RELIANCE WORLDWIDE CORPORATION LIMITED
ACN 610855877

1H FY19 RESULTS PRESENTATION

25 February 2019

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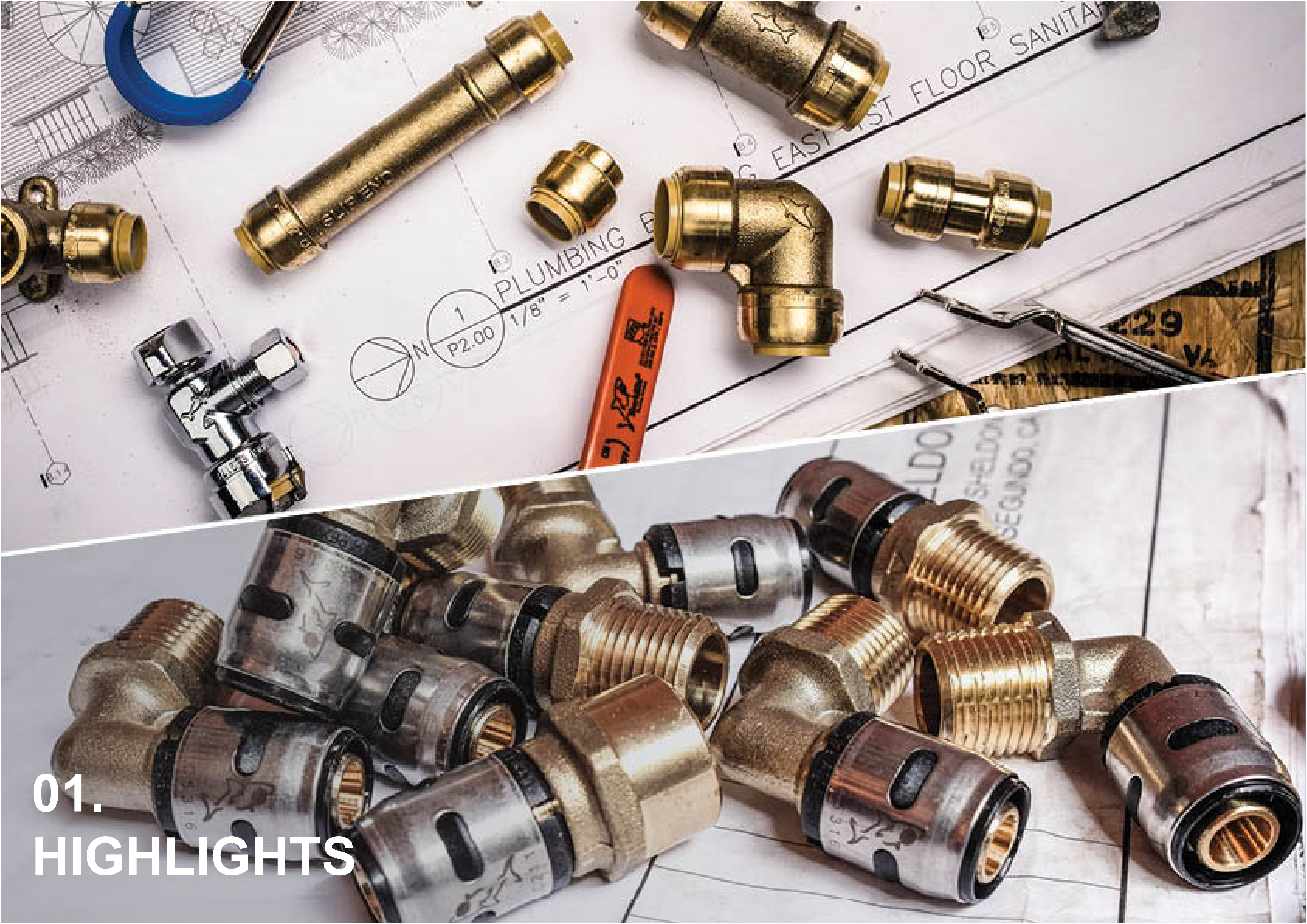
This presentation forms part of a package of information about Reliance Worldwide Corporation Limited. It should be read in conjunction with the Appendix 4D, 31 December 2018 Half Year Financial Report and the Results Announcement also released on 25 February 2019.

Agenda



01. HIGHLIGHTS

Key Business Highlights

- Sales and EBITDA growth in excess of 50% led by first full half-year inclusion of John Guest and continued double digit underlying growth in core SharkBite Push-to-Connect (PTC) fittings and accessories in the Americas
- Further penetration of our core SharkBite PTC business in North America. Strong end user demand generation and continued positive relationships with all key channel partners, including The Home Depot, Lowe's and major Wholesale and Hardware customers
- Core John Guest JG Speedfit PTC products, sold mainly in the UK plumbing and heating market, continue to grow strongly
- Integration of John Guest business, customers and people progressing well. On track to deliver first year plan
- Realised synergies for FY2019 following the John Guest acquisition on track to at least meet the $10 million in-year target. On track to exceed $20 million p.a. synergies on a run rate basis by the end of FY2019 (excluding one-off integration costs). Annual synergy realisation expected to exceed $30 million p.a. on a run rate basis by the end of FY2020
- Continue to prioritise investment in product development, commercial capabilities and sales resources to drive growth in the medium to long term

1H FY19 Financial Highlights

Net sales

$544.2 million

+50% growth overall and +10% underlying growth on comparable basis[1,2]

Adjusted EBITDA[3]

$130.8 million

+65% growth[1]

NPAT

$65.7 million

+58% growth[1]

Continued strong sales growth from Americas

+21% growth[1] overall and +14% underlying growth on comparable business[2]

Balance Sheet strength

Pro-forma leverage ratio at 1.71x[4]

Interim dividend declared of 4.0 cps

Represents payout ratio of 48% of NPAT

[1] Growth rates expressed as change over comparative period for the six months ended 31 December 2017
[2] Comparable basis Net Sales growth calculated excluding John Guest sales, the impact of translational FX in the current period and one-off events in both periods
[3] Adjusted EBITDA is as defined in the Results Announcement dated 25 February 2019
[4] Net Debt/pro forma EBITDA assuming John Guest included based on historical data for a full 12 month period ended 31 December 2018; excludes acquisition transaction costs and costs to achieve synergies

The Story of the Half

Strong underlying growth in the Americas and EMEA continues to support group revenue growth

- APAC was affected by a delay in the launch of sales of EvoPEX and PEX related systems caused by manufacturing challenges which have been resolved

John Guest integration progressing well

- Integration of the John Guest and RWC businesses well advanced
- Delivery performance has improved considerably and we continue to work to make ourselves easy to do business with
- Realisation of cost synergies well progressed – focus turning to revenue synergy opportunities

First half gross margin negatively impacted by

- Commodity cost profile in the half, principally from processing higher cost copper (in the form of brass bar) as a result of the 4-6 month lag between purchase commitment and processing
- Supplier related materials and equipment issues, including sub-standard brass bar and start-up inefficiencies with some new production equipment, which have now been resolved

Outlook for the second half is strong

- John Guest growth to accelerate in the second half, consistent with historic pattern
- Lower cost copper (brass bar) to be processed in the second half, reducing production costs
- Acceleration of John Guest related synergies
- Absence of supplier and manufacturing challenges experienced in the first half

Business Outlook

Business fundamentals remain strong – we are happy with where the business is today and believe we are better positioned than ever before

- End user demand remains strong in key markets, particularly in the USA and the UK
  - Evidenced by point of sale data at channel partners and within our product mix
- Holdrite is contributing well – both in terms of sales of Holdrite products and pull-through of traditional RWC products. New products in the Holdrite range are experiencing very strong sales growth with a big runway
- Brands and products provide us leading positions in our key end use markets
- Our engineering and R&D capabilities support our long term strategy of disrupting the market with clever products that make end users more productive
- Our expansive distribution network across key markets continues to be a key strength to leverage as we continue to develop and launch new products
- Continuing to develop a diverse pool of talented people and a strong culture

Continued investment in future growth

- We have chosen to continue to invest in long term growth opportunities
- We grew spending on key technologies and products, particularly in the areas of water treatment, leak detection and IoT, as well as on engineering and R&D more broadly
- We also continue to develop selling and marketing capabilities across the Group

02.
FINANCIAL PERFORMANCE

1HFY19 Consolidated Results

(A$m)	1H FY19	1H FY18	Variance
Net Sales	544.2	362.6	+50%
Reported EBITDA *EBITDA margin*	120.7 *22.2%*	79.3 *21.9%*	+52% *+30bps*
Adjusted EBITDA[2] *Adjusted EBITDA margin[2]*	130.8 *24.0%*	79.3 *21.9%*	+65% *+210bps*
Reported EBIT *EBIT margin*	99.9 *18.4%*	67.8 *18.7%*	+47% *(30bps)*
Reported NPAT	65.7	41.5	+58%
Adjusted NPAT[2]	74.9	41.5	+80%
Adjusted EPS (cents)	9.6	8.0	+20%

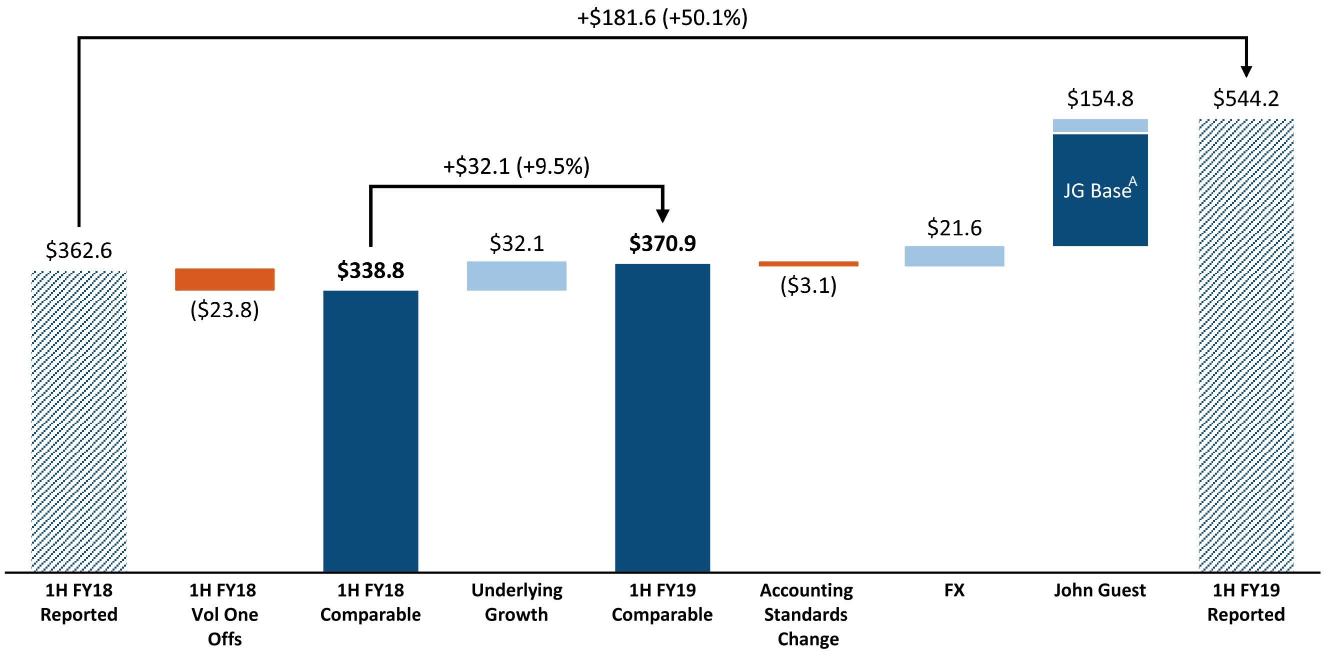
Commentary

- Net sales up 50% over comparative period (+44% on a constant currency basis)
  - Solid revenue performance across all 3 segments[1]: Americas (+21%), Asia Pacific (+7%) and EMEA (+425% including John Guest sales post acquisition)
  - Continued double digit growth in underlying sales in the Americas on a constant currency basis before inclusion of John Guest
  - John Guest sales for the period were $154.8 million, up 13.3% on the comparative period
- Adjusted EBITDA[2] up 65% over comparative period (58% on a constant currency basis)
  - Margin benefits from John Guest business and increased scale and efficiency in operations
  - Partially offset by significantly higher raw material costs, primarily copper (which will substantially reverse in the second half of FY19), and by some one-off manufacturing costs in the USA related to raw material quality issues and new equipment start-up challenges

[1] Segment net sales growth includes intercompany sales between segments
[2] Adjusted EBITDA and Adjusted NPAT are as defined in the Results Announcement dated 25 February 2019

Year over Year Change in Net Sales

All values in millions of AUD



[A] John Guest prior period Sales converted to AUD at prior year FX rate. Growth rate is 13.3%.

Note: FY18 One Off Net Sales reflect the one-time rollout of stock to the second half of Lowe's stores in the USA and RWC sales to John Guest; Accounting Standards Change refers to the impact of adopting new revenue accounting standard AASB15.

Commentary

- Overall growth in reported sales was 50% versus comparative period including the addition of John Guest and the favourable impact of a weaker Australian dollar on translated revenue
- Both periods also included one-off events that impacted net sales
  - In FY18 load-in to second half of Lowe's stores and RWC sales to John Guest
  - In FY19 an accounting standards change from adoption of new accounting standard AASB 15 *Revenue*
- Excluding all of these impacts, underlying growth was 10% versus the comparative period

Sound Cash Flow Generation from Operations

(A$m)	1H FY19	1H FY18	Variance
Reported EBITDA	**120.7**	**79.3**	**+ 52.2%**
Changes in Working Capital	(51.2)	(23.5)	- 118.0%
Cash flow from operations[1]	**69.5**	**55.8**	**+ 24.5%**
Operating cash flow conversion[2]	*57.6%*	*70.4%*	*- 12.8 bps*
John Guest related non-recurring payments[3]	(15.9)	-	n / m
Maintenance capital expenditure	(16.1)	(5.5)	- 192.7%
Growth capital expenditure	(19.4)	(10.4)	- 86.5%
Interest paid, net	(11.6)	(4.5)	- 157.8%
Tax paid	(10.7)	(25.4)	+ 57.9%
Dividends paid	(23.5)	(15.7)	- 49.7%
Net repayment of borrowings	(177.7)	(0.6)	n / m
Other, net	0.1	(1.0)	n / m
Net change in cash for the year	**(205.3)**	**(7.3)**	**n / m**
Increase in net debt	*42.7*	*8.0*	n / m

[1] Before John Guest related non-recurring acquisition and integration payments, capex, financing and taxation
[2] 1H FY19 = Cash flow from operations to Reported EBITDA of $120.7 million
[3] Cash bonuses paid to John Guest employees. Funded by cash received from the vendors at closing of the acquisition
[3] n/m = not meaningful

Commentary

- Cash flow from operations generated[1] $69.5 million in FY19, an increase of 25% over FY18
- Working capital growth and operating cash flow conversion in the half year principally reflects increases to support growth, adjustment to improve service levels to John Guest customers, and expiry of one-off payment terms incentive. Cash flow conversion will improve in the second half of FY19
- John Guest non-recurring payments reflect loyalty bonuses paid to John Guest employees in July 2018, post the closing of the acquisition, and funded by cash received at closing from the vendors of the John Guest business
- Growth capital expenditure reflects planned expansion to meet forecast demand
- Maintenance capital expenditure includes $8.3 million to repair hail damage at the Cullman facility (covered by insurance)

Balance Sheet Strength

Debt metrics

A$m	31 December 2018	30 June 2018
Cash and cash equivalents	71.7	274.3
Gross debt	502.4	662.3
Net debt	**430.7**	**388.0**
Net debt / EBITDA[1]	1.71x	1.57x

Net working capital

A$m	31 December 2018	30 June 2018
Trade and other receivables	217.0	204.9
Inventories	225.3	202.6
Trade and other payables	(138.0)	(167.7)
Net working capital	**304.3**	**239.8**

Commentary

- Strong balance sheet with pro forma net leverage of 1.71x at 31 December 2018[1]
- Higher working capital compared with 30 June 2018 to support a growing business
  - Trade receivables increase reflects both higher sales levels late in the first half and expiry of one-off payment term incentives
  - Inventories reflect planned increase in the UK to improve service levels and delivery times for John Guest as well as seasonal inventory build-up in the USA for the northern hemisphere winter
  - Trade payables reflect the non-recurring payment of loyalty bonuses to John Guest employees in July 2018 funded by the cash received at closing and a change in payment terms to a supplier in exchange for a price reduction

1 Net Debt/pro forma EBITDA assuming John Guest included based on historical data for a full 12 month period ended 31 December 2018; excludes acquisition transaction costs and costs to achieve synergies

03.
SEGMENT PERFORMANCE

Segment Results – Americas

(A$m)	1H FY19	1H FY18	Variance
Net sales[1]	323.6	266.8	*+ 21%*
EBITDA[2] *EBITDA margin*	54.9 17.0%	52.9 19.8%	*+ 4%* *(280 bps)*
Adjusted EBITDA[3] *Adjusted EBITDA margin*	55.8 17.2%	52.9 19.8%	*+ 5%* *(260 bps)*

Financial commentary

- Net sales grew 21% over the comparative period
- Adjusting for one-time items in both periods and movements in FX rates, underlying net sales growth in core RWC (excluding John Guest) was 14%
- Continued market penetration of SharkBite PTC fittings and accessories in the core repair and renovation market driven by strong end user demand
- Holdrite product sales growing strongly and achieving revenue synergies foreseen at acquisition
- Gross margin negatively impacted by processing higher cost copper (this will substantially reverse in the second half of FY19) and one-off raw material quality issues and new equipment start-up challenges

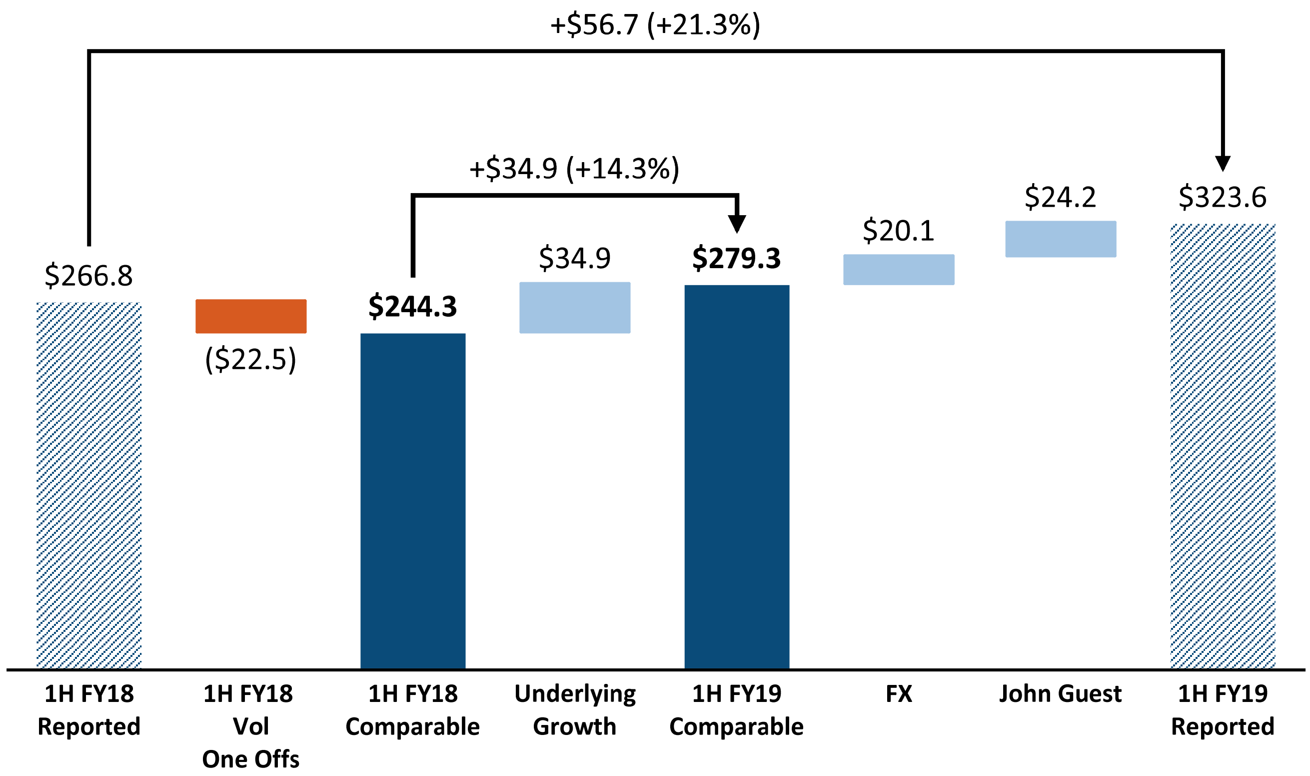
Operational commentary

- John Guest integration completed on schedule, with sales and EBITDA growing as expected
- Continued strong relationships with all key channel partners; Retail, Wholesale and Hardware all growing as expected
- Ongoing success in growing “share of shelf” by rolling in new products including Holdrite and EvoPEX expansion
- Maintained strong delivery performance and continue to achieve order fill rates at >99% to the big box Retail channel
- Expanded into residential and commercial new construction, accelerating via Holdrite and EvoPEX products
- Continued manufacturing capacity expansion to meet expected future demand growth progressing on plan

[1] Segment net sales includes intercompany sales between segments
[2] EBITDA from financial statements
[3] EBITDA before one-time charge for purchase price accounting impacts and costs to achieve synergies

Year over Year Change in Net Sales - Americas

All values in millions of AUD



Commentary

- Overall growth in reported sales 21% versus comparative period including the addition of John Guest and the favourable impact of a weaker Australian dollar on translated revenue
- FY18 net sales included the one-off impact of load ins to the second half of the Lowe's stores
- Excluding all of these impacts, underlying growth was at 14% versus the comparative period

Segment Results – EMEA

(A$m)	1H FY19	1H FY18	Variance
Net sales[1]	154.3	29.4	*+425%*
EBITDA[2] *EBITDA margin*	43.3 28.1%	(0.4) (1.3%)	*n/m* *n/m*
Adjusted EBITDA[3] *Adjusted EBITDA margin*	48.3 31.3%	(0.4) (1.3%)	*n/m* *n/m*

Financial commentary

- Net sales increased 425% compared to the prior period inclusive of sales from John Guest
- John Guest sales and EBITDA grew in line with expectations, led by double digit growth in core JG Speedfit sales in the UK
- John Guest synergies realised during the period were slightly ahead of expectations

Operational commentary

- Focus on integrating John Guest business and capturing value uplift from combined operations and top line growth synergies
- RWC's core UK operations fully integrated into John Guest and operating as a single UK business. A small temporary decrease in core RWC sales reflected the disruption caused by closing RWC's previous location and integrating that business with John Guest. Sales of those products have rebounded since the integration was completed in October
- John Guest backlog reduced and delivery times improved significantly during the period

[1] Segment net sales includes intercompany sales between segments
[2] EBITDA from financial statements
[3] EBITDA before one-time charge for purchase price accounting impacts and costs to achieve synergies

Segment Results – Asia Pacific

(A$m)	1H FY19	1H FY18	Variance
Net sales[1]	129.8	121.6	*+ 7%*
EBITDA[2] *EBITDA margin*	24.6 19.0%	29.9 24.6%	*(18%)* *(560 bps)*
Adjusted EBITDA[3] *Adjusted EBITDA margin*	26.2 20.2%	29.9 24.6%	*(12%)* *(440 bps)*

Financial commentary

- Net sales growth of 7% versus comparative period
  - Growth driven by internal sales to the Americas, favourable translational FX and inclusion of John Guest
  - Partially offsetting growth was a 4% reduction in external sales reflecting a timing impact from a change in revenue recognition following adoption of AASB15, a weakening of sales into the new housing construction market and delays in the rollout of EvoPEX and other PEX systems
- Weaker margins resulting from the negative impact of raw material inflation, primarily copper (which will substantially reverse in the second half of FY19), a negative impact on profit in stock related to higher levels of inventory planned to support winter demand in the USA and higher SG&A associated with R&D related activity on a new water treatment product

Operational commentary

- Strong SharkBite production to meet demand in the Americas prior to and during the winter season
- Manufacturing and supply chain issues associated with the EvoPEX rollout have been addressed and stock is now ready to support a second half rollout
- Upgrade to the ERP system proceeding to plan and due to be completed in the second half

[1] Segment net sales includes intercompany sales between segments
[2] EBITDA from financial statements
[3] EBITDA before the impact from adopting new revenue accounting standard AASB15 and one-time charge for purchase price accounting impacts

04. OUTLOOK

FY2019 Outlook

- FY2019 forecast EBITDA of $280 million to $290 million, including actual synergies expected to be realised in FY2019 and excluding one-off integration costs expected to be incurred[1]
- Expect continued top line growth in all regions, including ongoing expansion in the core business and growth in new products, full year contribution from John Guest group, continued focus on margin and overhead cost control and realisation of synergies from the John Guest acquisition
- Realised synergies to be achieved are expected to be $20 million p.a. on a run rate basis (excluding one-off integration costs) by the end of FY2019. Annual synergy realisation expected to exceed $30 million on a run rate basis by the end of FY2020
- Continued market penetration of SharkBite PTC fittings and accessories in repair and remodel markets as well as increased penetration of residential and commercial new construction markets with Holdrite and EvoPEX products in the Americas. Continued penetration of JG Speedfit in the UK plumbing and heating market
- Capital expenditure forecast between $65 million and $75 million, including capital spending for John Guest of about $25 million and excluding $8 million non-recurring facility repair at Cullman (covered by insurance)

Note 1: Subject to the underlying assumptions contained in RWC's announcements dated 27 August 2018, 1 February 2019 and 25 February 2019


RWC
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