

May 2014

MAKING
WATER
PERFORM



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1. Fluidra at a glance

Fluidra at a Glance

Strong Financial Performance

- 2013 Sales: €592.7M (-5.7%)
- 2013 EBITDA: €47.7M (-33.9%; normalized Ebitda: €61.3M)
- 2013 Net Debt: €186.8m (+3.4%)

Business

- International leader in distribution of solutions for Pool, Fluid Handling, Water Treatment and Irrigation
- Vertically integrated for Pool, Water Treatment and Fluid Handling

International Footprint

- Products sold in 170 countries
- Direct presence in 41 countries through 125 branches
- 80% of revenues generated outside of Spain and 31% outside Europe

Customers & Products

- Over 41,000 clients worldwide
- Over 20,000 product references

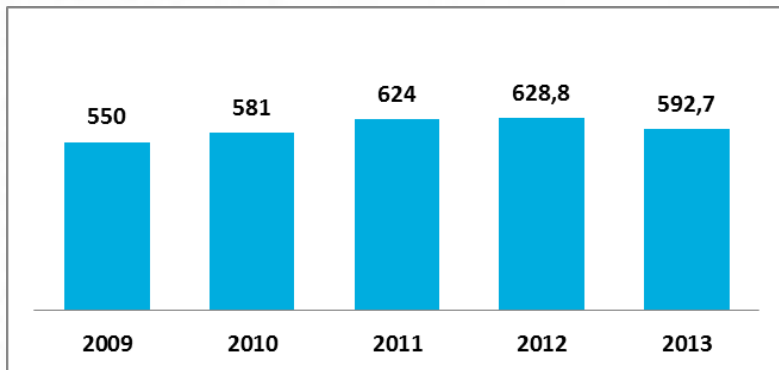
Stock Information

- Listed in the Spanish Stock Exchange
- BOD: 4 founding families 49.9% and Banc Sabadell 9.7%
- Free float: 32.4%

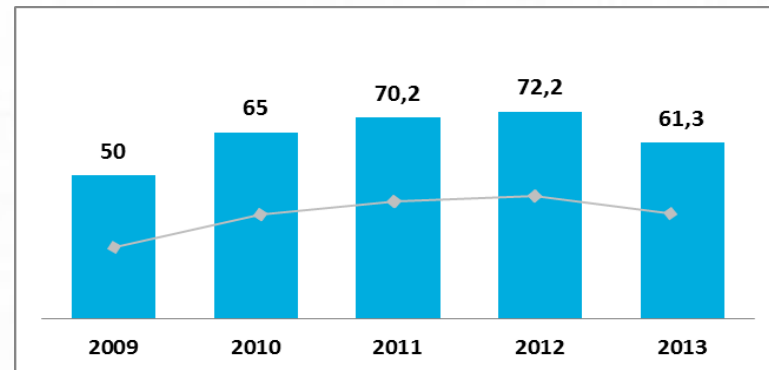
Summary Financials

- Improving efficiency
 - Centralization of distribution and commercial platforms, as well as manufacturing facilities
 - Consolidation of manufacturing plants
- Improvement in top line performance and EBITDA uplift

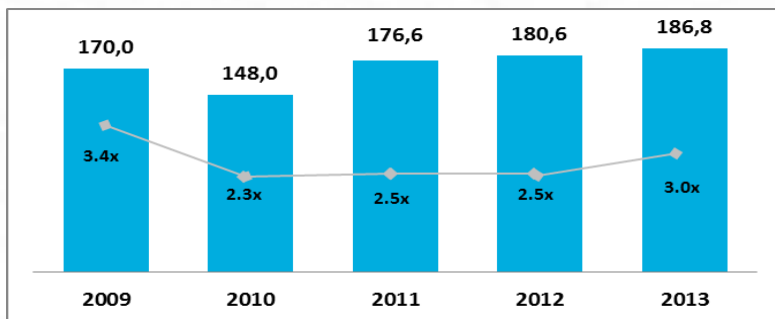
Sales (€m)



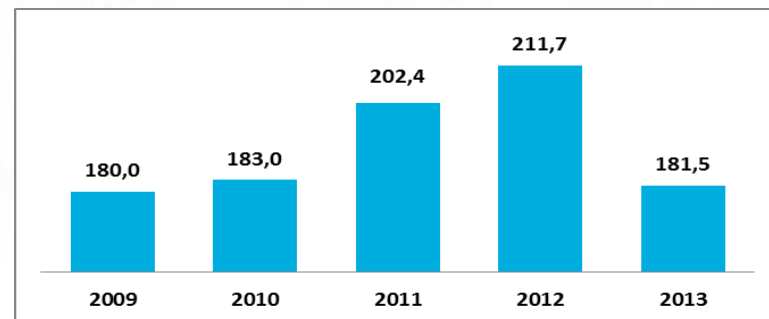
EBITDA (€m) & EBITDA Margin



Net Debt (€m) & Net Debt/EBITDA



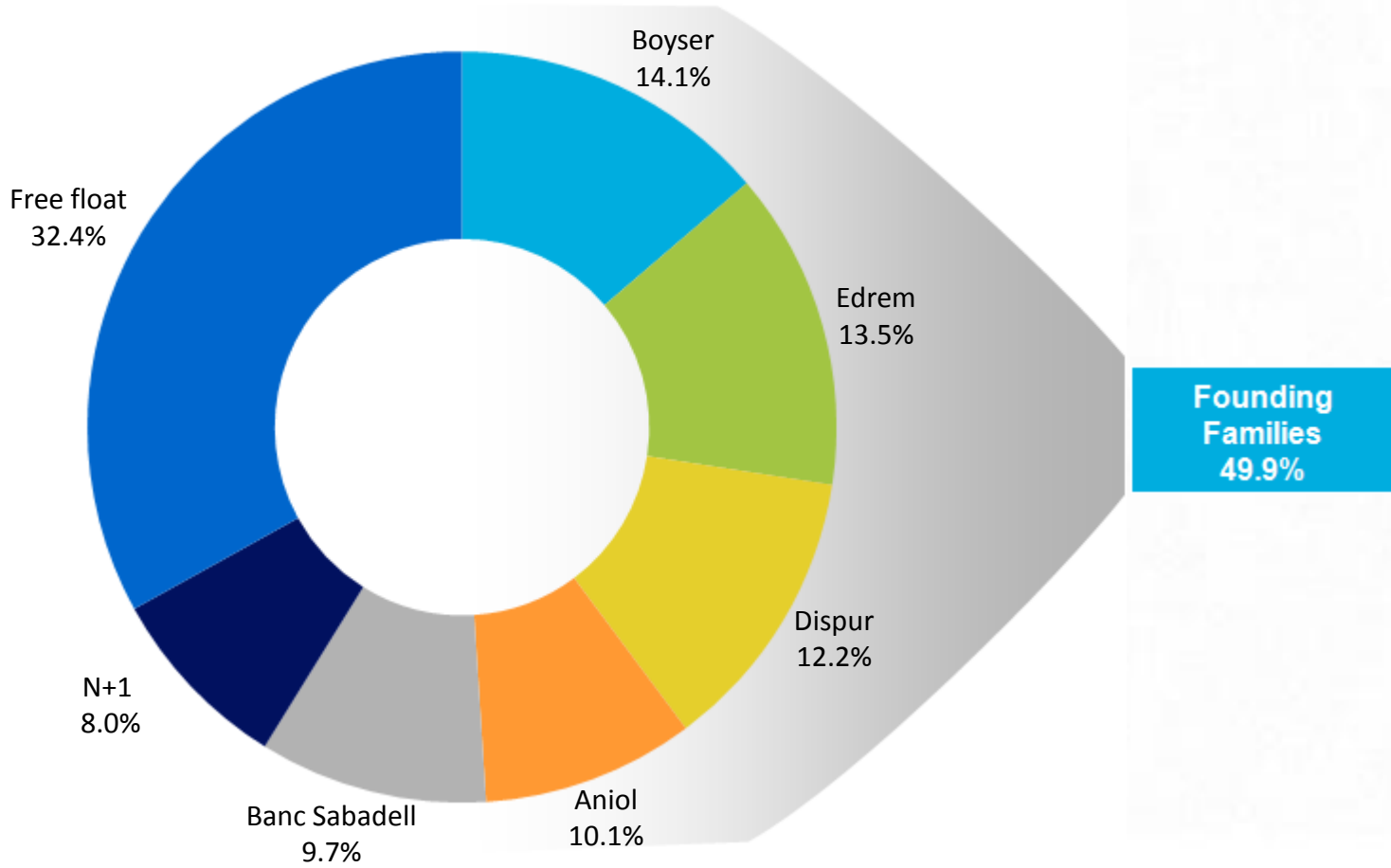
Working Capital (€m)



2. Shareholder Structure

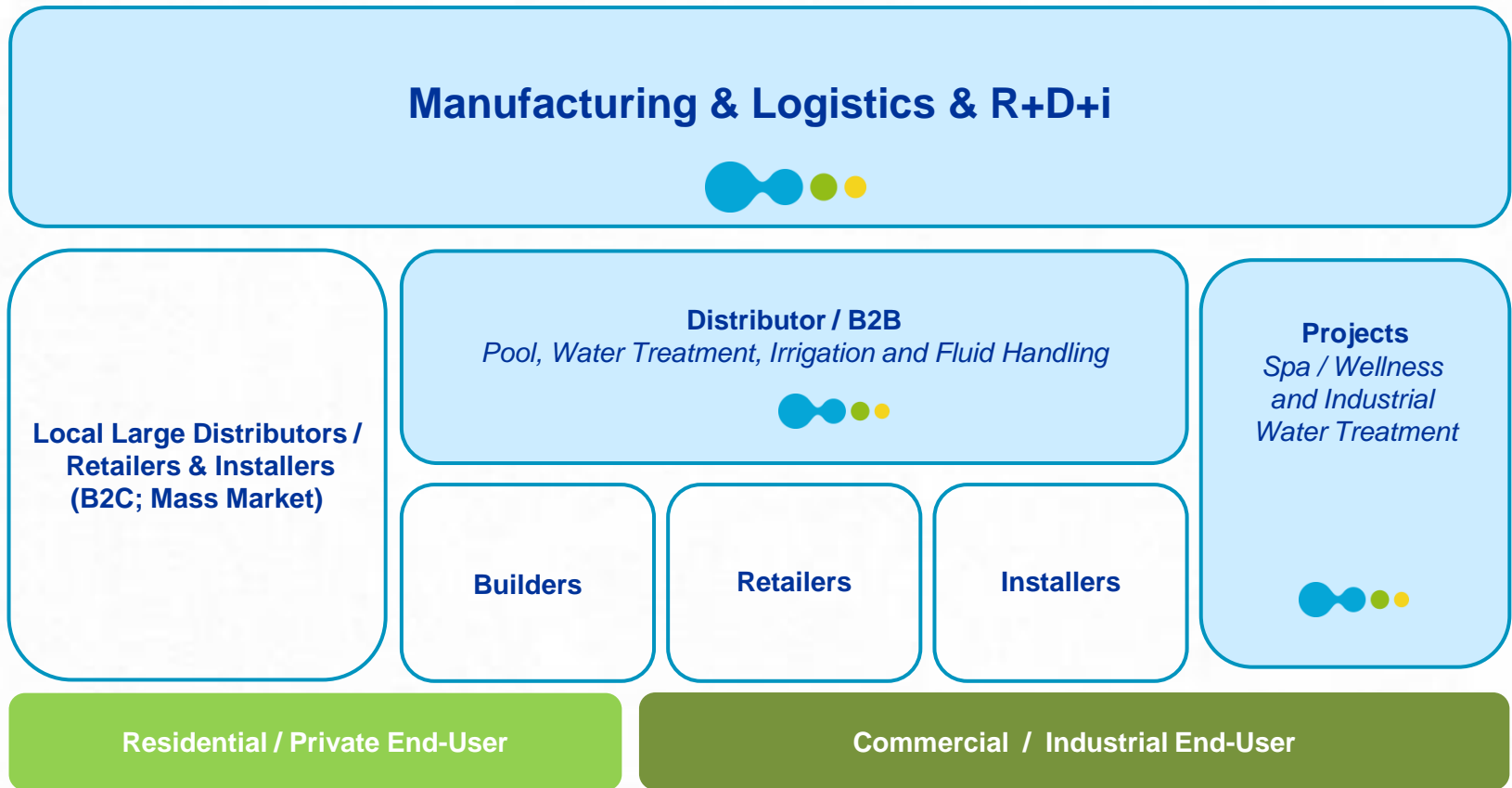
Shareholder Structure

• The renewal of the shareholders' agreement by the founding families and Banc Sabadell reflects their confidence in Fluidra's growth strategy and in its future projects.



3. Business Model

Fluidra in the Business Value Chain: an integrated model



Unique business model with the following advantages

- Increases Profitability / Margin
- Minimizes Business Risk
- Creates Significant Barriers to Entry

Overview of Divisions and Business Units

FY 2013 Revenues €592.7M

Divisions

EUROPE

€410M (69%)

ASIA & AUSTRALIA

€114M (19%)

NOth AMERICA & RoW

€69M (12%)

Business Units

Pool – Wellness

€411M (69%)



- Design, production and distribution of all components for residential or commercial pools and wellness centers

Fluid Handling

€60M (10%)



- Design, manufacturing and distribution of parts to carry water or other liquids in industrial, irrigation and pool applications

Water Treatment

€89M (15%)



- Solutions for water treatment in domestic and industrial applications

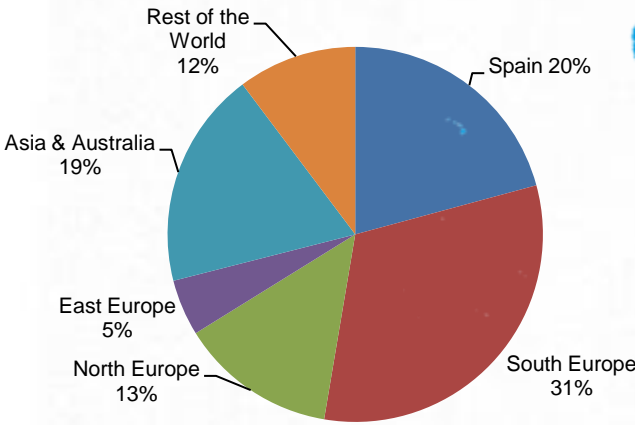
Irrigation

€33M (6%)

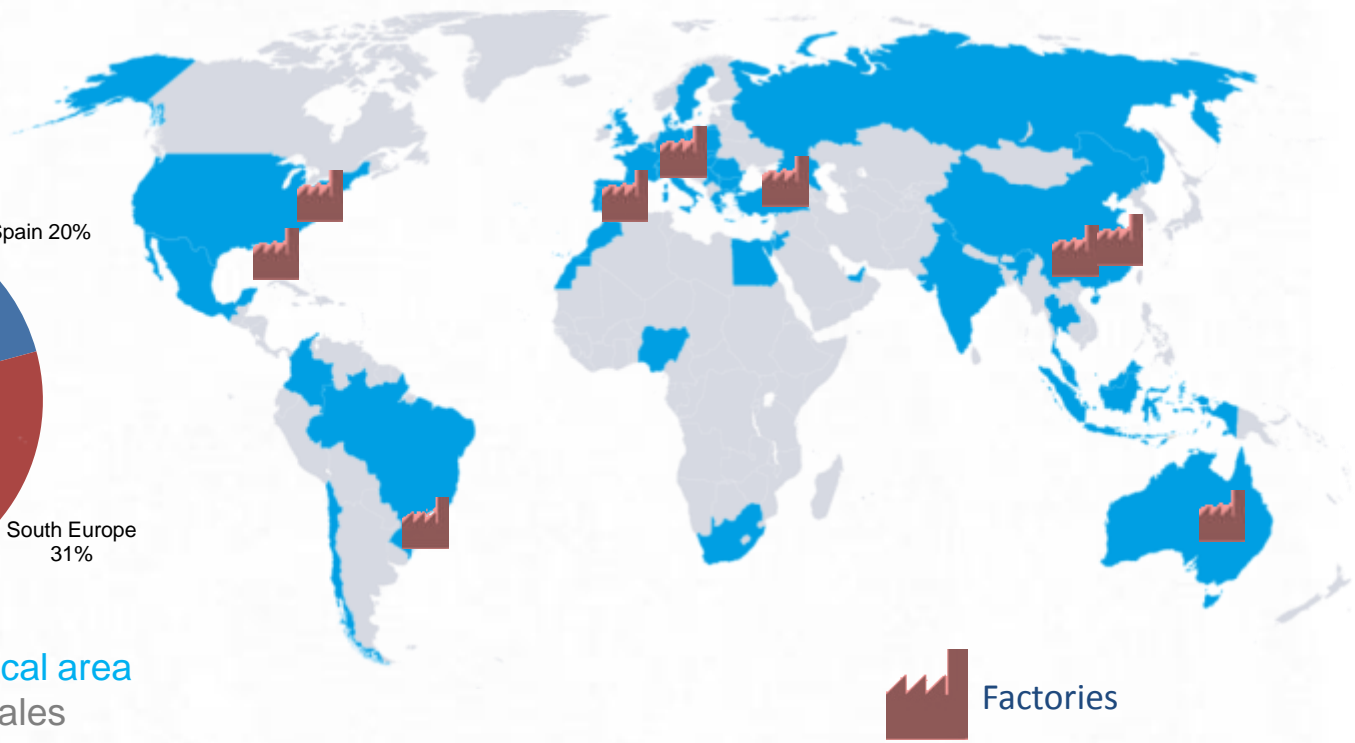


- Complete and efficient irrigation systems, for agricultural and landscaping applications

Distribution Network



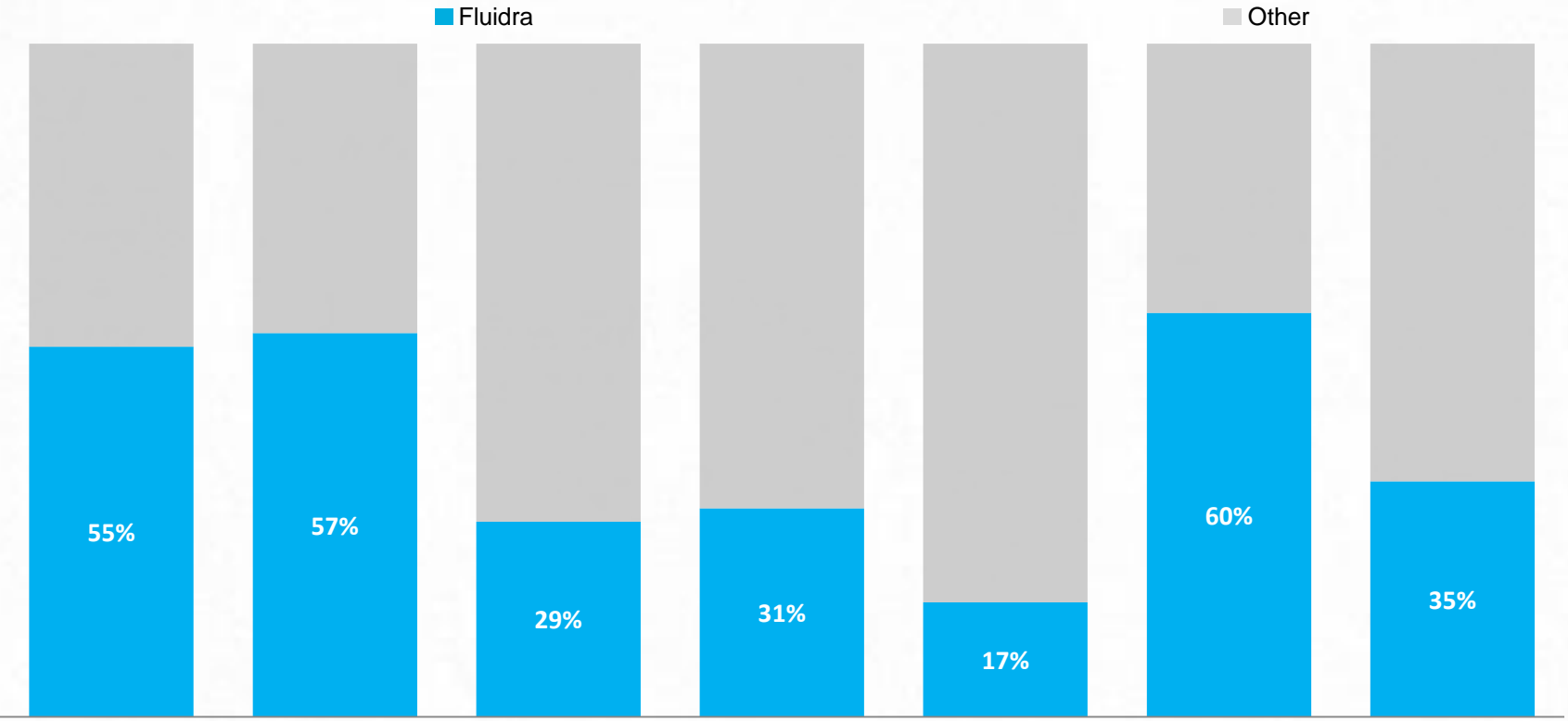
Sales by geographical area
80% international sales



125 branches in 41 countries: Alemania, Australia, Austria, Bélgica, Brasil, Bulgaria, Colombia, Chile, China, Chipre, Dinamarca, Egipto, Emiratos Árabes Unidos, España, EE.UU., Francia, Grecia, Hungría, India, Indonesia, Israel, Italia, Jordania, Malasia, Marruecos, México, Montenegro, Nigeria, Polonia, Portugal, Reino Unido, República Checa, Rumanía, Rusia, Serbia, Singapur, Sudáfrica, Suecia, Suiza, Tailandia y Turquía.

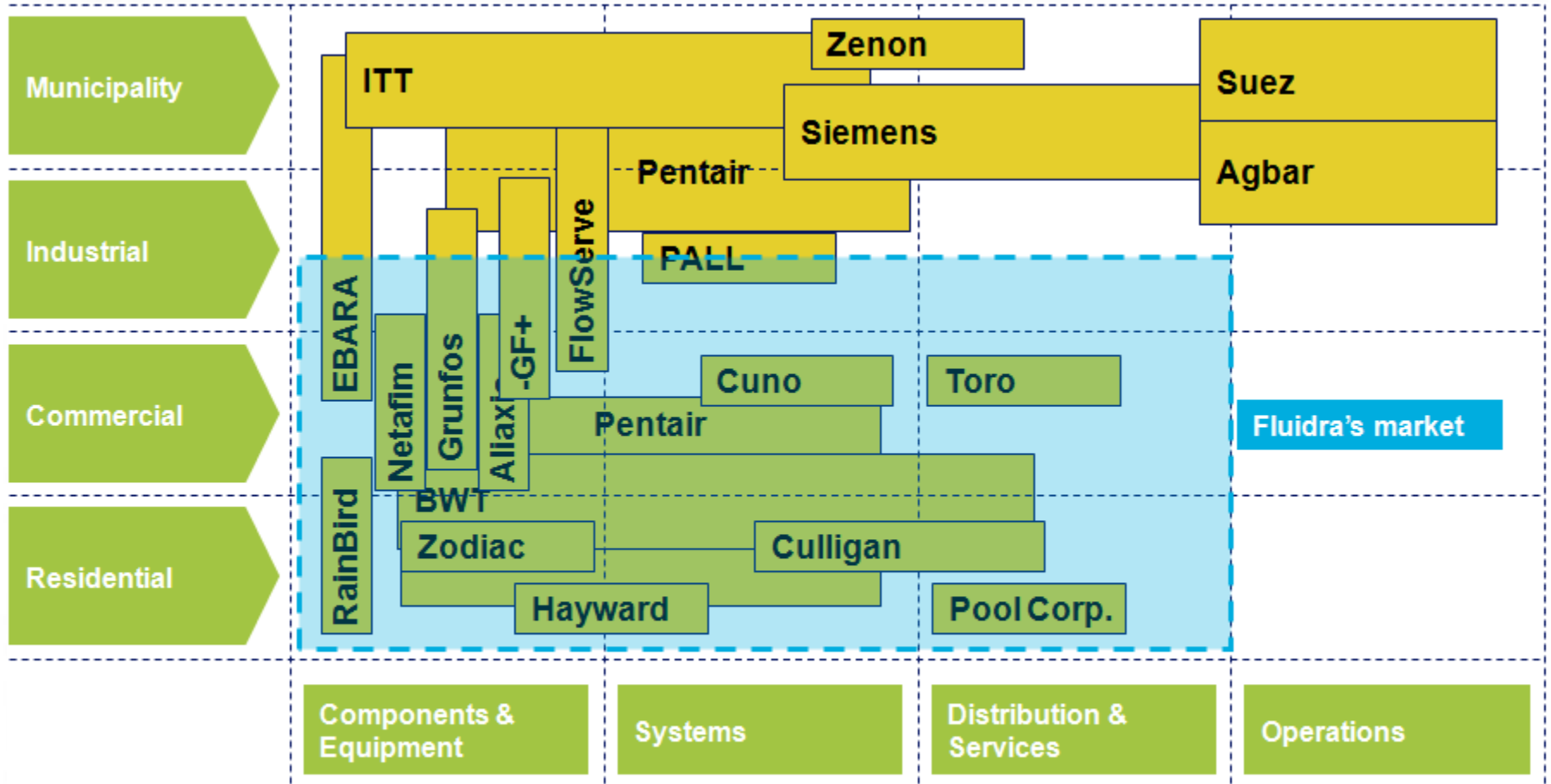
Internationally recognized leadership on Pools

Some examples on Country Market Share (%) on Pool activity



<p>Market Position</p>	Spain	Portugal	France	UK	Italy	Middle East	Australia
	#1	#1	#1	#1	#1	#1	#1

Fluidra's Positioning in the Water Business



Fluidra is present in growing, fragmented markets, through an integrated business model

4. Financial Performance

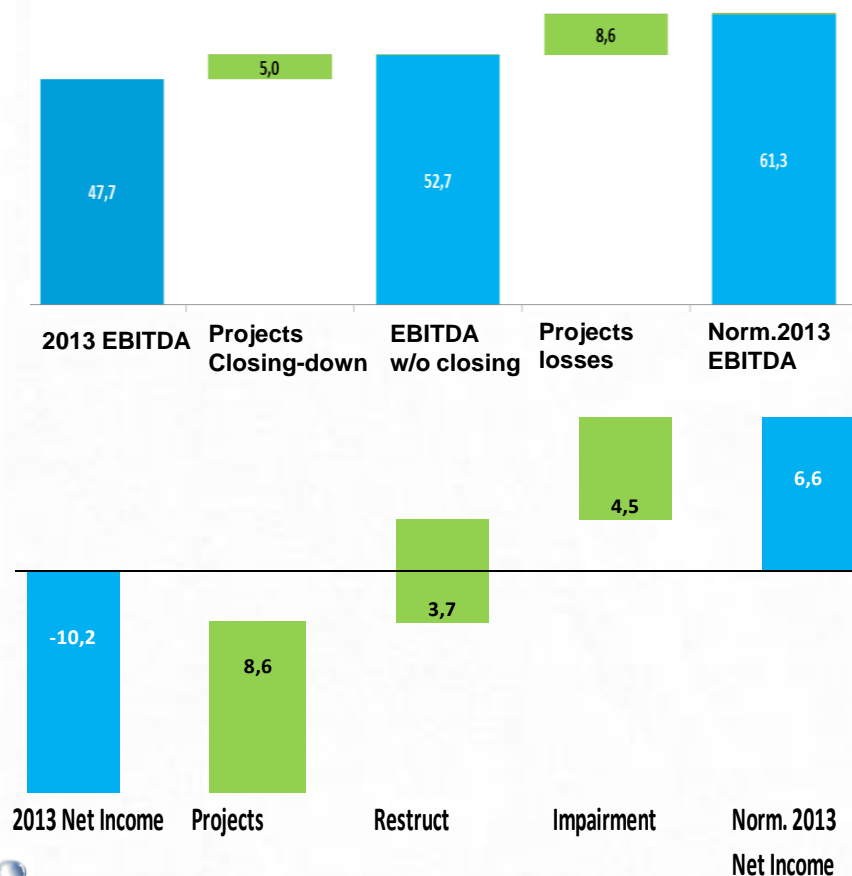
2013 Results - Summary

	Main Magnitudes		
	2012	2013	Evol.
€M			
Sales	628,8	592,7	-5,7%
EBITDA	72,2	47,7	-33,9%
Net Income	14,5	-10,2	-170,6%
Net Working Capital	200,8	181,6	-9,6%
Free Cash Flow post acquisitions	28,7	16,8	-11,9%
Net Financial Debt	180,6	186,8	3,4%

- **Sales:** 2013 evolution is clearly impacted by FX (2.1%), Projects (1.4%) and economic situation and bad weather conditions at the beginning of the season.
- **EBITDA** includes the impact of the points mentioned above, plus the closing down costs of Projects.
- **Net Income:** in addition to the above mentioned it is affected by restructuring costs, goodwill impairment and closing-down of Projects.
- Lower generation of **Free Cash Flow** by P&L is partly compensated by good evolution of Working Capital, situating **Net Financial Debt** at 186,8 MEuros despite payments to Veico and Youli.

2013 Results – Normalization of EBITDA & Net Income

● In order to facilitate understanding of our accounts in this atypical year, we present a normalization of EBITDA and Net Profit.



● EBITDA reflects both the impact of closing-down of Projects, and of the losses generated by this activity during the year. Without these impacts, EBITDA would have reached Euro 61.3 M, within the guidance range communicated in the presentation of 3Q2013 results.

● Net Income: affected by restructuring costs, goodwill impairment and the closing-down of Projects.

2013 Results – Conclusions

- Year 2013 is affected by the closing-down of **Projects**. All related costs and expenses are included in 2013 accounts.
- **Fluidra** continues to develop its **strategy** deleveraging in Europe and investing internationally, within a framework of stable financial situation:
 - Implement in 2014 the **restructuring plan** announced in November 2013, with a target to reduce the cost base of 2012 by **Euro15M**.
 - Develop the investments done over the past years (Fluidra Youli and Veico) to broaden our **international business**, with particular emphasis on Latin America and Asia.
- **For 2014**, our guidance is sales between Euro 580 – 600 M; Ebitda between Euro 65 - 69M; and NFD/Ebitda ratio at 2,5x.

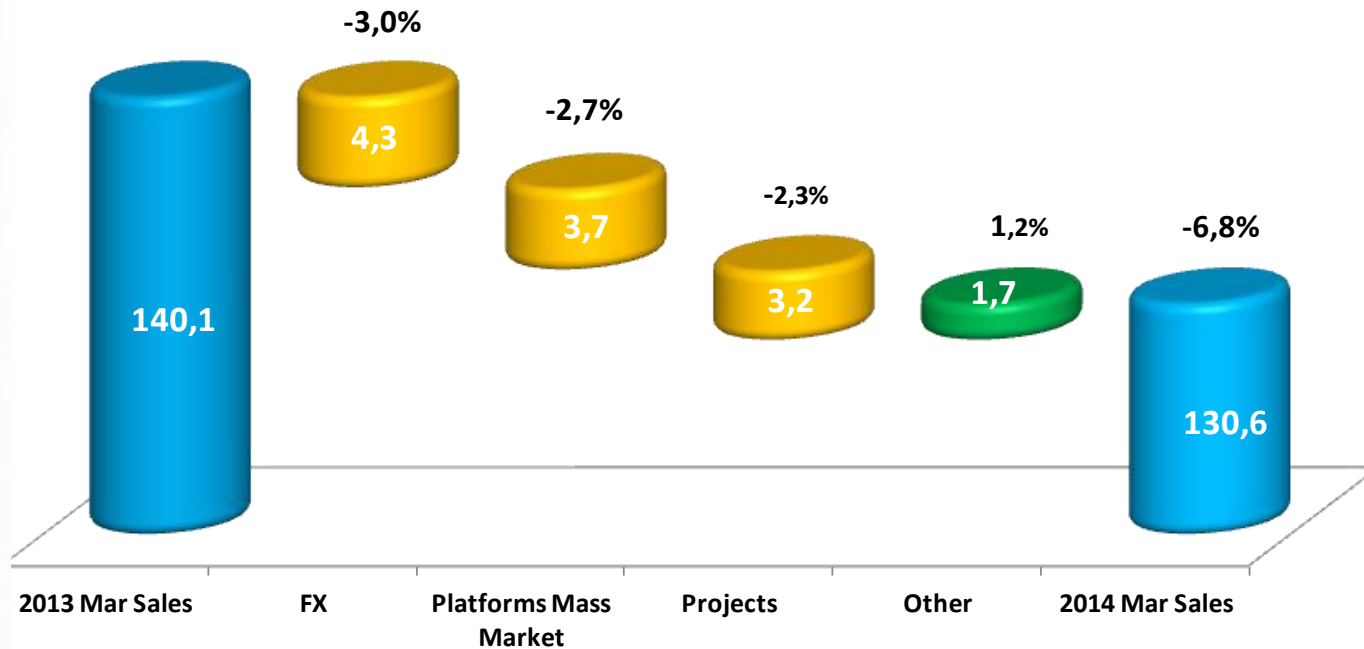
1Q2014 Results - Summary

Key magnitudes

	€M	Key magnitudes		Evol.
		March 13 YTD	March 14 YTD	
Sales		140,1	130,6	-6,8%
EBITDA		10,0	9,2	-7,8%
Net Income		-2,2	-3,7	65,8%
Net Working Capital		234,2	228,8	-2,3%
Free Cash Flow post acquisitions		-38,1	-46,7	-8,6
Net Financial Debt		227,8	231,5	1,7%

- Sales: aligned with our expectations and affected by currencies, projects and mass market platform.
- EBITDA: lost volume cannot be compensated by good margin & opex performance.
- Net Profit: Sales decline in a quarter close to breakeven has a significant impact.
- Net working capital: evolution according with the time of the season.
- Free cash flow: first quarter is an investment quarter.
- Net financial debt: in line with last year results.

1Q2014 Results – Sales evolution



- Currencies have a significant impact on this quarter mainly due to Australian dollar, American dollar, Turkish lire & Indonesian rupee.
- **Sales** reflect changes in the mass market delivery conditions. Last year deliveries where to their logistic platform while this year we are delivering directly to the store. This change in conditions will push our sales into Q2 and Q3.
- **Project's Sales** are affected by the decision of closing down the division.

1Q2014 Results - Income Statement

	March 2013 YTD		March 2014 YTD		Evol.14/13
	€ M	% sales	€ M	% sales	
Sales	140,1	100,0%	130,6	100,0%	-6,8%
Gross Margin	71,4	51,0%	68,8	52,7%	-3,8%
Opex before Dep.& Amort.	60,1	42,9%	57,9	44,4%	-3,7%
Provisions for bad debt	1,3	0,9%	1,6	1,2%	25,1%
EBITDA	10,0	7,1%	9,2	7,1%	-7,8%
EBIT	1,5	1,1%	0,5	0,4%	-64,4%
Net Financial Result	-3,9	-2,8%	-3,8	-2,9%	-4,2%
PBT	-3,4	-2,4%	-4,0	-3,0%	17,3%
Net Income	-2,2	-1,6%	-3,7	-2,8%	65,9%

- Good **Gross Margin** performance, thanks to Fluidra efforts implementing efficiency program.
- **Opex** is in line with expectations, reflecting deleverage in Europe and small investments in Australia & Brazil.
- **EBITDA** is affected by lower sales volume and higher provisions that can not be compensated by the margin evolution and opex reduction.
- **Net result:** the tax rate is unfavorable in this quarter.

1Q2014 Results – Sales by Geographical Area

Fluidra Sales by Geographical Area					
€M	2013 YTD	%	2014 YTD	%	Evolution 14/13
Spain	26,8	19,1%	26,4	20,2%	-1,3%
South Europe - Rest	43,7	31,2%	36,0	27,6%	-17,7%
Central & Northern Europe	16,6	11,9%	19,2	14,7%	15,8%
Eastern Europe	5,3	3,8%	6,0	4,6%	12,6%
Asia & Australia	29,2	20,8%	26,0	19,9%	-11,1%
Rest of World	18,4	13,1%	16,9	12,9%	-8,0%
TOTAL	140,1	100,0%	130,6	100,0%	-6,8%

- Spain shows signs of recovery, excluded the mass market platform effect.
- Decline in **Southern Europe**, mainly due to France, which is impacted by projects, mass market platforms and overloaded channel due to poor 2013 campaign.
- Good performance in **Central, Northern and Eastern Europe** with double digit growth.
- In **Asia and Australia**, results are impacted by exchange rates. Growth is positive in local currency.

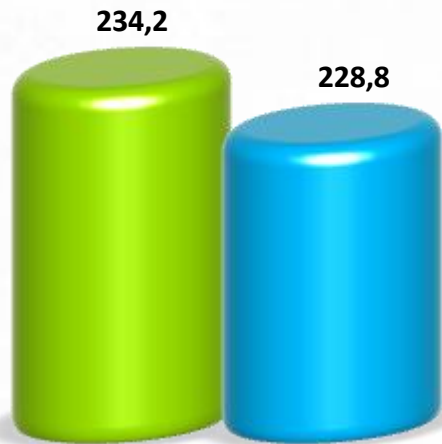
1Q2014 Results - Evolution of Sales by Business Unit

	Sales by business units				
	2013 YTD	% of Total	2014 YTD	% of Total	Evolution %
Pool	95,7	68,3%	90,2	69,1%	-5,7%
- Private	80,7	57,6%	74,3	56,9%	-7,9%
- Commercial	15,0	10,7%	15,9	12,2%	6,1%
Water Treatment	18,4	13,1%	18,4	14,1%	0,1%
Irrigation	7,7	5,5%	6,5	4,9%	-16,4%
Fluid Handling	14,7	10,5%	15,2	11,6%	3,0%
Projects	3,5	2,5%	0,3	0,2%	-92,5%
TOTAL	140,1	100,0%	130,6	100,0%	-6,8%

- **Pool** reports a 6% decrease impacted by sales to mass market platforms pushed into the following quarters.
- **Irrigation** has been affected by a poor start to the season in France.
- Favorable performance of **Fluid Handling**, who increases the contribution of the unit to 12% of total consolidated sales, thanks to the positive evolution in Europe, Middle East & Russia.

1Q2014 Results – Net Working Capital

Net Working Capital (M€)
First Quarter



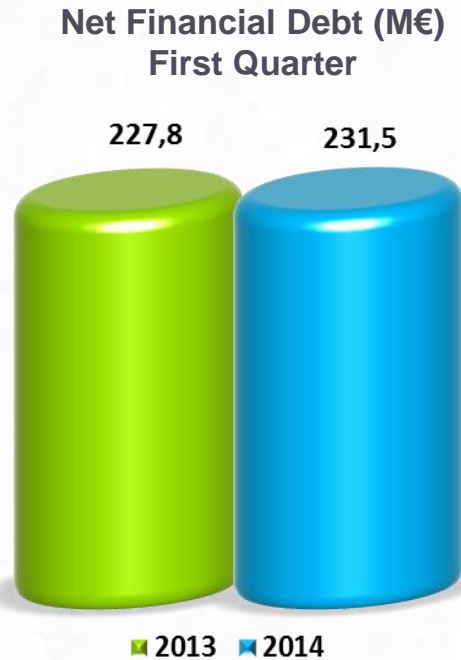
■ 2013 ■ 2014

	March YTD		
	2013	2014	Evol. 14/13
Inventory	167,3	161,1	-3,7%
Accounts Receivable	192,7	186,0	-3,5%
Accounts Payable	125,8	118,3	-6,0%
Net Working Capital	234,2	228,8	-2,3%

€M

- The evolution of **Net Working Capital** is in line with the season, with better quality of our stocks and lower AP due to lower manufacturing volumes in the quarter.

1Q2014 Results – Net Financial Debt and Free Cash Flow



	March YTD		
	2013	2014	Evol. 14/13
Net income	-2,2	-3,7	-1,5
Depreciation (+)	8,5	8,7	0,2
Increase (-) / Decrease (+) NWC	-33,4	-47,2	-13,8
Capex (organic)	-5,8	-4,4	1,4
Free Cash Flow pre-acquisitions	-32,9	-46,6	-13,7
Acquisitions	-5,1	-0,1	5,0
Free Cash Flow post acquisitions	-38,1	-46,7	-8,6

€M

- **Free Cash Flow**, in 1Q2014, reflects the investments needed to prepare the season and is, generally speaking, in line with the last year evolution, with the exception of NWC, due the lower level of AP.
- **2013 Acquisitions** includes payments for Veico (Brazil) and Fluidra Youli (China).

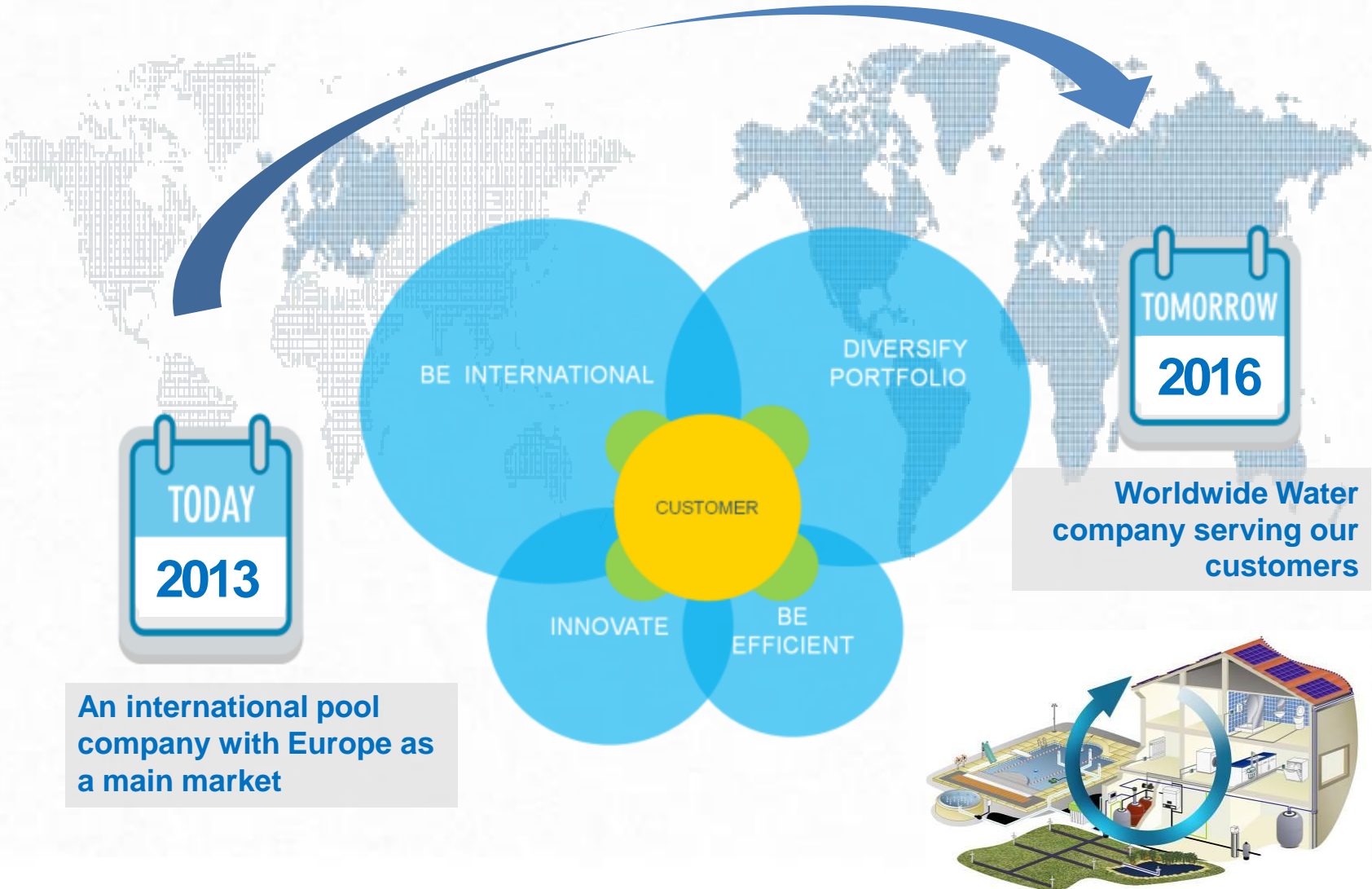
1Q2014 Results– Conclusions

- **First quarter** aligned with our expectations, affected by currencies, projects and platforms, although under these realities we see signs of recovery in coming quarters, in Southern Europe. The impact of foreign exchange, if rates maintain this level, will be minimal from third quarter onwards.

- **Development of our strategy** of deleveraging in Europe and investing internationally, within a framework of financial stability:
 - Implement in 2014 the restructuring plan announced in November 2013, with a target to reduce the cost base of 2012 by Euro15M.
 - Divestiture Plan of on non-core assets.
 - Develop the investments done over the past years to broaden our international business .

5. Strategy and Investments Highlights

Strategy



Strategy guidelines



Pool

International leadership

- Focus on emerging markets, both organic and through acquisitions

Product Innovation

- Expand product range for the park driven by sustainability criteria

Leverage pool distribution network

- Increase penetration of irrigation, domestic WT and fluid handling
- Develop channels based on current structure



Other Business Units

Become a player in Industrial Fluid Handling in Asia

- Acquisition strategy focused on China, building on solid position in Europe

Develop Industrial Water Treatment business model

- Specialization in middle size plants
- Organic and inorganic growth



Operations

Improve margins and cash flow generation

- Implementation of Lean Program

Operational Excellence

- Implementation of IT strategy
- Develop global organization

International Leadership

Veico - Brasil

- Fluidra acquired **VEICO (February 2013)**, company that makes accessories for pools in the Brazilian state of Santa Caterina.
- Veico has a **turnover of more than Euro 3M** and industrial facilities of 1,500 square meters.
- **Veico** gives us manufacturing capabilities in a country where the construction of new pools has increased over 10% in recent years, with a park estimated of **1.4 million units**
- The estimated market size is about **Euro 200M**.
- The total **investment** represents a multiple of **4.0x EBITDA 2012**.



International Leadership

Presence of Fluidra in Latam

Latam Division

- **Latam Division**, Fluidra has decided to extend his presence in this area, with the aim to promote activities in the Latin America market. This new market will bring capability of growth and development on the continent.



Product Innovation

AstralPool MAC

- AstralPool MAC is the only compact, modular device in the market that has all the components needed for the physical and chemical control of pool water in the most efficient way possible.
- Its smart software enables all settings to be adjusted from a touchscreen and users thus have **total control over their pools**.
- AstralPool MAC is **an innovative product and a new concept** in understanding the way pools are managed.
- AstralPool MAC can make savings of up to **50% on energy (electricity and water)** in comparison with conventional pools systems.
- As a result, AstralPool MAC received an honourable mention at the prestigious **Red Dot Design Awards**.
- Success at its presentation in international fairs: **Lyon and Pekin**



Product Innovation

Viron

- **Launch of high range products "Viron"** for U.S. and Australian residential markets, consisting of pumps, cartridge filters, control system with touchpad's, air conditioning, etc.. And characterized by a commitment to sustainability, energy efficiency and cutting edge technology, according to the commitment and strategic approach of Fluidra.
- **Maximum energy efficiency recognition.** The Australian authorities have qualified Viron P600 Pump as a pump eVo more energy efficient, according to the criteria of the **MEPS** (Minimum Energy Performance Standards) ([http://www.energyrating.gov.au/products-themes/other/swimming-pool-pumps / Voluntary-labeling](http://www.energyrating.gov.au/products-themes/other/swimming-pool-pumps/Voluntary-labeling)).



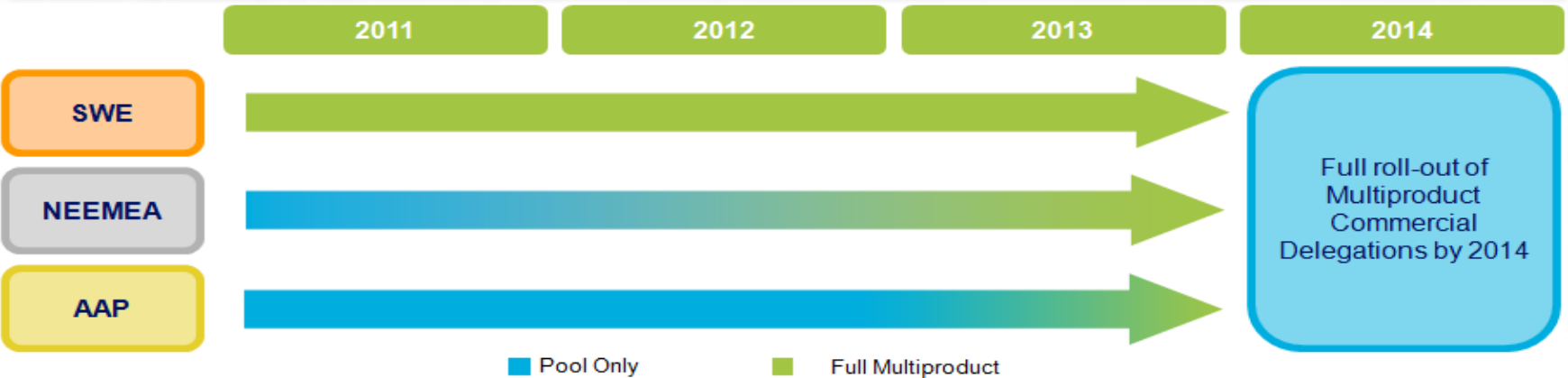
Leverage Pool Distribution Network

∞ Distribution: New branch format

- ∞ Old Model: branch with relatively large storage surface and just want point for customer attention
- ∞ New Model: Self service format, with different areas for training, show room and exhibits
 - ∞ Promotes cross-selling, becoming a one-stop shop for irrigation, water treatment, fluid handling and pool products
 - ∞ Improved brand awareness
 - ∞ Operational efficiency in opex and working capital, simplifying stock management



∞ Roll-out of Multiproduct Commercial Delegations



Become a player in Industrial FH in Asia

Fluidra Youli

- Fluidra closed the signature of a joint venture in China, **Fluidra Youli Fluid Systems (Wenzhou)**, dedicated to fluid handling in the Asian market and an initial focus in the Chinese market

FH Chinese Market

- **Industrial Fluid Handling - China:** fragmented market of Euro 300 -350M of local competitors with limited technology.
- Constitution of **Fluidra Youli Fluid Systems (Wenzhou):** Fluidra will participate with 70% in the Joint Venture and the remaining 30% belongs to a local partner, Youli, who contributes a manufacturing facility and the distribution network. Youli is dedicated to extrusion and injection of C-PVC and U-PVC.
- **Fluidra Youli** will manufacture valves, fittings and pipes both American and metric measures. Fluidra Youli will be the platform to develop the distribution of our Industrial Fluid Handling activity in Asia and in markets as Mexico and USA.



Become a player in Industrial FH in Asia

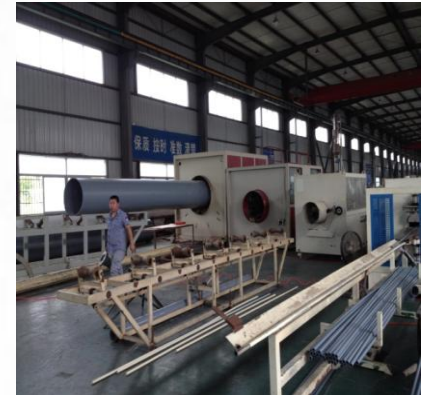
Fluidra Youli Operation

- **Constitution of the Joint Venture (October 2012):** Fluidra contributes Euro 4,8M and Youli contributes the manufacturing facility.
- There are several **earn out payments** conditional on results up to a maximum limit of Euro 14,9M
 - **2012:** Euro 2,1M
 - **2013:** Euro 5,5M
 - **2014:** Euro 7,3M
- The total amount represent a multiple of **4,2x Ebitda-2012**.



Strategic Fit

- The Joint Venture is one additional step in Fluidra's **strategic plan**.
- This operation reinforces the Group **Internationalization** process, strengthening its market share in Asia where it is already leader in Pool. In addition, this is an important step in the business **Diversification**, increasing the Fluid Handling contribution, which today represents slightly more than 8%.
- **Materialization** of the joint venture in China: The creation of the Fluidra Youli joint venture underpins the company's growth potential in China and Asia, strengthening our international expansion strategy and consolidating our fluid handling business.



Operational Excellence

Asia Division

- **Asia Division**, Fluidra has created this new division to promote activities in the Asian market. This new structure will bring together the operations on the continent.

Presence of Fluidra in Asia



Improve Margins and Cash Flow Generation

Lean Management Program: Key Principles

Commitment

- Commitment from senior and middle management, as well as employees
- Pragmatic approach: focus on “real-life” issues

Potential to Improve

- Aggressive optimization objectives
- “Sky is the limit” in terms of potential to improve efficiency

Maximise Efficiency

- Optimize production and supply chain processes
- Restructure and minimize all functions without value-added

Fluidra Direct

- Old Model: shipments to delegations and from delegation to customers
- New Model: direct shipment to customers from central warehouse
 - Better service
 - Lower inventory requirements
 - Enables for new delegation concept



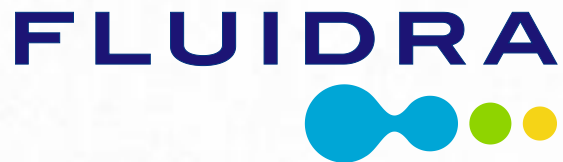
Supply Chain

- Focus on reducing share of non-value added processes in lead time (time from order reception to delivery)



Investment Highlights





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