

## **ASX Announcement**

9 September 2021

### **Presentation at Jefferies Asia Forum**

Reliance Worldwide Corporation Limited (ASX: RWC) advises that Heath Sharp, Group CEO, and Andrew Johnson, Group CFO, will be presenting at the Jefferies Asia Forum on 9 September 2021. A copy of the presentation is attached.

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This announcement has been authorised for release by the Company Secretary.





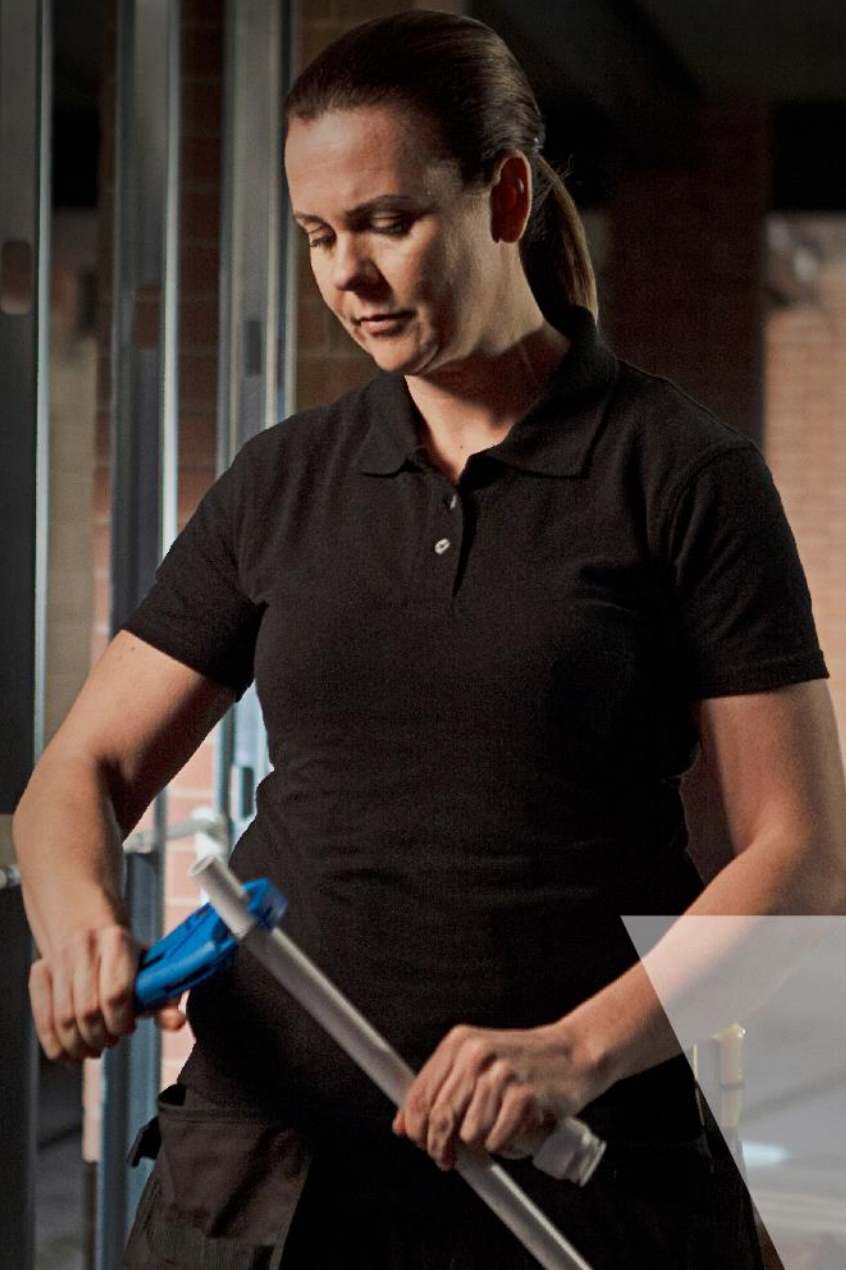
# Jefferies Asia Forum

9 September 2021

**Heath Sharp**  
Chief Executive Officer

**Andrew Johnson**  
Chief Financial Officer

RELIANCE WORLDWIDE CORPORATION LIMITED  
ABN 46 610 855 877



# Important Notice

This presentation contains general information about Reliance Worldwide Corporation Limited's activities at the date of presentation (9 September 2021). It is information given in summary form and does not purport to be complete.

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This presentation contains references to the following non-IFRS measures: EBITDA, EBIT, Adjusted NPAT and Adjusted EPS. These measures are used by RWC to assess operating performance and are defined in the Results Announcement dated 23 August 2021. These measures have not been subject to audit or review.

All figures are presented in Australian Dollars unless indicated otherwise. The sum totals throughout this presentation may not add exactly due to rounding differences.

The information in this presentation remains subject to change without notice. Circumstances may change and the contents of this presentation may become outdated as a result.

This presentation forms part of a package of information about Reliance Worldwide Corporation Limited. It should be read in conjunction with the Appendix 4E, 2021 Annual Report and the Results Announcement released on 23 August 2021.

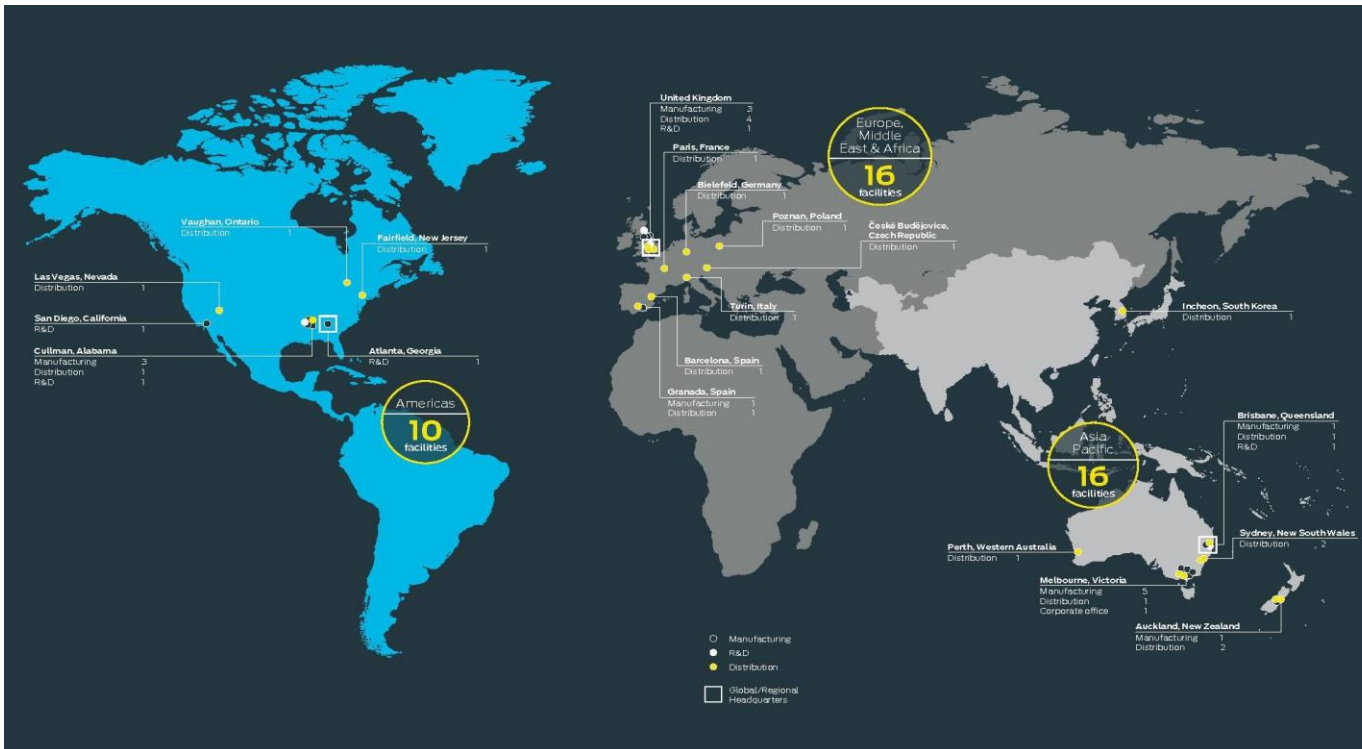
# Agenda

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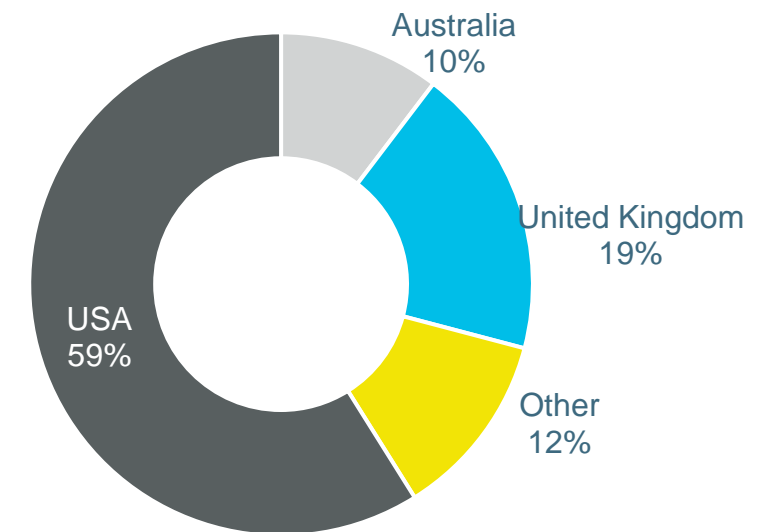
# RWC Overview

# RWC is a leader in the design, manufacture and supply of water flow and control products and solutions for use in the “behind the wall” plumbing sector

- The leader in brass and plastic push to connect (“PTC”) fittings in key geographies
- Majority of sales are to the repair and renovation (“R&R”) end market
- Vertically integrated global manufacturer with a strong culture of innovation, leading R&D and engineering capability
- Extensive distribution networks of channel partners in all key geographies
- Successful history of M&A to augment product range and build market positions in new geographies and end-markets



Geographic Sales Breakdown<sup>1</sup>



<sup>1</sup> External sales for the year ended 30 June 2021



# RWC product portfolio



RWC's brands transform performance and efficiency for plumbing and heating and specialist industries around the world



**57% of Net Sales:**

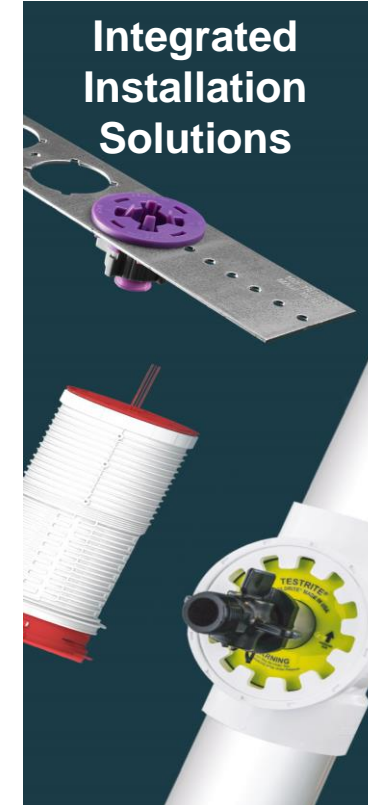
- Push to Connect: 47%
- Other Fittings: 10%



**12% of Net Sales**



**12% of Net Sales**



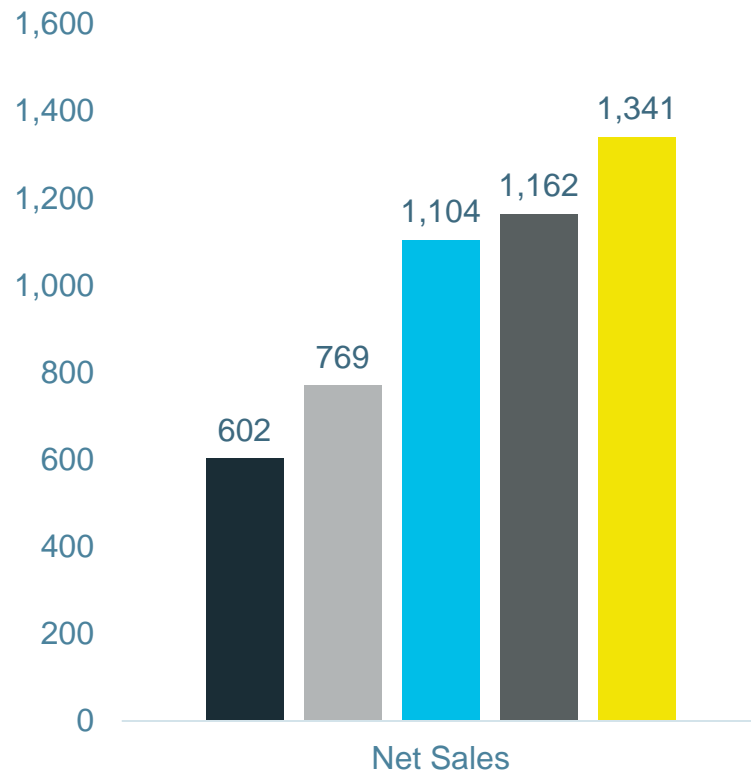
**9% of Net Sales**



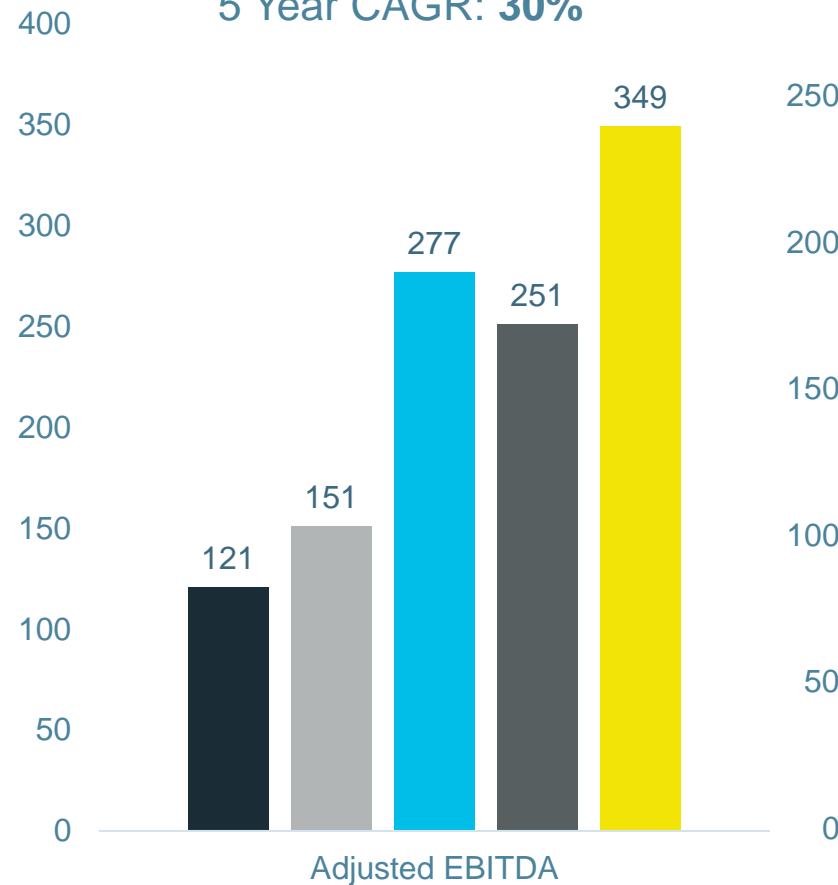
**10% of Net Sales**

# RWC 5-Year Post-IPO Performance History

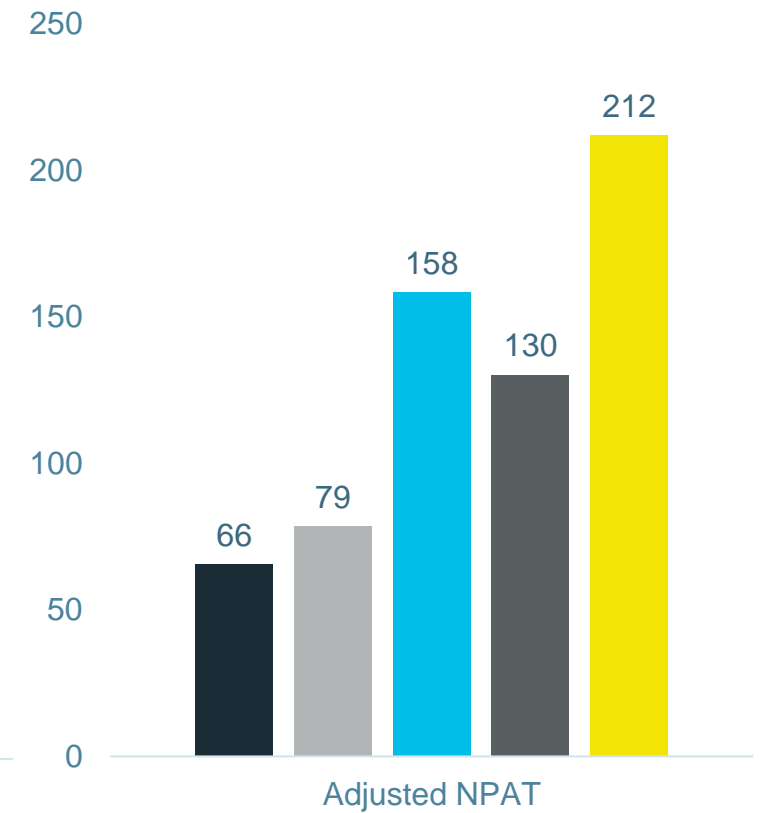
Net Sales A\$m  
5 Year CAGR: **22%**



Adjusted EBITDA A\$m  
5 Year CAGR: **30%**



Adjusted NPAT A\$m  
5 Year CAGR: **34%**





# Strategy Overview

# Creating Value through Product Leadership

Create and deliver plumbing products that are the first choice for users



## Solutions for the end-user

Smart product solutions that improve contractor productivity, enable the DIYer, and make lives easier.

End user insights

New product development

Acquisitions



## Distributor Relationships

Increasing value for the distributor while providing broadest access to our products for the end-user.

Superior service

High value product

Brand management



## Operational Excellence

Premium quality products and outstanding delivery performance, yielding margin expansion.

Lean manufacturing

Strategic sourcing

Logistics capability

## Our Team

Supporting and developing our people, supporting and caring for the broader community



## Our Values (our S.P.I.R.I.T.)



Simplicity



Passion



Innovation



Reliability

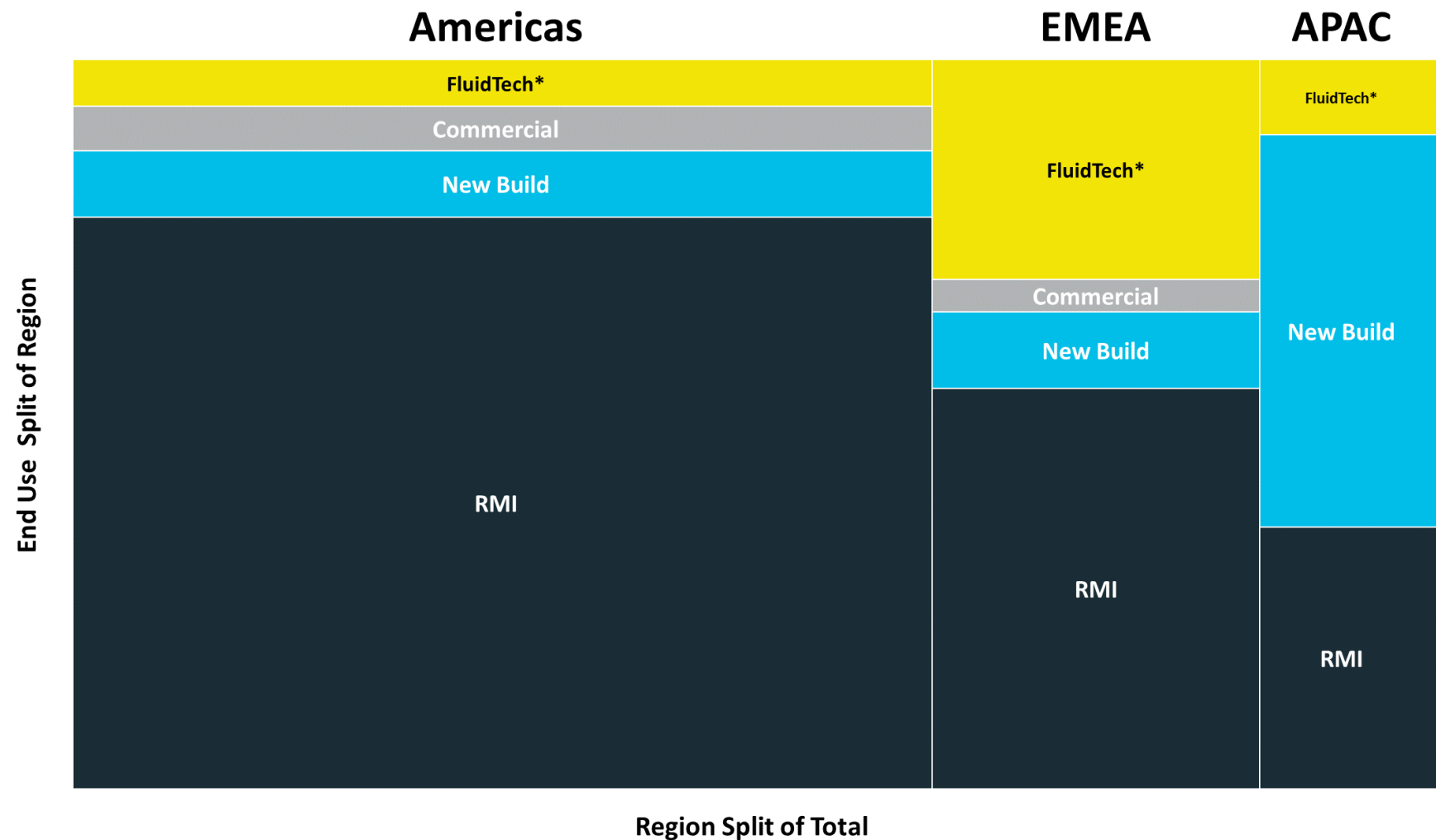


Integrity

Together  
we are one  
Team

# End Use by Region

Core RMI market represents significant share of global end use segments



Note\* - FluidTech segment includes water treatment, drinks and dispense, air and pneumatics, and blown fibre applications; Segment splits based on Group FY20 net external sales

# Regional Strategies

# Americas: stable historical growth and key fundamentals support core repair segment

Long term market growth of 2% to 3% annually

## Highly Correlated Indicators for RMI

Increasing Home Values

Existing Home Sales

## Historical Category Focused Metrics

Non-Discretionary (Repair)

Kitchen and Bath Remodel

## Key Driving Fundamentals

Median Age of Housing Stock

Household Formations

Residential Maintenance and Improvement

**2.5% CAGR**  
(1995 to 2019)

Internal water pipes  
(and fittings) repaired  
or replaced  
**3% CAGR**

Plumbing Fixtures  
**7% CAGR**

(1995 -2019)

Kitchen and Bath  
Remodels

**4% CAGR**

(1995 -2019)

Median age of  
housing stock  
**2% CAGR**

Total housing stock  
**1% CAGR**

(2001 – 2019)

Data shows RMI  
activity follows  
household formation  
spikes

Household Formation  
**1% CAGR**  
(1995 -2019)

2018 to 2028  
12M new households:  
**1% CAGR**

# Americas growth plan

Utilise strength of brand, product offering and focused innovation approach across distribution network to expand market share

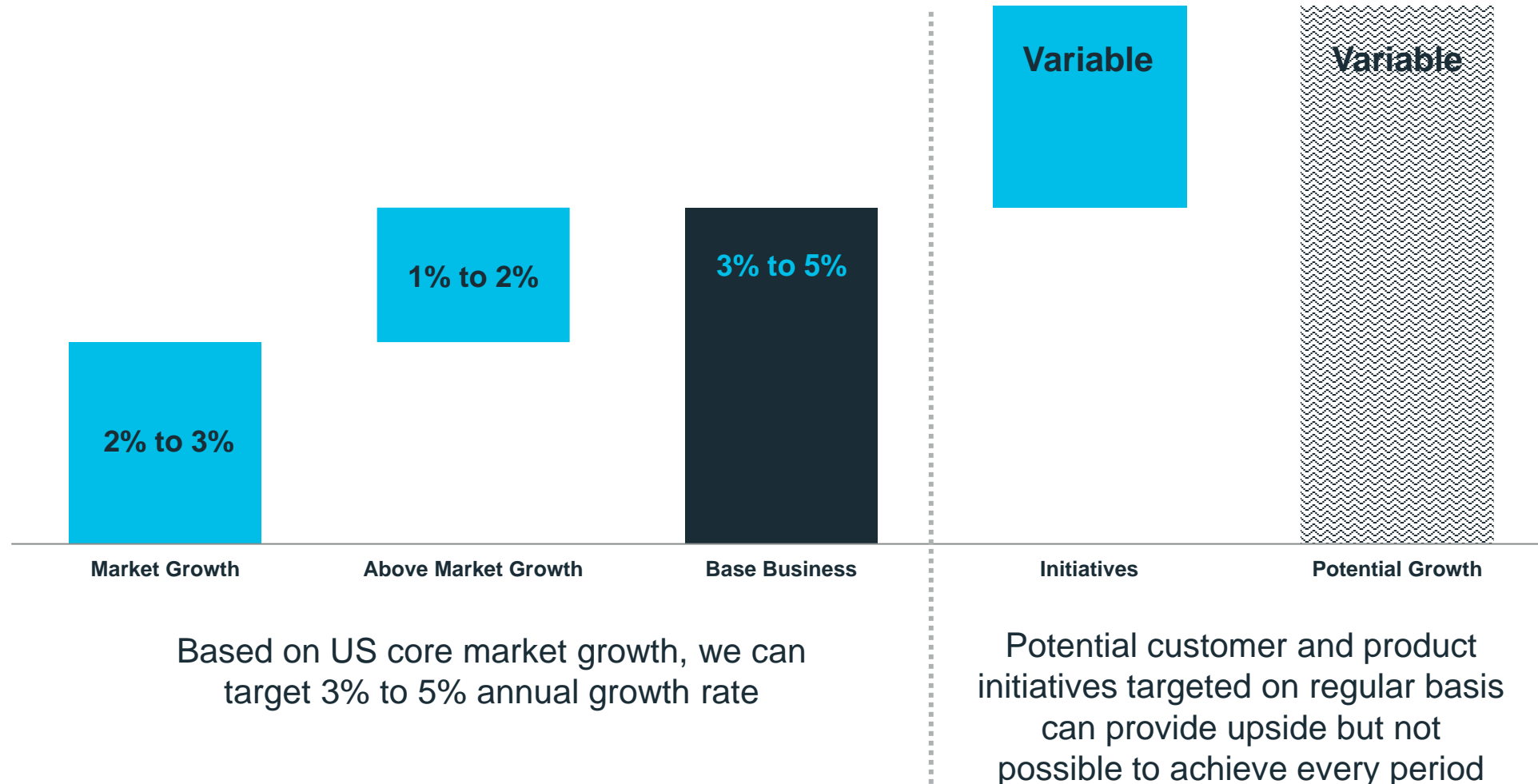
	Goals	Representative initiatives
 <b>Demand...</b>	<b>Own the project</b>	<ul style="list-style-type: none"> <li>Commercial end market selling investment</li> <li>Extend brands to new categories</li> <li>Add proven solutions requested by the Pro</li> </ul>
 <b>Reach...</b>	<b>Available</b>	<ul style="list-style-type: none"> <li>Expand access to acquired product offering (HoldRite and JG)</li> <li>Capture additional shelf space</li> <li>Creative SKU placement and merchandising</li> </ul>
 <b>Innovation...</b>	<b>Customer needs</b>	<ul style="list-style-type: none"> <li>Continued expansion of HoldRite providing differentiated entry point into commercial</li> <li>Continue innovating within fittings</li> </ul>
 <b>M&amp;A</b>	<b>Build offering</b>	<ul style="list-style-type: none"> <li>Programmatic M&amp;A linked to strategy filling product and capability gaps</li> </ul>





# US Growth Estimate – Potential Upside

In any given period, targeted base business growth rate with upside from specific customer and product initiatives



# EMEA strategy

Enabling specific initiatives in UK and Europe to accelerate, expand and access

## Key underlying drivers

**Expand basket** for existing end users with focus on driving innovative, time saving product

Leverage strength of **brands**

Utilise **core operational and execution** competencies



Accelerate...



Expand...

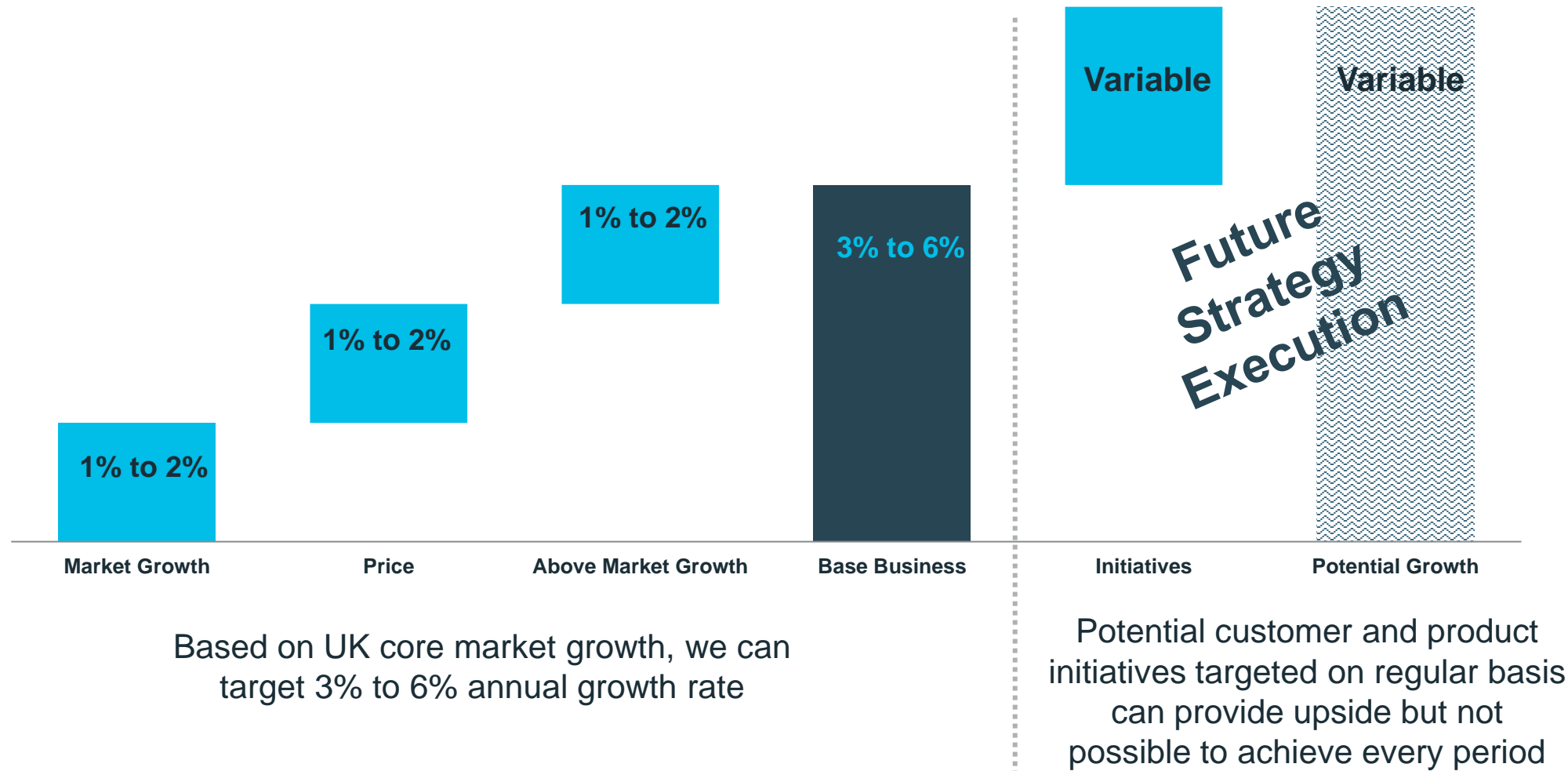


Access

UK		Continental Europe	
Goals	Plans	Goals	Plans
Achieve profitable growth in core, repair and maintenance market	<ul style="list-style-type: none"> <li>▪ <b>P&amp;H RMI</b>: expand share and offering in core market through continued focus on Speedfit range, underfloor heating, and leveraging combined RWC and JG portfolios for complete solutions</li> </ul>	Continue to develop FluidTech markets in Europe	<ul style="list-style-type: none"> <li>▪ <b>FluidTech</b>: further develop existing markets with required product development and support</li> </ul>
Grow into adjacent plumbing and heating end use segments	<ul style="list-style-type: none"> <li>▪ <b>P&amp;H domestic new build</b>: supplement existing regional builder accounts with select national, volume developers</li> <li>▪ <b>P&amp;H commercial</b>: evaluate product and capability requirements to further penetrate adjacent commercial market</li> </ul>	Grow into adjacent Fluid Technology end markets in Europe	<ul style="list-style-type: none"> <li>▪ <b>FluidTech</b>: develop new FluidTech end markets and support global penetration (Americas, APAC) of existing markets</li> </ul>
		Enter select European geographies	<ul style="list-style-type: none"> <li>▪ <b>P&amp;H RMI</b>: prioritize specific European geographies for penetration of P&amp;H markets organically and/or inorganically</li> </ul>

# UK Growth Estimate – Potential Upside

In any given period, targeted base business growth rate with upside from specific customer and product initiatives



# APAC: Australian Core Growth Initiatives

Evolving market conditions and new opportunities drive our growth in our core market



## End users and channels

### Wholesale

We support the [Licensed Plumber](#) network through a broad range of Wholesalers.

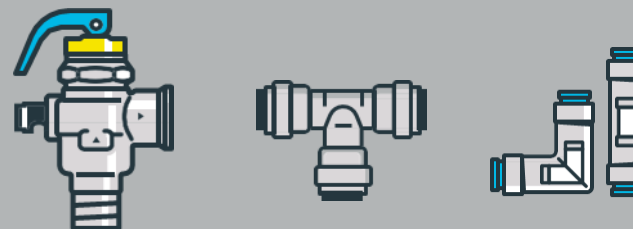
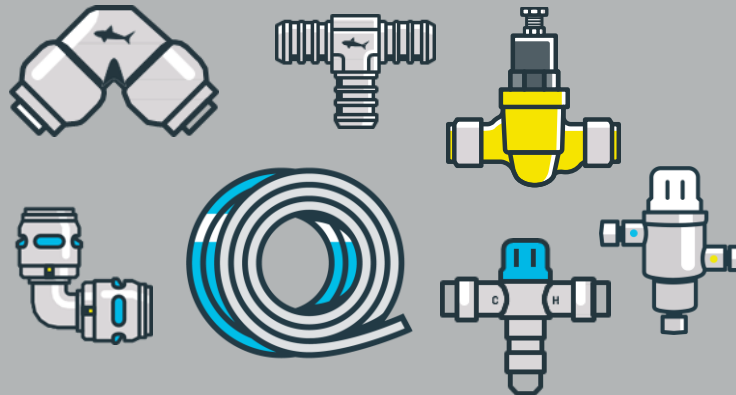
### Hardware

We leverage a limited product range to [DIY](#) and emergency repairs through key Hardware chains.

### OEM

We partner with several targeted OEMs to provide key components and [partnered product development services](#).

## What We Deliver



## Value Creation

- Full Wholesaler support package including training and full customer care service
- Broad product offering covering all 'back of wall' needs.
- Optimized order administration and management.
- Targeting 100% delivery in full on time.
- Intimate interactions in supply chain efficiency and engineering support to optimize product integration.
- High volume capacity to match all levels of demand.

# APAC growth strategies and priorities

Driving core product initiatives to serve existing markets and emerging opportunities

	Goals	APAC plans	
<p><b>Accelerate</b></p>	<p>Achieve profitable growth in core, new build markets in Australia and New Zealand, and continue to develop FluidTech markets in Asia</p>	<ul style="list-style-type: none"> <li>Australia/New Zealand: expand share and offering in core market piping systems market across domestic and high-density housing applications for complete mains to outlet solutions</li> </ul>	
<p><b>Expand</b></p>	<p>Grow into adjacent plumbing end use segments in the Australia and adjacent FluidTech end user markets in Asia</p>	<ul style="list-style-type: none"> <li>Asia FluidTech: further develop existing markets and expanded applications utilizing existing product ranges</li> </ul>	
<p><b>Access</b></p>	<p>Continue to evaluate other market opportunities for core products in Asia</p>	<ul style="list-style-type: none"> <li>Asia: continue to monitor evolving market trends</li> </ul>	

# FY21 Financial Performance



# RWC financial snapshot for year ended 30 June 2021

Net sales

**\$1,341 million**

+15% growth overall<sup>1</sup>  
+25% in constant currency

Adjusted EBITDA

**\$349.2 million**

+39% on pcp

Adjusted NPAT

**\$211.9 million**

+63% on pcp

Operating cash flow

**\$334.3 million**

+20%  
Cash conversion: 98%

Net debt reduction

**\$128.3 million**

Net debt \$173.9 million  
Net leverage ratio<sup>2</sup> at 0.51x

Final dividend

**7.0 cps**

Total FY21 dividends

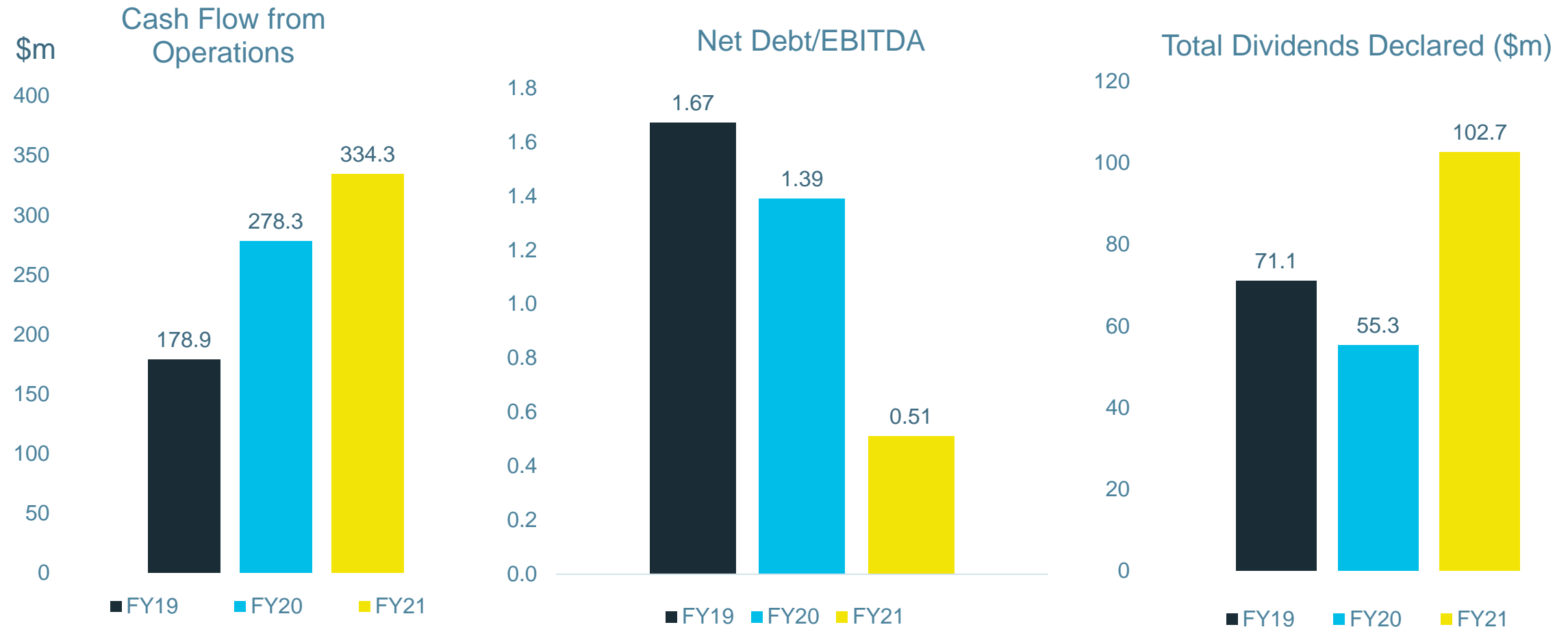
**13.0 cps**

<sup>1</sup> Growth rates expressed as change over comparative period for the year ended 30 June 2020

<sup>2</sup> Net Debt/FY21 Reported EBITDA of \$340.7m

# Strong operating cash flow performance

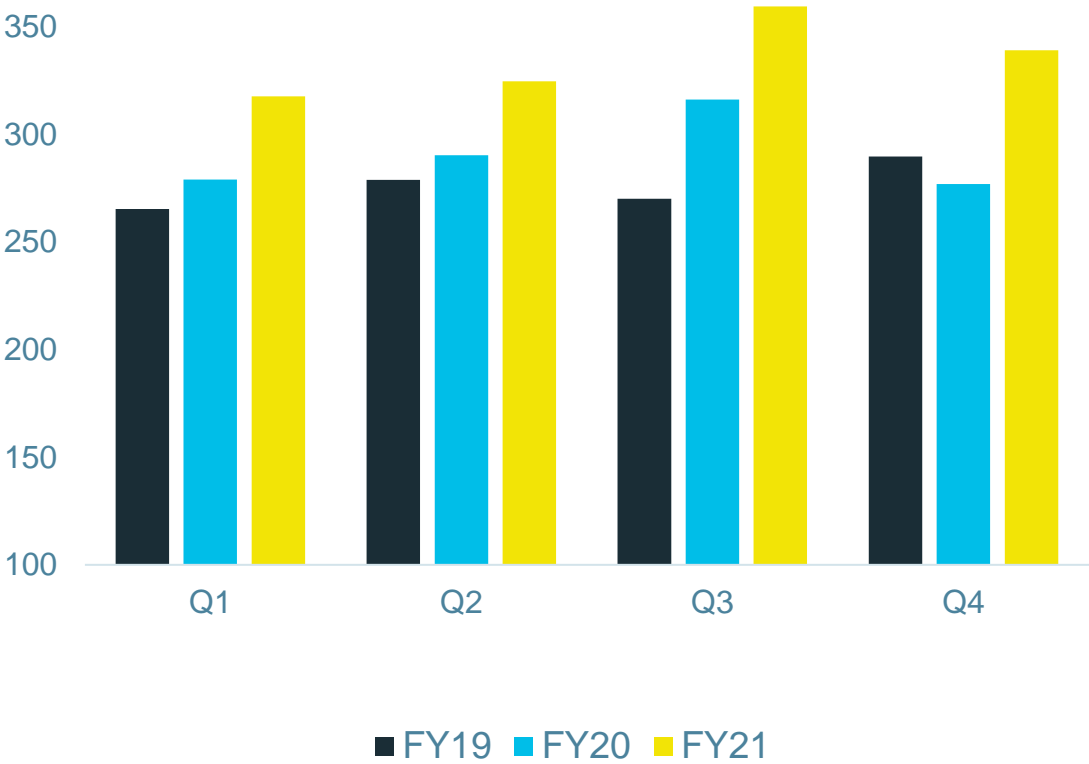
Cash generated enabled further reduction in net debt and higher FY21 dividend



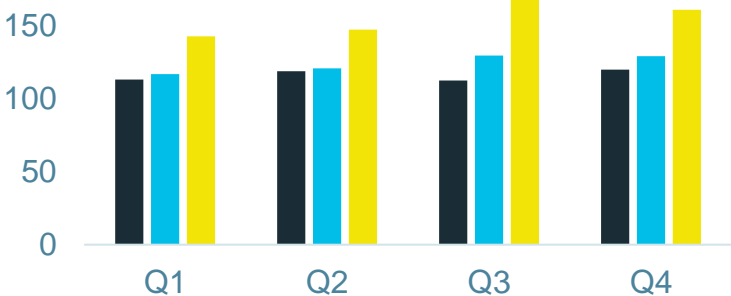
# FY21 Revenues reflect COVID and US freeze impacts

Strong growth on a 2-year basis in all regions

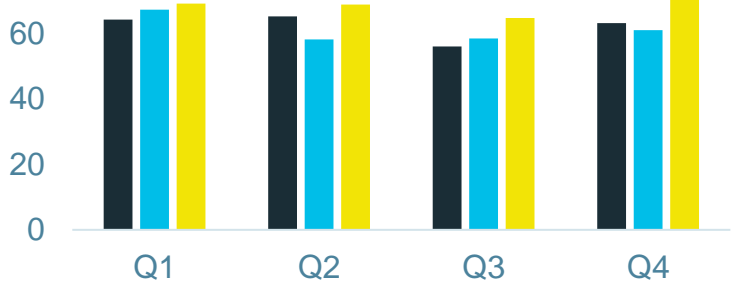
RWC Quarterly Revenues A\$m



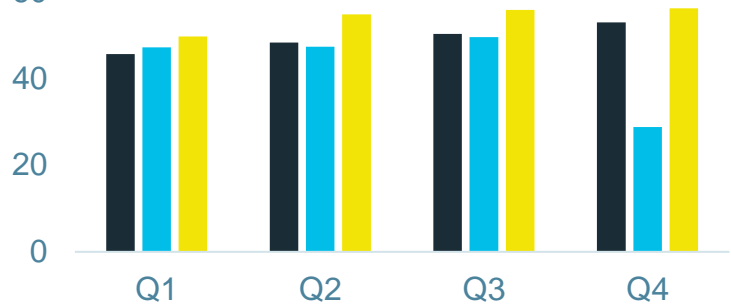
Americas Quarterly Revenues US\$m



Asia Pacific Quarterly Revenues A\$m



EMEA Quarterly Revenues GBpm



# RWC's Capital Management approach

Capital management approach aims to minimise the cost of capital and ensure ongoing access to funding to meet future requirements

Strong Financial Focus	Value creation			Capital management		
Improving long term margins and returns	Organic Growth	Capital Investment	Acquisitions	Capital structure	Consistent dividends	Capital returns
<ul style="list-style-type: none"> <li>• Margin expansion through continuous improvement initiatives</li> <li>• Strong operating cash flow performance</li> <li>• Maintenance of investment grade equivalent credit metrics</li> <li>• Improving return on equity</li> </ul>	<b>Above-market growth in 3 regions:</b> <ul style="list-style-type: none"> <li>• Americas</li> <li>• APAC</li> <li>• EMEA</li> </ul>	<b>Ongoing investment in:</b> <ul style="list-style-type: none"> <li>• capacity expansion</li> <li>• core new product development</li> </ul> <b>Ongoing assessment of operational footprint and supply chain optimisation</b>	<b>M&amp;A aligned with strategy:</b> <ul style="list-style-type: none"> <li>• Fill gaps in product range</li> <li>• Expand distribution or end-user scope</li> <li>• Broaden geographic presence</li> </ul>	<b>Target Leverage Range:</b>  Net Debt to EBITDA of 1.5 - 2.5 times	<b>Target Dividend Payout Ratio:</b>  40-60% of NPAT  Franked to the extent possible – estimated at less than 30%	<b>On-market Share Buybacks:</b>  Preferred means of distributing excess cash beyond dividends  Assessed when appropriate

# Outlook

# Outlook for FY 2022<sup>1</sup>

RWC will provide expanded quarterly trading updates from the first quarter of FY2022

## PRICES:

- Average price rises announced in FY2021 of 6% will mitigate inflation impacts
- Price increases will flow through to Sales in FY22, regional variations will reflect different product mix and cost bases
- Price increases may be margin dilutive by up to 1% where they are applied to offset equivalent cost increases with no net contribution to gross margins

## COSTS:

- Price increases are expected to fully offset commodity input cost increases
- Commodity prices and other cost inflation will require a dynamic approach to pricing and cost management
- Expenditure on travel, entertainment and marketing expected to increase in FY22 from suppressed levels in FY21

## CASH FLOW:

- Cash flow from operations will be impacted as we re-build inventory levels in the first half
- Cash for investing activities will include:
  - Payment on completion of LCL acquisition for A\$37m
  - Increased capital expenditure of A\$80m to A\$90m

<sup>1</sup> Key assumptions for FY2022 are set out in the Results Announcement dated 23 August 2021



# Regional outlook for FY 2022<sup>1</sup>

## AMERICAS:

- COVID brought about a step change in residential remodelling activity in FY21
- Home remodelling activity is expected to remain strong given fundamentals in core US residential segments
- FY22 sales (excl freeze) expected to continue to grow at above market rates, but growth rate expected to moderate from the abnormally high rates of FY21
- Sales growth drivers will include price impacts, new products and marketing initiatives, overall market growth (excl. price)

## ASIA PACIFIC:

- Increases in residential dwelling approvals in Australia expected to translate into ongoing strong construction activity levels
- House price appreciation and low interest rates should remain supportive of continued growth in the repair and remodelling sector
- Operating earnings will include contribution from LCL acquisition

## EMEA:

- Repair and remodel activity expected to continue to be a strong performing sector within the UK construction industry
- Continental Europe demand expected to improve further with economies increasingly opening up

<sup>1</sup> Key assumptions for FY2022 are set out in the Results Announcement dated 23 August 2021

# Summary

# Summary

RWC is well positioned for future growth and resilience of the business has been demonstrated through the COVID-19 pandemic

- RWC is focused on creating value through product leadership
  - Solutions for the end-user: improving contractor productivity, enabling the DIYer
  - Value for distributors: increasing value on their shelf, providing broadest access to our product for end-users
  - Industry leading execution: premium quality, outstanding delivery performance, margin expansion
- Each region offers unique growth opportunities:
  - **Americas:** highest medium term growth potential from continued product range expansion and leveraging of strong brands and channel partner network
  - **APAC:** key Australian market relatively mature but ongoing new product opportunities
  - **EMEA:** leveraging John Guest brand and distribution network with expanded product range in the UK is highest strategic priority
- Selective M&A will be targeted to help achieve strategic objectives

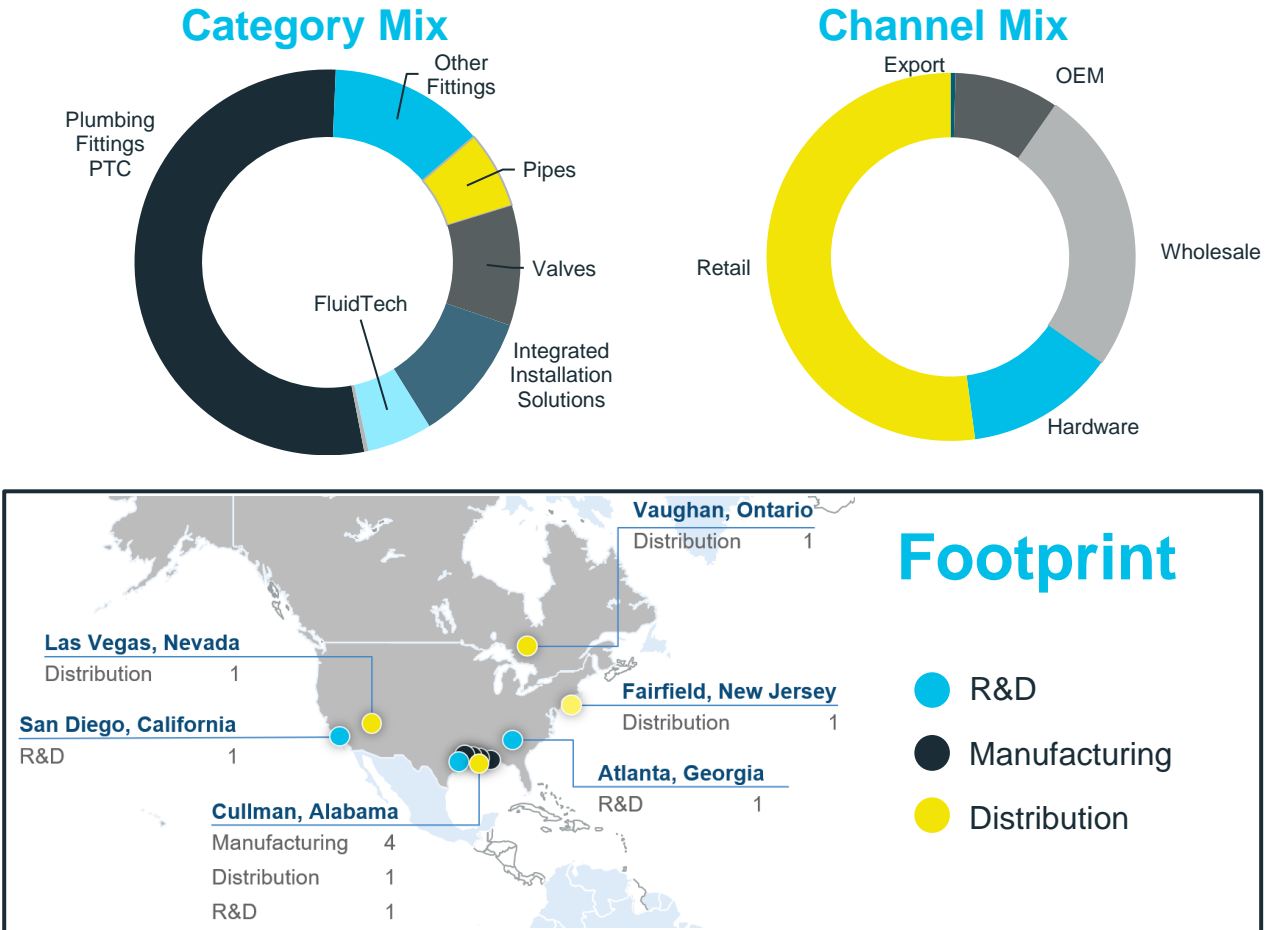
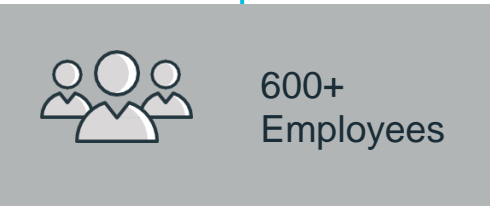
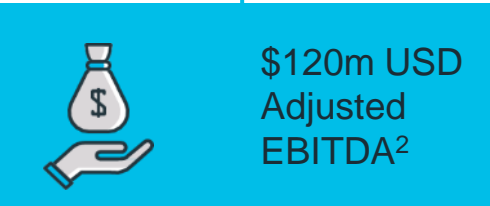


**Q&A**

# Appendix

# RWC Americas snapshot

Well positioned brands across a diverse product range serving multiple segments



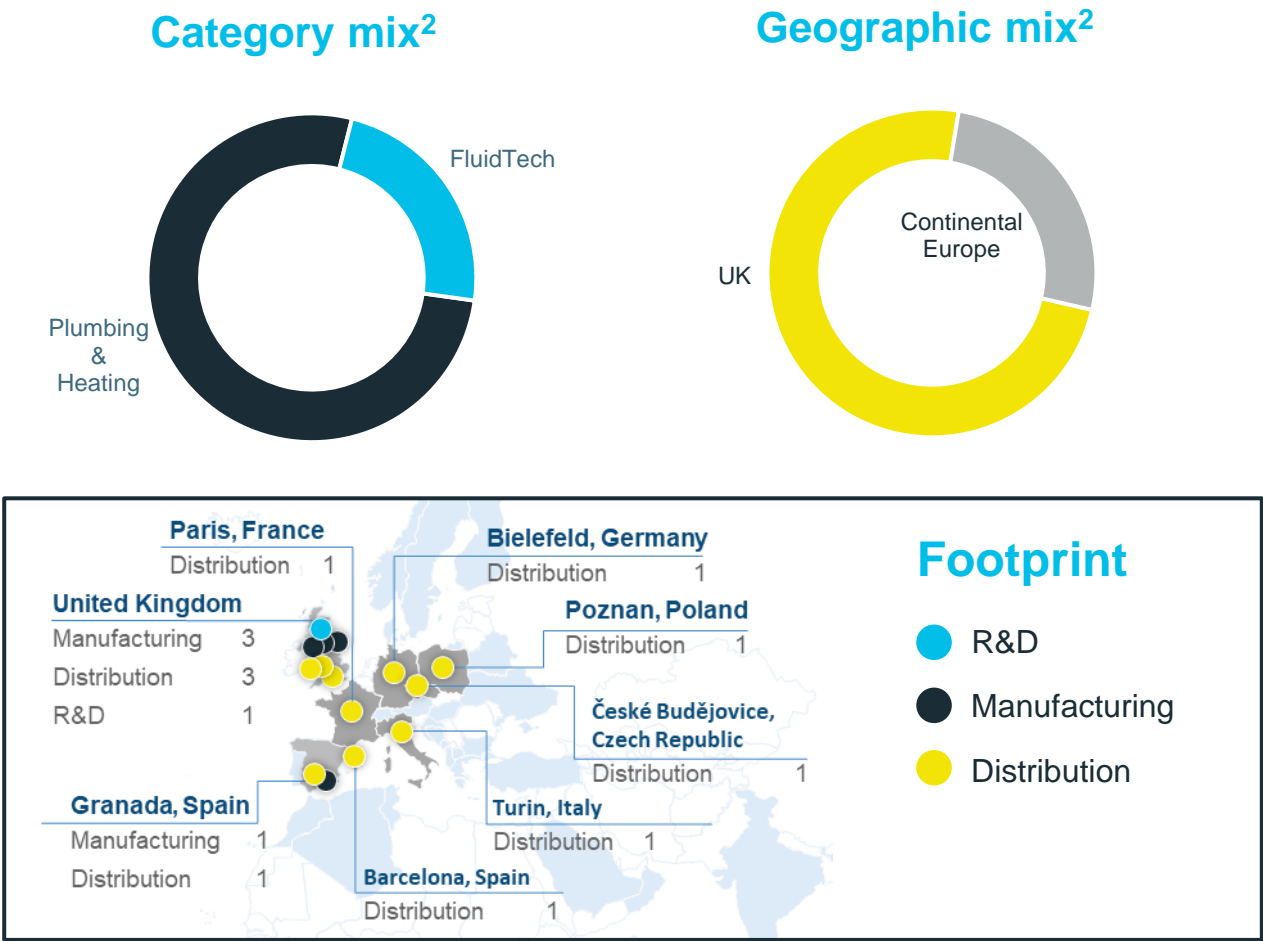
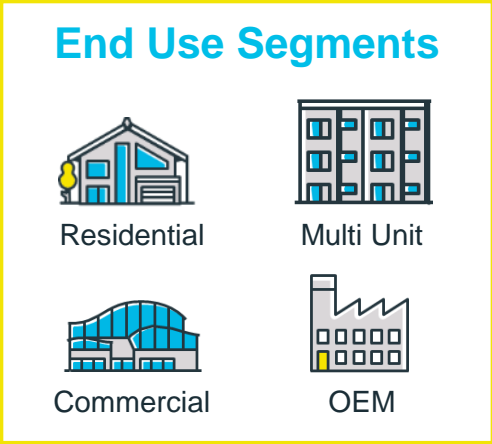
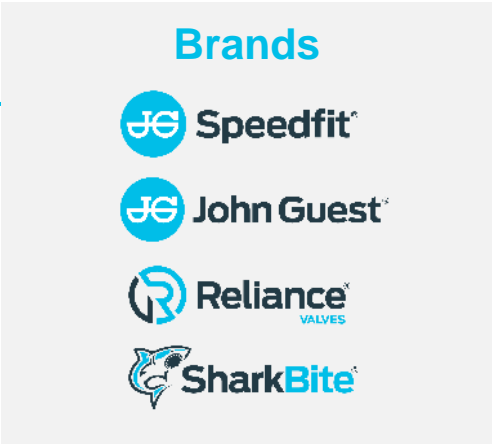
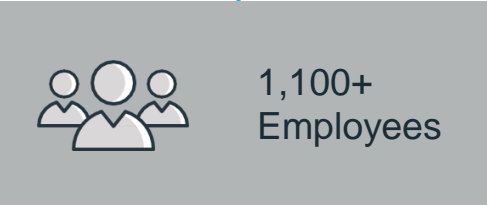
<sup>1</sup> Segment net sales includes \$2.5 million of intercompany sales to other segments; FY21 Results

<sup>2</sup> EBITDA before one-off charge for warehouse consolidation



# EMEA business snapshot

Exceptionally strong brands in a diversified set of markets and geographies



1. FY21 actual results  
2. Based on FY21 external sales only and excludes intercompany sales to Americas / APAC

# RWC APAC snapshot

Exceptionally strong brands in a diversified set of markets, and geographies

A\$277m  
Net Sales<sup>1</sup>

A\$66m  
EBITDA

400+  
Employees

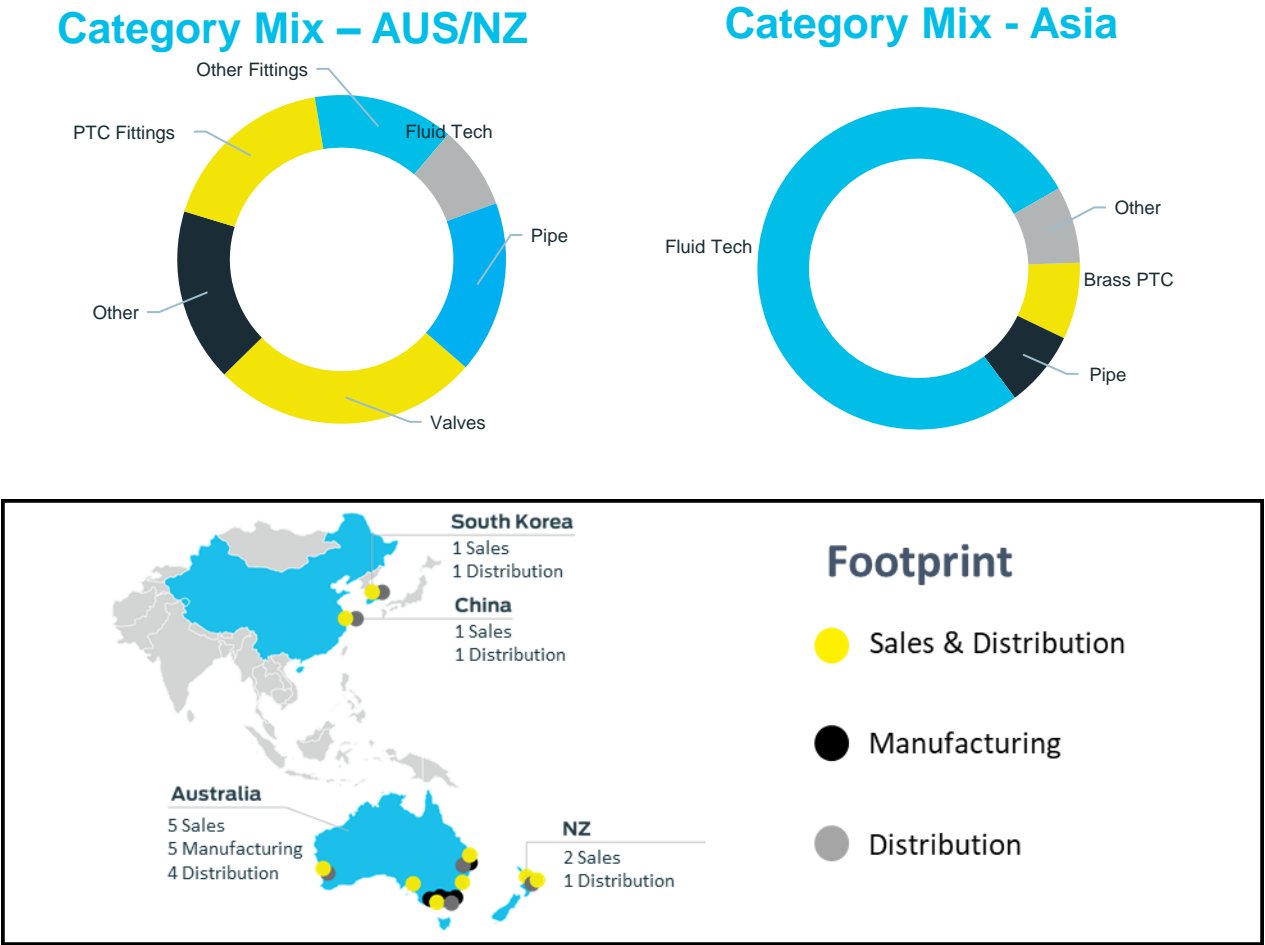
1500+  
Locations

### Brands

### End Use Segments

Residential
 Multi Unit

Commercial
 OEM



<sup>1</sup>Segment net sales includes \$116 million of intercompany sales to other segments; FY21 results