

## **ASX Announcement**

5 May 2022

### **Presentation at Macquarie Australia Conference**

Reliance Worldwide Corporation Limited (ASX: RWC) advises that Andrew Johnson, Group CFO, will be presenting at the Macquarie Australia Conference on 5 May 2022. A copy of the presentation is attached.

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



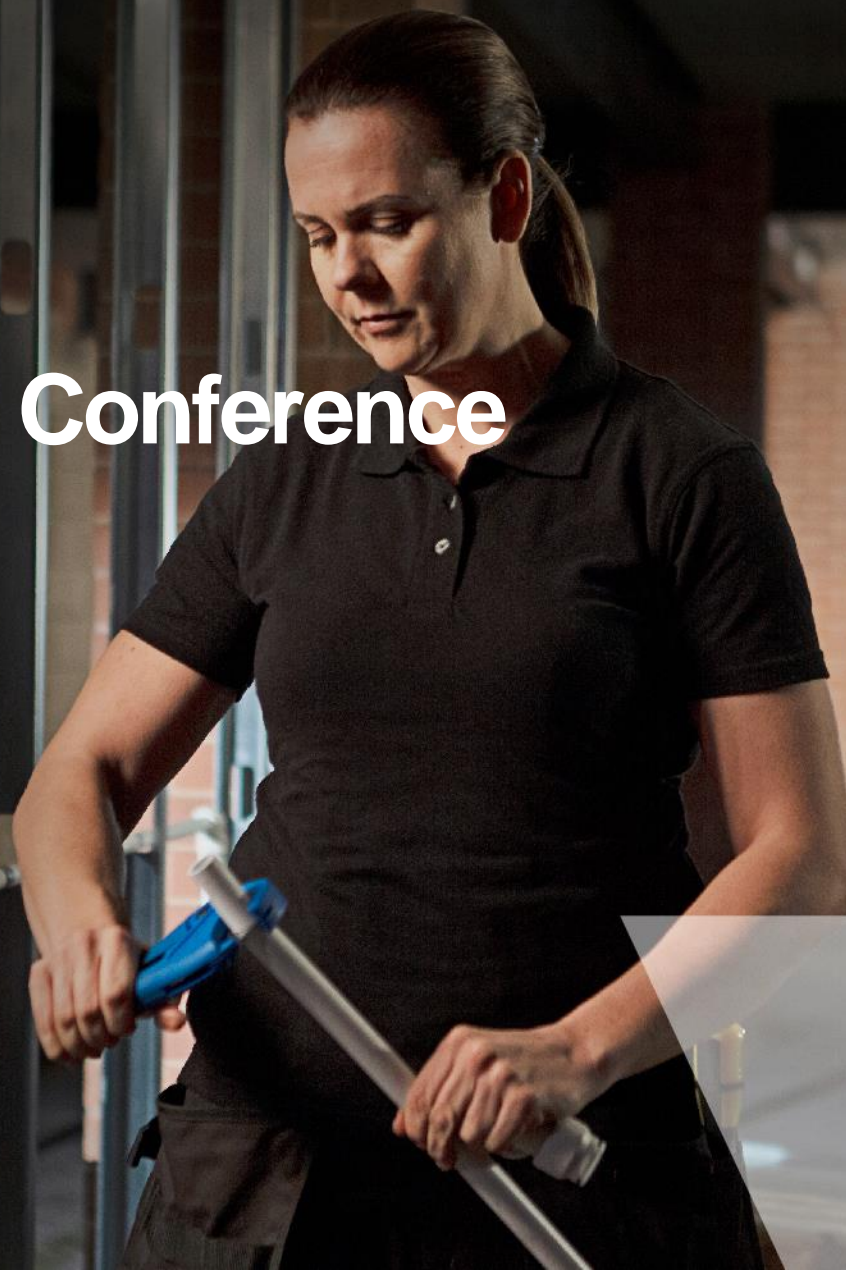


# Macquarie Australia Conference

## 5 May 2022

**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 (5 May 2022). It is information given in summary form and does not purport to be complete.

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The financial results are extracted from unaudited management accounts. RWC's standard processes were followed to confirm the material accuracy of the results. This presentation contains references to the following non-IFRS measures: EBITDA, Adjusted EBITDA and Adjusted EBIT. These measures are used by RWC to assess operating performance and are defined in the Half Year Results Announcement dated 21 February 2022. These measures have not been subject to audit or review.

All figures are presented in US 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 Circumstances may change and the contents of this presentation may become outdated as a result.

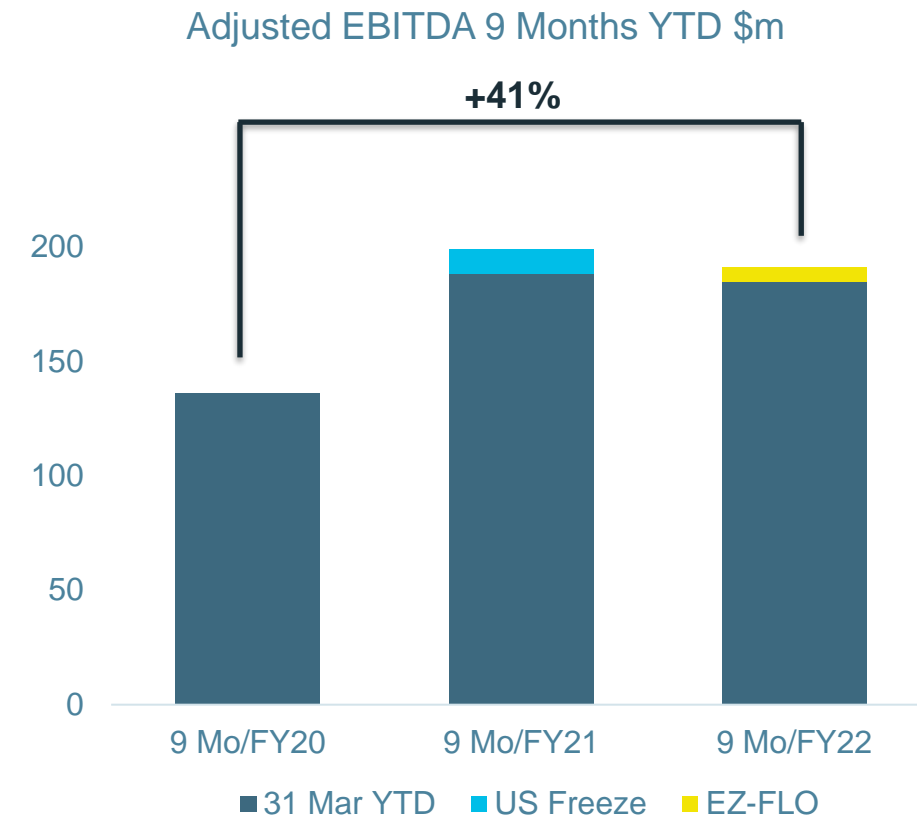
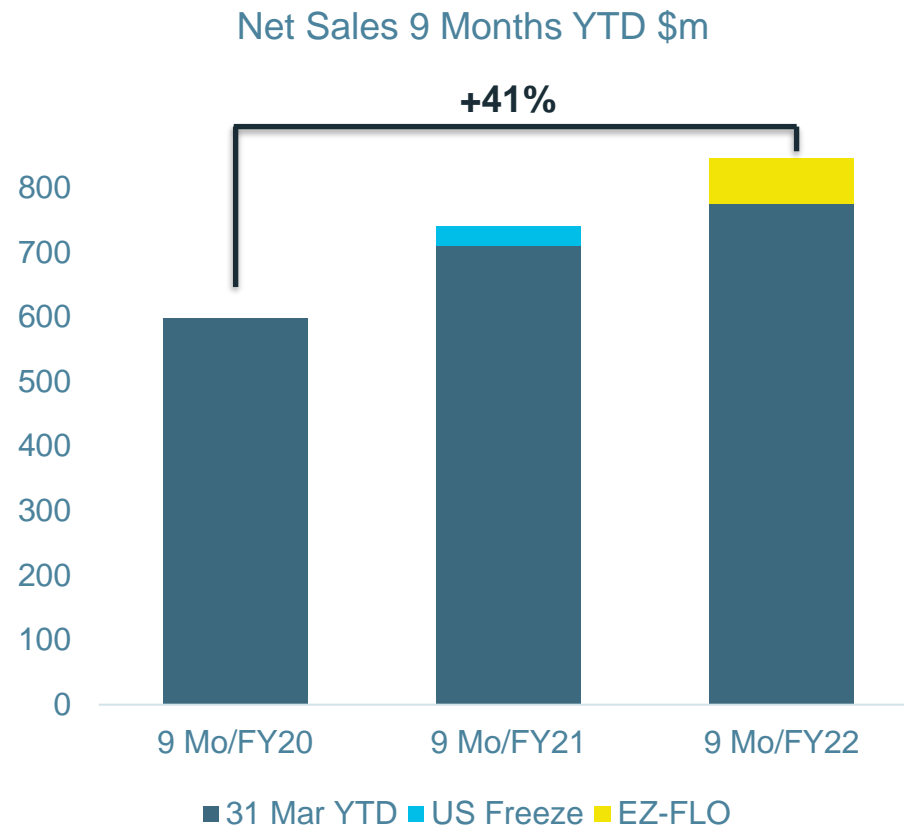
This presentation forms part of a package of information about Reliance Worldwide Corporation Limited. It should be read in conjunction with the Third Quarter Trading Update released on 29 April 2022.

# Agenda

- |                                 |    |
|---------------------------------|----|
| 1. Lookback Through COVID       | 4  |
| 2. Strategy Overview            | 8  |
| 3. Capital Management           | 18 |
| 4. Third Quarter Trading Update | 21 |
| 5. Summary                      | 24 |

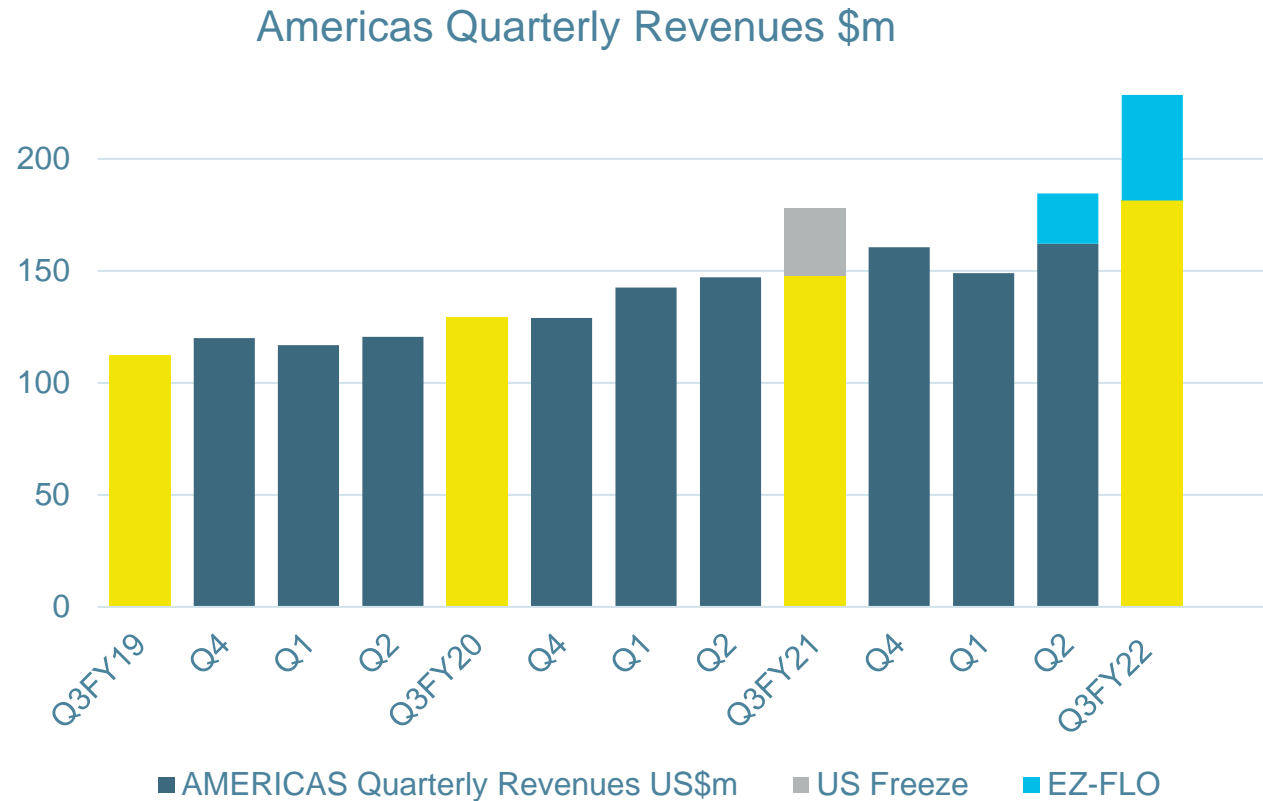
# Lookback through COVID

Sales growth and Adjusted EBITDA growth of 41% on a 2-year basis



# Americas performance through COVID

Uplift in US repair and remodel activity has been sustained beyond COVID

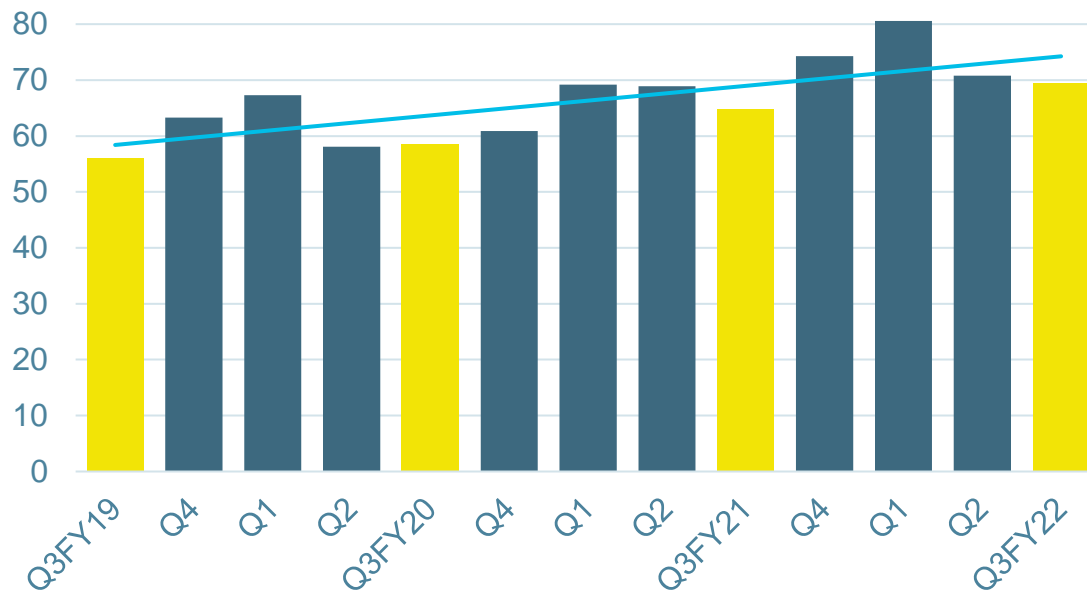


- Americas sales excluding EZ-FLO up 34% on a 2-year basis for 9 months ended 31 March
- Price rises have positively impacted reported sales in past 4 quarters
- FY21 boosted by \$42 million from US winter freeze
- Acquisition of EZ-FLO in mid-November 2021 – YTD sales impact of \$70m

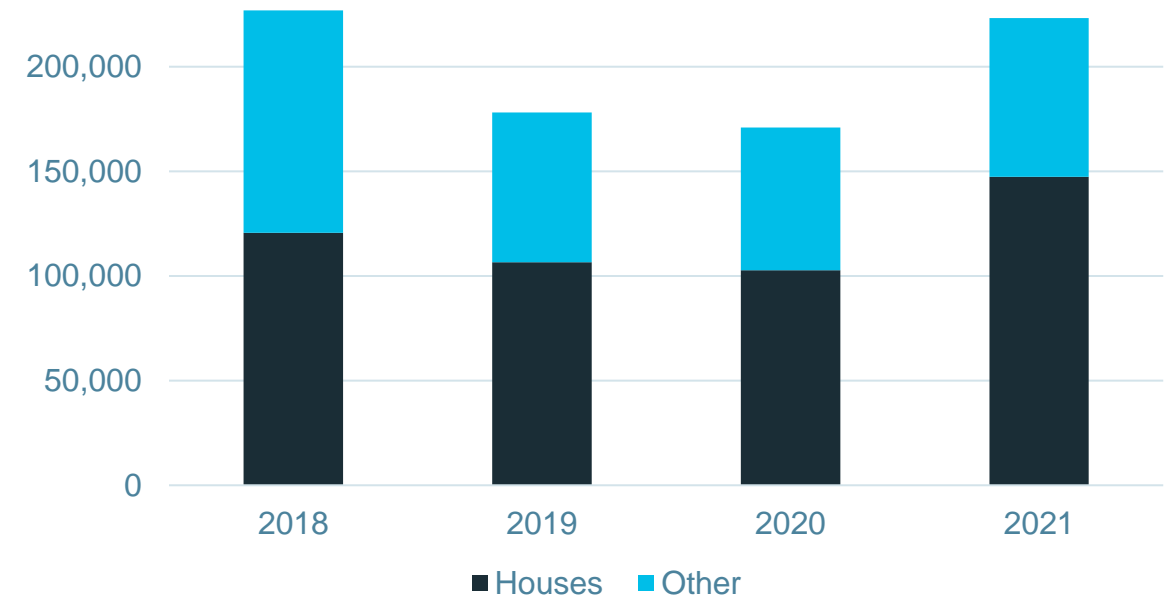
# APAC performance through COVID

Continued growth in external sales driven by strength of Australian new construction and R&R market

APAC Quarterly Revenues A\$m



Australian New Dwelling Commencements<sup>1,2</sup>



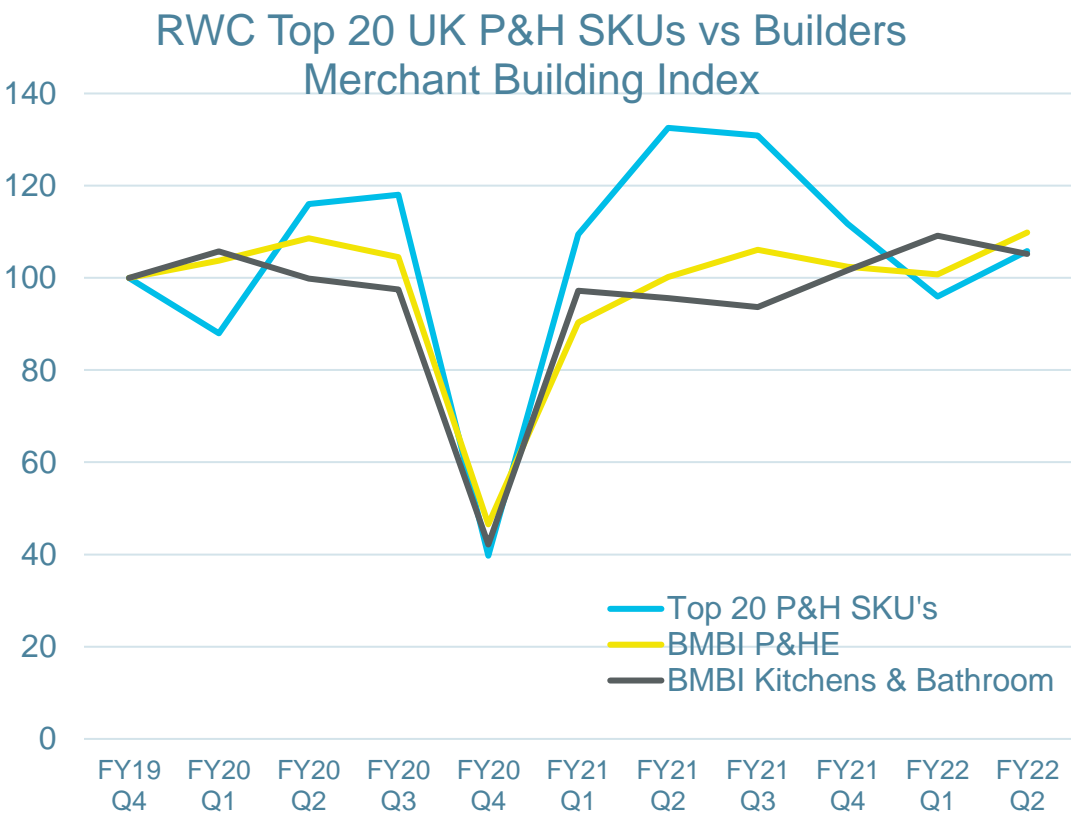
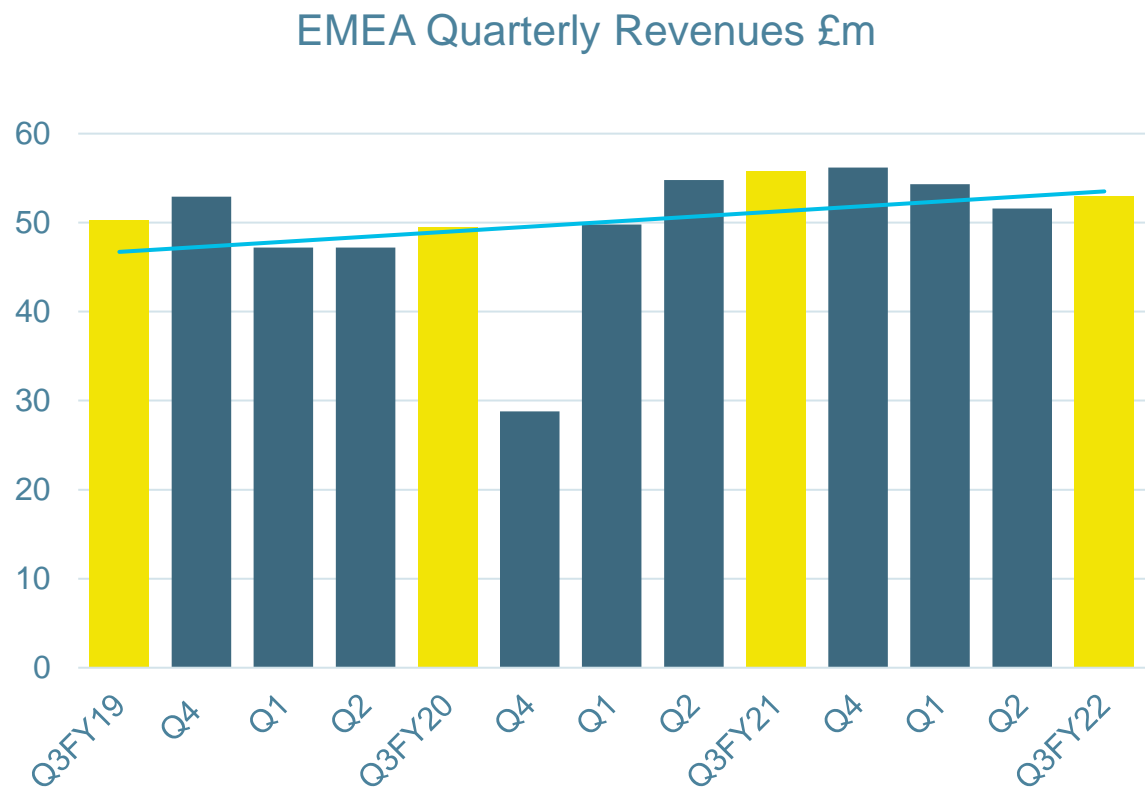
<sup>1</sup> Source: Australian Bureau of Statistics: total number of dwelling units, all sectors, seasonally adjusted

<sup>2</sup> 12 months ended 30 September

# EMEA performance through COVID



Sales recovered post COVID lock downs, UK P&H volumes have now reverted to longer run trend



<sup>1</sup> Prior to elimination of inter-segment sales

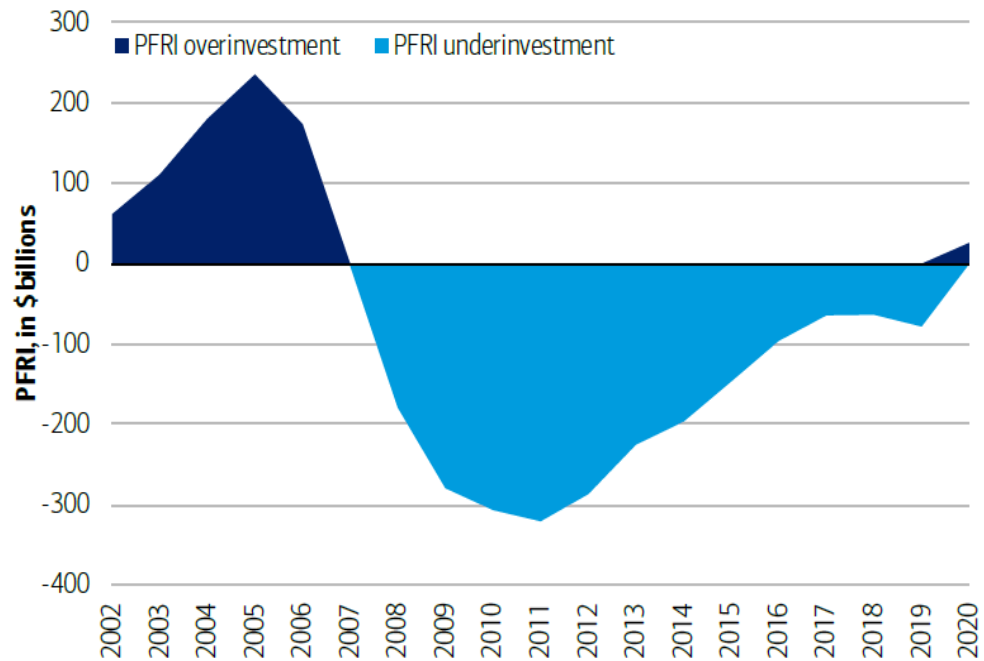
# Strategy Overview

# Market fundamentals are favourable for long term growth



# US private fixed residential investment (PRFI) levels

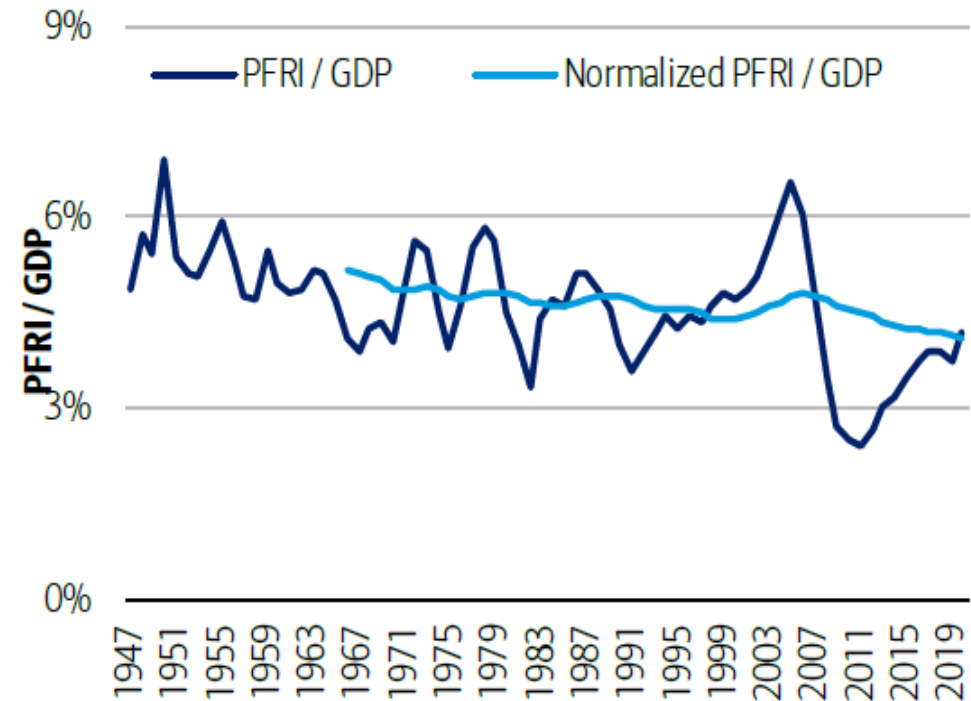
PFRI over-investment and under-investment since 2002



Source: Bank of America

Since the start of the housing bubble in the mid-2000s, PFRI accumulated a net under-investment estimated at c. \$1.5 trillion

PFRI as a % of GDP – actual and “normalized” using a moving 20-year average



Source: Bank of America

Actual PFRI as a % of GDP has oscillated around a long-term average of 4.2-5.2%

# RWC Strategy

Creating value through product leadership

## Solutions for the job site

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

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Products that save time and improve job site productivity

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Designing products with long-term impact in mind

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Acquisitions

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## Value for the distributor

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

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Superior service

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High value product

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Brand management

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## Delivered sustainably

Premium quality products and unrivalled operational efficiency delivering margin growth.

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Lean manufacturing

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Strategic sourcing

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Energy conservation

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## 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

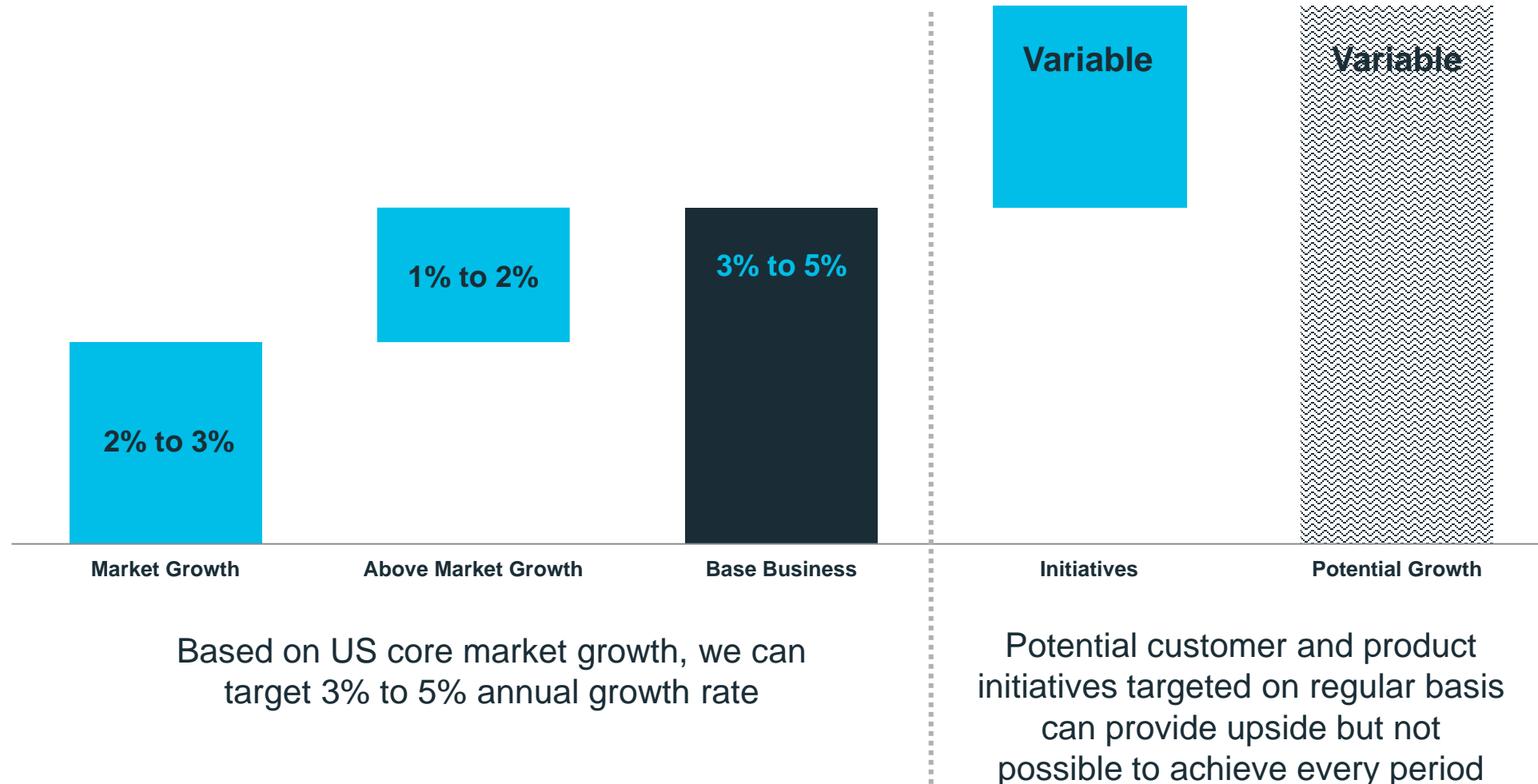
Reliability

Integrity

Together we are one Team

# US Growth Estimate – Potential Upside

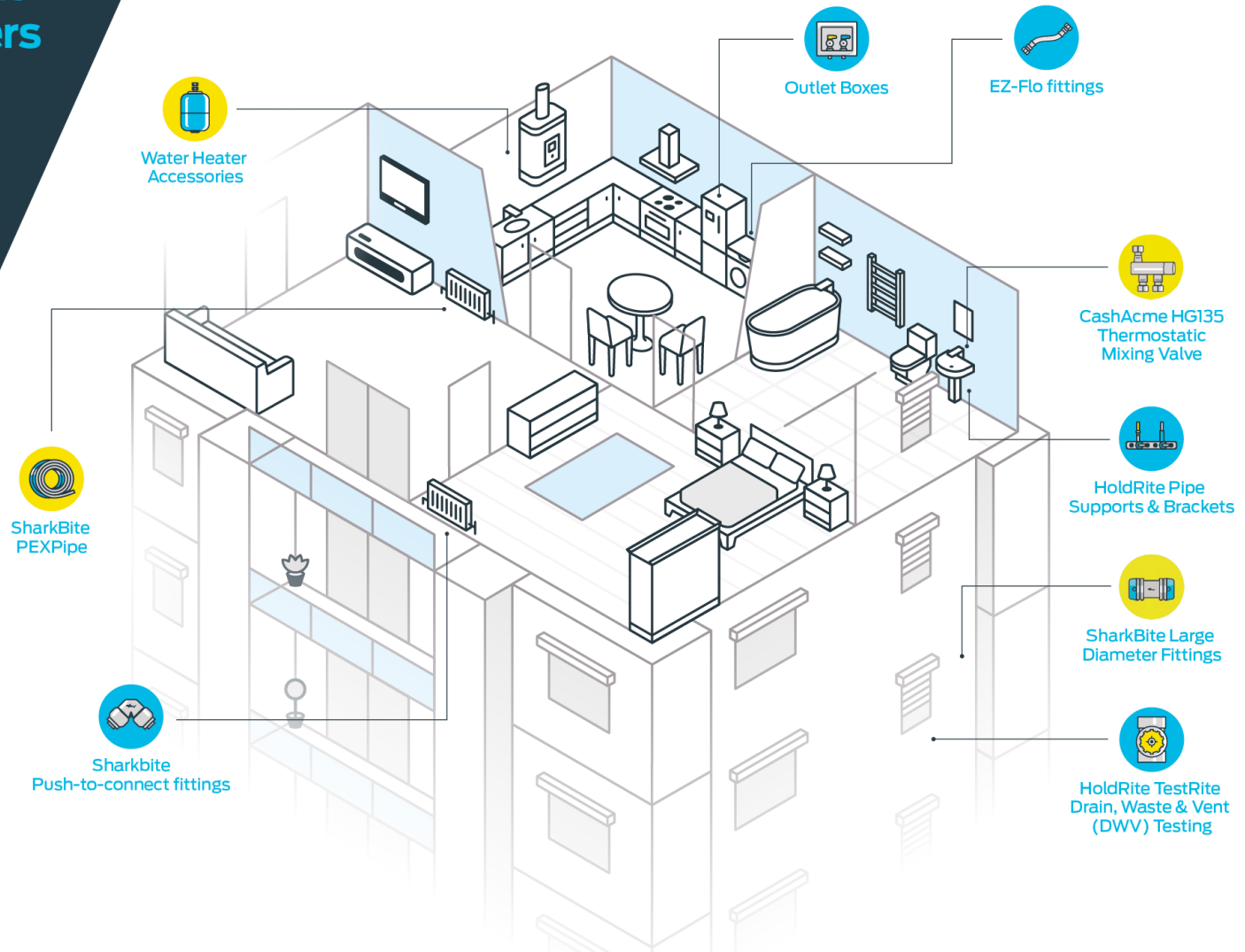
In any given period, targeted base business growth rate with upside from specific customer and product initiatives



# A portfolio of strong brands

## Delivering smart solutions that are the first choice for plumbers

From the construction of new commercial and residential buildings to the repair and remodel of existing ones, our portfolio of innovative products and trusted brands make the job easier and more dependable.



# Continued product innovation is core to RWC

RWC's products are designed to make the end users lives easier

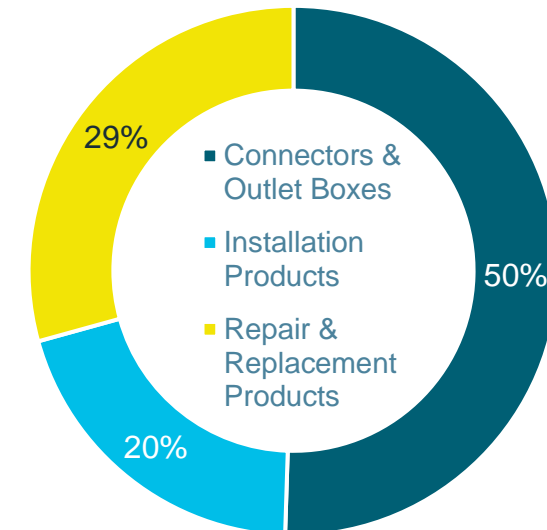


# Acquisitions have expanded product portfolio

Most recent acquisition was EZ-FLO in November 2021

- Leading manufacturer and distributor of plumbing supplies, including plumbing specialty products, appliance supply lines, flexible water connectors, gas connectors, stop valves and other accessories
- EASTMAN brand the #1 brand in the US appliance connector market
- Manufacturing and bonded warehousing facilities in the Ningbo Free Trade Zone in China
- EZ-FLO improves RWC's ability to serve customers, enhancing our value proposition to retail channel partners:
  - Higher delivery performance through extensive DC network
  - Relevance on new aisles and with new merchants
  - Supportive of strategic growth areas for Retail (last mile delivery and home installation services)

Sales by Product Category



# RWC self-manufactures >80% of products sold<sup>1</sup>

Manufacturing capabilities enable strong control of supply chain



**16** Manufacturing Facilities



**21** Distribution Centres

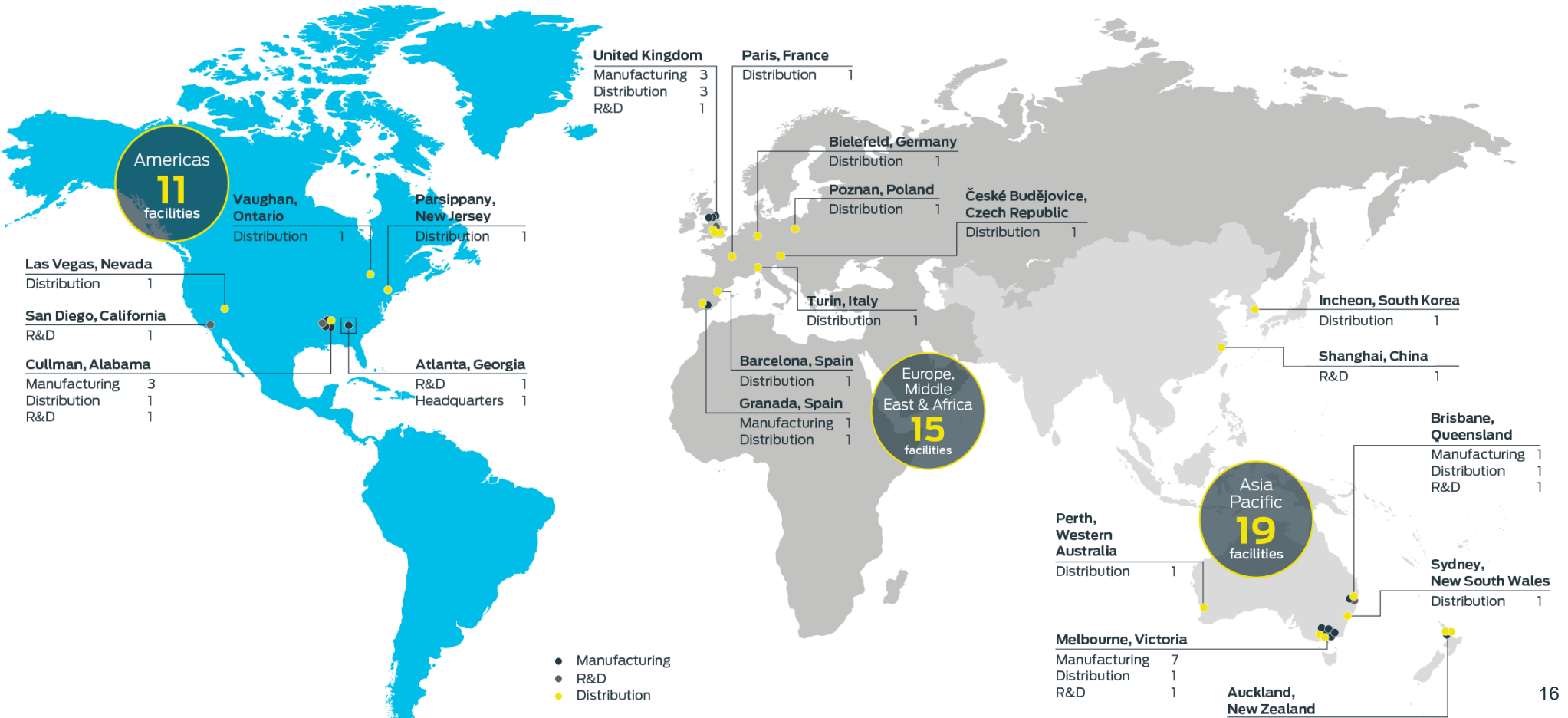


**7** R&D Facilities

**Americas**  
Regional Headquarters  
Atlanta

**Europe, Middle East & Africa**  
Regional Headquarters  
London

**Asia-Pacific**  
Regional Headquarters  
Brisbane



<sup>1</sup> % of revenue

# Service and delivery performance are key competitive factors

## Americas: 11 Distribution Centres

- New 600,000 sq ft facility in Alabama
- Will enable consolidation of sub-optimal locations in Alabama into one location
- Brings broader distribution network in alignment with our long-term growth needs
- Improved operational efficiencies and lower fixed costs



## EMEA: New centralised UK warehouse

- 5 warehouse locations consolidated across the UK (130,000 sq ft) into single facility in centre of UK
- Expansion capability from 140,000 sq ft to 280,000 sq ft
- Vehicle fleet to more efficient outsourced fleet
- Customers have real-time load visibility and customer order tracking



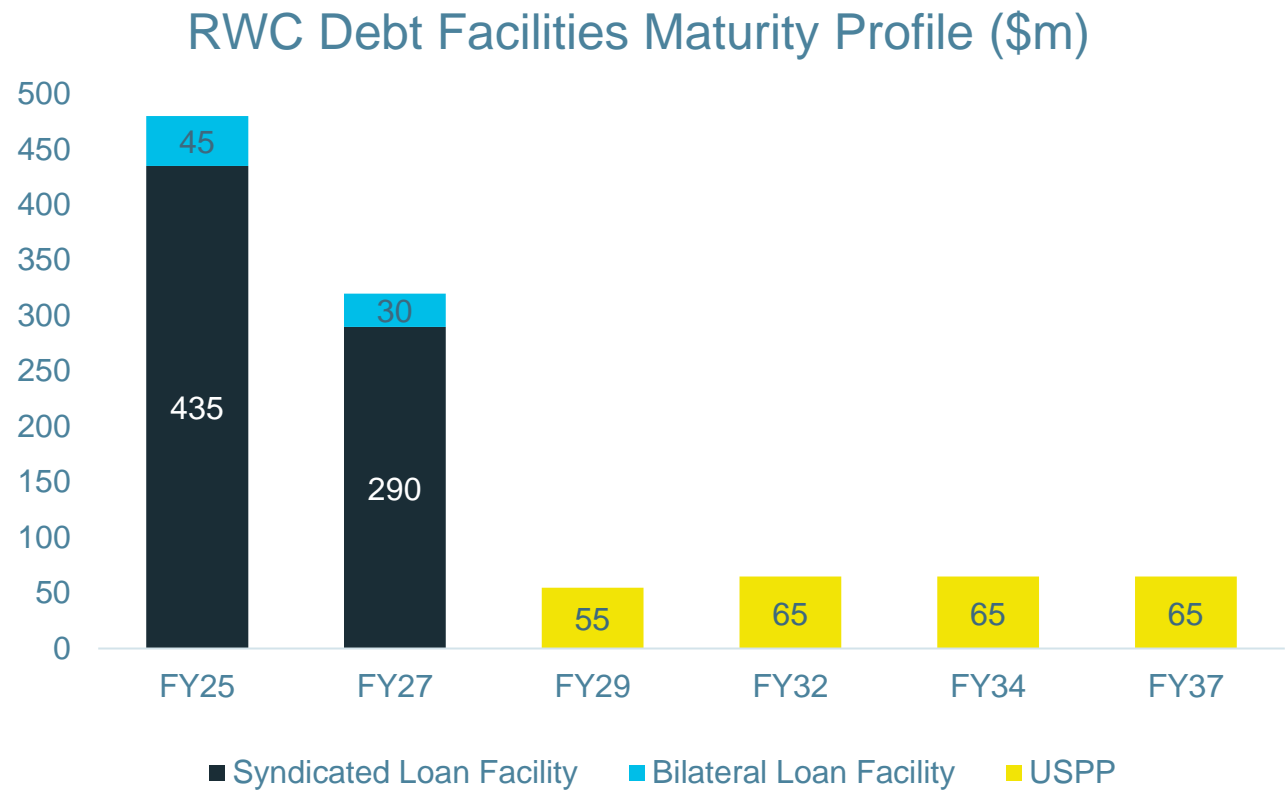
# Capital Management

# 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

# RWC's debt facilities increased in April



- Net debt of \$555.2 million at 31 March 2022 up slightly on 31 Dec 2021 reflecting higher accounts receivable balances resulting from growth in sales
- During April, RWC completed a \$250 million unsecured note issuance in the US private placement market
  - The notes have fixed coupon rates and maturities between 7 and 15 years
  - The funds raised provide RWC with long term debt funding which supplements other borrowing facilities
  - RWC now has access to debt facilities totalling \$1,050 million
- Cash conversion in second half may be impacted by ongoing supply chain disruption and need to maintain higher inventory levels

# FY22 Third Quarter Trading Update

# Summary of 9-Month FY22 Performance

Nine months ended:	31 Mar 21 <sup>1</sup>	31 Mar 22	Variance FY22 v FY21 YTD	Variance FY22 v FY20 YTD
\$m				
Net Sales	740.5	845.2	14%	41%
Americas Net Sales	469.4	492.4	5%	34%
EZ-FLO Net Sales	-	69.7		
APAC Net Sales (A\$m)	202.9	220.9	9%	20%
EMEA Net Sales (£m)	160.4	158.8	-1%	10%
Adjusted EBITDA	199.0	191.4	-4%	41%
Adjusted EBITDA Margin excl. EZ-FLO	26.9%	23.9%	-300 bps	+120 bps
Adjusted EBIT	167.4	157.0	-6%	50%

## Commentary

- Sales growth recorded in Americas and Asia Pacific regions, slight decline in EMEA revenues following strong activity levels in the pcp
- Price increases averaging 8.7% achieved to offset cost inflation
- Volume growth in the Americas and APAC and new product revenues also contributed to sales growth
- Sales in the 3<sup>rd</sup> Quarter of FY21 included \$31 million from US winter freeze event. Group sales excluding US freeze and EZ-FLO were 9% higher than pcp
- UK 3<sup>rd</sup> Quarter sales quarter negatively impacted by approximately £3.2 million as a result of warehouse transition - sales expected to be recovered in 4<sup>th</sup> Qtr.
- Further price increases in 3<sup>rd</sup> quarter and planned for 4<sup>th</sup> quarter expected to positively impact 4<sup>th</sup> quarter margins

<sup>1</sup> US\$ figures represent RWC management's translation of historical earnings from Australian dollars. Non-IFRS measures have not been subject to audit or audit review

# Outlook for FY22<sup>1</sup>

## Outlook for RWC's key markets remains positive from a demand perspective

- Demand underpinned by RWC's core repair and maintenance concentration and augmented by increased expenditure on home remodelling activity and heightened levels of new home construction.
- Operating margins expected to improve as full benefit of further price increases introduced in 3<sup>rd</sup> quarter and planned for 4<sup>th</sup> quarter are realised
- Expect to achieve margins in the mid-20% range in the 4<sup>th</sup> quarter - further inflationary pressures and margin dilution due to additional price increases only offsetting costs mean that 4<sup>th</sup> quarter margins will not match FY21 margins
- RWC well placed with its local manufacturing operations and strong track record of class-leading customer execution to navigate these challenges and respond to customer needs
- We also expect our ongoing new product introductions will enable us to continue our long-standing record of delivering above-market growth with quality margins

<sup>1</sup> Key assumptions for the second half of FY2022 are set out in the Half Year Results Announcement dated 21 February 2022

# Summary

# Long Term Outlook

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