



**Reliance Worldwide Corporation Limited**

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**ASX Announcement**

30 October 2017

**CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S ADDRESSES TO THE ANNUAL GENERAL MEETING**

Attached are the Chairman's and Chief Executive Officer's addresses to be presented at the Annual General Meeting of Reliance Worldwide Corporation Limited which is being held at 11.00am today.

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# **RELIANCE WORLDWIDE CORPORATION LIMITED**

## **ANNUAL GENERAL MEETING**

**MONDAY 30 OCTOBER 2017**

### **CHAIRMAN'S ADDRESS**

Good morning ladies and gentlemen. My name is Jonathan Munz. As chairman of directors, I welcome all shareholders and guests to the 2017 annual general meeting of Reliance Worldwide Corporation Limited.

#### **Financial performance**

The results for FY2017 are our first full year financial results since the IPO in April 2016. The Board was pleased to report that the FY2017 results were ahead of the Prospectus Forecast for net sales, EBITDA and net profit after tax. The results continue the track record of the business in delivering strong sales and earnings growth. Heath will speak about these results in more detail. On behalf of the Board, I acknowledge our management team and global workforce for their continuing efforts which deliver these operating and financial outcomes.

#### **Growth outlook**

We have provided EBITDA guidance for FY2018 of between \$145 million and \$150 million. The result will be driven by continuing execution of the business strategies for each of our operating segments. The Board is confident that appropriate strategies are in place to deliver continued financial and business growth. Heath will speak to the forecast and growth strategies shortly.

#### **Balance sheet**

The balance sheet remains healthy with significant liquidity to fund projected growth. Our borrowing facilities increased by \$100 million in part to fund the Holdrite acquisition. Borrowings increased following the Holdrite acquisition although the increase was partially offset by use of net free cash to repay borrowings. We expect the gearing ratio to reduce during FY2018 as we use net free cash generation to reduce borrowings.

#### **Capital management**

I am pleased to report that we paid total dividends for the 2017 financial year of 6.0 cents per share franked to 70 per cent. This represents a payout ratio of 48% of 2017 net profit after tax, within the policy to target a payout ratio of between 40% and 60% of the Company's annual net profit after tax. The Board's intention continues to be to declare future dividends within that payout ratio, subject to consideration of relevant factors. At the lower end of the targeted payout ratio, the Board expects that dividends will be capable of being fully franked for the foreseeable future.

**Board composition**

Finally, I would like to provide an update on our progress in appointing a female board member. We mentioned in the Annual Report that a process of active assessment and recruitment of female representation on the Board had commenced. I am pleased to advise that we are in late stage discussions with a candidate and will make an announcement when something is finalised.

I will now ask Heath to present on operational performance and outlook.

**RELIANCE WORLDWIDE CORPORATION LIMITED**  
**ANNUAL GENERAL MEETING**  
**MONDAY 30 OCTOBER 2017**  
**CHIEF EXECUTIVE OFFICER'S ADDRESS**

Thank you, Jonathan.

Good morning ladies and gentlemen.

As Jonathan noted, we are very pleased to be able to report on the excellent operating and financial results for the year ending 30 June 2017, our first full year since listing on the ASX. I believe we can attribute this success to several key elements, including shareholder and Board support of our overall strategy, a continuing focus on disruptive products which make the professional lives of plumbing contractors easier and the dedication of a global team that collectively delivers strong growth in net sales and earnings. Our team embraces challenges and performed extremely well across all geographic and market segments during the year.

I will comment briefly on each of these success factors, beginning with Financial Highlights.

**Financial Results: Record Strong Annual Growth in FY2017**

We again delivered strong annual growth in FY2017, with our decade long record of growth in net sales continuing. Net sales<sup>1</sup> grew 12.6% compared with pro forma FY2016<sup>2</sup>, a solid 2.4% increase above Prospectus Forecast<sup>3</sup>. Net sales<sup>1</sup> increased 17.2% on a constant currency basis, with local currency growth in all operating segments.

We also exceeded Prospectus Forecasts<sup>3</sup> and achieved double-digit growth in EBITDA<sup>4</sup>, EBIT<sup>4</sup> and NPAT. These results reflect the cumulative benefits of strong growth in net sales, strategic procurement initiatives, and substantial improvements in manufacturing efficiencies.

As Jonathan indicated, our balance sheet is strong with sufficient liquidity to fund growth.

FY2018 has begun well with year-to-date trading meeting expectations. We remain on track to deliver full-year EBITDA of between \$145 million and \$150 million assuming general economic conditions remain unchanged in the geographies where we operate and no significant changes in current exchange rates or cost of raw materials, including the copper price.

We project strong top-line growth driven by ongoing expansion of the PTC business in the Americas, inclusion of a full year of Holdrite results, and targeted opportunities to gain market share across new platforms, including commercial and residential new construction in the USA and in the Asia-Pacific and EMEA geographic regions. A commitment to delivering innovative plumbing solutions to end users continues to underpin our growth.

I do note that current copper prices are relatively higher than originally anticipated, although offsets in other parts of the business should allow us to absorb this additional cost. Moreover, if the price remains high or moves higher, then we would expect a move on pricing across the market.

#### **Holdrite: post acquisition**

Upon completion of the Holdrite acquisition in June 2017, we gained a broad range of innovative, complementary products that install immediately adjacent to SharkBite and Cash Acme products in both commercial and residential buildings and are sold through our existing wholesale channels. Holdrite is a product development and commercialisation engine with performance that belies its size. Joint RWC and Holdrite engineering, sales, customer service and marketing teams are collaborating to create new business opportunities and accelerate growth across every aspect of our business. As we deepen our understanding of Holdrite, we are recognising the tremendous value of their culture, so closely aligned with ours, and are becoming even more delighted with the move to join our companies. The acquisition is proving to be an excellent addition and a great fit for our business.

Next, I would like to comment on product innovation.

### **Product Innovation is in our DNA**

As a leading global provider of water control systems and plumbing solutions for domestic, commercial and industrial applications, RWC recognises that meeting demand for market-leading products requires not only great vision but also ongoing investment in research and development activities as well as manufacturing and distribution facilities. RWC has long been known for products and solutions that exceed global industry standards. Today, creating new products – smarter products and innovative solutions that solve real-world problems and improve peoples' lives and living conditions – is the vision that drives the Company's strategy.

By design, all RWC's products transform traditional plumbing methods. SharkBite introduced this concept to the USA starting in 2004 and now the Holdrite acquisition further expands our capabilities. Holdrite products aim to convert makeshift methods into commercialised engineered solutions that make plumbing installations faster and easier, performance more reliable, and the tradesman's tasks more efficient. Our goal is to be the premier supplier of superior platforms and product solutions for all behind-the-wall plumbing requirements – from meter to fixture – in sectors that include not only residential repair and maintenance, but also residential and commercial new construction.

The Company's flagship line, SharkBite Push-to-Connect plumbing fittings and associated accessories, continues to lead sales growth and market penetration in the residential repair and remodel markets, particularly in the Americas, where our efforts to build brand awareness and expand retail distribution are proving successful.

With the launch of the EvoPEX System, the first PTC meter-to-fixture solution designed for new construction, and complemented by the Holdrite product range of engineered solutions for the plumbing and mechanical contractor markets, we are now successfully making inroads into the

residential and commercial new construction markets in the USA. We view this as a continual growth strategy and feel confident that our comprehensive solutions will be able to address diverse needs of commercial construction from piping support to fittings to firestop systems.

We expect to continue introducing sector-changing innovations as we expand market share and build loyalty among our diverse customer base

### **Focus on Customers**

Speaking of customers, it goes without saying that without the trust and confidence of satisfied customers, we have no business. 2017 marks the fifteenth anniversary of the 2002 Cash Acme acquisition and the beginning of successful partnerships with the leading names in the North American plumbing industry, including A.O. Smith, Bradford White, Ace Hardware, Ferguson, and Rheem, to name just a few. This year we also proudly celebrate the tenth anniversary of product distribution through The Home Depot, the world's largest home improvement specialty retailer, a strategic alliance that introduced a powerhouse PTC-fitting franchise into the retail channel.

Finally, we are excited to welcome Lowe's, a Fortune 50 home improvement retailer, to the SharkBite PTC family. I am pleased to report today that all Lowe's stores – more than 1,700 locations – have been successfully reset and stocked ahead of schedule and are offering RWC's extensive line of products across the United States.

None of these outstanding accomplishments and loyal customers would be possible without the commitment and conscientiousness of our global team.

Finally, I'd like to share with you some details about what sets RWC apart from the competition – our people and culture.

### **Proud of RWC's Global Team and Culture**

The entire RWC team deserves credit for delivering FY2017's excellent financial and operating results. Their dedication and daily efforts are the source of the outstanding total shareholder returns and the Company's ability to achieve and sustain growth.

I'd like to reiterate what I said in the Annual Report that RWC is fortunate to have a unique culture that underpins our success. We are truly a worldwide team that enthusiastically comes together to collaborate across all geographic and market segments – aligning goals and activities, generating innovative ideas, boosting performance levels, stepping up to meet immediate challenges and adapting seamlessly to the public company environment. Our long-serving workforce readily welcomes new talent and embraces diversity, creating an exciting, dynamic atmosphere that allows us to attract and retain the best people. Each team member is vital to the long-term strength and success of our business.

I appreciate your time and attention today and I hope you are as pleased as I am with your Company's current business position and ongoing commitment to delivering continued financial and operational growth. I look forward to reporting on our progress in the half-year results announcement next February.

Thank you.

1. Net sales after eliminating intercompany sales.
2. Pro forma unaudited results for the 12 months ended 30 June 2016 prepared on the same basis as set out in the Prospectus dated 18 April 2016.
3. Forecast results presented in the Prospectus dated 18 April 2016.
4. EBITDA and EBIT both before significant items (including non-operating foreign exchange gains and losses) in Pro Forma FY2016.