

May 2013

# MAKING WATER PERFORM



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# 1. Fluidra at a glance

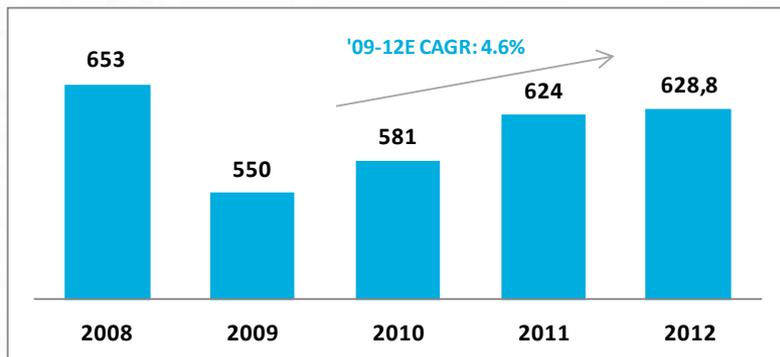
# Fluidra at a Glance

	FY2011	FY2012	Guidance 2013E
Strong Financial Performance	€624.0m Rev. (+7.4%) €70.2m EBITDA (+8.1%) €174.2m Net Debt (+18.0%)	€628.8m Rev. (+0.8%) €72.2m EBITDA (+2.9%) €180.6m Net Debt (+2.3%)	Revenues: +2.5% €74 - 76m EBITDA Net Debt/ EBITDA < 2.5x
Business	<ul style="list-style-type: none"> <li>• International leader in distribution of solutions for Pool, Water Treatment, Irrigation and Fluid Handling</li> <li>• Vertically integrated for Pool, Water Treatment and Fluid Handling</li> </ul>		
International Footprint	<ul style="list-style-type: none"> <li>• Products sold in 170 countries</li> <li>• Direct presence in 41 countries through 125 branches</li> <li>• 80% of revenues generated outside of Spain and 31% outside Europe</li> </ul>		
Customers & Products	<ul style="list-style-type: none"> <li>• Over 39,000 clients worldwide</li> <li>• Over 20,000 product references</li> </ul>		
Stock Information	<ul style="list-style-type: none"> <li>• Listed in the Spanish Stock Exchange</li> <li>• BOD: 4 founding families 49.9%, Banc Sabadell 9.7%, Criteria CaixaBank 8.0%</li> <li>• Free float: 32.4%</li> </ul>		

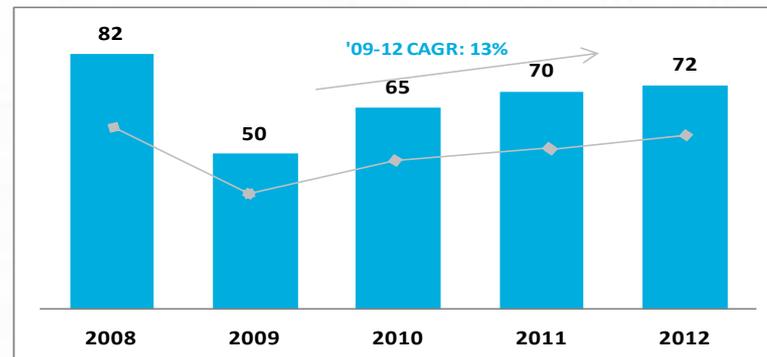
# Summary Financials

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

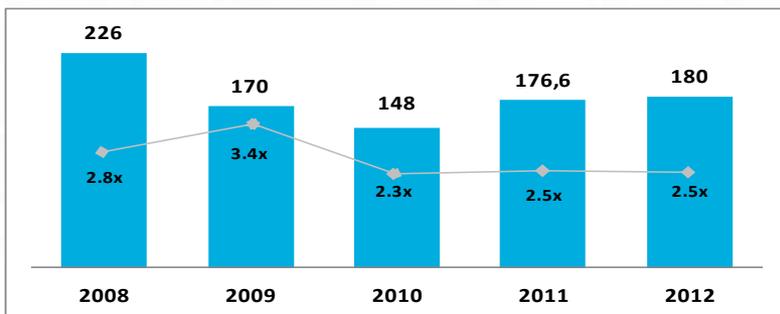
Sales (€m)



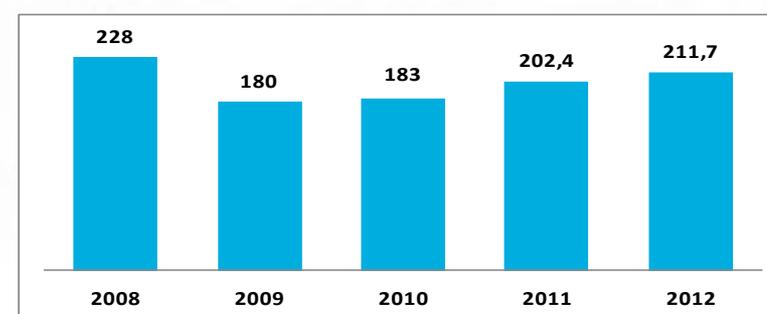
EBITDA (€m) & EBITDA Margin



Net Debt (€m) & Net Debt/EBITDA



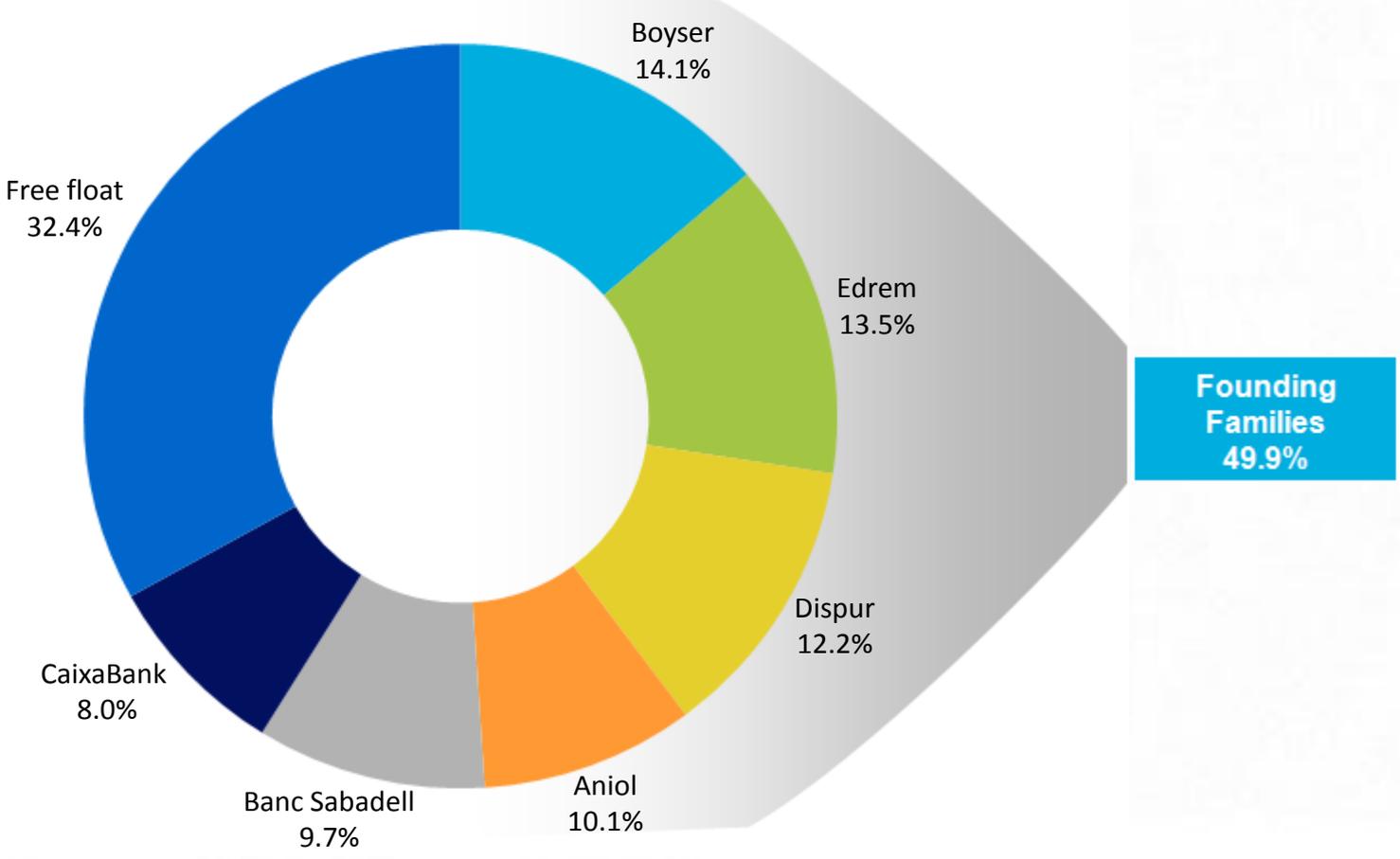
Working Capital (€m)



# 2. Shareholder Structure

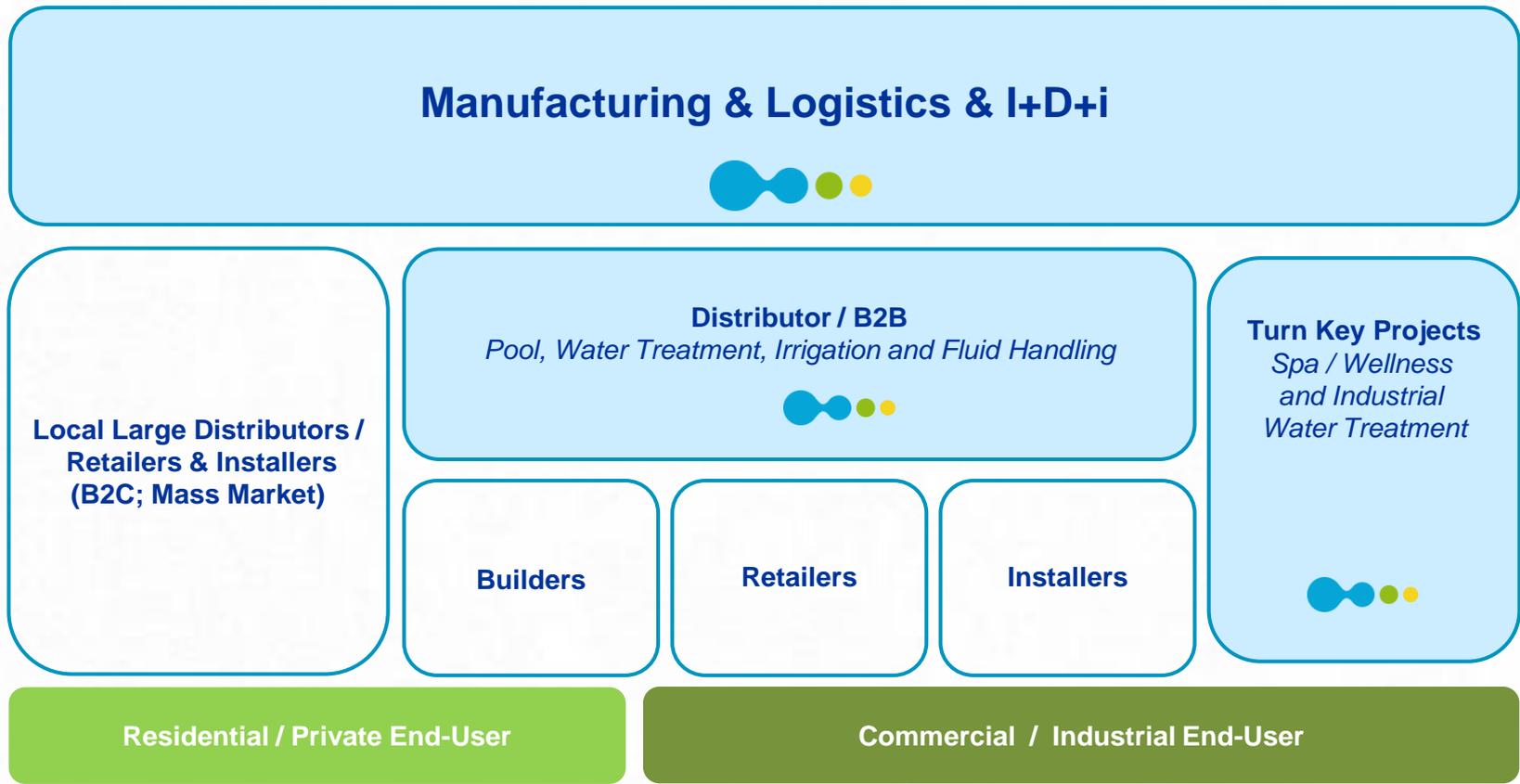
# Shareholder Structure

• 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 2012 Revenues €628.8M**

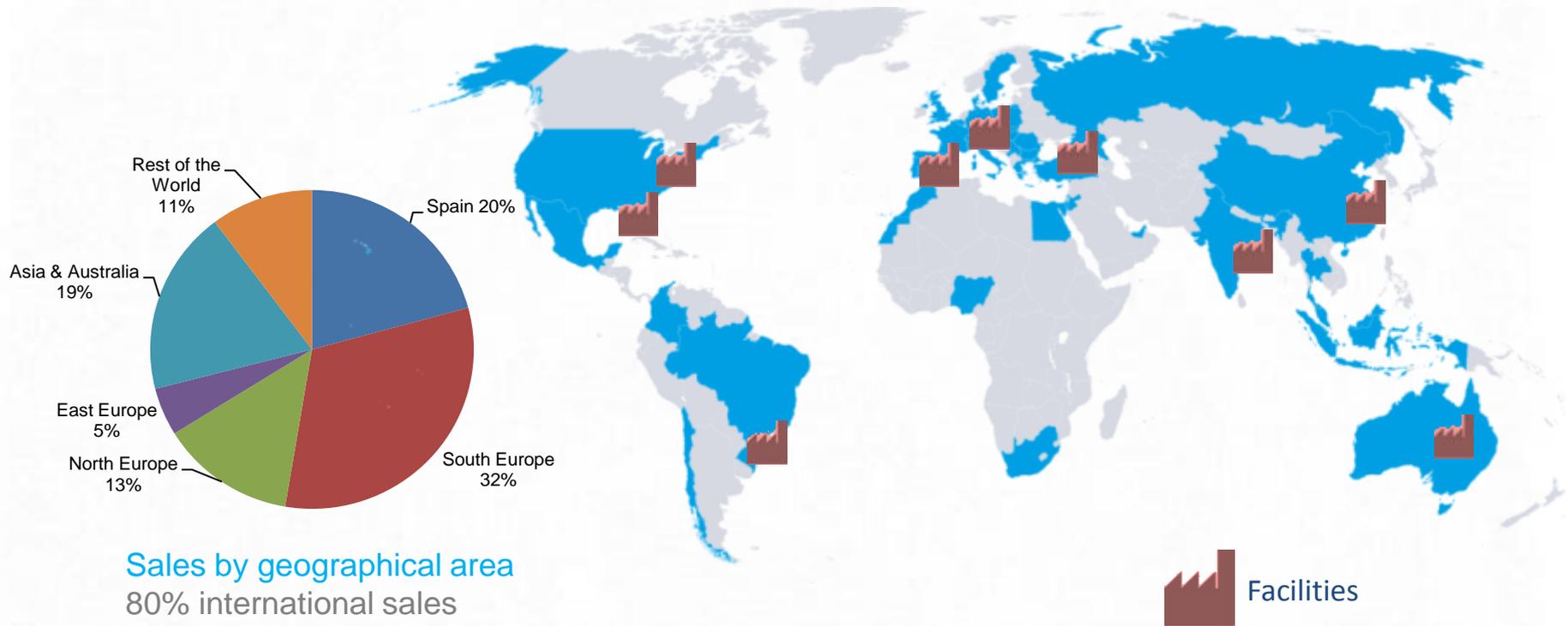
## Divisions

EUROPE	EXPANSION	ASIA	SOUTH AMERICA	PROJECTS	INDUSTRY
€364M (58%)	€153M (24%)	€36M (6%)	€4M (1%)	€17M (3%)	€54M (8%)

Business Units

Pool – Wellness	€427M (68%)		<ul style="list-style-type: none"> <li>Design, production and distribution of all components for residential or commercial pools and wellness centers</li> </ul>
Water Treatment	€105M (17%)		<ul style="list-style-type: none"> <li>Solutions for water treatment in domestic and industrial applications</li> </ul>
Irrigation	€35M (6%)		<ul style="list-style-type: none"> <li>Complete and efficient irrigation systems, for agricultural and landscaping applications</li> </ul>
Fluid Handling	€62M (10%)		<ul style="list-style-type: none"> <li>Design, manufacturing and distribution of parts to carry water or other liquids in industrial, irrigation and pool applications</li> </ul>

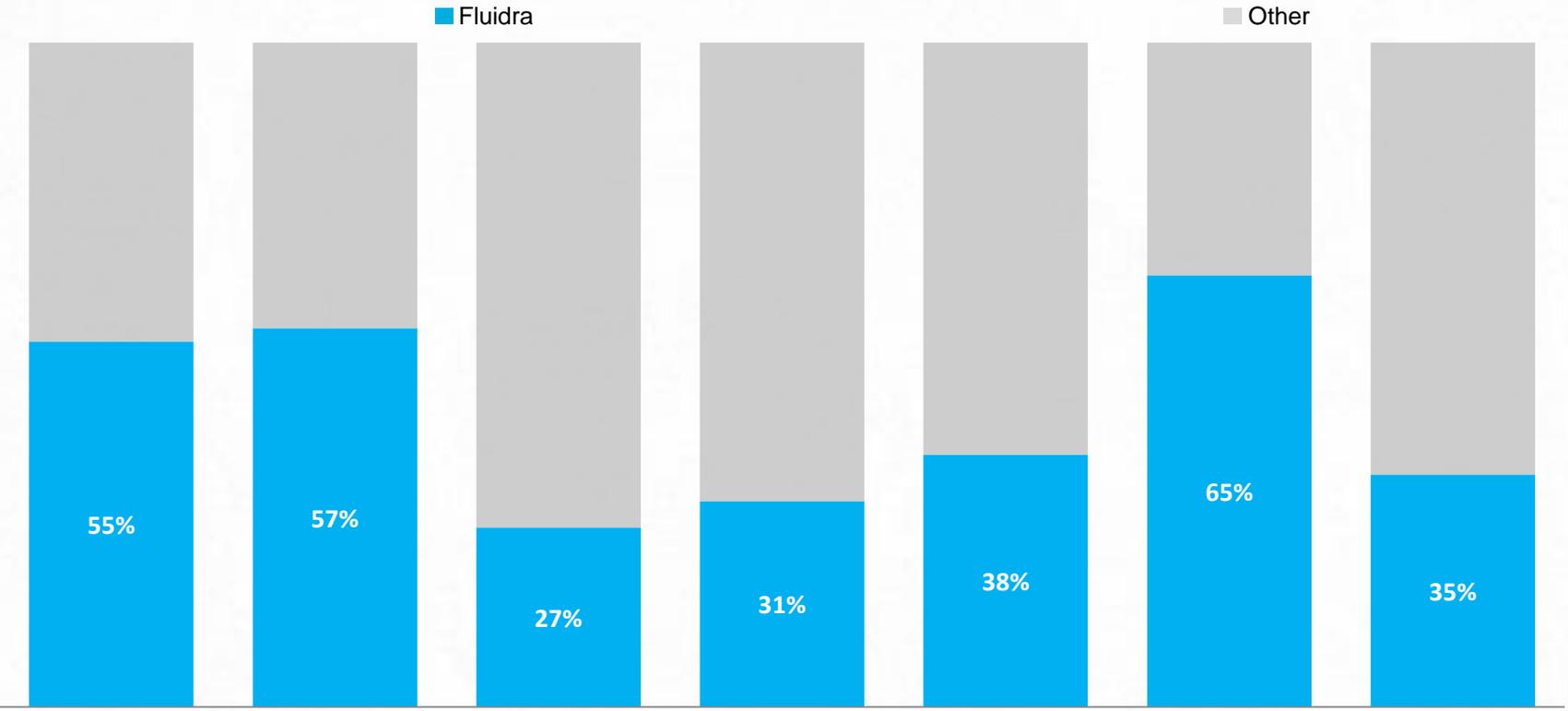
# Distribution Network



**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

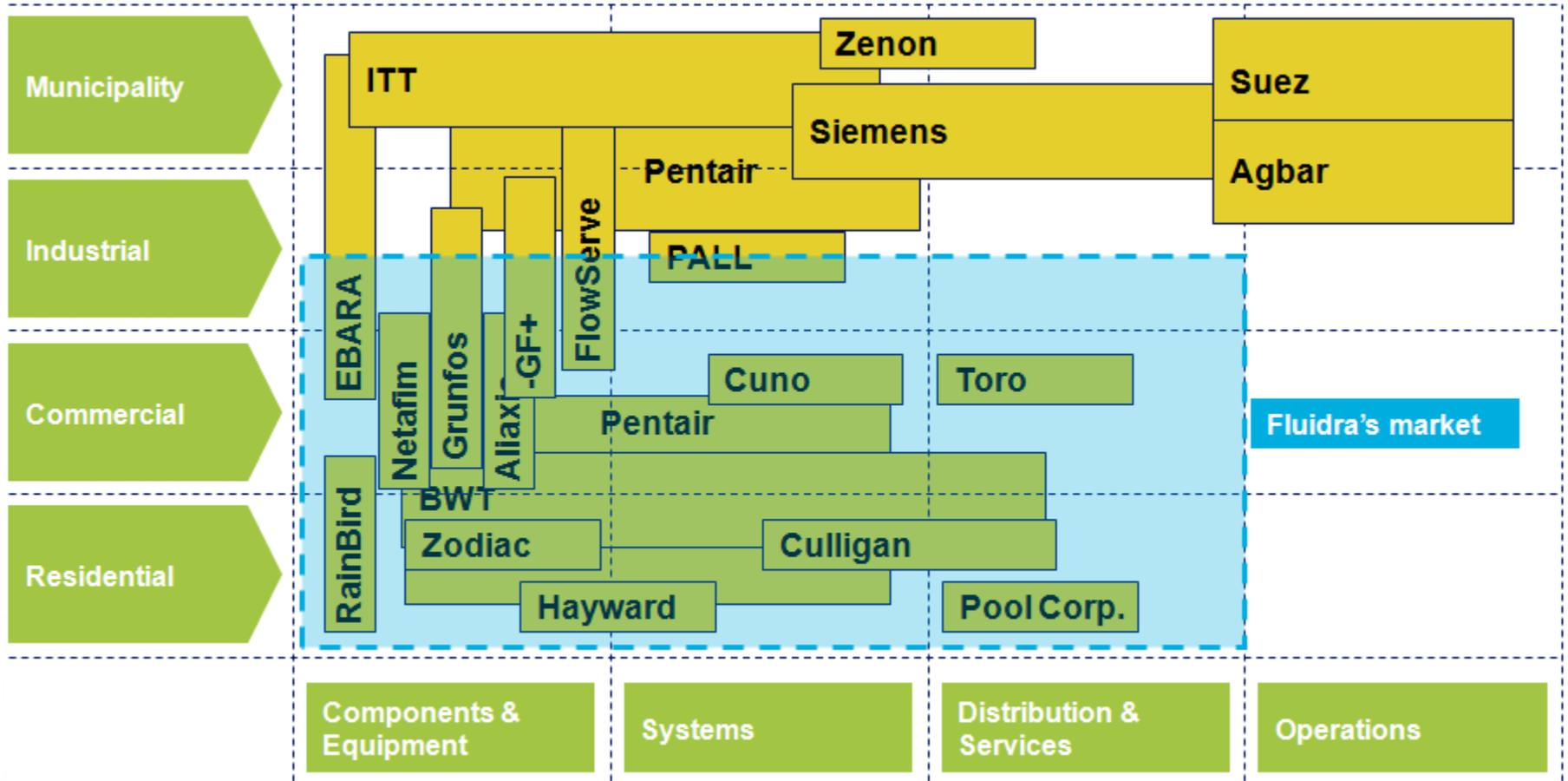
Country Market Share (%) on Pool activity



Market Position

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

# 1Q2013 Results - Summary

	Key magnitudes			
	€M	March 12 YTD	March 13 YTD	Evol.
Sales		144,4	140,1	-3,0%
EBITDA		13,8	10,0	-27,5%
Net Income		1,3	-2,2	n/a
Net Working Capital		242,9	245,1	0,9%
Free Cash Flow post acquisitions		-36,0	-38,1	-2,1
Net Financial Debt		211,1	227,8	7,9%

- Sales: adverse weather conditions in Europe, the impact of which could not be fully compensated by international growth.
- EBITDA and Net Income: drop of sales in a quarter in which profits were close to the break-even point, had a substantial effect on income.
- Net Working Capital: evolution in line with forecasts for the season.
- Free Cash Flow: as usual, investments are made in the first quarter. Performance is in line with previous financial year.
- Net Financial Debt: increase due to the payments for the acquisitions of Fluidra Youli and Veico

# 1Q2013 Results – Consolidated Profit and Loss Account

	March 2012 YTD		March 2013 YTD		Evol.13/12
	€ M	% sales	€ M	% sales	
Sales	144,4	100,0%	140,1	100,0%	-3,0%
Gross Margin	75,4	52,2%	71,4	51,0%	-5,2%
Opex before Dep.& Amort.	60,3	41,7%	60,1	42,9%	-0,2%
Provisions for bad debt	1,3	0,9%	1,3	0,9%	-2,4%
EBITDA	13,8	9,6%	10,0	7,1%	-27,5%
EBIT	5,6	3,9%	1,5	1,1%	-73,3%
Net Financial Result	-2,6	-1,8%	-3,9	-2,8%	54,2%
PBT	2,1	1,5%	-3,4	-2,4%	n/a
Net Income	1,3	0,9%	-2,2	-1,6%	n/a

- An exceptional cold and snowy March in Europe saw a drop in business that could not be made up by the growth in other areas of the world. This weather had an impact on the **Fluidra Group's** figures in the first quarter of the year.
- The **EBITDA** was affected by the drop in sales volume and the narrower margins resulting from fewer sales in Europe, but was slightly compensated by the reduction in OPEX.

# 1Q2013 2012 Results - Sales by Geographical Area

Fluidra Sales by Geographical Area					
€M	2012 YTD	%	2013 YTD	%	Evolution 12/11
Spain	30,6	21,2%	26,8	19,1%	-12,4%
South Europe - Rest	49,3	34,1%	43,7	31,2%	-11,2%
Central & Northern Europe	19,7	13,6%	16,6	11,9%	-15,7%
Eastern Europe	5,1	3,5%	5,3	3,8%	4,5%
Asia & Australia	22,8	15,8%	29,2	20,8%	27,8%
Rest of World	16,9	11,7%	18,4	13,1%	9,0%
<b>TOTAL</b>	<b>144,4</b>	<b>100,0%</b>	<b>140,1</b>	<b>100,0%</b>	<b>-3,0%</b>

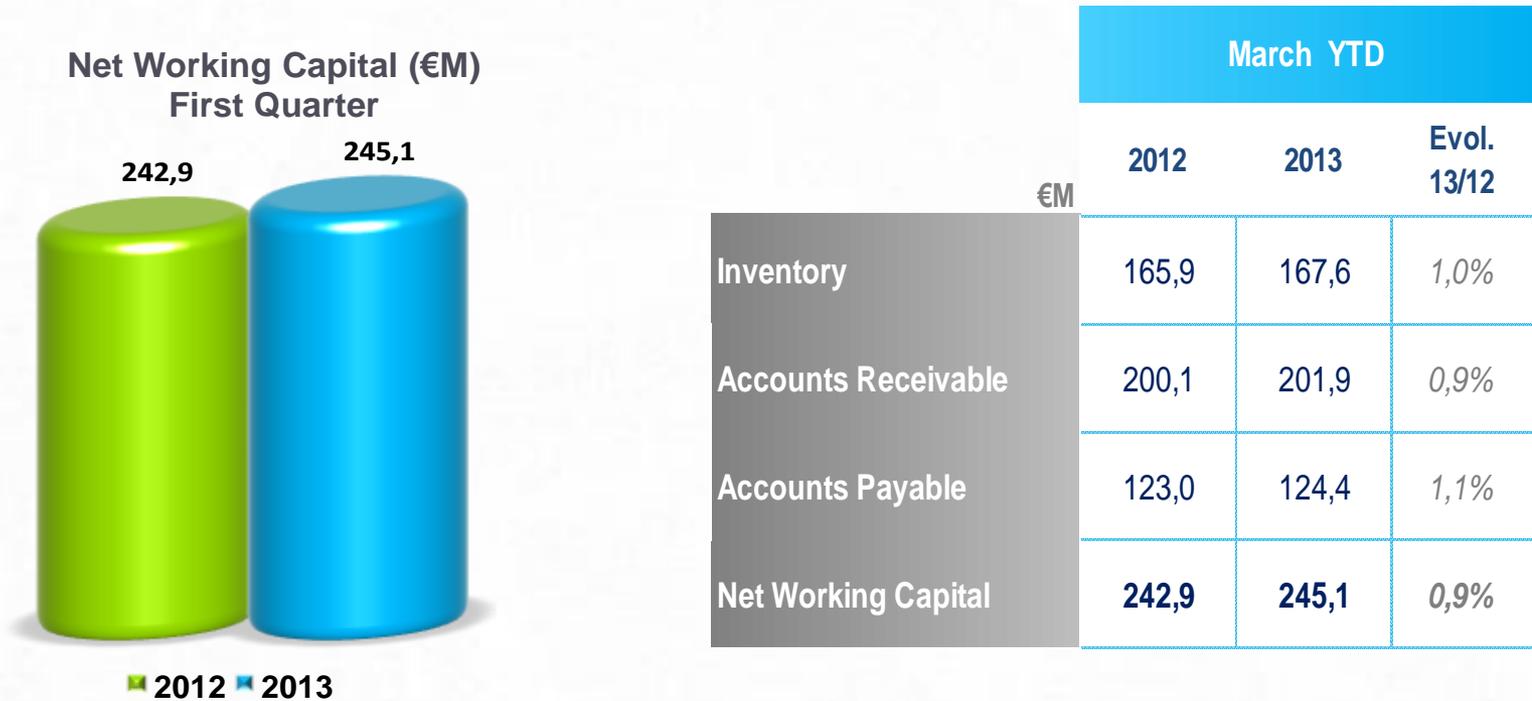
- Clear different performance over the quarter in regions of the World:
  - Double-digit decline in sales in **Southern, Central and Northern Europe** strongly influenced by the weather, with a greater fall in Central and Northern Europe than in Southern Europe.
  - Good performance in **Asia & Australia** (with organic growth at 17,1% and growth of 10,7% thanks to Youli), the Rest of the World and Eastern Europe.

# 1Q2013 Results – Sales by Business Unit

Sales by business units					
€ M	2012 YTD	% of Total	2013 YTD	% of Total	Evolution %
<b>Pool</b>	<b>97,7</b>	<b>67,6%</b>	<b>95,7</b>	<b>68,3%</b>	<b>-2,0%</b>
- Private	81,8	56,7%	80,7	57,6%	-1,3%
- Commercial	15,8	11,0%	15,0	10,7%	-5,4%
<b>Water Treatment</b>	<b>20,3</b>	<b>14,0%</b>	<b>18,4</b>	<b>13,1%</b>	<b>-9,1%</b>
<b>Irrigation</b>	<b>8,7</b>	<b>6,0%</b>	<b>7,7</b>	<b>5,5%</b>	<b>-11,2%</b>
<b>Fluid Handling</b>	<b>14,1</b>	<b>9,7%</b>	<b>14,7</b>	<b>10,5%</b>	<b>4,9%</b>
<b>Projects</b>	<b>3,7</b>	<b>2,6%</b>	<b>3,5</b>	<b>2,5%</b>	<b>-7,0%</b>
<b>TOTAL</b>	<b>144,4</b>	<b>100,0%</b>	<b>140,1</b>	<b>100,0%</b>	<b>-3,0%</b>

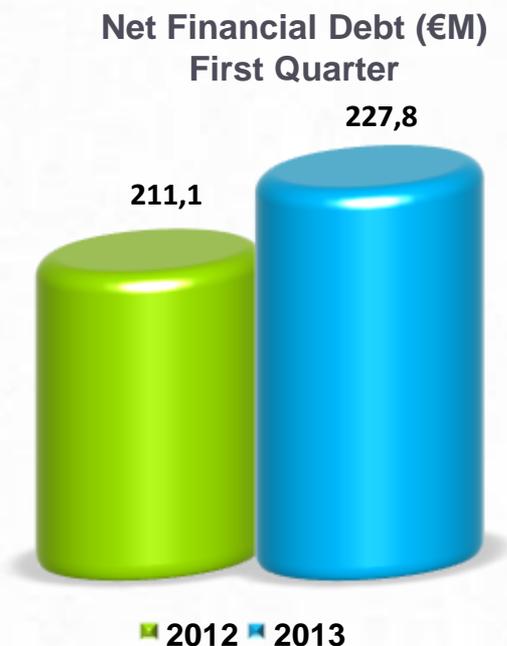
- The **Pool Unit**, thanks to the good performance in other geographical areas, has reported a 2% drop due to the fall in consumption and the bad weather during the period in Europe.
- **Water Treatment and Irrigation** were affected by the macroeconomic climate as main activity is concentrated in Southern Europe.
- Good performance of **Fluid Handling** helped by Fluidra Youli. This business unit accounted for 10.5% of all consolidated sales, thanks to the work done on diversification and internationalisation.

# 1Q2013 Results – Net Working Capital



- The evolution of **Net Working Capital** reflects the preparation for the season. Higher stock levels are the result of the impact of bad weather in March.

# 1Q2013 Results – Net Financial Debt and Free Cash Flow

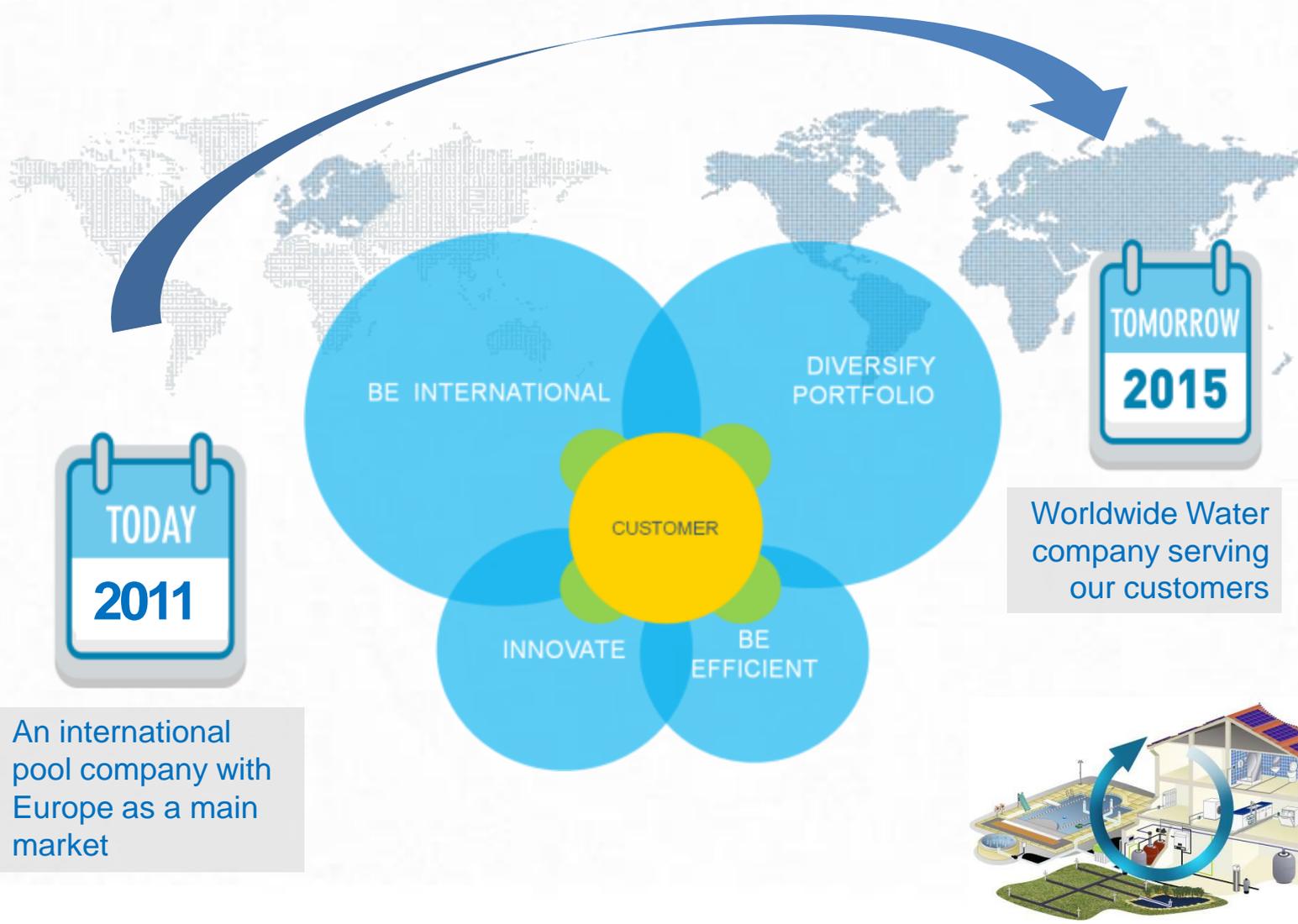


	March YTD		
	2012	2013	Evol. 13/12
Net income	1,3	-2,2	-3,5
Depreciation (+)	8,2	8,5	0,3
Increase (-) / Decrease (+) NWC	-40,5	-33,4	7,1
Capex (organic)	-4,2	-5,8	-1,6
Free Cash Flow pre-acquisitions	<b>-35,3</b>	<b>-32,9</b>	<b>2,4</b>
Acquisitions	-0,6	-5,1	-4,5
Free Cash Flow post acquisitions	<b>-36,0</b>	<b>-38,1</b>	<b>-2,1</b>

- Q1 **Free Cash Flow** reflects the investment preparing for the season. In general terms, is in line with the evolution in the previous year.
- **Acquisitions** include investment payments for Veico (Brazil) and Fluidra Youli (China)

# 5. Strategy and Investments Highlights

# Strategy



An international pool company with Europe as a main market



Worldwide Water company serving our customers



# Strategy guidelines



Pool

**1 International leadership**

- Focus on emerging markets, both organic and through acquisitions

**2 Turn Key Projects**

- Build global capabilities

**3 Product Innovation**

- Expand product range for the park driven by sustainability criteria



Other Business Units

**4 Leverage pool distribution network**

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

**5 Become a player in Industrial Fluid Handling in Asia**

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

**6 Develop Industrial Water Treatment business model**

- Specialization in middle size plants
- Organic and inorganic growth



Operations

**7 Improve margins and cash flow generation**

- Implementation of Lean Program

**8 Operational Excellence**

- Implementation of IT strategy
- Develop global organization

# International Leadership

2012:  
5 New  
Branches

- **Indonesia:** Fluidra has opened a **new branch in Jakarta** through the acquisitions of Dunian Renang, local trade mark and the second company in this market with a total market share of 20% and € 3M of annual revenues.
- **Jordan:** Fluidra has opened a **new branch in Amman**. With this branch, the Group expands in Middle East, where it is already present in countries as Egypt, United Arab Emirates, Israel and Turkey, where the efficiency managing water resources is crucial. **Fluidra Jordan** will operate the four business units: water treatment, fluid handling, irrigation and pool / Spa Wellness.
- **Romania and Montenegro:** Fluidra has opened two new branches more in the area of Poland, Czech Republic, Serbia and Bulgaria, strategic area to Fluidra, that represents the 4,7% of the total Group sales. With this new branches, Fluidra is present in 41 countries and distributes products in more than 170 countries.
- **Colombia:** Fluidra has opened a branch office in Colombia, where growth is expected initially in the Swimming Pools segment, thanks to the growing middle class, and thereafter in the Fluids Handling business given its industrial development. Moreover, the country's climate and longstanding popularity as a tourist destination underpins our growth potential in this region.



# 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**.



# Turn Key Projects

## Cartoon Network Amazone

- **Cartoon Network Amazone project** , the first international thematic park of Thailand. Based on Bang Saray, near Pataya.
- **Project of 2.5 million Euros** to provide and execute hydraulic works and fluid handling in the hole area of 55.000 m2. The park will open in 2013 and will be visited by more than **800.000** visitors the first year.
- **Aquatic high speed water rides**, family rides raft, a play area for children with more than 150 attractions and 2 large water playground, a river for the more adventurous and a wave pool for the family.
- **First phase of a resort** that will host various facilities and luxury hotels and spas, in a very attractive area for local and international tourists.



# 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)).



# Product Innovation

## AstralPool MAC

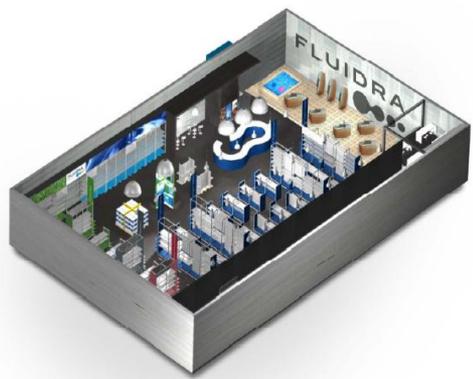
- AstralPool MAC is the only compact, modular device in the market that has all the components needed for the physical and chemical control of pool water in the most efficient way possible.
- Its smart software enables all settings to be adjusted from a touchscreen and users thus have **total control 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 Peking**



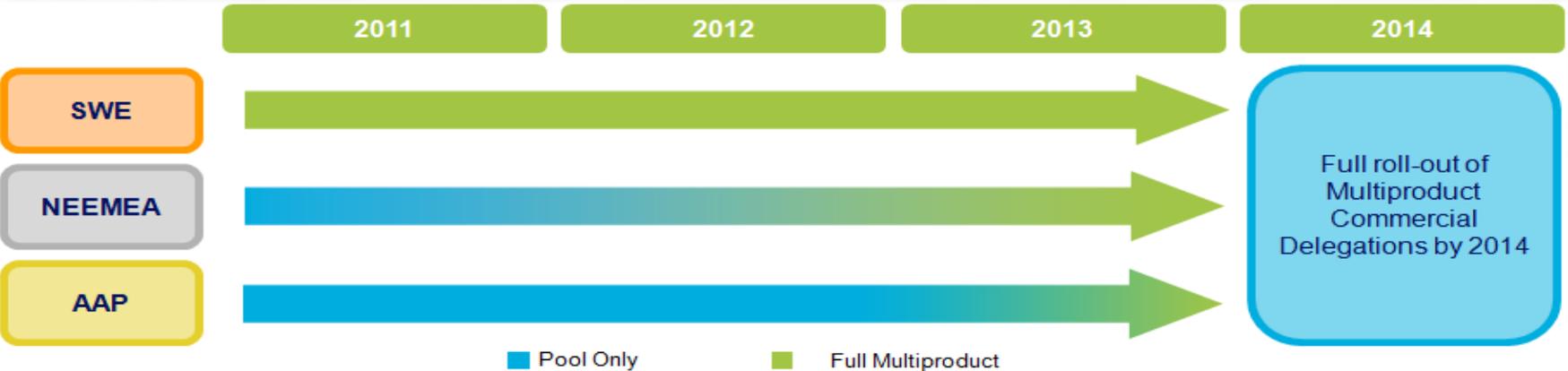
# Leverage Pool Distribution Network

## ∞ 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
  - Este es el cuadro de texto de formato vertical.



## ∞ 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.



# Develop Industrial Water Treatment business model

## Business Model

- Mid-size solutions across different fields
- Mainly turn-key projects to install water treatment plants co-located at the customer's facilities
- Focus on growth through international expansion
- Commercial network provides valuable insight in local markets and helps identify market trends
- Astramatic as the Fluidra company with specialized focus on project execution for water treatment



Al Raha Garden (Abu Dhabi)



Fibracolor Factory (Spain)



Michelin Factory (China)

## Advantages

- Improves visibility of revenues and recurrence of business profile
- Reduces seasonality of revenues and EBITDA
- Expands business with higher relative margins

# 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)



# Operational Excellence

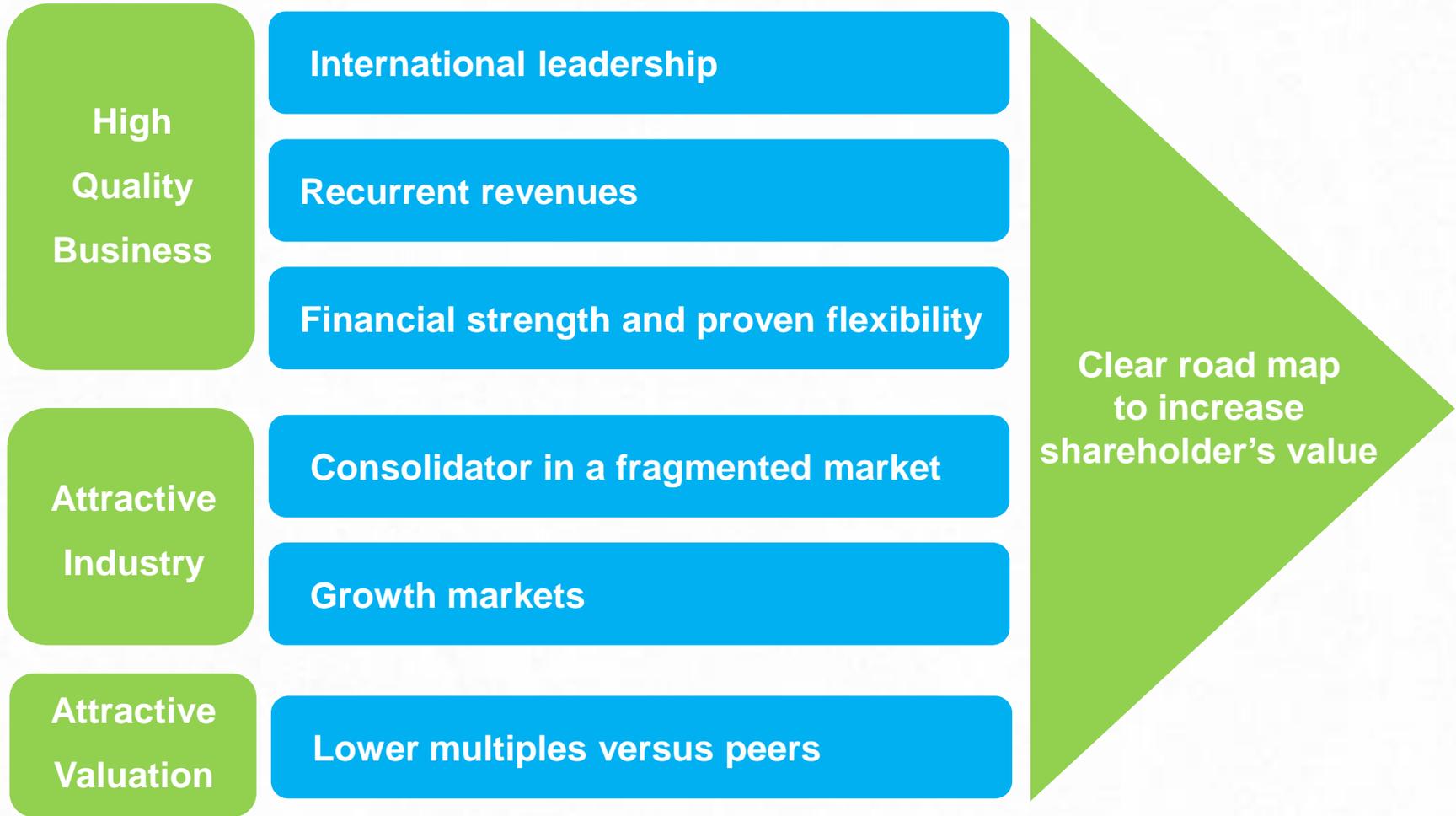
## Asia Division

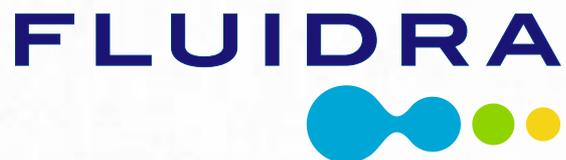
- **Asia Division**, Fluidra has created this new division to promote activities in the Asian market. This new structure will bring together the operations on the continent.

### Presence of Fluidra in Asia



# Investment Highlights





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