price policy, whether we could inform with greater detail how much pricing is there in the fourth quarter, what's the impact on pricing in the 2019 guidance and whether this price increase is well aligned with the organization.

Bruce W. Brooks - Fluidra, S.A. - CEO & Director

I think I should probably start that one, Xavier, and then I can pass to you if you feel like there's anything else that we need to cover here. We were looking in North America under the situation with commodities and tariffs this year. So we took our traditional price increase maybe a little bit earlier than we normally would. So we took it in August. And it was approximately 5%, so that we make sure that we could cover our concerns on the inflation that we were seeing. In Europe, situation a little bit different, and the timing is more at the beginning of the calendar year before the season starts here. And I would say that one is in more normal lines.



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

Next question about the PPIs (sic) [PPAs]. Is there a one-off? Or should we assume these levels for 2019 and in the future?

Unidentified Company Representative

Okay. The amortization of PPAs, as you know, they are decreasing. But we can assume that the levels we have in the P&L account for this year are similar to the ones we will have in 2019. And based on that, we will see a reduction, a progressive reduction, more or less to point out a level indication. I mean, a reduction of about EUR 4 million or EUR 5 million every year.

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

Now for the sales evolution in 2019, which is the strongest region in your opinion? Will we see growth in the Rest of the World region?

Bruce W. Brooks - Fluidra, S.A. - CEO & Director

I think that question is probably appropriate for me. So I guess what I would tell you is we actually see the overall market pretty strong. I see continued strong growth in the Americas. The pipeline of new projects for our builders is really solid at this point of the year. Europe continues to look really well. And then I think the important thing for us, last year, we struggled in the Rest of the World, and we feel much better about our prospects, especially with the pipeline of Commercial Pools there.

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

Out of your EBITDA in 2019, how many synergies have not yet been -- that have not yet been captured or been included?

Unidentified Company Representative

Well, as Bruce has said and according to the guidance we saw on Investors' Day in November, the estimate for synergies for 2019 is of approximately EUR 19 million.

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

And this question is for Bruce. Bruce, a quick question about the U.S.A. Bearing in mind that the levels of new constructions are going down and considering that approximately 50% of sales in that region are for new constructions, what do we expect for 2019 and in the future?

Bruce W. Brooks - Fluidra, S.A. - CEO & Director

I think, first off, the percent of new construction in the States is much less than 50%. This has probably been the most stable market. It would be about 20% new construction and 80% aftermarket. With that said, the last couple of years have shown new construction in the States has been more contained, I would say, by labor and the availability of subcontractors. So the market's been growing kind of at a steady close to double digit -- the new construction market's been growing at a pretty steady just about a double-digit rate, and our forecast for 2019 would be similar.



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

Next question. We -- do we expect more adjustments in the 2019 EBITDA between the reported one and the pro forma one? What's the average cost of the debt nowadays?

Unidentified Company Representative

Okay, let me answer the first part of the question. In 2019, obviously, we expect lower amount of adjustments basically. They will be referenced to the integration costs as nonrecurrent costs. The only item that we will have would be the one belonging to integration costs. That's the only item we expect, and so that's a significant item for the reconciliation. In terms of the debt, the cost of the debt today, it is below 5%, a little bit slightly before -- below 5%.

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

What's the level of resilience we can expect in the market?

Bruce W. Brooks - Fluidra, S.A. - CEO & Director

I'll go back to the comments that I had before. 80% of the U.S. market is really driven by the aftermarket. The aftermarket has historically performed in good times and bad. In fact, the aftermarket grew by more than 2% even through the last Great Recession. So the U.S. market has proven to be very resilient. And like I mentioned, the pipeline for the new construction right now looks really solid.

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

Next question. We have talked about the process to identify top line synergies. In spite of the fact that we are -- it's very recent, could you give greater color to which are these indications and what they are targeting and where they are being focused? And could you give us a time scenario for this, please?

Bruce W. Brooks - Fluidra, S.A. - CEO & Director

Yes. I mean, this really goes back to one of the beautiful stories about the merge. The complementary nature of the product of both of the legacy companies is great. So if you think about this from a Fluidra perspective, the product that Zodiac had tended to be more at the mid-price point to the premium and definitely did not have the capillarity or the points of distribution that Fluidra offers. So what we'll do is we'll start to push those products through that -- the Fluidra distribution network, and so therefore, there's good opportunity in Europe and some of the developing markets. On the flip side, in the States, the product catalog of Jandy and Polaris is really thinner than some of our core competitors but not when you give us the benefit of the merge with things like the ability to get into Commercial Pools, white goods, aboveground, so a number of attractive categories. So just the challenge with that is it takes a little bit of a while to make sure that all these products are compliant with the local market, have the right regulatory approvals, the right language and metrics and those types of things. So as we start to do that -- we'll really begin that in '19, but it's a nice opportunity in kind of both of our core businesses, Europe and the Americas. And we'll start to see those benefits really more in 2020, as I mentioned earlier.

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

Dividend policy. Is there any calendar for 2019 in terms of dividend policy?

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Unidentified Company Representative

Well, during the Investors' Day, we mentioned this. Our purpose is to show deleveraging as a company to reduce our debt levels. 2019 is going to be a very important year in terms of cash generation. As you may have seen in the guidance we gave, the company will reduce its gearing level below 2.6x. And here, we will be in a position to go back to our dividend policy, which we believe will start in 2020.

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

Well, these have been all of the questions. So far, so good. Well, this is the end of the presentation. We thank all of the speakers and all of you for your participation. As usual, you know that the Investors Relations team is available to answer any questions you may have. Have a very good day. Thank you.

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