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PRESENTATION

Luis Boada - *Fluidra, S.A. - IR, Corporate Communications & Business Development Director*

Good evening, and welcome to Fluidra's 2021 First Half Results Presentation. I am Luis Boada, Investor Relations, Corporate Communications and Business Development Director at Fluidra. It is a pleasure to be presenting our results to you today.

Today's presenters will be Mr. Eloy Planes, our Executive Chairman; Mr. Bruce Brooks, our CEO; and Mr. Javier Tintore, our CFO.

You can follow this presentation in its original English version or its entirety in Spanish. You can select your preferred option in the drop-down menu at the bottom right of your screen. Today's presentation will include live Q&A. (Operator Instructions)

Presentation materials are accessible through our website, fluidra.com, and they have been uploaded pre-market open to the CNMV as well. The replay of today's presentation will be made available on our website shortly after we finish.

Let us start the presentation by opening the floor to our Executive Chairman, Mr. Eloy Planes.

Eloy Planes Corts - *Fluidra, S.A. - Executive Chairman, Executive President, MD & CEO*

Thank you, Luis. Good morning, and welcome to our first half 2021 earnings presentation. I hope you are all safe and well.

As Executive Chairman, once more, I would like to start by saying how proud I feel about our team, to thank them. They are the key factor behind Fluidra's strong figures. Their efforts are invaluable in these extraordinary times.

Today, we are presenting record results year-to-date. In May, during the Q1 results presentation, we reported a superb guidance for 2021. I'm glad to report that Fluidra continues on its path and reaffirms the general trends for the company and for the overall sector. The fundamentals of our business remain very solid and promising.

In April, we hosted our fifth Capital Markets Day presenting our plan and initiatives for our company's stronger future. As a leading company in the pool sector, we are ready to continue our growth, increase our margins and expand our cash flow.

Let me share some comments on today's results before Bruce and Javier dive deeper into the figures.

Superb Q2 and first half execution. As we have reiterated in the last quarters, the importance of outdoor living and demographic trends have driven our great figures this quarter and year-to-date. We posted a magnificent 50% based growth from an already positive first half 2020. And we expect a very strong 2021 residential pool activity in the second half. We are taking advantage of our strong cash generation for value accretive capital allocation. Our teams have been very active on M&A as we have closed 3 acquisitions to date that should provide 7%-plus growth for this year. In addition, we have continued with our shareholder remuneration policy, with July's dividend payment to be followed by an equal one on -- in November. Overall, the strong execution ratios, the delivery of our medium-term objective. Furthermore, we are taking advantage of this year step change to accelerate strategic investments for further future growth and profitability.

While we expect a normalization of our growth rates in the future, the strong fundamentals of our sector combined with the step change and our leading platform provides us with an encouraging outlook for 2021 and beyond. We are therefore raising our guidance again, last updated in our Q1 presentation.

At this point, I give the floor to Bruce, Fluidra's CEO, who along with our CFO, Javier, will provide a deeper look at the 2021 first half figures and outlook.

Bruce Walker Brooks - Fluidra, S.A. - Co-CEO & Executive Director

(foreign language), Eloy. It's a pleasure for me to join you from our new offices in San Cugat, Barcelona to share our earnings for the first half of 2021.

Let me start with comments on our overall performance and highlights for the first half, and then turn it over to Javier, our CFO, to provide more details on the financial results. I will then return to provide some color on our outlook. The numbers you see on Slide 5 are the 2020 and 2021 financial highlights for the first half. Q2 keeps its outstanding momentum. Our industry-leading global platform continued to demonstrate its value as we saw extraordinary growth in the half compared to an already positive H1 2020, chasing the very strong demand in the channel and putting us in excellent position for the second half.

In the first half of 2021, sales grew 50% adjusted for currency and perimeter compared to the same period of 2020 to EUR 1,187 million. This magnificent growth was principally driven by both the aftermarket and new builds in residential pool. Adjusted for currency and perimeter, EBITDA and EBITA grew 102% and 126% to EUR 330 million and EUR 297 million, respectively. Both measures showed excellent operating leverage.

Cash earnings per share grew an outstanding 169% adjusted for currency and perimeter to EUR 1.11 per share. On operating net working capital, we ended the period 12% lower on a currency and perimeter adjusted basis at EUR 333 million, improving the ratio to sales by 754 basis points.

Our net debt stood at EUR 708 million, having increased 8% on a currency and perimeter adjusted basis. Our last 12-month leverage ratio reduced a full turn to 1.6x, despite an increase in net debt due to significant accretive investments on M&A.

Moving to Page 6. Let me share some highlights for the quarter. But before we do, I want to express our gratitude to the dedicated team of Fluidra that I'm fortunate to lead in these extraordinary times. Results like these month-after-month are challenging. They put significant strain on our infrastructure, special thanks to all our supply chain and customer-facing employees for their tireless efforts in this time of extraordinary demand. The step change in the industry demand continues, helped by favorable demographic trends and confirms the strong fundamentals of the business, positioning us well to achieve our medium-term targets, as shared during our Capital Markets Day.

It's important to keep in mind, quarterly comparisons are unusual due to COVID-19 impacts. As we shared with you in the past, we put forward an additional in-season price increase this year as we started to experience inflationary pressures on shipping, raw materials and some components already in Q1. We still see this inflation pressure building. However, as we operate in an industry that takes price, we've been able to not only to protect, but to expand our gross margin, as you will see later in the presentation. Moreover, we keep seeing marginal supply chain impacts for the first half, despite significantly increasing our production output as we continue to catch up to the strong demand.

Let's move to capital allocation. May's shareholder meeting approved the proposed 90% dividend increase, with a payout of EUR 0.40 per share, to be evenly split into 2 payments as part of our approximately 50% cash net profit distribution policy. The first payment already took place earlier this month, and the second one will be paid in early November, for a total of about EUR 78 million.

On the M&A front, the integration process of our recent acquisition is evolving very well, and both are performing ahead of plan. On the revenue synergy front, the team continues to execute very well. Laghetto is a high-end above-ground pool company that we acquired in 2017 and now is proactively adapting one of its pool ranges to regulations in Australia and the United States. The aim is to start selling these units next year. Team is doing a great job of expanding Zodiac robots in Europe post the mandated spinoff of Aquatron by the European Commission.

Additionally, our commercial pool division in North America is performing nicely, benefiting from the progressive recovery of the hospitality sector in the region. It's great to see how we have successfully levered the group's know-how to launch exciting new products for the North American HMC commercial pool space.

Our established commercial pool activity in Europe and rest of the world is starting to comp positively quicker than expected. We developed projects in several countries of these regions, consolidating large-sized ornamental fountains is one of the cornerstones within our Commercial Pool division. More than 70 such projects were awarded in 2020. These projects and a recovering aftermarket are positive signals for 2022 and beyond.

Finally, yet importantly, we're continuing to work to make ESG part of our core culture for the entire organization. Socially, we are thrilled by the increase in participation and engagement in our 2021 survey. We also launched the beginnings of our company-wide ESG training and awareness program tied to our blueprint.

Turning now to Page 7. You see the sales evolution by geography. During Q2, global sales grew an impressive 43% compared with the same period of 2020 on a constant FX and perimeter. In the 6-month period, sales grew 50% when adjusted for currency and perimeter. Southern Europe's excellent performance continued, with currency and perimeter adjusted growth of 31% in Q2, driven by France, Italy and Spain's strong sales in the quarter and 42% in the 6-month period. The Rest of Europe continued to deliver stellar results, with constant FX and perimeter adjusted growth of 32% in Q2, driven by outstanding performance in Germany and Austria. In the 6-month period, this area saw adjusted growth of 43%. North America continued its growth momentum, with sales up 70% and 77% on an adjusted basis for the quarter and the first half, respectively. Both the positive demographic trends and the strong sell-through boosted the evolution in this region, with acquisitions representing circa EUR 50 million.

Rest of the World saw a very strong sales growth of 49% for the quarter and 25% for the 6-month period on a currency and perimeter adjusted basis. This area is now comparing positively, despite the fact that performance in Asia remains weak, some more upside expected for the future. This overall performance demonstrates the continued growth or step change of our business and strength of our market's fundamentals. We are also pleased by the more balanced growth overall.

Next, on Page 8, we see the evolution by business unit.

Residential Pool is our largest segment and accounted for 77% of our sales. growing close to 54% for the quarter, supported by demographic trends. Growth was led by heaters, automatic cleaners and residential spas. This segment is up 63% for the first half of the year.

As mentioned earlier, Commercial Pool's started to recover and performed significantly better in the quarter on an easy comparable, with a 52% increase, mainly led by the aftermarket business. New projects started to accelerate as the hospitality sector recovers. This business unit saw a 15% growth in the first half of the year compared to the same period of last year.

Pool Water Treatment grew 23% for the quarter. This business unit saw a nice performance of the Water Care Equipment segment along with a positive evolution of chemicals. The segment is up 30% for the 6-month period. The Fluid Handling business also a strong, very strong growth of 50% for the quarter, bolstered by the strong performance in North America and also by the greater contribution of refurbishments and new builds. On a half year basis, this business unit grew 44%.

In summary, our global footprint continues to play an integral role in helping us deliver strong growth together with excellent cash generation. Again, I want to thank our talented team of more than 6,000 employees and business partners for their agility, positivity and sacrifices during these challenging times. Moving at full speed and keeping our customers and values at the center of all we do makes me confident that we are ready to continue executing the many opportunities that lay ahead of us.

With that, I'll turn it over to Javier to explain the financial results in more detail before I return to share our outlook and guidance.

Javier Tintore Segura - Fluidra, S.A. - CFO

Thank you, Bruce. Let's turn to Page 9 now. In order to provide you with a consistent view of the performance of the business, the profit and loss account in this page excludes nonrecurring expense in the cost of goods sold and OpEx line Below EBITDA, you have all the nonrecurring charges identified in one caption. In addition, in the appendix, you have the reported P&L, with all the nonrecurring expense properly classified by nature.

I am very pleased to share with you another record-breaking quarter, to reach an outstanding first half of 2021. Let me extend my congratulations to the team. Let's get started.

Sales growth of 54%, that is 57% adjusted for currency and 50% adjusted for currency and perimeter, with all geographies performing nicely in the quarter. Gross margin reached 53.3%, 120 basis points higher than prior year, driven by price and positive impact of cost initiatives, partially offset by commodity and freight inflation, country and product mix.

Operating expenses of EUR 303 million, with an increase of 32%, which is 26% if we adjust for perimeter, showing great operating leverage comparing to a low quarter in 2020 as we had implemented COVID-19 expense reduction programs.

Provision for bad debt in H1 is almost 0, showing the good industry situation around the globe. EBITDA reached a record EUR 330 million, with an increase of 95%, driven by the higher sales volume, margin gains and excellent operating leverage. EBITDA margin reached 27.8%, with an improvement of 580 basis points.

I want to highlight one significant point that is not included in this slide. Our last 12-month EBITDA has reached now EUR 482 million, with a margin of 25%. EBITDA also shows great leverage, increasing by more than 114% and reaching a margin of 25.1%. Below the EBITDA line, the amortization, which is associated to M&A, decreases 9% despite incorporating CMP's intangible asset amortization.

Nonrecurring expense of EUR 26.5 million showed a significant increase as we have booked a stock-based compensation catch-up adjustment of EUR 18 million for the 2018-2021 period to reflect the overperformance of the company versus the plan. In addition, there are almost EUR 8 million related to M&A activity that includes the CMP, Built Right and [Senan] Splash deals.

Net financial results is EUR 18.3 million, 13% lower than 2020, driven by lower FX impact.

Tax rate for the first half is 22%, due to a one-off tax benefit in the U.S. associated to the Zodiac merger that we have been able to apply in the second quarter. With this positive impact, we believe that our full year tax rate will be around 25%, 2 to 3 points lower than our normal tax rate. As a result of higher volume and margins, great operating leverage and lower tax rate, net income for H1 reaches a record EUR 174 million compared to EUR 55 million in 2020. As you know, we track cash net profit, a good indicator for Fluidra as we have a very significant amortization, entirely purchase accounting related, that impact our net profit and EPS calculation. Cash net profit reaches also a record amount of EUR 216 million, with a 157% increase.

Page 10 shows the evolution of net working capital for the group. Operating net working capital reached EUR 333 million, and includes EUR 30 million of acquisitions, which is mainly driven by the incorporation of CMP. It represents 17.5% of sales, an improvement of 750 basis points to prior year, which is linked to faster collections and a significant increase in the level of activity.

On inventories, the 30% increase over 2021 is 19 points organic and almost 12 points acquisitions, driven mainly by CMP. We invest into inventories for the increased level of activity, but we continue to gain efficiency. Excellent performance of accounts receivable, which is driven by better geographical mix and good collection patterns around the world. Account payable increase can be split in 26% organic and 8 points inorganic. The increased level of activity drives this growth.

On the earnout and other items front, the most significant item is the EUR 78 million dividend payable, that, as you recall, has been partially paid in July and will be fully liquidated in November with a second payment.

The following page shows the free cash flow statement for the first half as well as the net debt evolution. This first half of the year has been phenomenal in terms of operating cash flow, reaching almost 3x 2020. The company has generated EUR 188 million, that is EUR 122 million more than last year, driven by better results, lower interest paid, offset by higher use of cash from net working capital and higher income tax paid.

On the investment front, there is a significant change as we have invested EUR 86 million in the acquisition of treasury stock and we have completed the acquisitions of CMP and Built Right for a total of EUR 227 million as well.

Our net debt reached EUR 781 million, only EUR 43 million higher than 2020, despite the material investment that I have commented in the previous paragraph. From a leverage ratio perspective, we show a full turn of reduction in the last 12 months, finishing at 1.6.

So in summary, this record second quarter confirms the phenomenal performance that we saw in Q1 and positions us very well for an excellent 2021.

And with that, I will turn the call to Bruce and Eloy for the closing.

Bruce Walker Brooks - Fluidra, S.A. - Co-CEO & Executive Director

Thanks, XT. Moving on to Page 12. Let's talk about our outlook and specific guidance. As discussed in today's call, we saw an excellent first half of the year. The residential pool season in the Northern Hemisphere is performing very well. June and early data for July showed solid growth over a difficult step change comparable. The order backlog now stretches into 2022, driven by work-from-home, southern migration and outdoor living trends. The aftermarket remains strong, driven by average ticket increase from higher-end products like variable speed pumps and connectivity, along with material price increases to offset inflation. In addition, we're now seeing a recovery in Commercial Pool in our southern hemisphere as well as the benefits of accretive M&A. All these points confirm that 2021 will be a record year for Fluidra and we see growth above the step change base in 2022.

As noted earlier, please keep in mind that the quarterly comparisons will make little sense, with lower comps during the first half of the year and a strong second half due to 2020's pent-up demand. So we need to focus on the full year.

We are upgrading our guidance for 2021 as follows: sales growth between 35% and 40%; EBITDA margin between 25% to 25.5%; cash EPS growth of between 80% and 90%. It is important to point out that this guidance should be taken with the following assumptions, as reported growth rates, including already executed M&A, which contributes approximately 7%-plus growth. We're not assuming any COVID-19 resurgence shutdowns. Tax rate of around 25%; and assumed current FX rates. Our highly cash-generative business will see us continue with our policy of accretive capital allocation. We see ourselves as market consolidators through a disciplined process that delivers value on the capital employed. And the M&A pipeline for 2021 continues to be very strong.

And now back to the Chairman to wrap up the prepared remarks before moving to Q&A.

Eloy Planes Corts - Fluidra, S.A. - Executive Chairman, Executive President, MD & CEO

(foreign language), Bruce. Thank you, Javier. Our execution during this first half has been superb, and the market dynamics present very encouraging prospects for this year and beyond, as you have seen from today's presentation.

We are experiencing a step change, aided by the demographic trends, with the pool as the anchor of a backyard experience, confirming once again the strong fundamentals of the business as well as the industrial resiliency. This position us very well to achieve our medium-term targets. Our strategy and our investment thesis are demonstrating a continued success, and they remain unchanged. We are the global leader in a resilient and attractive market, exhibiting a strong structural growth. We foresee promising mid- and long-term perspectives for Fluidra as we expand our business, reinforcing our global leadership position.

We drive our business through our customer-focused platform, leading the field in IoT and connectivity where we are investing for the future. We have a healthy balance sheet and growing profitability. We plan to deliver continued margin expansion and a strong cash conversion year-by-year. Our strong growth combined with margin expansion and accretive capital allocation initiatives, including potential for further inorganic growth, deliver an attractive and improving return on capital, making Fluidra a much more valuable company and consolidating our global leadership position.

We are delighted with our overall results in this first half and remain optimistic for the future. We are nicely positioned to face our medium- and long-term sustainable growth objectives.

Thank you for joining us today and for your continued interest. I hope you all stay safe.

And now I will turn the call back over to Luis to begin our Q&A session.

Luis Boada - Fluidra, S.A. - IR, Corporate Communications & Business Development Director

Many thanks, Eloy, Bruce and Javier, for your presentation. We will now begin the Q&A session. (Operator Instructions) Luisa, please go ahead with the first question.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from George Featherstone from Bank of America.

George Featherstone - BofA Securities, Research Division - Research Analyst & Associate

Clearly, from the results and the guidance, a great momentum continues to be strong in the market, even post the reopening from some of the COVID-19 restrictions we've seen globally. Looking at the 2022 growth expectations if we can, [strong] this year has been so far and will continue to be. It's clearly going to represent a challenging comparable base for the business. What are you seeing that is in the market today that gives you confidence of being within the annual growth rate you outlined at the CMD in 2022?

Bruce Walker Brooks - Fluidra, S.A. - Co-CEO & Executive Director

I'll take that one, George. It's Bruce. Thanks for the question. I suppose a lot of people would say that's the EUR 1 billion question these days, right? What's going to happen to this industry in '22? So let me take a few moments to talk about that.

I mean, first, we believe we'll continue to grow from this new base, as you heard in some of my comments. The step change in demand has definitely provided this new base for us. And the -- I think the industry has been pretty consistent on this message that we all believe that we can grow from that. I think June and July were important for us to see to give us confidence here. In June and July, we saw double-digit plus sell-through growth in Europe, even higher in North America. And these are coming off of the elevated comps that we're facing from last year because the step change had already begun.

The only place that we didn't see that sell-through is chemicals in Central Europe, which I think if everybody has seen the news and the floods, et cetera, makes some sense. So now let's take a look at some of the trends going into 2022. And I'll break it into kind of 3 categories for you. I think, first, let's take a look at new build. There's still momentum in new builds. And right now, if you want to get a pool, you're out into 2022. So there's a backlog rolling into 2022, and leads are still positive. In addition, I'd say we're still below the historic average in the largest market, which is the U.S. Demographics are still favorable for us from work-from-home, flight to the suburbs, outdoor living and southern migration. So I think there's a lot of tailwind for us in addition to average ticket in a new pool with people putting on higher-end products.

Second, if you look at the aftermarket, I do think there's some headwinds. We've talked before about the Texas freeze and that being worth about EUR 30 million to EUR 40 million for us. I still think there's a potential that some heat products and aboveground pools have been pulled forward. But I think it's going to be more than offset, because the more pools that are out there, the more people use them, the more they ultimately need our products. In addition, I'd say average ticket continues to expand, whether it's from a higher-end product like connected pools or IoT, variable speed pumps, saltwater chlorinators, which are running well. And in addition to that, you're going to see material price inflation. So just as a reminder, this is an industry that gets priced even if it takes a little bit to read through. So I think those are all positive signs for the overall market.

And then I turn you to Fluidra specifically and say, we think we can continue to gain momentum and share. We're excited about the new products that we have coming for next year, specifically in cleaners, pumps and connected space. We see a recovery of our commercial business. We're seeing a recovery in our Asia Pacific area. And then last but certainly not least, accretive M&A. So as you can tell, it's -- we're positive on '22. It's a little too early to get into specific numbers, but we really remain committed to our midterm targets.

George Featherstone - *BofA Securities, Research Division - Research Analyst & Associate*

Great. My second question would be just going to that price increase comment. You mentioned that. I think this is the third that you've done so far for 2021. Can you confirm that this last price increases in the typical 3% to 5% range? And also, can you give us a steer as to what the overall contribution from price is? Is it embedded in your revenue guidance for this year?

Bruce Walker Brooks - *Fluidra, S.A. - Co-CEO & Executive Director*

Okay. So to answer your first question, yes, it's been an unusual price year for sure. North America would have gone last year in October. Europe would have gone in the beginning of the year. And then they both went again in March and April, which was certainly unusual for us. But I think what you're really asking is what's going to happen this fall or as we kick off next year. And I think you're going to see the industry move at, let's call it, a 5-plus type of rate. So inflation is still building. Commodities are tough. Transportation has been brutal. And so I think you're going to see an above-average price increase going into '22.

George Featherstone - *BofA Securities, Research Division - Research Analyst & Associate*

Yes. Yes, that was what I was driving at. But also, just in terms of -- you got your revenue growth guidance of 35% to 40% this year. What's the contribution this year from price?

Javier Tintore Segura - *Fluidra, S.A. - CFO*

George, this is Javier. Yes. It's approximately that 5% of Bruce was referring to. That's what is built into that guidance.

Operator

Our next question comes from Iris Zheng from Credit Suisse.

Xiaolu Zheng - *Crédit Suisse AG, Research Division - Research Analyst*

Great. And congratulations again on a very strong results. I want to follow up on the pricing question to begin with. Could you confirm that if the 5% price increase is enough to offset the raw material price inflation that you are seeing?

Bruce Walker Brooks - *Fluidra, S.A. - Co-CEO & Executive Director*

Yes. Thanks, Iris. That's -- I guess a good question in this crazy commodity environment right now. From what we're seeing today, we're confident that with what we've taken so far and the price increase that we have planned for the fall, that additional 5% plus. And I do say plus just because it's not going to be uniform across categories. There are certain areas like saltwater chlorinators or chemicals that have seen extraordinary commodity inflation. So we're confident that, that 5% plus will be able to cover the inflation that we see. If inflation continued to significantly outpace what we expect, I think you'd see the industry come back again at a later date. I would complement our team so far is trying to, one, limit the impact from a supply chain side and delay it as long as possible, and for the commercial sites to be in -- trying to get in front as best they can of the price increase, as you can tell from our margins.

Xiaolu Zheng - *Crédit Suisse AG, Research Division - Research Analyst*

And just so far, if there's any component shortage that has impacted yourselves? Or it's not the case that your team had left to deliver to the demand?

Bruce Walker Brooks - *Fluidra, S.A. - Co-CEO & Executive Director*

Yes. That's a -- it's a daily battle of whack a mole. I'm not sure if that translates. It's a kids game where you pop up -- the problem pops up when you try to knock it down. And that's really what our supply chain is facing every day. Whether it's resins one day or electronic components the next, we're still in a supply-constrained environment. So we're fighting through that every day. We're not through the woods yet.

Xiaolu Zheng - *Crédit Suisse AG, Research Division - Research Analyst*

Okay. Understood. And another thing is, again, on the implied second half growth from your guidance, because even if I take the upper end of the growth guidance, that would still imply almost about 25% decline in the second half. And that's actually including that there should be 7% to 8% M&A acquisition positively to the growth, which means that the underlying implied second half growth is like at negative 30% plus. And given that you've mentioned June and early July has been looking very good, towards good health, so I just want to -- I'm trying to understand how should we reconcile the potential consumption from -- in your guidance for the second half versus maybe what's actually taking place in the market.

Bruce Walker Brooks - *Fluidra, S.A. - Co-CEO & Executive Director*

Yes. I guess a good question there, Iris. And it's probably a little bit more difficult to see. You know our nature, we tend to be conservative. But certainly, we're facing significantly tougher comparables in the second half than we had in the first. But from a global year perspective -- and remember, I'll go back to '20 and say how strange the comparables were, with first half of '20 being lower than we would have expected, second half being higher. So over the course of the year, it's an extraordinary year.

Xiaolu Zheng - *Crédit Suisse AG, Research Division - Research Analyst*

Or maybe it's also the progression of the comps for the second half of last year. If maybe June and July, the comp wasn't as difficult as for the remainder of the year?

Bruce Walker Brooks - *Fluidra, S.A. - Co-CEO & Executive Director*

No. June and July were strong last year, so.

Javier Tintore Segura - *Fluidra, S.A. - CFO*

Iris, I mean when we do the math, with a high range of the guidance and considering that growth coming from M&A, we are guiding for growth in that second half. I just want to make everybody clear that if you run the math, you would be looking at the growth in the year to go that moves around at least 15%, excluding M&A. Okay?

Xiaolu Zheng - *Crédit Suisse AG, Research Division - Research Analyst*

Okay. And maybe my last question is on the backlog. Because in the last call and maybe in the last 2 calls, you've already mentioned the backlog is stretching to 2022. So I wonder if there's any changes, maybe there's any further stretch of the backlog.

Bruce Walker Brooks - *Fluidra, S.A. - Co-CEO & Executive Director*

I think when we talked -- last time we talked about the backlog moving into the fall, and now we've talked about it moving into 2022. So we may have said some builders were out until '22. But I think we've continued to see the backlog kind of move in a 6-month type of range. And so now we're seeing it push into 2022. And as I mentioned earlier, leads continue to be strong. And I would also say, maybe a little bit of new news is the backlog is now begun to be material in Australia as well.

Operator

(Operator Instructions) Our next question comes from Christoph Greulich from Berenberg.

Christoph Greulich - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

And yes, starting with the first one, I would like to come back with what you said with regard to the growth trends you've seen in June and July. So you are mentioning double-digit plus growth in Europe and even more so in North America. Just if you could clarify, is this organic growth or is that -- yes, it takes into account the recent acquisitions?

Bruce Walker Brooks - *Fluidra, S.A. - Co-CEO & Executive Director*

Organic.

Christoph Greulich - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Okay. That's clear. And then with regard to the average ticket size, which has been mentioned as one of the key drivers for aftermarket growth, could you give us an idea of how the average ticket size compares to a year ago? Like what kind of increase are we seeing there at the moment?

Bruce Walker Brooks - Fluidra, S.A. - Co-CEO & Executive Director

That one's tough. I think I would have to do some real math on that. First off, you've got price increases. Second, we're seeing continued momentum in IoT or connected products. They tend to run about 20% premium to their counterparts without connectivity. I would point you to things like variable speed pumps, that tend to cost about 2x what a single-speed pump would or 2.5x what a single-speed pump would. Now in the U.S., you have that legislation that means from early July, every new pump that goes in has to be variable speed versus single. I don't know how to tease out exactly, Christoph, the year-over-year average ticket excluding price. But we continue to see momentum and expansion in those product categories.

Christoph Greulich - Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst

Okay. That's helpful. A quick question on the Commercial business. If I look at your numbers in H1, you had the EUR 53 million. And if I look pre-COVID, so in 2019, you were at EUR 52 million. So it seems like you're already back at the pre-COVID level. I assume that was somewhat helped by the rollout or expansion in the U.S. So could you give us an idea what the overall Commercial Pool market stands at the moment compared to a pre-COVID world?

Bruce Walker Brooks - Fluidra, S.A. - Co-CEO & Executive Director

Yes. So good question. Yes, our mix, I would say our mix is definitely different than it was in 2019. And although it's maybe a little bit healthier than you would think. So the American business has certainly been a nice contributor and nice growth for us. But Europe has also grown really nicely as hospitality has begun to reopen. I would say it's more aftermarket driven than new projects. And the laggard is still Asia. Asia has still been much more locked down than every other place in the world. And so we really haven't seen the recovery in new construction projects, in particular, but even to some extent, in the aftermarket in Asia. So the mix is a little bit different than it was before, but your math is correct. I mean, we're basically flat to where we were in 2019, and the prospects are much improved.

Christoph Greulich - Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst

Okay. And could you give us any indication what type of growth you're expecting in that segment in the second half or in 2022 based on the current trends?

Bruce Walker Brooks - Fluidra, S.A. - Co-CEO & Executive Director

That's tough because we beat what we were expecting in the first half. So clearly, my forecast is not as accurate there as we would like. Listen, we think Commercial will continue to grow in the back half, but we don't have huge expectations for Commercial dialed into our forecast.

Christoph Greulich - Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst

Okay. That's clear. Quick follow-up on the statement you gave with regards to the supply chain and there is still a supply constrained environment in which you're operating. Does that mean that with regard to the internal production at Fluidra, you don't see any bottlenecks with regard to the capacity at the moment?

Bruce Walker Brooks - Fluidra, S.A. - Co-CEO & Executive Director

So it's a good question. I mean, we've increased our capacity in the first half by probably more than 70% at this point. We're continuing to invest in capacity. I think Eloy mentioned some accelerated investments. Capacity is one of those areas where we've accelerated investments this year. And we continue to see capacity come online daily, weekly, monthly as we look forward.

Now to say that we're -- bottlenecks, I would say we don't need additional footprint, but there's still products where we're chasing the demand. So I'm not sure if I can make it much more clearer than that. It is definitely a capacity-constrained environment. We're continuing to invest in capacity to try to alleviate that. But we don't need additional footprint at this point.

Christoph Greulich - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Okay. And then a last question with regard to the situation with chlorine. So we had one of your U.S. competitors flagging earlier this month a chlorine shortage. Just trying to understand, is that a global issue? Is that more of a U.S. specific issue? And did -- yes, has that had any impact on your business so far?

Bruce Walker Brooks - *Fluidra, S.A. - Co-CEO & Executive Director*

It's had marginal impact on us. It's a bigger issue in the states than it is in Europe. A significant player's Trichlor facility burned down in 2020, and so that was significant capacity for the U.S. market. What it has done for the globe is put increased component cost inflation into the business. And so that's probably where it's affected us more because we don't really participate in chemicals in North America. It's more important to us in Europe, Australia and South Africa.

Javier Tintore Segura - *Fluidra, S.A. - CFO*

Question on guidance? Sorry, Luisa, if you don't mind. Your question on guidance, was it just for the full year For fluidra as a whole or specifically commercial?

Christoph Greulich - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Just trying to think back. I think for -- the question I asked was with regards to the Commercial market or the Commercial business of Fluidra. What are the expectations going forward?

Javier Tintore Segura - *Fluidra, S.A. - CFO*

Make sure that everyone was on the same page that the year-to-growth -- year to go guidance implies growth -- organic growth in all the range. All right. Thank you.

Operator

Our next question comes from Gonzalo De Cueto from Exane.

Gonzalo De Cueto Moreno - *Exane BNP Paribas, Research Division - Research Analyst*

I have a couple of questions, if I may. The first one would be, could you please give us a sense of how much of the excess of this year growth is only half of future growth in 2022? And also, my second question, I mean, in your Capital Market Day, you commented an annual 50 basis point margin improvement on an annual basis. As you also expect in this 50 basis point margin improve in 2022? That's all.

Bruce Walker Brooks - *Fluidra, S.A. - Co-CEO & Executive Director*

I think it's the first one. Next, did you.

Eloy Planes Corts - Fluidra, S.A. - Executive Chairman, Executive President, MD & CEO

I'd say, if I understand you correctly, Gonzalo, how much of the excess growth that we are seeing in 2021 is anticipation of a growth in 20 -- coming from 2022.

Gonzalo De Cueto Moreno - Exane BNP Paribas, Research Division - Research Analyst

Yes.

Eloy Planes Corts - Fluidra, S.A. - Executive Chairman, Executive President, MD & CEO

From a sales perspective.

Bruce Walker Brooks - Fluidra, S.A. - Co-CEO & Executive Director

Yes. As I commented before on the growth, I think there's a couple of categories that are pulled forward. Certainly, the impact of the Texas freeze is a pull forward, a one-off that won't be repeated. I think there's probably some pull forward in heat products like gas heaters and heat pumps and also in above-ground pool. But outside of that, I don't think the pull forward is very significant. I think the builder backlog will build off of this elevated base. I think the aftermarket, again, as you have more pools, more usage will favor us. Average ticket going up. So again, we're confident that we can continue to grow off of this base. And the numbers that you saw on Capital Markets Day, both from a top line and from a margin growth from this year's end results, are -- we're comfortable with at this point in time.

Javier Tintore Segura - Fluidra, S.A. - CFO

Yes. As to your second question, Gonzalo, on margin growth in 2022, it's a little bit too early to say. But clearly, what we shared with you at the Capital Markets Day, saying that we have our own internal competencies around value initiative, lean manufacturing, how we manage pricing, how we put new product to market, plus, on the environment of growth that we foresee for 2022, our operating leverage, that should be driving incremental margin. But again, this is usually something that we would discuss in our February call when we guide the market for the year.

Operator

Our next question comes from Manuel Lorente from Mirabaud.

Manuel Lorente - Mirabaud Securities Limited, Research Division - Analyst

So my first question is a follow-up on pricing. When you are stating a 5% growth in prices in your current guidance, this is absolute price increase or is a combination of price plus mix, for example?

Javier Tintore Segura - Fluidra, S.A. - CFO

The biggest effect there in that number is price. So it's -- you can consider that there's a little bit of mix, but it's mainly price.

Manuel Lorente - *Mirabaud Securities Limited, Research Division - Analyst*

Mainly price, right. And on -- my second question is regarding where you give us -- I know that it's also tricky. Whether you can give us a sense of the impact of the new build on the top line contribution on the first half. Looking at your historical data, the mix between aftermarket and new builds contribution used to be roughly 2/3, 1/3. This is a fair assumption for current state of the business?

Javier Tintore Segura - *Fluidra, S.A. - CFO*

It's hard to say in the middle of the year. No because, specifically, we talked about this when we reach towards the end of the year, towards, again, that February call when we can summarize what's going on in the market. What we have shared with you guys now is that in this first half, there has been maybe an additional activity around aftermarket driven by the Texas freeze, as Bruce has commented. But it's also true that the level of activity in new build is still growing versus where we were on prior year. No, especially if you look at the U.S., we are looking at last year, 96,000, probably forecast for this year is around 110,000 pools. So there's growth also coming from new build. So overall, I think that this hasn't really changed that much from what we shared with you on the Capital Markets Day, which was, as you have pointed out, 1/3, 2/3, basically.

Manuel Lorente - *Mirabaud Securities Limited, Research Division - Analyst*

Okay. And my third question, probably again on midterm expectations, right? Now I believe that market concerns are pointing towards midterm expectation in this massively outperform in 2021. So it is fair to say that midterm expectations are valid, this plus 6% top line growth, around 50% -- around 50 basis point margin expansion. But to some extent, 2022 maybe a little bit weaker than that because of comps, because of one-offs of this year, because of execution of the deal. This is the -- this is a fair statement because of the starting days of this year massively outperforming what you were expecting at the time of the Capital Market Day?

Bruce Walker Brooks - *Fluidra, S.A. - Co-CEO & Executive Director*

No. I really don't think that's the case Manuel. I mean, I feel comfortable with the step change that we continue to communicate. We see momentum in new construction, builder backlog. Price increase in and of itself is 5%. So I think there's a lot of reasons why, although it's too early to call 2022, we feel comfortable with our Capital Markets Day guidance.

Operator

Our final question comes from Alvaro Lenze at Alantra.

Alvaro Lenze Julia - *Alantra Equities Sociedad de Valores, S.A., Research Division - Research Analyst*

Congrats on the good results. Most of my questions have already been answered. Just a quick one. We've seen, of course, a high rating of companies in this industry. I was wondering whether you see this in the -- on the M&A front, and whether you're seeing inflation in the assets that you have been considering on acquiring them, and whether this is holding you back on doing additional M&A, or whether this is not an issue. And how the pipeline on the front is looking?

Bruce Walker Brooks - *Fluidra, S.A. - Co-CEO & Executive Director*

There's a bunch in their M&A pipeline. And pricing, if it's holding us back, I get it all. Just one more thought.

Javier Tintore Segura - *Fluidra, S.A. - CFO*

And the cost -- if it's costing more. Rating on the...

Bruce Walker Brooks - Fluidra, S.A. - Co-CEO & Executive Director

Yes. Okay. So first of all, I mean the industry has gotten a lot of positive press, and it's certainly in a favorable space. But we are -- we continue to be bullish on the industry. And therefore, we're continuing to work to consolidate the market. You've seen us do 3 acquisitions so far. We feel like we feel like the opportunities are out there. And we're going to continue to work towards that with the cash that we're generating. Now I would say that there hasn't been a tremendous amount of inflation in the valuations of the companies. Smaller companies are still kind of in that 7 -- 5 to 7 type of range, but it's off of a more elevated base because their business is better. As you go to more premium assets, it can get up a little bit higher. But again, it's just off of the elevated base, but the multiples are pretty consistent.

Javier Tintore Segura - Fluidra, S.A. - CFO

And I just reiterate that the pipeline is strong.

Operator

We have no other questions. I'll hand back over to the management team.

Luis Boada - Fluidra, S.A. - IR, Corporate Communications & Business Development Director

Thank you, Luisa. This marks the end of today's presentation. We thank our speakers and participants. As always, please feel free to reach out to our Investor Relations department for further queries. Have a great day.

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