1H FY20 Results Presentation

24 February 2020

RELIANCE WORLDWIDE CORPORATION LIMITED
ACN 610 855 877

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The sum totals throughout this presentation may not add exactly due to rounding differences.

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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 2019 Half Year Financial Report and the Results Announcement also released on 24 February 2020.

Agenda

Highlights

Key Business Highlights

Core business remains strong, achieving positive growth rates and strong cash generation despite challenging market backdrop

- **Reported net sales growth of 5%**
  - Reported sales growth in the Americas of 7%, like-for-like growth of 4.2%
  - UK Plumbing & Heating sales up 3%
  - APAC external sales up 1% despite weaker markets
- **Cash flow from operating activities up 163% to $112.8 million**
  - Operating cash conversion of 105% of EBITDA
- **Delivery of further John Guest synergies**
  - $12.3 million of synergies realised in HY2020, an increase of $7.5 million
  - On track to deliver annual synergy realisation in excess of $30 million p.a. on a run rate basis by the end of FY2020
- **Continued progress in driving operational performance improvement programmes**
  - Procurement, manufacturing efficiency, sales and operations planning starting to deliver results
  - Consolidation of two US manufacturing sites to one in Alabama announced

1H FY2020 Financial Highlights

Net sales
$569.3 million
+5% growth overall[1]

EBITDA[2]
$126.3 million
-2% on prior period

Adjusted NPAT[2]
$63.7 million
-21% on prior period

Operating cash flow
$112.8 million
+163%
Cash Conversion: 105%

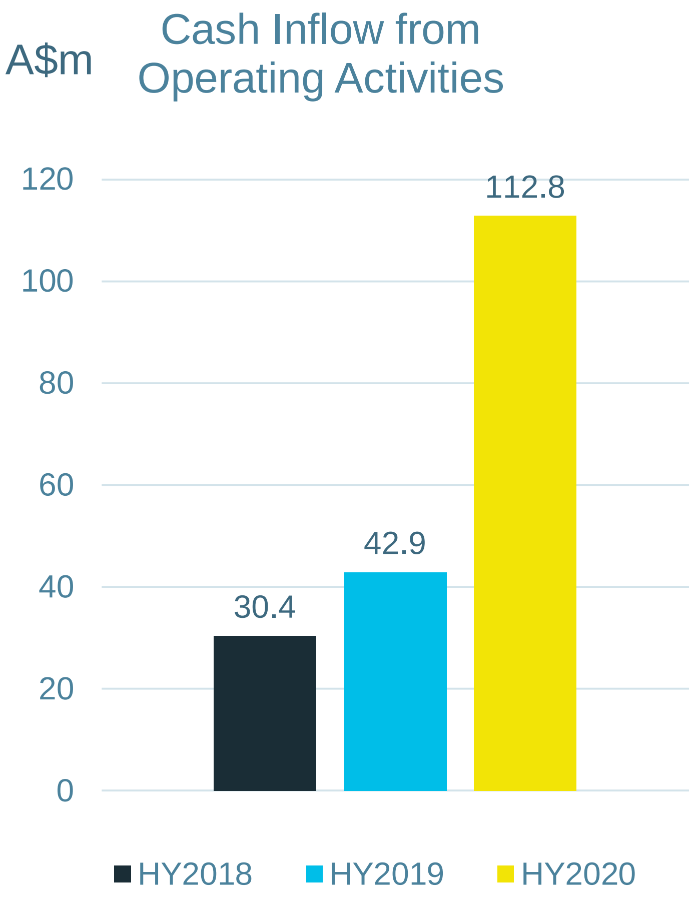
Balance Sheet further strengthened
Pro-forma net leverage ratio[3] at 1.57x
Dividend increased by 13%

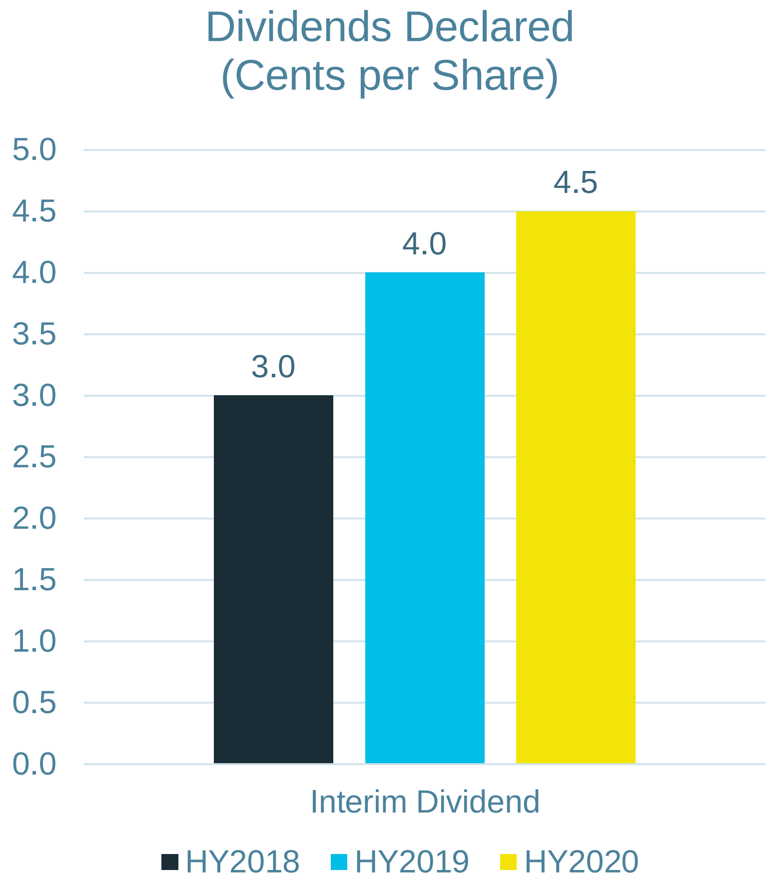
John Guest synergies realised
$12.3 million
Increase of $7.5m over prior period

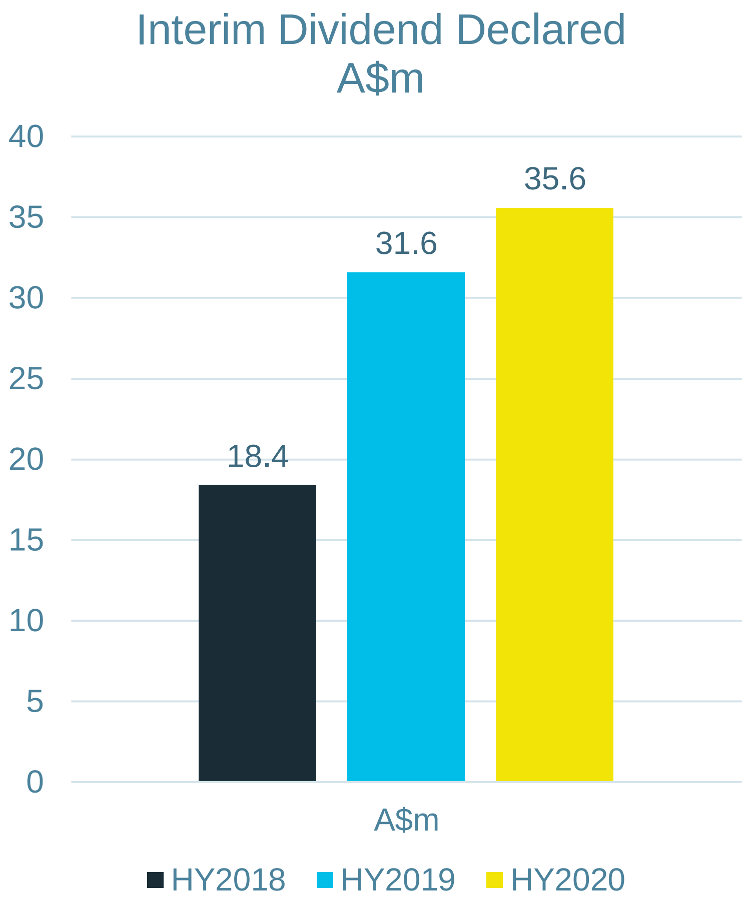
[1] Growth rates expressed as change over comparative period for the six months ended 31 December 2019
[2] EBITDA, Adjusted EBITDA and Adjusted NPAT are non-IFRS measures used by RWC to assess operating performance and defined in the Results Announcement dated 24 February 2020
[3] Net Debt/12 month trailing pro forma EBITDA

Interim dividend up 12.5% to 4.5 cents per share

Higher dividend supported by increased Cash Inflow from Operating Activities







The story of the half

Revenue and operating cash flow growth despite mixed market conditions

- Americas like-for-like sales up 4.2%, impacted by strong prior period comparatives and planned phasing of first half/second half marketing activity in FY2020
- UK P&H sales up 3%, APAC external sales up 1%: defied adverse economic/market headwinds
- Group volumes overall lower than planned, including new product sales: active management of manufactured volumes negatively impacted overhead recoveries
- $4.9m positive impact of lower copper costs and delivery of cost reductions/efficiency improvements
- Additional John Guest synergies of $7.5m contributed to EMEA underlying EBITDA margin uplift of 150 bps
- Consolidation of two US manufacturing sites announced
- Reported NPAT reflects $5.7m tax treatment adjustments for prior periods
- Cash flow from operations up 163% to $112.8m, with cash conversion of 105%
- Balance sheet strengthened: Net Leverage (Net Debt : EBITDA)[1] down to 1.57 times

[1] Excludes leases

Specific regional factors impacted performance

Americas

US remodelling activity slowed to 4.8% annual growth rate

Cycling a challenging comp: low comparative expected due to strong HY19 growth of 14%

Strong sales growth in Retail and Hardware channels partly offset by lower Wholesale sales

Deferral of promotional activity to 2nd half

Like for like net sales growth of 4.2%

Asia Pacific

Australian new housing starts down 21.5% in year end Sept '19

New product revenues offset weaker demand from new housing construction

APAC external sales up 1.1%

EMEA

Brexit and UK political uncertainty impacted performance

British Merchants Federation: total sales down 5.7% in 3 months to Nov '19

Continental Europe impacted by weaker GDP performance:
-Eurozone 4Q GDP: +0.1%
-Germany CY19 GDP: +0.6%

UK: core plumbing & heating sales +3%

Progress update on Management Priorities FY2020

- Delivery of above market top line growth in all key geographies
  - Achieved in UK and Australia; USA impacted by sales phasing between 1st and 2nd halves of FY2020, and new product sales
- Realisation of John Guest related synergies
  - $12.3m in synergies achieved in period, an increase of $7.5m; on track for $30m annual run rate synergies
  - EMEA EBITDA margin up 150bps to 30.1% [1]
- Margin expansion through continuous improvement initiatives
  - Gains from continuous improvement initiatives offset inflation; lower than planned volumes impacted margins
- Targeted SG&A investment:
  - Investment in core management capability completed
  - New product commercialisation expenditure being managed in a dynamic, disciplined manner
- Operating cash flow generation – focus on reducing working capital
  - Strong cash generation in the period – cash flow from operating activities up 163%

[1] Adjusted EBITDA margin change over prior comparative period

Progress update on Management Priorities FY2020

- Prudent capital expenditure allocation
  - Capex range lowered to $55m to $65m, down from $65m to $75m
- Delivery of ERP upgrade in the UK
  - ERP roll out in the UK scheduled for early March – project is on time and on budget
- Successful commercialisation of key innovation/new product projects
  - Continued growth in sales of new products, but sales targets not met for the half
  - Reviewing approach to new product development beyond core product extensions and adjacencies
- Effective management of key externalities (e.g., Brexit, tariffs)
  - USA/China tariffs have been largely offset through price rises and supplier negotiations
  - To date, no disruption to RWC operations following UK exit from the EU
  - Coronavirus impacts on China supply chain limited at this stage

Financial Performance

1H FY20 Consolidated Results

(A$m)	1H FY20	1H FY19[1]	Variance
Net Sales	569.3	544.2	4.6%
Reported EBITDA *EBITDA margin*	126.3 *22.2%*	128.6 *23.6%*	(1.8%) *(140 bps)*
Adjusted EBITDA[3] *Adjusted EBITDA margin*	126.3 *22.2%*	137.4 *25.2%*	(8.1%) *(300 bps)*
Reported NPAT	50.1	64.3	(22.1%)
Adjusted NPAT	63.7	80.5	(20.9%)
Reported EPS (cents)	6.4	8.2	(22.0%)
Adjusted EPS (cents)	8.1	10.3	(21.4%)

Commentary

- Net sales up 5% over pcp (0.4% on a constant currency basis)
- Reported revenue performance varied across 3 segments[2]:
  - Americas (+7% Reported; +1.4% in constant currency)
  - APAC (-3% Reported; -5.5% in constant currency)
  - EMEA (+1% Reported; -1.4% in constant currency)
- Adjusted EBITDA[3] down 8% over pcp due to:
  - Lower copper costs and procurement savings of $4.9m and further John Guest synergies of $7.5m, offset by:
  - Negative impact of lower manufacturing volumes and product mix
  - Increased SG&A including investment in new product development and commercialisation
  - Negative impact from absence of prior year other income
- Adjusted NPAT reflects
  - $5.7m tax treatment revisions for prior periods
  - $7.9m amortisation of goodwill for tax purposes

[1] Prior period restated for the impact of AASB16: Leases and the impact of tax deductible goodwill amortisation
[2] Segment net sales growth includes intercompany sales between segments
[3] Adjusted EBITDA is defined in the Results Announcement dated 24 February 2020

Strong growth in Cash Flow from Operations

(A$m)	1H FY20	1H FY19	Variance
Reported EBITDA	**126.3**	**120.7**	**+ 5%**
Changes in Working Capital	+ 6.5	(51.2)	n / m
Cash flow from operations[1]	**132.8**	**69.5**	**+ 91%**
Operating cash flow conversion[2]	***105.1%***	***57.6%***	***+ 47.5 pps***
Growth capital expenditure	(11.7)	(19.4)	- 40%
Maintenance capital expenditure	(13.7)	(16.1)	- 15%
Total capital expenditure	(25.4)	(35.5)	- 29%
Lease payments	(7.9)	0.0	n /m
Interest paid, net	(8.6)	(11.6)	- 26%
Income taxes paid	(20.0)	(10.7)	+ 87%
Dividends paid	(39.1)	(23.5)	+ 66%
Other, net	+ 1.2	0.1	n / m
Cash Flow before acquisitions and repayment of borrowings	**+ 33.0**	**(11.7)**	**n / m**
John Guest related non-recurring payments[3]	-	(15.9)	n / m
Net repayment of borrowings	(87.1)	(177.7)	n / m
Net change in cash and cash equivalents	**(54.1)**	**(205.3)**	**n / m**
Change in net debt	**(31.9)**	**+ 42.7**	**n / m**

[1] Before capex, financing and taxation
[2] 1H2020 = Cash flow from operations to Reported EBITDA of $126.3 million
[3] Cash bonuses paid to John Guest employees. Funded by cash received from the vendors at closing of the acquisition

n / m = not meaningful

Commentary

- Cash flow from operations[1] generated $132.8 million in HY2020, an increase of 91% over HY2019
- Cash flow conversion was 105% in the first half
- A reduction in working capital as a result of active management
- Working capital movements reflected:
  - improved credit management with a reduction in debtors outstanding of $17m
  - an improvement in the percentage of receivables that are current
- Inventory levels increased only slightly with reductions in manufactured product volumes in response to the lower than planned sales levels

Balance Sheet Strength

Debt metrics

(A$m)	31 December 2019	30 June 2019
Cash and cash equivalents	24.4	69.3
Overdraft	9.0	0
Gross Borrowings	410.1	495.9
Net debt[1]	**394.7**	**426.6**
Net debt / EBITDA	1.57x	1.67x

Net working capital

(A$m)	31 December 2019	30 June 2019
Trade and other receivables	214.7	232.3
Inventories	239.1	229.1
Trade and other payables	(140.8)	(132.0)
Net working capital	**313.0**	**329.4**

[1] Net debt excludes lease liabilities

Commentary

- Strong balance sheet with pro-forma net leverage of 1.57x at 31 December 2019[1]
- Net debt reduced by $31.9m since 30 June 2019
- Reduction in receivables and increase in payables drove $16.4m reduction in net working capital

Segment Performance

Segment Results – Americas

(A$m)	1H FY20	1H FY19	Variance
Net sales[1]	346.8	323.6	*+ 7.2%*
EBITDA[2] *EBITDA margin*	53.6 15.5%	59.0 18.2%	*(9.2%)* *(270 bps)*
Adjusted EBITDA[3] *Adjusted EBITDA margin*	53.6 15.5%	59.9 18.5%	*(11.1%)* *(300 bps)*

Financial commentary

- Net sales growth was impacted by:
  - Wholesale distributor moving to private-label strategy
  - Timing of key channel promotional activities, which in FY2019 occurred in the first half but in FY2020 are planned for the second half
- Adjusting for these two items, like-for-like sales growth was 4.2% on a constant currency basis
- Revenue performance in pcp was 14% as distributors built additional inventory for the 2018/2019 winter season
- Sales in HY2020 were reflective of more typical seasonal trading patterns
- Total revenues generated by new product categories did not meet targets for the period

Operational commentary

- Lower manufacturing overhead recoveries as a result of slower growth in volumes and constrained inventory growth
- Sales of John Guest products in the USA were lower than in the prior period due to strong prior period OEM sales activity
- Lower raw material inflation primarily due to lower copper costs and other continuous improvement and procurement benefits, partly offset by other cost inflation including higher freight costs for the period
- Higher SG&A was driven by new product development and commercialisation costs

[1] Segment net sales includes $1.4 million of intercompany sales to other segments
[2] EBITDA from financial statements. Prior period restated for the impact of AASB16: Leases
[3] EBITDA before one-time charge for purchase price accounting impacts and costs to achieve synergies in prior period;

Segment Results – Asia Pacific

(A$m)	1H FY20	1H FY19	Variance
Net sales[1]	125.4	129.8	*(3.4%)*
EBITDA[2] *EBITDA margin*	22.8 18.2%	27.3 21.0%	*(16.4%)* *(280 bps)*
Adjusted EBITDA[3] *Adjusted EBITDA margin*	22.8 18.2%	27.6 21.2%	*(17.4%)* *(300 bps)*

Financial commentary

- Asia Pacific recorded net sales of $125.4 million, a decrease of 3% on prior period
- External sales were up 1.1%, driven by new product revenue growth partially offset by weaker sales into the new housing construction market in Australia
- Inter-segment sales to the Americas lower due to:
  - the expansion of production capacity in the USA
  - lower sales volumes to the Americas and as a result of actions taken to constrain inventory levels
- Reported EBITDA contribution for the period of $22.8 million, a decrease of 16.4%

Operational commentary

- New housing commencements in Australia declined 22% in the twelve months ended 30 September 2019 [4]
  - For the quarter ended 30 September 2019 were 27% lower than pcp
    - Multi-family sector down 39% on pcp
- EBITDA was impacted by the lower sales to the Americas segment:
  - Impact on manufacturing margins not able to be fully offset by continuous improvement initiatives
  - Additional costs were also incurred to support the initial operation of the ERP platform that was implemented in FY2019

[1] Segment net sales includes $52.2 million of intercompany sales to other segments
[2] EBITDA from financial statements. Prior period restated for the impact of AASB16: Leases
[3] EBITDA before the impact from one-time charge for purchase price accounting impacts and costs to achieve synergies in prior period
[4] Source: Australian Bureau of Statistics

Segment Results – EMEA

(A$m)	1H FY20	1H FY19	Variance
Net sales[1]	173.6	172.1	+ *0.9%*
EBITDA[2] *EBITDA margin*	52.3 30.1%	44.3 25.7%	+ *18.1%* *+440 bps*
Adjusted EBITDA[3] *Adjusted EBITDA margin*	52.3 30.1%	49.3 28.6%	+ *6.1%* *150bps*

Financial commentary

- Net sales in EMEA were up 1% to $173.6 million
- EMEA sales in constant currency were down 1%
- Sales in core UK plumbing and heating business up 3% in constant currency
- UK specialty product sales were lower due to subdued trading conditions
- Sales in Continental Europe were 1% higher in constant currency: lower sales in Germany offset by higher sales in Spain at a lower margin
- Sales to the Automotive sector were lower due to the continued withdrawal from that market which was exacerbated by broader sector weakness
- Adjusted EBITDA was up 6% driven by prior year price increases and further synergy benefits realised
- Adjusted EBDITA margin rose 150bps to 30.1%

Operational commentary

- Lower production volumes, particularly for intercompany sales to the Americas, as well as unfavourable mix in Continental Europe
- Improved product delivery performance: key distributors now able to hold lower inventory levels which negatively impacted sales for the period
- Increased SG&A spending driven by investment in product development and organisational capability
- John Guest integration priorities in the first half of FY2020 were:
  - Improving delivery performance and reducing back orders for John Guest.
  - Achieving near term synergies and cost savings, with $12.3m in synergies realised in the period, an increase of $7.5 million
  - Total annual synergies realisation is still expected to exceed $30 million on a run rate basis by the end of FY2020

[1] Segment net sales includes $22.8 million of intercompany sales to other segments
[2] EBITDA from financial statements. Prior period restated for the impact of AASB16: Leases
[3] EBITDA before one-time charge for purchase price accounting impacts and costs to achieve synergies in prior period

Outlook

Impacts of coronavirus

Current impacts on RWC operations are limited to potential supply interruptions

- Preliminary assessment indicates the coronavirus will have minimal impact in the short term
- The situation continues to evolve and we continue to re-evaluate impacts and our response
- Key suppliers restarted by 17 February:
  - Start up has been even slower as many workers could not resume work. Suppliers could face temporary shortages of their purchased materials due to the delay in businesses restarting
- Longer term impact with suppliers being assessed
- We are working with our supply base to prioritise production to restock products that have lower inventory levels
- Air freight capacity out of China has been greatly reduced and ocean freight capacity has also been affected but to a lesser extent - we are actively working with suppliers and freight forwarders

Brexit

The UK left the European Union (EU) on 31 January 2020 without concluding negotiations for ongoing trade terms

- UK and EU now in a transition period until 31 December 31, 2020 as they work out a future trade relationship
- During this time the status quo remains: Britain remains part of the EU single market and customs union
- If negotiations for ongoing trade terms cannot be concluded in the transition period, then trade would revert to a World Trade Organisation tariff-based scenario
- Currently the imported plastics John Guest uses in manufacturing in the UK are subject to a 0% tariff. If negotiations for ongoing trade terms cannot be concluded in the transition period, the UK Government may determine if certain imported products will still be subject to a reduced, or zero, tariff and for how long
- For exports from John Guest UK to the EU, tariffs are likely to be applied by the EU if there is no deal, with the tariff rate set at 6.5% of the value
- Estimated tariff impact would be approx. GBP 1.9 million p.a. if tariffs cannot be offset by commensurate pricing changes
- Buffer inventory of raw materials and inventory has been maintained

FY2020 Outlook

- RWC has amended its earnings guidance for FY2020 to incorporate the impact of the first half financial performance
- The outlook for the full year assumes:
  - Stronger sales performance in the Americas in the second half, including the benefit of key marketing and promotional activity
  - Stronger sales in EMEA in the second half consistent with typical seasonal trading patterns
  - No material adverse impact in EMEA trading performance from the ERP implementation
  - Flat external sales in APAC
  - Further delivery of continuous improvement initiatives and John Guest synergy realisation benefits

FY2020 Earnings Guidance

Earnings guidance is provided on a Net Profit after Tax (NPAT) basis

- RWC expects Adjusted NPAT to be in the range of $140 million to $150 million
- This corresponds to an EBITDA range of $265 million to $280 million, inclusive of the effect of AASB16: Leases[1]
- The NPAT range excludes the one-off costs of closure of the manufacturing plant in Tennessee, estimated to be US$4 million
- Other key assumptions:
  - Favourable copper price impacts relative to the first half, with the average copper cost expected to be no higher than US$5,900 per ton
  - An adjusted effective tax rate in the range of 24% to 25%
  - An Australian Dollar/ US Dollar exchange rate of US$0.68
- Guidance range is contingent on no further material deterioration in trading as a result of external risk factors including coronavirus, Brexit and other factors

[1] Excludes the one-off costs of closure of the manufacturing plant in Tennessee

RWC's Social Impact Report released today

This report represents our first comprehensive review of our sustainability achievements and goals.

Summary

RWC's business fundamentals remain strong

- RWC has strong core businesses in its most important markets of the USA, Australia and UK
- We continue to have a robust and diverse business across end users, channels, geographic reach, product, raw materials and technology
- Our confidence in the fundamentals of the business and in particular, our ability to grow the business ahead of market and to improve margins, remains high
- Our strategy for growth outlined in September remains intact. Our focus on core customers and end use segments with the same set of products and customer solutions remains unchanged
- We are recalibrating our approach to new products and solutions needed to target those end users:
  - Internal development efforts for new products and product extensions in segments where we have established brands, credibility with end users and strong channel access
  - Where one or more of these is lacking we will look more at partnering, co-development or acquisition in order to balance the risk, cost and time required to acquire the new products required
- We continue to pursue opportunities to drive further efficiency improvements and to optimise our manufacturing footprint

RWC

Thank you.