



**December 1st, 2022**

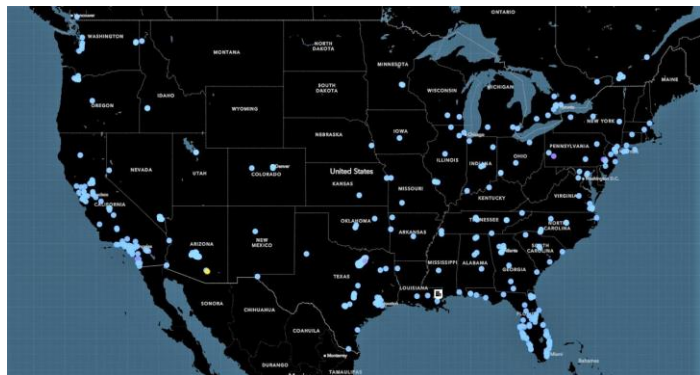
**Students:** Shannon Wulff, Miguel Guevara, Stokeley Griffin

## Background on POOL

#1 Worldwide distributor of pool related outdoor products



Market Value		
Market Price (11/18/22)		\$321.98
Shares Outstanding (M)		39.7
Market Cap (M)	\$	12,793
Net Debt (M)	\$	1,723
Enterprise Value (M)	\$	14,517
Financials (FY 2022E)		
Revenue (M)	\$	6,366
EBITDA (M)	\$	1,083
Gross Margin		30.6%
Operating Margin		16.4%
Mutliples		
FY 2022 EV/EBITDA		13.4x
FY 2022 P/E		16.3x



### Pool Corporation (POOL)

**Current Price: \$322**

**1-Year Price target: \$447**

**Upside: 39%**

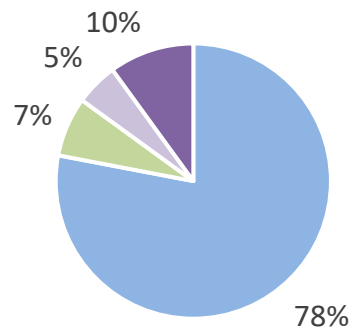
**POOLCORP is the world's largest wholesale distributor of swimming pool and related outdoor living products. Operating over 415 sales centers in North America, Europe and Australia distributing more than 200,000 national brand and private label products from over 2,200 vendors to roughly 120,000 wholesale customers.**

# What to Know About POOL

Product Distributor of products: pool maintenance; pool construction and renovation; irrigation and landscape; and outdoor living.

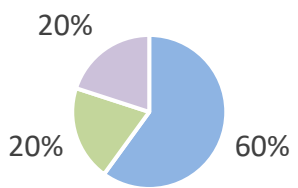


## POOL Revenue Breakdown



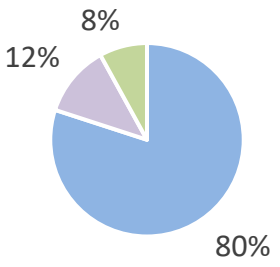
■ Blue ■ Green ■ Porpoise Blue ■ International

## Blue Revenue Breakdown



■ Maintenance/Repairs  
■ Reno, Remodel, Upgrade  
■ New Construction

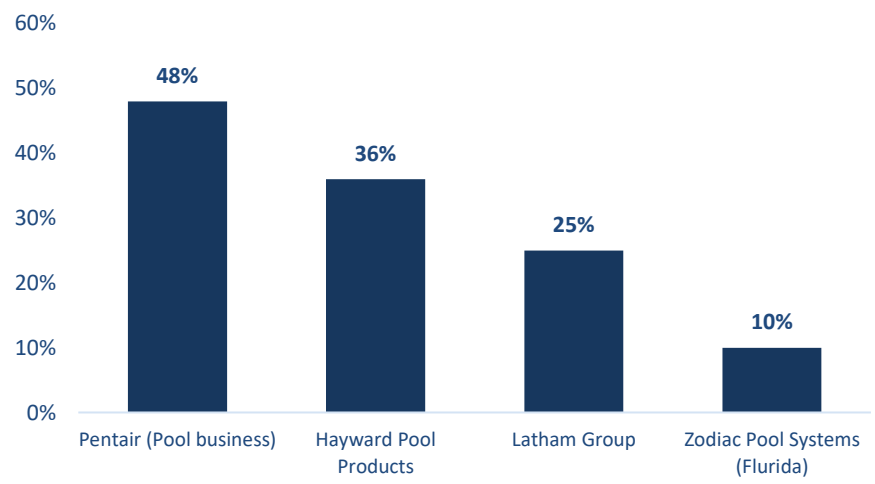
## Customer Profile



■ Contractor ■ Retailer ■ Other

Top 50 Suppliers = 1%

## Pool % of Sales



### Vendors & Products

- 200,000 Products
- 2,200+ product suppliers
- Private label products
- Demand creation
- Product training
- Warranty support
- Marketing & promotion

### Customers

- Contractors & Retailers
- 120,000 customers
- Broad product selection
- Convenient locations
- Local availability
- E-commerce portal

## Investment Thesis

The market is underestimating POOL's power to augment recurring revenues resulting in top line growth and margin stability



1

### Strength of Recurring Revenue

- Jump in pool installations reinforces stability of nondiscretionary recurring maintenance and remodel revenue
- 20% decline in new pool construction places installs 14% above 2019
- Impending Cycle of Remodels and Renovations

2

### Margin Stability

- Undisputed market leader yielding favorable pricing power
- POOL's ability to sustain and grow 600 bps margin expansion by cutting variable costs, utilizing retail market, leveraging private label and passing through of inflation costs

3

### Long-Term Growth in Key Markets

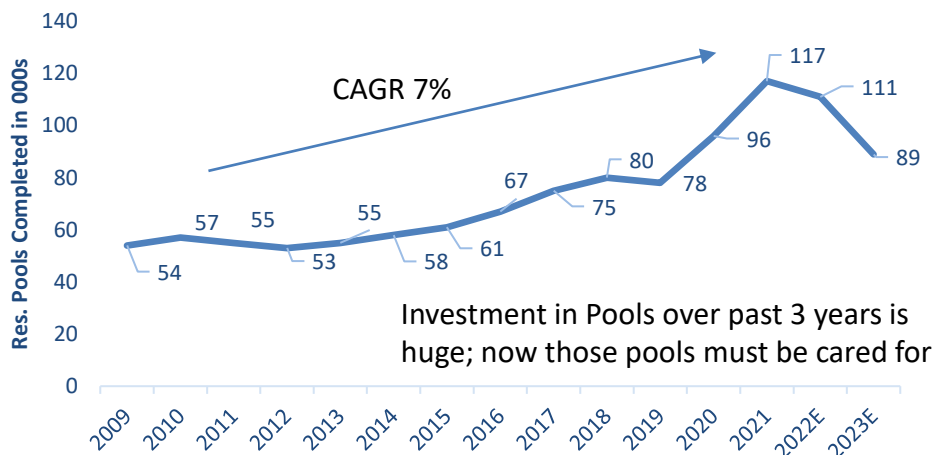
- Under-penetration of sales centers in growing "pool markets" and growing revenue per sales center provides long runway for continued growth
- Acquisition of higher-margin Pinch A Penny franchisor grows moat through unpenetrated B2C channels through a capital-light model

# Investment Thesis 1 - Strength of Recurring Revenue

**Non-discretionary recurring revenue from maintenance and remodels overshadows 400bps headwind**



## Residential Inground Pool Construction



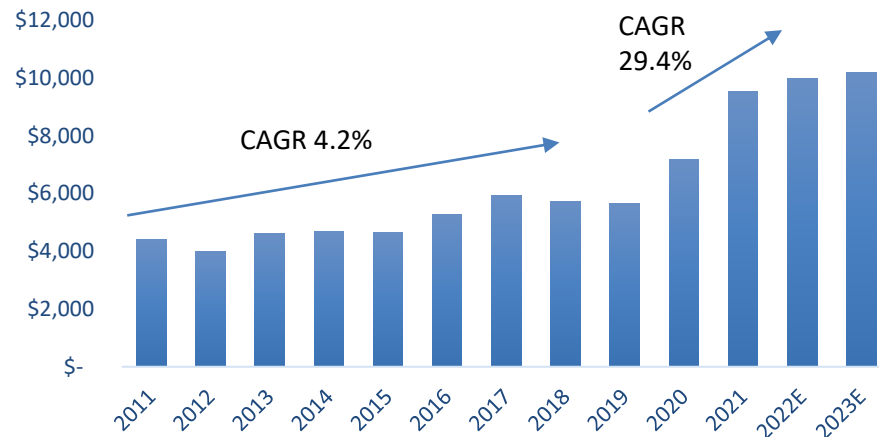
20% decline in new pool construction  
FY 2023E is 14% above 2019 levels

\$1200/yr average spend on pool maintenance

Roughly 54,000 additional pools put in over last 3 years

\$800 to POOL - 37% Share  
\$16m annuity growth

## Wholesale Pool Market



## Renovation & Remodel

5.5m → 25YR  
Install base 2021 → Average age of installed pool

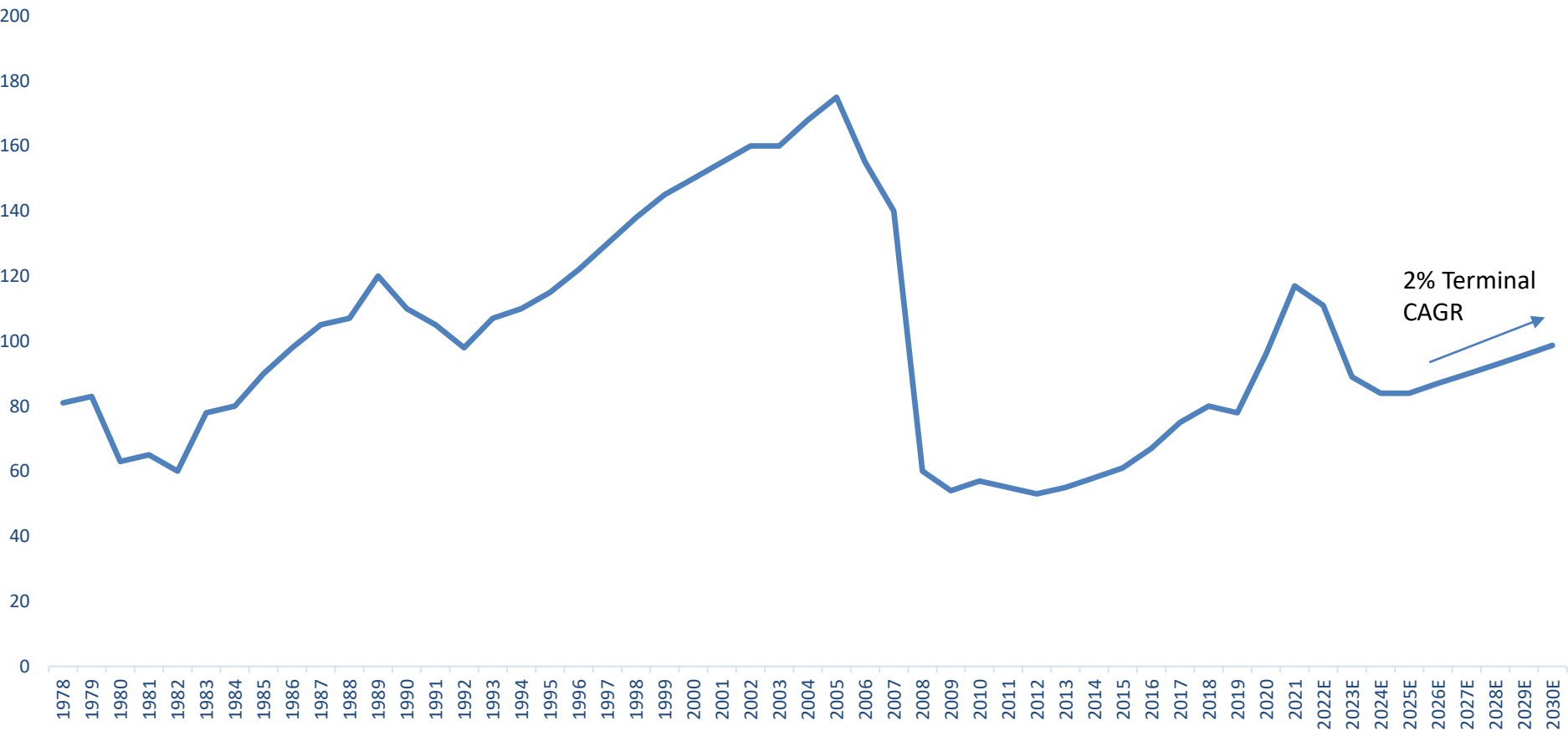
9-10% → 3mo  
Install base need mandatory remodel annually → Backlog going into 2023; Pace reminiscent of pre-pandemic days

# Investment Thesis 1 - Strength of Recurring Revenue

**Non-discretionary recurring revenue from maintenance and remodels overshadows 400bps headwind**



**Pool Installs Overtime**



Sources: POOL 10K, PKdata

## Investment Thesis 2 - Margin Stability

The market is underestimating POOL's ability to stabilize and grow the 600bps operating margin increase over past 3 years



Recent years' jump due to increase in incentive compensation, variable labor, trade show costs, fleet repair costs

**\$10B** → **37%** → **4X**

TAM – Wholesale Pool Products

Pool product distribution market share

The market share of the next largest competitor

POOL is a spread business, leveraging its scale, market share, & industry pricing dynamic to sell products at a premium

### Ability to offset inflation

Efficiently pass along 4-5% inflation given size, scale, and operating business model

### Back to a more favorable mix

COVID pulled demand for pool installs – increasing sales for larger, lower margin items

### Leverage private label

Private label items (PLEX) carry's GMs 8-9% higher, ~25% revenues. Will continue to push expansion to 30-35%.

### SG&A Flexibility

Variable costs ~50% provides flexibility

### SG&A Expense

- Variable Costs
- Fixed Costs



### Decline in Operating Expense

\$20m	\$30m
+40bps OM 2023	+56bps OM 2023

### \$788M Acquisition of Porpoise

#### Highly Accretive to Topline and Margins

Immediately added 5% to Pool's top-line, with same-store sales growth of 16% in Q3 2022

#### Capital Light Franchisor Model

Contributing >1% revenue through franchise fees

#### Chemical Packaging Facility = Margin Accretion

Remove 3rd party packagers tailwind to margins; expanding capacity beyond legacy demand in \$500m chemical sales

Wholesale GM	Retail GM + FF	Leslie's GM
30%	47%	43%

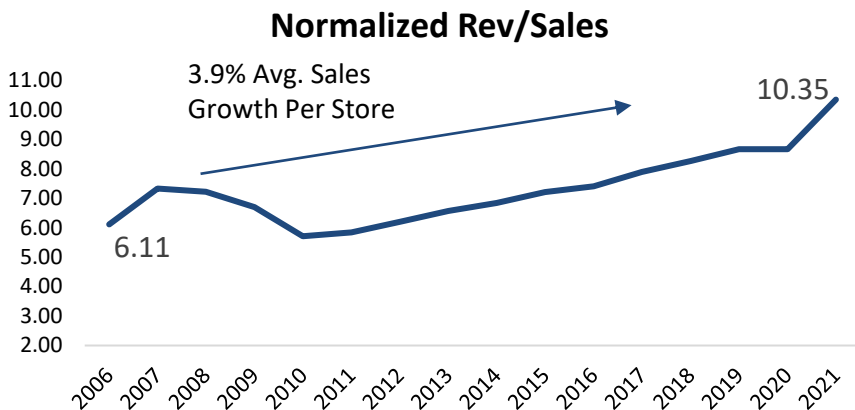
## Investment Thesis 3 - Long-Term Growth in Key Markets

Under-penetration of sales centers in key markets create avenue for continued growth, boosted by Porpoise acquisition



### Under-penetration of sales centers create long runway for future sales growth

Normalized revenue growth of 7.8% from 2006 to 2021, with revenue per sales center growing to \$10.35M



Avg. Pools per store in Target Markets: 24,172

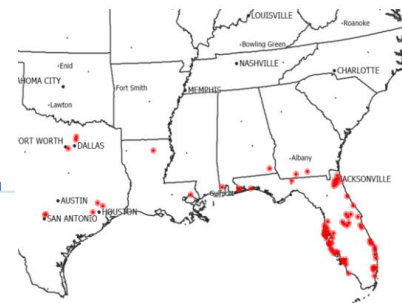
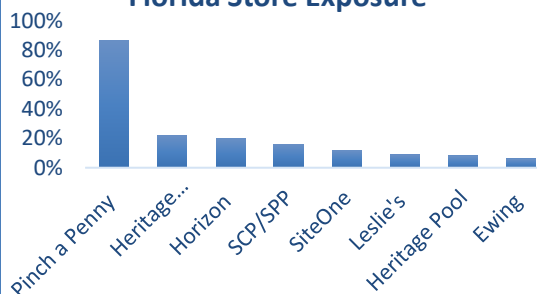
State	Pools Per SC	Potential
Florida	36,126	33%
Arizona	33,667	28%
New Mexico	143,000	83%
Virginia	34,000	29%
Oklahoma	33,333	27%



### Acquisition of Porpoise buoys POOL's long-term growth with capital light franchisor model

Pinch a Penny Franchised Store Network

Florida Store Exposure



Of the 219,000 new pools in 2020 and 2021, 40% were built in Florida

#2 Independent Retailer – 265 locations

Target 8-12 new stores per year to gain access to ~\$3B DIY Market

Collecting End User Data through POS System To Be Linked to Pool360

Water Testing Services in direct competition to Leslie's

\$788M / \$460M Sales = 1.7X Sales  
\$788M / \$44M EBITDA = 18X EBITDA



## Valuation: Comparables

Ticker	Name	Market Cap (M)	EV (M)	5 YR Avg. Revenue Growth	5 YR Avg. Operating Margin	Consensus FY 2023 P/E	Consensus FY 2023 EV/EBITDA
<b>SITE</b>	SiteOne Landscape Supply	\$ 6,272	\$ 6,611	16.3%	6.0%	29.0	15.7
<b>FAST</b>	Fastenal Company	\$ 29,572	\$ 29,997	8.7%	20.1%	27.4	18.8
<b>GWW</b>	W.W. Grainger Inc.	\$ 29,389	\$ 31,907	5.1%	11.3%	19.2	13.5
<b>WSO</b>	Watsco Inc.	\$ 11,013	\$ 11,218	8.3%	8.2%	20.6	12.9
<b>Average</b>				9.6%	11.4%	24.1	15.2
<b>POOL</b>	Pool Corporation	\$ 13,545	\$ 15,268	16.0%	11.8%	18.8	15.2

All the companies listed above are not perfect comps for POOL because of its unique dominance in the market. We compared Pool to a blend of distributors that represent a cross-section of the market that POOL serves and are sensitive to similar market dynamics.

**Analysis yielded a comparable multiple of 24.1x PE multiple.**

## Valuation: Putting it all Together

Price target implies upside of 39%, assuming sales increase 66 bps and margins expand 40 bps



Comparison to Street	Us	Street
EBITDA FY2023	\$ 1,148	\$ 1,002
Sales FY2023	\$ 6,408	\$ 6,117
EBIT Margin FY 2023	17%	16%
P/E 2023	21.0	19.5
Target Price	\$ 447	\$ 350
Implied Upside	39%	9%

### Street Assumptions

- Sales decline of 3%
- Margin decline of 114 bps

### Our Assumptions

- Sales increase of <1%
- Margin increase of 40 bps

### Sensitivity Analysis

FY 2023 EPS	\$ 21.37	\$ 21.37	\$ 21.37
P/E Multiple	15.5	18.8	24.1
Implied Share Price	\$ 331	\$ 402	\$ 514
Current Share Price	\$322	\$322	\$322
Implied Upside	2.9%	24.8%	59.6%

DCF Terminal Value		Public Comparables	
WACC	8.0%	FY 2023 EPS	\$ 21.37
Terminal Value (\$M)	\$ 22,166	Target Multiple (P/E)	21.0
Discounted Terminal Value (\$M)	\$ 15,086		
Implied EV (\$M)	\$ 19,294		
Less: Debt (\$M)	\$ 1,687		
Plus: Cash (\$M)	\$ 49		
Equity Value (\$M)	\$ 17,656		
Shares Outstanding (M)	39.7		
Intrinsic Share Price	\$ 445	Intrinsic Share Price	\$ 449
Upside	38%	Upside	39%
Average of Methods		\$ 446.8	
Implied Upside		39%	

Rev. Breakdown	Top Line Assumptions	Growth	Bps effect
78%	Blue Core		
	15.6%	20% From Installs	-20.0%
	15.6%	20% From Remodel	5.2%
	46.8%	60% from Maintenance	4.9%
10%	Blue International		
	10% Business	3.0%	30
7%	Green		
	7% Business	1.0%	7
5%	Porpoise		
	5% Business	6.0%	30
100%	Top Line		66

### Bear Case

5% sales & 400 bps margin decline, trading at 15.5 P/E

Probability	30%
Target Price	\$222.0
Implied	31%
Downside	

### Bull Case

3% Sales & 54 bps margin increase, trading 25.5 P/E

Probability	10%
Target Price	\$543.8
Implied	69%
Upside	

Upside is 2.2x downside

1

**Macroeconomic headwinds disrupting discretionary spending**

- Shift of consumer patterns away from home improvement
- New pool installs drives increase in recurring segment

**MODERATE**

2

**Adverse weather conditions exacerbating seasonality**

- POOL's sales demand is impacted by the length of the pool season, which depends on weather conditions
- Weather cost 2,000 installs in 2019

**MODERATE**

3

**Inability to maintain favorable relationships with suppliers**

- POOL's distribution model depends on its relationships with its suppliers across a broad range of products
- Financial failure of suppliers would pose potential for supply chain disruption

**LOW**

# QUESTIONS?



**Pool Corporation (POOL)**

**Current Price: \$322**

**1-Year Price target: \$447**

**Upside: 39%**

# Appendix

## Appendix: Step Change in Chemical Stream

Despite short-term supply shortages, the chlorine shortage produced a step change in chemical prices and will remain structural for consumers

### BioLab Fire in 2021

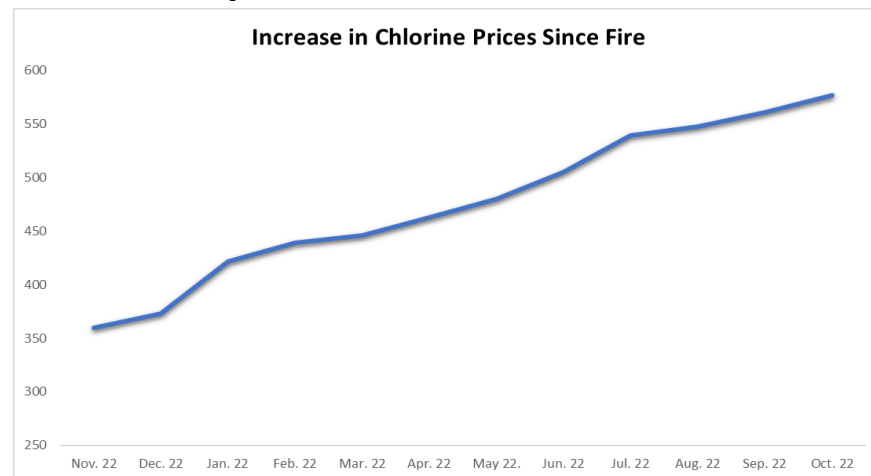


The plant produced 115m pounds of chlorine-based cleaning products for everything from toilet bowl tablets, biocides, and chlorine tablets.

### Reopened in Sept. 2022



### Impact and Future Outlook



POOL passed through price increases to consumers in an industry that has never given back price.

The plant is currently focused on manufacturing household chemicals and will take to end of FY 2023 to reach full production capacity.

Long-term the plant's additional 30% capacity will normalize supplier costs, lowering cogs for POOL.

## Environmental

Promoting energy and cost-efficient products in its product mix

- Variable Speed Pumps can save up to 90% on energy costs
- ReNew™ vinyl liners contain 51% recycled content
- Deployment of Returnable Chemical Containers reduced 1,700 tons of plastic in 2021
- Automated Pool Covers
- Plants a tree for every LightStream Pool loan made leading to the reforestation of over 150 acres.



Ordered new fuel-efficient delivery trucks in 2021 yielding ratios of 1:2 for pool supply orders per gallon and 1:30 for orders per mile driven.

## Social & Governance

POOL strongly rewards employee performance through incentive-based compensation, aligning business performance with sales.

Year	Shares Disbursed	Avg. Per Employee
2020	87,751	15.95
2021	76,822	13.97
2022	68,173	12.40

9 out of 12 Board Directors are independent exhibiting strong long-term governance and strategic focus

POOL strictly adheres to governance regulations for both itself and its supply chain including:

- Foreign Corrupt Practices Act
- U.K. Anti-Bribery Act
- California Transparency in Supply Chains Act

POOL's employees received 60,000 hours of mandated training in safety, IT, product management, and human resources.





# Appendix: Revenue Build

## Revenue Build

*Dollars in Millions, except per share*

	FY2021	2022E	2023E	2024E	2025E	2026E
<b>Total Revenue</b>	<b>\$ 5,296</b>	<b>\$ 6,366</b>	<b>\$ 6,408</b>	<b>\$ 6,574</b>	<b>\$ 6,798</b>	<b>\$ 7,060</b>
Growth Rate YoY		20%	0.66%	2.58%	3.42%	3.84%

## Revenue Build Assumptions

	2021	2022E	2023E	2024E	2025E	2026E
<b>Business Segements</b>						
<b>US Blue Core (Wholesale Pool Products)</b>						
% Revenue	78%	78%	77%	77%	77%	77%
Revenue	\$ 4,131	\$ 4,965	\$ 4,965	\$ 5,075	\$ 5,235	\$ 5,424
Sub-Categories						
<b>Maintenance (Non-Discretionary)</b>						
% Revenue		60%	63%	64%	65%	65%
Revenue	\$ 3,222	\$ 2,979	\$ 3,126	\$ 3,261	\$ 3,401	\$ 3,547
			4.92%	4.33%	4.29%	4.28%
<b>Remodeling (Semi-Discretionary)</b>						
% Revenue		20%	21%	21%	21%	20%
Revenue	\$ 1,013	\$ 993	\$ 1,045	\$ 1,059	\$ 1,079	\$ 1,099
			5.20%	1.39%	1.87%	1.89%
<b>Construciton</b>						
% Revenue		20%	16%	15%	14%	14%
Revenue	\$ 810	\$ 993	794	755	755	777
			-20%	-5%	0%	3%
<b>US Blue - Porpoise (DIY Pool Care)</b>						
% Revenue	5%	5%	5%	5%	6%	6%
Revenue	\$ 265	\$ 318	\$ 337	\$ 358	\$ 379	\$ 402
			6%	6%	6%	6%
<b>Horizon - Green (Irrigation &amp; Landscaping)</b>						
% Revenue	7%	7%	7%	7%	7%	7%
Revenue	\$ 371	\$ 446	\$ 450	\$ 459	\$ 468	\$ 482
			1%	2%	2%	3%
<b>International (Europe Wholesale)</b>						
% Revenue	10%	10%	10%	10%	11%	11%
Revenue	\$ 530	\$ 637	\$ 656	\$ 682	\$ 716	\$ 752
			3%	4%	5%	5%



# Appendix: Top Line Assumptions

Remodel									
	2022	2023E	2024E	2025E	2026E				
		Pool Install Base	5,705,500	Pool Install Base	5,789,860	Pool Install Base	5,874,220	Pool Install Base	5,961,111
		Mandatory Remo Base	10%	Mandatory Remo Base	10%	Mandatory Remo Base	10%	Mandatory Remo Base	10%
		Remodeled	570,550	Remodeled	578,986	Remodeled	587,422	Remodeled	596,111
		Avg. Remo Price	3,500	Avg. Remo Price	3,500	Avg. Remo Price	3,500	Avg. Remo Price	3,500
		Avg. Remo Revenue	1,996,925,000	Avg. Remo Revenue	2,026,451,000	Avg. Remo Revenue	2,055,977,000	Avg. Remo Revenue	2,086,388,780
		Pool NonDisc Rev (37%)	738,862,250	Pool NonDisc Rev (37%)	749,786,870	Pool NonDisc Rev (37%)	760,711,490	Pool NonDisc Rev (37%)	771,963,849
		Disc	265,694,500	Disc	273,665,335	Disc	281,875,295	Disc	290,331,554
		% Increase	0%	% Increase	3%	% Increase	3%	% Increase	3%
		% Non-Discretionary	74%	% Non-Discretionary	73%	% Non-Discretionary	73%	% Non-Discretionary	73%
Remo Rev 2022	993,096,000	Remo Rev	1,004,556,750	Remo Rev	1,023,452,205	Remo Rev	1,042,586,785	Remo Rev	1,062,295,403
		YoY Increase	1.15%	YoY Increase	1.88%	YoY Increase	1.87%	YoY Increase	1.89%
		Growth from Pricing	4.00%	Growth from Pricing	3.50%	Growth from Pricing	3.50%	Growth from Pricing	3.50%
		Total Growth	5.15%	Total Growth	5.38%	Total Growth	5.37%	Total Growth	5.39%
		Revenue w/ Pricing	1,044,739,020.0	Revenue w/ Pricing	1,059,273,032.2	Revenue w/ Pricing	1,079,077,322.5	Revenue w/ Pricing	1,099,475,741.6

Maintenance									
	2022	2023E	2024E	2025E	2026E				
Maint Base Rev	2,979,288,000	Pool Installs	88,800	Pool Installs	84,360	Pool Installs	84,360	Pool Installs	86,891
		Revenue Per Pool	800	Revenue Per Pool	800	Revenue Per Pool	800	Revenue Per Pool	800
		Share	37%	Share	37%	Share	37%	Share	37%
		This Years Rev	26,284,800	This Years Rev	24,970,560	This Years Rev	24,970,560	This Years Rev	25,719,677
		Last Years Base Rev	2,979,288,000	Last Years Base Rev	3,125,795,712	Last Years Base Rev	3,261,043,092	Last Years Base Rev	3,401,024,129
		This Years Base	3,005,572,800	This Years Base	3,150,766,272	This Years Base	3,286,013,652	This Years Base	3,426,743,806
		YoY Increase	0.88%	YoY Increase	0.80%	YoY Increase	0.77%	YoY Increase	0.76%
		Growth From Pricing	4.00%	Growth From Pricing	3.50%	Growth From Pricing	3.50%	Growth From Pricing	3.50%
		Total Growth	4.88%	Total Growth	4.30%	Total Growth	4.27%	Total Growth	4.26%
		Revenue w/ Pricing	3,125,795,712.0	Revenue w/ Pricing	3,261,043,091.5	Revenue w/ Pricing	3,401,024,129.3	Revenue w/ Pricing	3,546,679,839.3

## Pool Installs Assumptions

2019	78,000
2020	96,000
2021	117,000
2022	111,000
2023 (-20%)	88,800
2024 (-5%)	84,360
2025 (0%)	84,360
2026 (3%)	86,891

## Margin Build for POOL

*Dollars in Millions, except per share*

	FY 2021	Proj 2022	Projected Year Ending December 31			
			Proj 2023	Proj 2024	Proj 2025	Proj 2026
<b>Revenues (\$M)</b>	\$ 5,296	\$ 6,366	\$ 6,408	\$ 6,574	\$ 6,798	\$ 7,060
<b>Cost of Revenue (w/ D&amp;A)</b>	\$ 3,679	\$ 4,390	\$ 4,419	\$ 4,529	\$ 4,677	\$ 4,850
% Revenue	69.5%	69.0%	69.0%	68.9%	68.8%	68.7%
<b>Gross Revenue</b>	\$ 1,618	\$ 1,976	\$ 1,989	\$ 2,044	\$ 2,121	\$ 2,210
Gross Margin	30.5%	31.0%	31.0%	31.1%	31.2%	31.3%
<b>Operating Expenses</b>	\$ 787	\$ 906	\$ 886	\$ 909	\$ 940	\$ 976
<b>EBIT</b>	\$ 831	\$ 1,070	\$ 1,103	\$ 1,136	\$ 1,181	\$ 1,234
EBIT Margin	15.69%	16.81%	17.21%	17.27%	17.37%	17.47%

## Appendix: Bear/Bull

### BEAR Revenue Build

*Dollars in Millions, except per share*

BEAR	
2023 I/S	
Revenue	5,905.3
COGS	4,226.0
GP	1,679.3
SGA	886.0
EBITDA	793.3
D&A	44.7
EBIT	748.6
Tax Exp	187.1
Net Income	561.4
Shares Out.	39.2
EPS	14.3
P/E	15.5
Est. Share Price	222.0
Share Price	\$322.0
Implied Downside	-31%

	Projected (FY Ending December 31)		
	FY2021	2022E	2023E
<b>Total Revenue</b>	<b>\$ 5,296</b>	<b>\$ 6,235</b>	<b>\$ 5,905</b>
Growth Rate YoY		18%	(5.29%)

### Revenue Build Assumptions

	2021	2022E	2023E
<b>Business Segments</b>			
US Blue Core (Wholesale Pool Products)			
% Revenue	78%	78%	78%
Revenue	\$ 4,131	\$ 4,863	\$ 4,542
Sub-Categories			
Maintenance (Non-Discretionary)			
% Revenue			63%
Revenue	\$ 3,222	\$ 2,918	\$ 2,860
Growth			-2%
Remodeling (Semi-Discretionary)			
% Revenue			21%
Revenue	\$ 1,013	\$ 973	\$ 953
Growth			-2%
Construcion			
% Revenue			16%
Revenue	\$ 810	\$ 973	729
Growth			-25%
US Blue - Porpoise (DIY Pool Care)			
% Revenue	5%	5%	5%
Revenue	\$ 265	\$ 312	\$ 324
			4%
Horizon - Green (Irrigation & Landscaping)			
% Revenue	7%	7%	7%
Revenue	\$ 371	\$ 436	\$ 428
			-2%
International (Europe Wholesale)			
% Revenue	10%	10%	10%
Revenue	\$ 530	\$ 624	\$ 611
			-2%

## Appendix: Bear/Bull

### BULL Revenue Build

Dollars in Millions, except per share

BULL		
2023 I/S		
Revenue	\$	6,423
COGS		4,378.0
GP		2,045.2
SGA		886.0
EBITDA		1,159.2
D&A		44.7
EBIT		1,114.5
Tax Exp		278.6
Net Income		835.9
Shares Out.		39.2
EPS		21.3
P/E		25.5
Est. Share Price		543.8
Share Price		322.0
Implied Upside		69%

	Projected (FY Ending December 31)		
	FY2021	2022E	2023E
<b>Total Revenue</b>	<b>\$ 5,296</b>	<b>\$ 6,235</b>	<b>\$ 6,423</b>
Growth Rate YoY		<b>18%</b>	<b>3.02%</b>

### Revenue Build Assumptions

	2021	2022E	2023E
<b>Business Segments</b>			
US Blue Core (Wholesale Pool Products)	<b>4,131</b>		
% Revenue	78%	78%	78%
Revenue	\$ 4,131	\$ 4,863	\$ 4,990
<b>Sub-Categories</b>			
Maintenance (Non-Discretionary)			
% Revenue			63%
Revenue	\$ 3,222	\$ 2,918	\$ 3,122
Growth			7%
Remodeling (Semi-Discretionary)			
% Revenue			21%
Revenue	\$ 1,013	\$ 973	\$ 1,041
Growth			7%
Construction			
% Revenue			17%
Revenue	\$ 810	\$ 973	826.76
Growth			-15%
US Blue - Porpoise (DIY Pool Care)			
% Revenue	5%	5%	5%
Revenue	\$ 265	\$ 312	\$ 334
			7%
Horizon - Green (Irrigation & Landscaping)			
% Revenue	7%	7%	7%
Revenue	\$ 371	\$ 436	\$ 445
			2%
International (Europe Wholesale)			
% Revenue	10%	10%	10%
Revenue	\$ 530	\$ 624	\$ 655
			5%

## Appendix: Income Statement

### Income Statement Projection

Dollars in Millions, except per share

	Historical (FY Ending December 31)			Projected Year Ending December 31				
	FY 2019	FY 2020	FY 2021	Proj 2022	Proj 2023	Proj 2024	Proj 2025	Proj 2026
<b>Total Revenue (\$M)</b>	\$ 3,200	\$ 3,937	\$ 5,296	\$ 6,366	\$ 6,408	\$ 6,574	\$ 6,798	\$ 7,060
Y/Y revenue growth (%)		23.0%	34.5%	20.2%	0.7%	2.6%	3.4%	3.8%
<b>Cost of Revenue (w/ D&amp;A)</b>	\$ 2,275	\$ 2,806	\$ 3,679	\$ 4,419	\$ 4,419	\$ 4,529	\$ 4,677	\$ 4,850
% Revenue	71.1%	71.3%	69.5%	69.4%	69.0%	68.9%	68.8%	68.7%
<b>Gross profit</b>	\$ 925	\$ 1,131	\$ 1,617	\$ 1,947	\$ 1,989	\$ 2,044	\$ 2,121	\$ 2,210
Gross Profit Margin	28.9%	28.7%	30.5%	30.6%	31.0%	31.1%	31.2%	31.3%
<b>SG&amp;A</b>	\$ 584	\$ 660	\$ 787	\$ 906	\$ 886	\$ 909	\$ 940	\$ 976
% Revenue	18%	17%	15%	14%	14%	14%	14%	14%
<b>D&amp;A</b>	\$ 29	\$ 29	\$ 30	\$ 42	\$ 45	\$ 48	\$ 49	\$ 51
% Revenue	0.9%	0.7%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%
<b>EBITDA</b>	\$ 371	\$ 500	\$ 860	\$ 1,083	\$ 1,148	\$ 1,183	\$ 1,230	\$ 1,285
EBITDA margin (%)	11.6%	12.7%	16.2%	17.0%	17.9%	18.0%	18.1%	18.2%
<b>EBIT</b>	\$ 341	\$ 471	\$ 830	\$ 1,041	\$ 1,103	\$ 1,136	\$ 1,181	\$ 1,234
EBIT margin (%)	10.7%	12.0%	15.7%	16.4%	17.2%	17.3%	17.4%	17.5%
<b>Interest</b>								
Interest and Non-operating income	\$ 21	\$ 9	\$ 8	\$ 43	\$ 45	\$ 47	\$ 50	\$ 52
% Revenue	0.6%	0.2%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%
<b>EBT</b>	\$ 321	\$ 462	\$ 822	\$ 998	\$ 1,058	\$ 1,088	\$ 1,131	\$ 1,181
EBT margin (%)	10.0%	11.7%	15.5%	15.7%	16.5%	16.6%	16.6%	16.7%
Income tax expense	\$ 56	\$ 85	\$ 174	\$ 218	\$ 220	\$ 234	\$ 242	\$ 251
Tax rate as % of EBIT	16.5%	18.1%	20.9%	20.9%	20.0%	20.6%	20.5%	20.4%
<b>Net Income</b>	\$ 264	\$ 377	\$ 649	\$ 780	\$ 837	\$ 854	\$ 889	\$ 930
Non-Controlling Interest Income	\$ 0	\$ 0	\$ (0)					
<b>Net Income (as Reported)</b>	\$ 264	\$ 377	\$ 648					
<b>Diluted Earnings per share (EPS)</b>	\$ 6.60	\$ 9.38	\$ 16.14	\$ 19.65	\$ 21.37	\$ 22.07	\$ 23.28	\$ 24.67
<b>Average Diluted Shares Outstanding (M)</b>	40.07	40.23	40.19	39.69	39.19	38.69	38.19	37.69

## Cash Flow Statement for POOL

Dollars in Millions, except per share

		Projected Year Ending Dec.31				
		Proj 2022	Proj 2023	Proj 2024	Proj 2025	Proj 2026
<u>Operating activities</u>						
x	Net income	\$780.0	\$837.5	\$854.0	\$889.1	\$930.0
	Depreciation	42.2	44.7	47.5	49.2	51.0
	(Increase) / decrease in working capital	(143.8)	(12.0)	(38.4)	(52.2)	(60.7)
	Change in other long-term assets and liabilities	0.0	0.0	0.0	0.0	0.0
x	Cash Flow from Operating Activities:	678.4	870.2	863.2	886.1	920.4
<u>Investing activities</u>						
	Capital expenditures	(40.0)	(42.0)	(44.1)	(46.3)	(48.6)
	Cash From Acquisitions					
x	Cash Flow from Investing Activities:	(40.0)	(42.0)	(44.1)	(46.3)	(48.6)
<b>Free Cash Flow</b>		<b>638.4</b>	<b>828.2</b>	<b>819.1</b>	<b>839.8</b>	<b>871.8</b>
<u>Financing activities</u>						
	Issuance (Repayment) of long-term debt	(117.2)	(105.4)	(94.9)	(85.4)	(76.9)
	Dividends	(160.0)	(160.0)	(160.0)	(160.0)	(160.0)
	Share Repurchase	(361.3)	(562.7)	(564.2)	(594.4)	(634.9)
x	Cash Flow from Financing Activities:	(638.4)	(828.2)	(819.1)	(839.8)	(871.8)
	Net change in cash	0.0	0.0	0.0	0.0	0.0
	Beginning cash balance	24.3	24.3	24.3	24.3	24.3
x	Ending cash balance	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3
<u>Working Capital</u>						
	Current Assets	\$ 1,744.8	\$ 1,843.4	\$ 1,855.4	\$ 1,902.6	\$ 1,966.6
	Current Liabilities	744.4	699.2	699.2	708.1	719.9
	Net WC	1,000.3	1,144.2	1,156.2	1,194.5	1,246.7
	Change in WC	\$ 143.8	\$ 12.0	\$ 38.4	\$ 52.2	\$ 60.7

# Appendix: Balance Sheet

## Balance Sheet for POOL

Dollars in Millions, except per share

	Historical Year Ending Dec 31,			Historical Year Ending Dec 31,				
	FY 2019	FY 2020	FY 2021	Proj 2022	Proj 2023	Proj 2024	Proj 2025	Proj 2026
✦ Cash	\$28.6	\$34.1	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3	\$24.3
Accounts Receivable, net	226.5	289.2	376.6	413.8	416.5	427.3	441.9	458.9
Inventories	702.3	781.0	1,339.1	1,400.5	1,409.8	1,446.2	1,495.6	1,553.1
Other Current Assets	16.2	17.6	29.1	29.1	29.1	29.1	29.1	29.1
✦ Total Current Assets:	973.6	1,121.9	1,769.1	1,867.7	1,879.7	1,926.9	1,990.9	2,065.4
PPE Gross	450.3	484.1	611.9	651.9	693.9	738.0	784.3	832.9
- Accumulated Depreciation	161.4	170.0	191.2	233.4	278.1	325.7	374.8	425.9
Other Intangibles	199.6	280.3	1,001.2	1,001.2	1,001.2	1,001.2	1,001.2	1,001.2
Total LT Assets	1.2	1.3	1.2	1.2	1.2	1.2	1.2	1.2
Other Long-term Assets	19.9	22.0	38.0	38.0	38.0	38.0	38.0	38.0
✦ Total Assets:	\$1,483.3	\$1,739.7	\$3,230.1	\$3,326.6	\$3,335.9	\$3,379.6	\$3,440.8	\$3,512.8
Accounts Payable	\$262.0	\$266.8	\$398.7	353.5	353.5	362.3	374.2	388.0
ST Debt & Current Port LT Debt	68.1	72.8	80.8	80.8	80.8	80.8	80.8	80.8
Other Current Liab	60.8	143.7	264.9	264.9	264.9	264.9	264.9	264.9
✦ Total Current Liabilities:	390.8	483.2	744.4	699.2	699.2	708.1	719.9	733.7
Long-Term Debt	499.7	404.1	1,171.6	1,054.4	949.0	854.1	768.7	691.8
Capital Lease Obligations	122.0	146.9	175.4	175.4	175.4	175.4	175.4	175.4
Other Liabilities	28.0	38.3	31.5	31.5	31.5	31.5	31.5	31.5
Def. Tax Liab	32.6	27.7	35.8	35.8	35.8	35.8	35.8	35.8
✦ Total Liabilities:	1,073.1	1,100.2	2,158.7	1,996.4	1,891.0	1,804.9	1,731.3	1,668.3
Paid in Capital	485.2	519.6	552.0	552.0	552.0	552.0	552.0	552.0
- Treasury Stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retained Earnings	(64.7)	133.9	526.9	785.6	900.4	1,030.2	1,165.0	1,300.1
Other	(10.4)	(14.0)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)	(7.5)
Total Equity:	410.1	639.4	1,071.4	1,330.1	1,444.9	1,574.7	1,709.4	1,844.5
✦ Total Liabilities and Equity:	\$1,483.2	\$1,739.6	\$3,230.1	\$3,326.5	\$3,335.9	\$3,379.6	\$3,440.7	\$3,512.8
✦ Ratios & assumptions				Proj 2021	Proj 2022	Proj 2023	Proj 2024	Proj 2025
Cash Growth Rate				10.0%	10.0%	10.0%	10.0%	10.0%
CAPEX as % of PY Sales				2.0%	2.0%	2.0%	2.0%	2.0%
Inventory as % of Sales				22.0%	22.0%	22.0%	22.0%	22.0%
Accounts Receivable as % of Sales				6.5%	6.5%	6.5%	6.5%	6.5%
Accounts Payable as % of COGS				8.0%	8.0%	8.0%	8.0%	8.0%
Dividend Payout Rate				0.0%	0.0%	0.0%	0.0%	0.0%
Increase in Paid in Capital				\$40	\$40	\$40	\$40	\$40
Operating Statistics								
Net Debt		\$442.82	\$1,228.10	\$1,110.94	\$1,005.50	\$910.60	\$825.19	\$748.33
ROA		26.1%	23.8%	25.1%	25.4%	26.1%	26.7%	
ROIC			51.6%	51.6%	49.0%	47.6%	46.6%	



## POOL Base Case DCF

Ticker	POOL
Date	11/20/2022

Implied Price	<b>\$444.80</b>
Market Price	<b>\$321.98</b>
Upside (Downside)	<b>38.1%</b>

### Assumptions

#### Valuation Assumptions

WACC	8.0%
TGR	3.0%

DCF	2021	1 2022	2 2023	3 2024	4 2025	5 2026
Revenue	\$ 5,296	\$ 6,366	\$ 6,408	\$ 6,574	\$ 6,798	\$ 7,060
% growth		20.2%	1.4%	8.0%	5.5%	5.6%
EBIT	\$ 830	\$ 1,041	\$ 1,103	\$ 1,136	\$ 1,181	\$ 1,234
% margin		16.8%	17.2%	17.3%	17.4%	17.5%
Taxes	\$ 174	\$ 218	\$ 220	\$ 234	\$ 242	\$ 251
% Rate		20.9%	20.0%	20.6%	20.5%	20.4%
NOPAT		\$ 823	\$ 883	\$ 901	\$ 939	\$ 982
D&A		\$ 42	\$ 45	\$ 48	\$ 49	\$ 51
% of sales		0.7%	0.7%	0.7%	0.7%	0.7%
CapEx		\$ (40)	\$ (42)	\$ (44)	\$ (46)	\$ (49)
% of sales		-0.6%	-0.7%	-0.7%	-0.7%	-0.7%
Change in NWC		\$ (144)	\$ (12)	\$ (38)	\$ (52)	\$ (61)
Unlevered FCF		1,049	981	1,031	1,086	1,143
Present Value of FCF		971	841	819	799	778
Earnings Growth			-6.5%	5.1%	5.3%	5.2%

PV of FCF Stage I (\$M)	\$ 4,208
Terminal Value (\$M)	\$ 22,166
Present Value of Terminal Value (\$M)	\$ 15,086
<b>Implied Enterprise Value (\$M)</b>	<b>\$ 19,294</b>
+ Cash (\$M)	\$ 49
- Debt (\$M)	\$ 1,687
<b>Equity Value (\$M)</b>	<b>\$ 17,656</b>
Shares (M)	39.7
<b>Intrinsic Share Price (\$)</b>	<b>\$ 444.80</b>



## Appendix: Top Stockholders

Holder Name	Portfolio Name	Source	Opt	Position	% Out	Latest Chg	File Dt
		All	All				
1. Vanguard Group Inc/The		ULT-AGG		4,450,166	11.40	38,310	09/30/22
2. BlackRock Inc		ULT-AGG		4,033,197	10.33	-275,135	09/30/22
3. State Street Corp		ULT-AGG		1,535,524	3.93	-7,426	09/30/22
4. Select Equity Group LP	SELECT EQUITY GROUP LP	13F		1,362,213	3.49	162,709	09/30/22
5. Kayne Anderson Rudnick Investment Management LLC	KAYNE ANDERSON RUDNICK INVESTMENT MANAGEMENT LLC	13F		1,320,783	3.38	-21,728	09/30/22
6. William Blair & Co LLC		ULT-AGG		1,164,476	2.98	333,063	09/30/22
7. Neuberger Berman Group LLC	NEUBERGER BERMAN GROUP LLC	13F		1,144,755	2.93	-8,539	09/30/22
8. Pictet Funds SA		ULT-AGG		1,037,944	2.66	91,993	09/30/22
9. Perez De La Mesa Manuel J		Form 4		915,412	2.34	0	08/18/22
10. Geode Capital Management LLC	GEODE CAPITAL MANAGEMENT LLC	13F		854,407	2.19	-75	09/30/22
11. Invesco Ltd		ULT-AGG		627,684	1.61	-124,141	11/18/22
12. Massachusetts Financial Services Co	MASSACHUSETTS FINANCIAL SERVICES	13F		603,779	1.55	-63,666	09/30/22
13. Morgan Stanley		ULT-AGG		599,762	1.54	275,754	09/30/22
14. Swedbank AB		ULT-AGG		578,434	1.48	25,900	10/31/22
15. Findlay Park Partners LLP	FINDLAY PARK PARTNERS LLP	13F		535,470	1.37	0	09/30/22
16. Eaton Vance Corp		ULT-AGG		490,455	1.26	3,930	09/30/22
17. Brown Brothers Harriman & Co	BROWN BROTHERS HARRIMAN & COMPANY	13F		477,474	1.22	106,640	09/30/22
18. Echo Street Capital Management LLC	ECHO STREET CAPITAL MANAGEMENT LLC	13F		444,338	1.14	8,198	09/30/22
19. Virtus Investment Partners Inc		ULT-AGG		400,414	1.03	-1,762	10/31/22
20. Northern Trust Corp	NORTHERN TRUST CORPORATION	13F		397,880	1.02	-6,714	09/30/22
21. BANK OF NEW YORK MELLON CORP/THE		ULT-AGG		389,419	1.00	-9,654	09/30/22
22. Artemis Investment Management LLP	ARTEMIS INVESTMENT MANAGMENT LLP	13F		378,648	0.97	-122,447	09/30/22
23. American Century Cos Inc	AMERICAN CENTURY COMPANIES INC	13F		367,558	0.94	120,208	09/30/22
24. Wasatch Advisors Inc	WASATCH ADVISORS INC	13F		367,254	0.94	-11,031	09/30/22
25. Congress Asset Management Co LLP	CONGRESS ASSET MANAGEMENT COMPANY	13F		359,252	0.92	-12,423	09/30/22
26. Macquarie Group Ltd		ULT-AGG		356,713	0.91	48,617	09/30/22
27. Norges Bank	NORGES BANK	13F		353,637	0.91	8,780	12/31/21
28. State of California		ULT-AGG		349,698	0.90	-7,792	09/30/22
29. Svenska Handelsbanken AB		ULT-AGG		341,657	0.87	-15,450	09/30/22
30. Wells Fargo & Co		ULT-AGG		336,603	0.86	-11,316	09/30/22

Peter D. Arvan

President and Chief Executive Officer



Mr. Arvan has served as the President and Chief Executive Officer of POOLCORP since January 2019 and joined POOLCORP as Executive Vice President and Chief Operating Officer in January 2017. Prior to joining the company, Mr. Arvan served as Chief Executive Officer of Roofing Supply Group from 2013 to 2015, and as President of SABIC Polymershapes (formerly GE Plastics - Polymershapes) from 2004 to 2013. From 1988-2004, Mr. Arvan held various management positions at GE Supply, including General Manager of Global Supply Chain and Six Sigma Master Black Belt and Quality Leader.

Melanie M. Hart

Vice President and Chief Financial Officer



Ms. Hart was named Vice President, Chief Financial Officer and Treasurer in August 2021. She remains as our principal accounting officer, a role she has held since 2008. Ms. Hart has served as Vice President and Chief Accounting Officer since 2019 and as our Corporate Controller from July 2007 to August 2021. She first joined POOLCORP in May 2006 as the Senior Director of Corporate Accounting. Prior to joining the Company, Ms. Hart was employed in the Assurance and Advisory Business Services Group at Ernst & Young for the previous 12 years serving most recently as a Senior Manager. Ms. Hart is a member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants.

John E. Stokely

Lead Independent Director

Retired, Former President and Chief Executive Officer and Chairman of Richfood Holdings, Inc.

Non-Executive Chairman of the Board

Director Since: 2000



From 1996 to 1999 Mr. Stokely served as President, Chief Executive Officer and Chairman of Richfood Holdings, Inc., a regional Fortune 500 wholesale food distributor and operator of retail grocery stores prior to its acquisition by SuperValu Inc.

Manuel J. Perez de la Mesa

Director

Retired, Former President and Chief Executive Officer of Pool Corporation

Vice Chairman

Director Since: 2001



Mr. Perez de la Mesa served as our President and Chief Executive Officer from 2001 until his retirement at the end of 2018; he served as our President and Chief Operating Officer from 1999 to 2001. Prior to leading Pool Corporation, he gained extensive general, financial and operations management experience with Watsco, Inc. from 1994 to 1999, Fresh Del Monte Produce B.V. from 1987 to 1994, International Business Machines Corp. from 1982 to 1987, and Sea-Land Service Inc./R.J. Reynolds, Inc. from 1977 to 1982.

# Appendix: 5 Year Price Chart



### Quotes from Business Development Associate

"A pool is a luxury item so recessionary environments don't really impact these people."

"If you see these homes being built in this area, you know we're in a good market."

"We definitely need more sales centers. Currently, we're serving anyone within a 2-3 hour drive from us. We have people coming from Wilmington."

"People don't come in looking for bargains because we have things they need that other people don't."

"I haven't seen prices go down, not in the three years I've started working here."

"We are getting shipments every day and have plenty in stock of trichlor and Cal-Hypo."



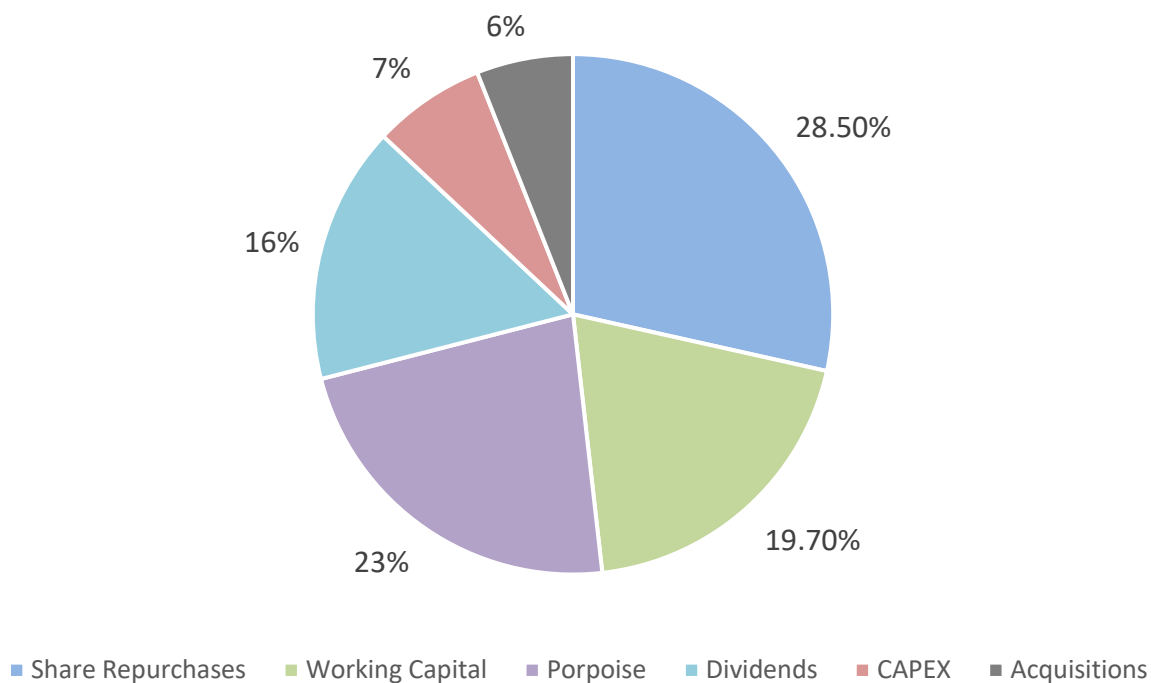


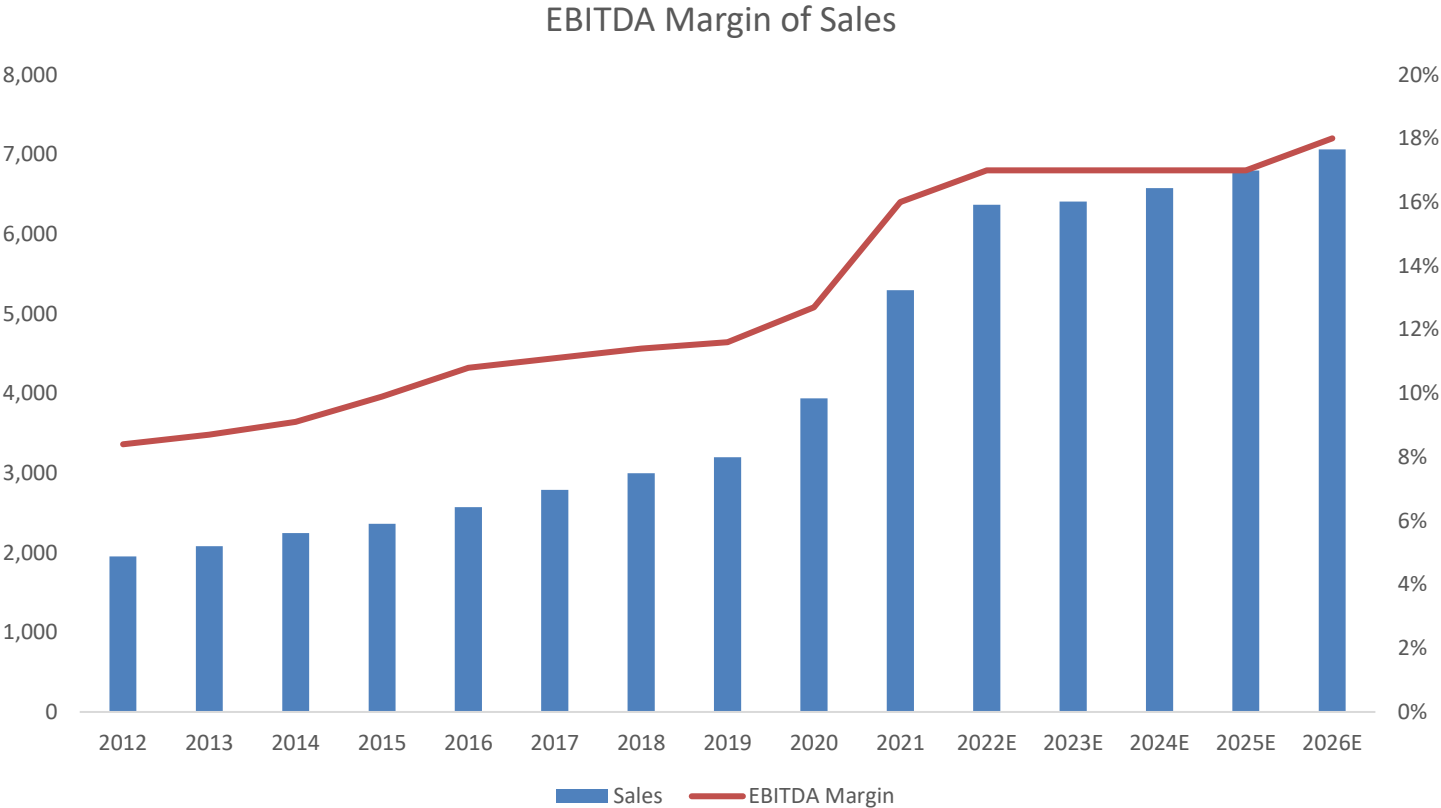
## Appendix: Pools Per Sales Center By State



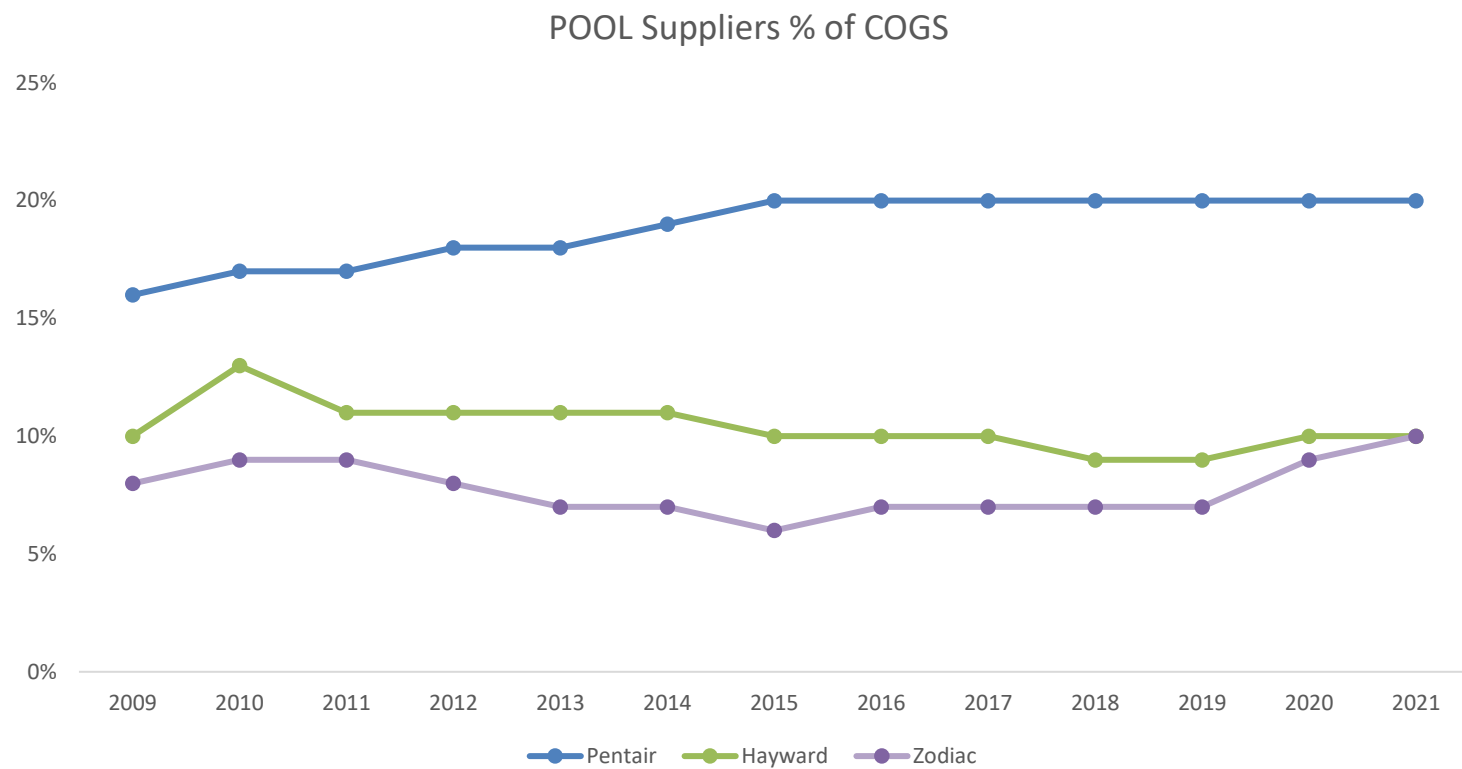
Pools by State		Benchmark		24172
State	Estimated Number of Residential Pools	People per Swimming Pool	Stores	Pool/Store
Florida	1,590,000	14	44	36136
California	1,343,000	29	52	25827
Texas	801,000	36	31	25839
Arizona	505,000	13	15	33667
New York	503,000	38	9	55889
New Jersey	374,000	24	7	53429
Pennsylvania	334,000	38	6	55667
Ohio	317,000	37	4	79250
Michigan	283,000	35	2	141500
Massachusetts	228,000	30	2	114000
Illinois	200,000	64	5	40000
Georgia	190,000	55	9	21111
Tennessee	169,000	40	10	16900
North Carolina	157,000	66	6	26167
Indiana	154,000	43	5	30800
Nevada	143,000	21	5	28600
New Mexico	143,000	15	1	143000
Virginia	136,000	63	4	34000
Alabama	121,000	39	6	20167
Connecticut	120,000	29	2	60000
Missouri	118,000	52	4	29500
Maryland	117,000	51	1	117000
Wisconsin	110,000	53	1	110000
South Carolina	109,000	47	5	21800
Kentucky	100,000	45	1	100000
Oklahoma	100,000	39	3	33333
Washington	74,000	102	3	24667
Louisiana	71,000	65	5	14200
Arkansas	57,000	52	3	19000
Colorado	51,000	109	2	25500
Minnesota	51,000	109	2	25500
Mississippi	48,000	60	2	24000
Oregon	47,000	89	1	47000
Iowa	39,000	80	1	39000
West Virginia	38,000	48 -		
Kansas	36,000	80	2	18000
New Hampshire	31,000	44 -		
Rhode Island	31,000	35 -		
Maine	28,000	47 -		
Idaho	23,000	76	1	23000
Utah	21,000	150	1	21000
Nebraska	20,000	95	1	20000
Delaware	15,000	64 -		
Hawaii	13,000	107	1	13000
Vermont	13,000	48 -		
Montana	9,000	111 -		
Alaska	6,000	122 -		
North Dakota	6,000	127 -		
South Dakota	6,000	146 -		
Wyoming	3,000	194 -		

Pool Corp 2014-2021 Use of Cash

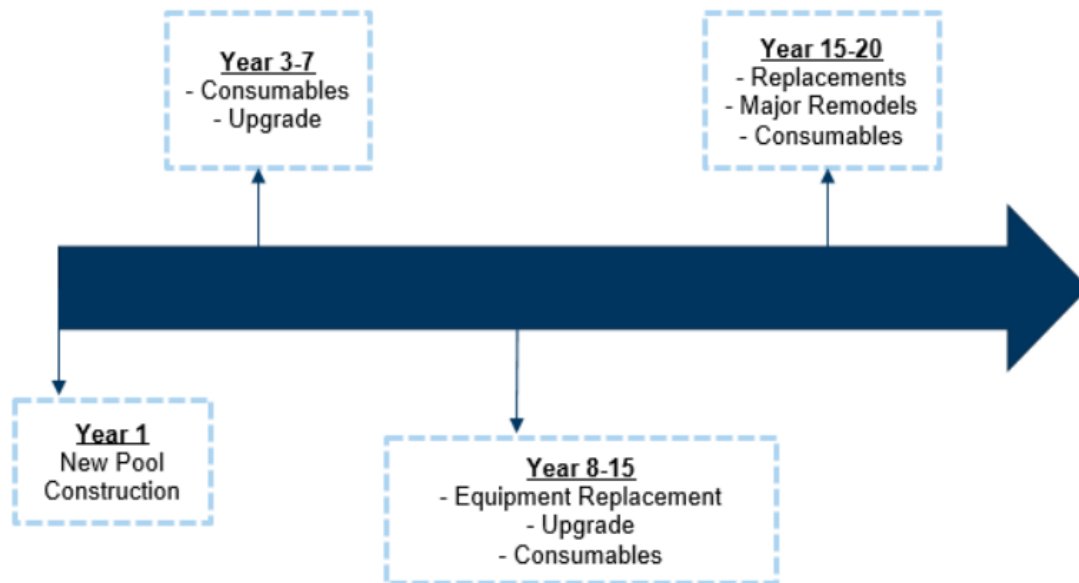




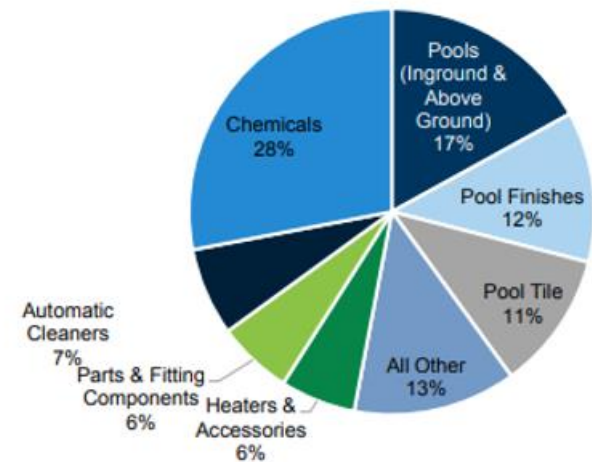




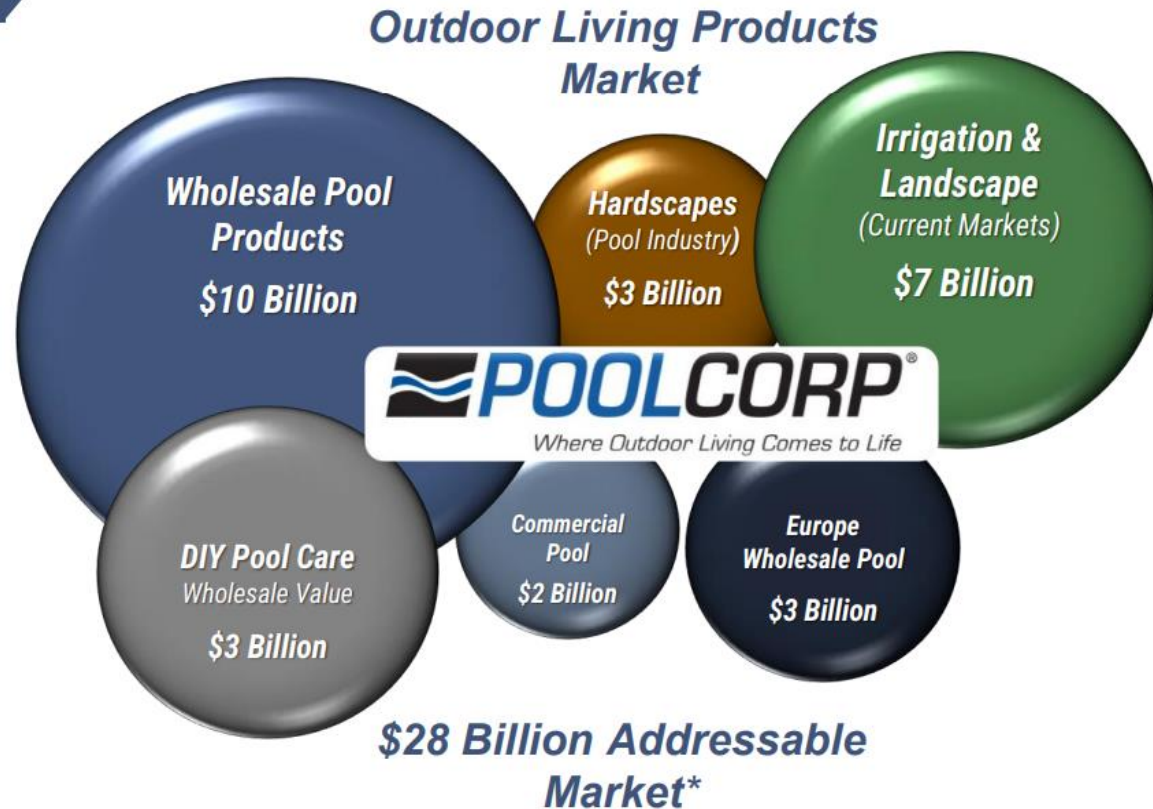
**Exhibit 10: Pool Industry Has Significant R&R Activity**



**Exhibit 63: Private Label Sales Mix (2018)**



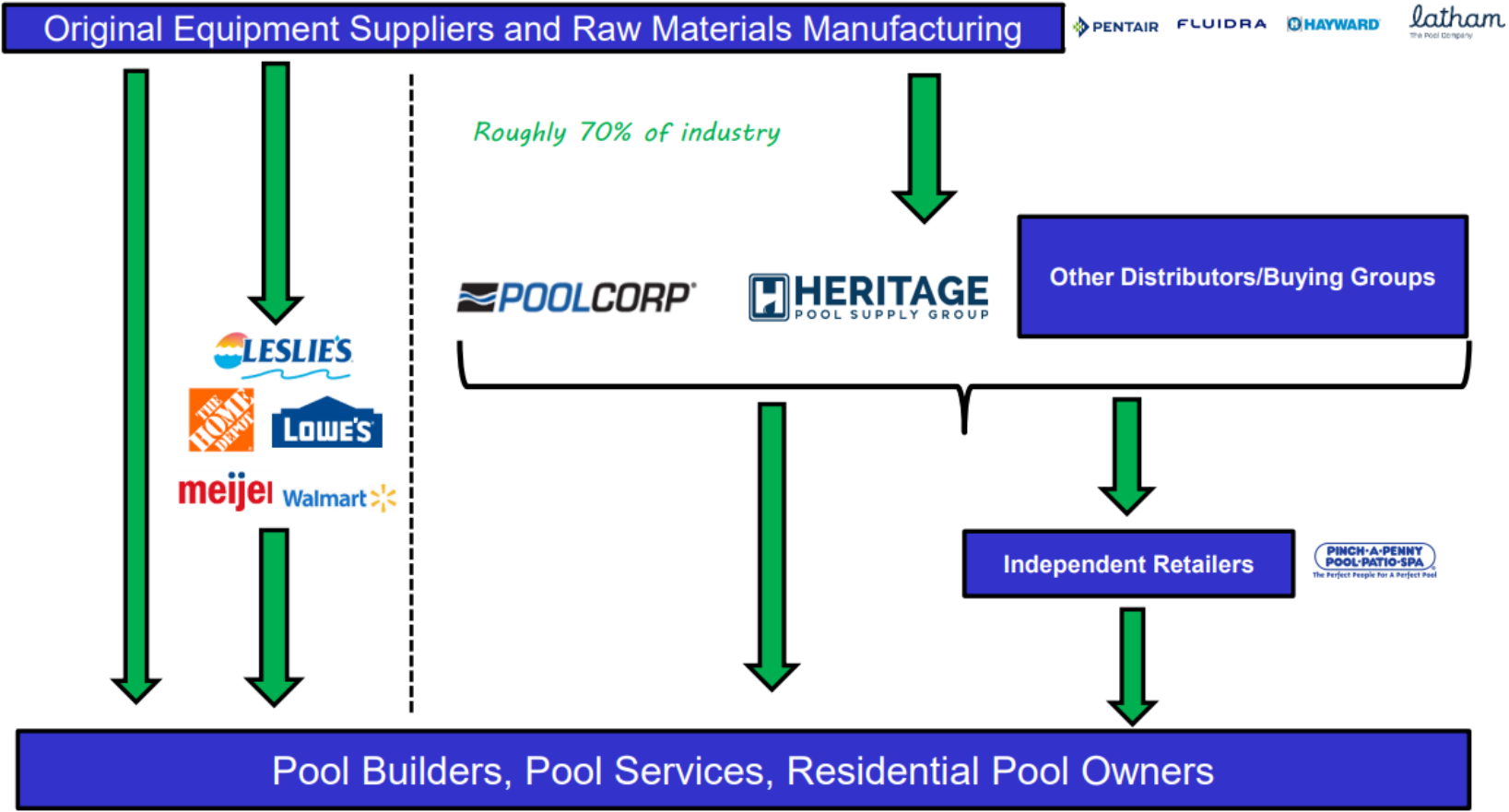
## Appendix: TAM



Initiation of Coverage  
April 4, 2022

**Pool Corporation**  
POOL – NASDAQ  
Outdoor Living

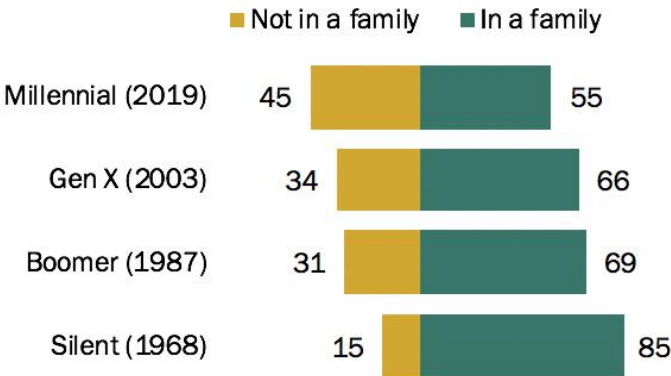
## U.S. Pool and Spa Care Category Value Chain





## More than four-in-ten Millennials do not live with a family of their own

% of 23- to 38-year-olds living ...



Note: A person is considered to be in a family if they reside with a spouse, their own child (including those who are biological, adopted and/or stepchildren) or both. Adults who have a spouse that is currently living apart from them (but from whom they are not legally separated) are considered to be living with that spouse for this analysis.

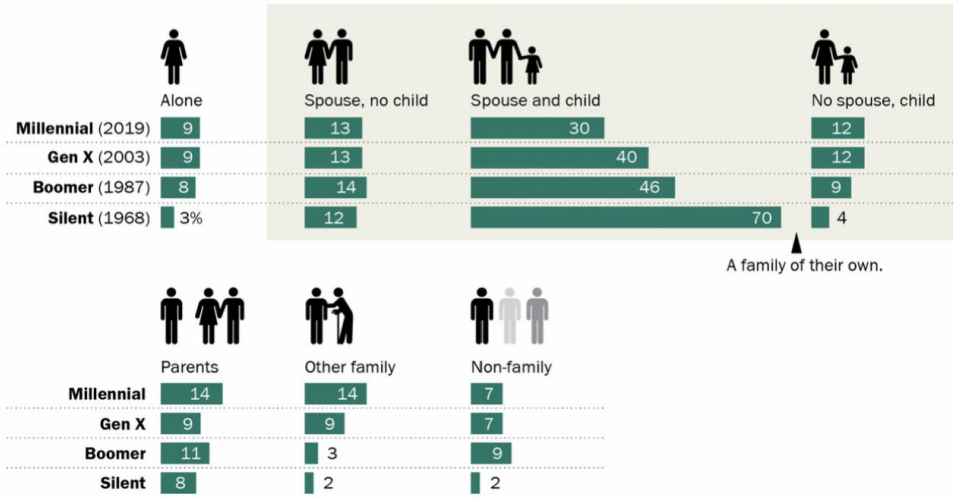
Source: Pew Research Center analysis of 1968, 1987, 2003 and 2019 Current Population Survey Annual Social and Economic Supplement (IPUMS).

“As Millennials Near 40, They’re Approaching Family Life Differently Than Previous Generations”

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## Three-in-ten Millennials live with a spouse and their own child – well below the share for previous generations at a comparable age

% of 23- to 38-year-olds living with ...



Note: Adults who have a spouse that is currently living apart from them, but from whom they are not legally separated, are considered to be living with that spouse for this analysis. Children include those who are biological, adopted and/or stepchildren. Those living in group quarters are not shown. For more details on the specific categories, see the methodology.

Source: Pew Research Center analysis of 1968, 1987, 2003 and 2019 Current Population Survey Annual Social and Economic Supplement (IPUMS).

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