

FLUIDRA

Q3 RESULTS 2020

October 28th 2020



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- **In order to give a better understanding of the results, we comment on adjusted financial statements and provide a reconciliation to reported measures in the appendix.**

Eloi Planes
Executive Chairman



Bruce Brooks
CEO



Xavier Tintoré
CFO



1. Magnificent growth in Q3, a superb finish to the 2020 Northern Hemisphere residential pool season.
2. Surpassed full year cost synergies target, on track to deliver overall program in 2021.
3. Excellent cash generation underpinning strength of our business model, accelerating our accretive capital allocation: dividend payments resumed.
4. Industry indicators remain strong, we continue executing our plan despite uncertain macro environment.

YTD Financial Highlights

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Excellent Sequential Recovery into Q3

€M	2019	2020	Evol. 20/19	Const. FX & Perimeter
Sales	1,062.7	1,142.9	7.5%	9.2%
EBITDA	208.2	248.0	19.2%	22.3%
EBITA	160.9	202.1	25.6%	32.4%
Cash EPS	0.44	0.63	42.5%	42.6%
Operating Net Working Capital	318.1	241.5	(24.1%)	(24.5%)
Net Debt	782.6	583.6	(25.4%)	(23.1%)
Net Financial Debt	675.3	468.5	(30.6%)	(28.5%)
Full Year Run Rate Synergies Achieved	26.1	36.2	38.8%	

- **Extraordinary Sales evolution in Q3, catching-up on pent-up demand.**
- **EBITDA and EBITA showed superb operating leverage with strong cost synergies and Value Improvement initiatives read-through.**
- **Cash EPS improved significantly as did Net Profit, up 42.5%.**
- **Operating Net Working Capital exceeded expectations.**
- **Excellent cash generation led a material decrease in Net Debt.**
- **Cost Synergies already surpassed the full year target, ahead of schedule.**

Note: EBITDA and EBITA are adjusted to include Run Rate Synergies and exclude Non-Recurring Expense. For more details please refer to page 17.

For more details on Cash EPS please refer to page 18.

People and Customers

- Operating with agility in the “new normal” working environment. Measures and processes in place make us better prepared for pandemic’s resurgences.

Sales Impact and Recent Evolution

- Lasting stay at home macro trends support Aftermarket and New-Builds.
- Superb Sales figures for each month of Q3, demand remains strong as manufacturers chase sell-through.
- Residential Aftermarket initiated recovery and remains a step change above in demand as people remain home.
- Increased New Build permits convert to actual construction, accelerating our second growth engine.

Operating Expenses

- Continued normalization of Opex levels and delivery of margin expansion initiatives, as we keep executing our plan.
- Voluntary temporary compensation reductions of non-executive board members, executive board members, management and other employees will be reimbursed, due to the strong performance.
- Marginal supply chain impacts for the 9 months as we continue to catch-up in a supply constrained environment.

Accretive Capital Allocation: Resuming Dividends and Ongoing M&A Activity

- Excellent cash generation saw us resume our dividend to shareholders. €0.21 p.s. paid October 27th, i.e. €41M outflow.
- Besides closing Aquafive’s acquisition we purchased Ten Four, a Brazilian pool chemicals company with Sales of c.€2.7M, strengthening our Latam position. This completes our third bolt-on in 9 months, part of our accretive inorganic strategy.

Sales by Geography

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Consistent and Significant Northern Hemisphere Growth Acceleration in Q3

Q3 €M	2019	% Sales	2020	% Sales	Evol. 20/19	Const. FX & Perimeter
Southern Europe	100	32%	120	32%	20.0%	20.2%
Rest of Europe	56	18%	78	21%	38.5%	41.6%
North America	85	28%	107	29%	25.7%	38.2%
Rest of the World	68	22%	67	18%	(2.1%)	3.3%
Total	310	100%	372	100%	20.1%	25.2%

YTD €M	2019	% Sales	2020	% Sales	Evol. 20/19	Const. FX & Perimeter
Southern Europe	391	37%	395	35%	1.0%	1.3%
Rest of Europe	194	18%	240	21%	23.5%	25.2%
North America	295	28%	339	30%	15.0%	16.2%
Rest of the World	183	17%	170	15%	(7.4%)	(2.4%)
Total	1,063	100%	1,143	100%	7.5%	9.2%

- **Southern Europe**, excellent recovery post lockdown continued in the quarter driven by France, Spain and Italy.
- **Rest of Europe**, accelerated its excellent performance in this quarter, led by Germany and Eastern Europe.
- **North America**, outstanding performance in the quarter chasing excellent sell-through in the channel.
- **Rest of the World**, mid-single digit growth in residential markets, offset by double digit decline in Commercial Pool driven markets.

Sales by Business Unit

Residential & Aftermarket Activities Drive Growth

Q3 €M	2019	% Sales	2020	% Sales	Evol. 20/19
Pool & Wellness	298	96%	361	97%	21.1%
Residential	211	68%	266	71%	25.6%
Commercial	22	7%	22	6%	(1.2%)
Pool Water Treatment	48	16%	53	14%	11.2%
Fluid Handling	17	5%	20	5%	20.6%
Irrigation, Industrial & Others	11	4%	11	3%	(6.3%)
Total	310	100%	372	100%	20.1%
YTD €M	2019	% Sales	2020	% Sales	Evol. 20/19
Pool & Wellness	1,024	96%	1,110	97%	8.4%
Residential	736	69%	823	72%	11.8%
Commercial	74	7%	68	6%	(8.6%)
Pool Water Treatment	154	14%	157	14%	2.2%
Fluid Handling	60	6%	62	5%	3.6%
Irrigation, Industrial & Others	39	4%	33	3%	(15.8%)
Total	1,063	100%	1,143	100%	7.5%

- **Residential Pool** experienced superb growth driven by pent-up demand and the “cocooning effect”. New Construction, our second growth engine, accelerated in Q3.
- **Commercial Pool** new project pipeline remained soft, while the larger Aftermarket aided recovery.
- **Pool Water Treatment** experienced double digit growth in the quarter. Strong performance of Water Care Equipment, which more than offset weaker evolution of Chemicals.
- **Fluid Handling** had an excellent performance in Q3, aligned with Residential New Construction.

Sales Growth + Margin Expansion Initiatives Create Operating Leverage

€M	2019	% Sales	2020	% Sales	Evol. 20/19
Sales	1,062.7	100%	1,142.9	100%	7.5%
Gross Margin	544.2	51.2%	597.6	52.3%	9.8%
Opex before Dep. & Amort.	339.8	32.0%	347.0	30.4%	2.1%
Provisions for Bad Debt	3.3	0.3%	4.5	0.4%	35.0%
EBITDA	208.2	19.6%	248.0	21.7%	19.2%
Depreciation	47.3	4.4%	46.0	4.0%	(2.8%)
EBITA	160.9	15.1%	202.1	17.7%	25.6%
Amortization (PPA related)	47.4	4.5%	42.9	3.7%	(9.6%)
Non-Recurring Expense and Run Rate Synergies	39.0	3.7%	13.4	1.2%	(65.6%)
Net Financial Result	35.8	3.4%	33.6	2.9%	(6.3%)
Tax Expense	11.3	1.1%	32.3	2.8%	186.7%
Minority Interest	3.2	0.3%	2.9	0.3%	(9.3%)
Net Profit	24.1	2.3%	77.0	6.7%	219.7%
Cash Net Profit	86.9	8.2%	123.9	10.8%	42.5%

- **Superb Sales performance activity in the Northern Hemisphere.**
- **Gross Margin improved, driven by price and margin expansion initiatives, absorbing negative country and product mix.**
- **Strong Opex management through pandemic control measures on top of cost synergies and VI.**
- **EBITDA and EBITA showed strong operating leverage.**
- **M&A related amortization line continued to decline.**
- **Cash Net Profit evolution showcasing successful operating leverage as well as lower cost of debt and Non-Recurring Expense.**

Note: EBITDA and EBITA are adjusted to include Run Rate Synergies and exclude Non-Recurring Expense. For more details please refer to page 17.

For more details on Cash EPS please refer to page 18.

Net Working Capital

Significant Improvements Accompany Group Growth

September €M	2019	2020	Evol. 20/19
Inventory	286.4	272.0	(5.0%)
Accounts Receivable	277.8	277.6	(0.1%)
Accounts Payable	246.1	308.1	25.2%
Operating Net Working Capital	318.1	241.5	(24.1%)
<i>Operating NWC / LTM Sales</i>	<i>23.6%</i>	<i>16.7%</i>	<i>(6.9%)</i>
Earn-Outs & Other Items	9.4	45.0	381.3%
Total Net Working Capital	308.7	196.5	(36.4%)

- Operating Net Working Capital performed strongly, improving ratio to LTM Sales by 688 bps.
- Inventory reduction reflects management improvements as well as very strong sales activity in Q3, in a supply challenged environment.
- Accounts Receivable remained flat despite sales growth, helped by fast collections and geographic mix.
- Accounts Payable increased by strong activity in Q3.
- Earn-outs & Other Items for 2020 includes the €41M dividend to be paid in October.

Cash Flow and Net Debt YTD

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Strong Operating Cash Flow Covers Acquisitions, Dividends & FX

€M	2019	2020	€ Evol. 20/19
Reported EBITDA	169.1	234.6	65.5
Net Interest Expense Paid	(35.2)	(28.4)	6.8
Corporate Income Tax Paid	4.5	(29.7)	(34.2)
Operating Working Capital	(46.4)	26.1	72.5
Other Operating Cash Flow	17.4	21.1	3.8
Operating Cash Flow	109.4	223.8	114.4
Capex	(31.9)	(25.0)	6.9
Acquisitions / Divestments	19.7	(19.0)	(38.7)
Other Investment Cash Flow	(0.5)	(0.8)	(0.3)
Net Investment Cash Flow	(12.7)	(44.8)	(32.1)
Lease Liability Payments	(9.8)	(15.5)	(5.7)
Treasury Stock	(9.1)	(0.1)	9.0
Dividends and Others	2.1	(1.4)	(3.5)
Financing Cash Flow	(16.8)	(17.0)	(0.1)
Free Cash Flow	79.8	162.0	82.2
Prior Period Net Debt	827.1	756.8	(70.3)
FX Impacts	35.4 ¹	(11.1)	(46.5)
Free Cash Flow	(79.8)	(162.0)	(82.2)
Net Debt	782.6	583.6	(199.0)
Net Leases	(107.3)	(115.1)	(7.8)
Net Financial Debt	675.3	468.5	(206.8)

(1) Assuming no FX impacts on YTD '19 leases.

- **Superb Operating Cash Flow performance year to date, driven by:**
 - **results improvement**
 - **lower Net Interest Paid due to repricing**
 - **excellent Working Capital contribution.**
- **Investment Cash Flow is €32M higher than last year due to the divestiture of Aquatron.**
- **Continued positive effect of COVID-19 prioritization plan on Capex.**
- **Outstanding decrease in Net Financial Debt, bolstered by an impressive €162M positive cash generation as of Q3.**

1. Superb finish to the 2020 Residential Pool season. Early data for October points to double digit Sales growth.
2. Management is confident on delivering a strong Q4, that follows the same constant FX growth trend and EBITDA margin as in year to date.
3. The fundamentals of the sector remain strong. Macro stay at home trends point to industry growing off increased Aftermarket base and accelerated New Construction.
 - The US Early Buy orders received show another positive indicator for 2021
 - Continued weak performance of Commercial Pool market with minimal impact on our Sales
 - Longer term we anticipate industry returning to normal growth trends
4. Continued strong cash generation enables accretive capital allocation.

1. Great results in 2020, we are executing our 2022 Strategic Plan.
2. Market dynamics and orders received position us well for a strong 2021.
3. Our strategy and investment thesis remains unchanged:
 - Resilient and attractive market
 - Driving growth through our customer-focused leading platform
 - Margin expansion and strong cash conversion
 - Delivering ROCE increase that could be accelerated by accretive capital allocation



Appendix

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(I) Sales by Geography

Q3	Evol. 20/19	Const. FX	Perimeter	Const. FX & Perimeter
Southern Europe	20.0%	20.0%	20.2%	20.2%
Rest of Europe	38.5%	40.2%	39.9%	41.6%
North America	25.7%	38.2%	25.7%	38.2%
Rest of the World	(2.1%)	4.1%	(2.8%)	3.3%
Total	20.1%	25.1%	20.2%	25.2%

YTD	Evol. 20/19	Const. FX	Perimeter	Const. FX & Perimeter
Southern Europe	1.0%	1.0%	1.3%	1.3%
Rest of Europe	23.5%	24.6%	24.1%	25.2%
North America	15.0%	16.2%	15.0%	16.2%
Rest of the World	(7.4%)	(1.8%)	(8.0%)	(2.4%)
Total	7.5%	9.1%	7.6%	9.2%

(II) Reported Profit & Loss Account YTD

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€M	2019	% Sales	2020	% Sales	Evol. 20/19
Sales	1,062.7	100%	1,142.9	100%	7.5%
Gross Margin	541.4	50.9%	596.6	52.2%	10.2%
Opex before Dep. & Amort.	369.0	34.7%	357.5	31.3%	(3.1%)
Provisions for Bad Debt	3.3	0.3%	4.5	0.4%	35.0%
EBITDA	169.1	15.9%	234.6	20.5%	38.8%
D&A	94.7	8.9%	88.8	7.8%	(6.2%)
Net Financial Result	35.8	3.4%	33.6	2.9%	(6.3%)
PBT	38.5	3.6%	112.2	9.8%	191.2%
Tax Expense	11.3	1.1%	32.3	2.8%	186.7%
Minority Interest	3.2	0.3%	2.9	0.3%	(9.3%)
NP from Cont. Oper.	24.1	2.3%	77.0	6.7%	219.7%
NP from Disc. Oper.	(0.1)	0.0%	0.0	0.0%	(100.0%)
Total Net Profit	24.0	2.3%	77.0	6.7%	221.2%

(III) Reconciliation of Adjusted to Reported EBITDA YTD

€M	2019	2020	Evol. 20/19
Adjusted EBITDA	208.2	248.0	19.2%
Integration Related Non-Recurring Expense	(16.2)	(3.1)	(80.6%)
Other & FX impact on Non-Recurring Expense	(4.1)	(0.2)	(95.0%)
EBITDA Discontinued Operations (Aquatron)	0.1	-	(100.0%)
Profit/Loss from sales of subsidiaries	(1.2)	(1.0)	(18.2%)
Stock Based Compensation	(10.5)	(7.2)	(31.7%)
Run Rate Synergies	(7.1)	(1.9)	(73.5%)
Reported EBITDA	169.1	234.6	38.8%

(IV) Reconciliation of Reported to Cash Net Profit and Cash EPS YTD **FLUIDRA**

€M	2019	2020	Evol. 20/19
Reported Net Profit from Continued Operations	24.1	77.0	219.7%
Integration Related & Other Non-Recurring Expense	20.3	3.3	(83.5%)
Stock Based Compensation	10.5	7.2	(31.7%)
Run Rate Synergies	7.1	1.9	(73.5%)
P&L Financial Result	35.8	33.6	(6.3%)
Cash Interest Paid	(35.2)	(28.4)	(19.3%)
Amortization (PPA related)	47.4	42.9	(9.6%)
Perimeter	1.2	1.0	(18.2%)
Cash Adjustments	87.2	61.5	(29.5%)
Tax Rate	28.0%	23.8%	(4.2%)
Taxed Cash Adjustments	62.8	46.8	(25.4%)
Cash Net Profit	86.9	123.9	42.5%
Share Count	195.6	195.6	-
Cash EPS	0.44	0.63	42.5%

(V) Reported Balance Sheet

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Assets	09/2019	09/2020	Liabilities	09/2019	09/2020
PPE & Rights of Use	219.8	220.7	Share Capital	195.6	195.6
Goodwill	1,094.2	1,095.5	Share Premium	1,148.6	1,148.6
Other Intangible Assets	772.5	675.6	Retained Earnings	126.1	206.1
Other Non-Current Assets	104.3	94.0	Interim Dividends	-	(40.7)
Total Non-Current Assets	2,190.8	2,085.8	Treasury Shares	(14.0)	(16.0)
			Other Comprehensive Income	(12.2)	(51.7)
			Minorities	8.1	6.9
			Total Equity	1,452.2	1,448.8
Inventory	286.4	272.0	Bank Borrowings + Loans	871.8	710.4
Accounts Receivable	277.8	277.6	Other Non-Current Liabilities Incl. Lease	332.9	318.8
Other Current Assets	8.3	10.7	Total Non-Current Liabilities	1,204.7	1,029.2
Cash	263.2	288.2	Bank borrowings + Loans	64.7	44.3
Total Current Assets	835.6	848.5	Accounts Payable	255.5	353.1
Total Assets	3,026.4	2,934.3	Other Current Liabilities Incl. Lease	49.3	58.9
			Total Current Liabilities	369.5	456.4
			Total Equity & Liabilities	3,026.4	2,934.3

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Thanks For Your Attention