



## **Reliance Worldwide Corporation Limited**

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### **ASX Announcement**

18 September 2018

#### **Investor Day - USA**

Reliance Worldwide Corporation Limited (ASX: RWC) hosted analysts and investors at its office in Atlanta, Georgia, USA on Monday 17 September 2018 (USA time). The presentation slides shown are attached.

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RELIANCE WORLDWIDE CORPORATION LIMITED ACN 610 855 877

# USA INVESTOR DAY

17 September, 2018





# Agenda

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**1.** Global Strategy

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**2.** Americas Update

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**3.** John Guest Integration

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01.  
GLOBAL STRATEGY

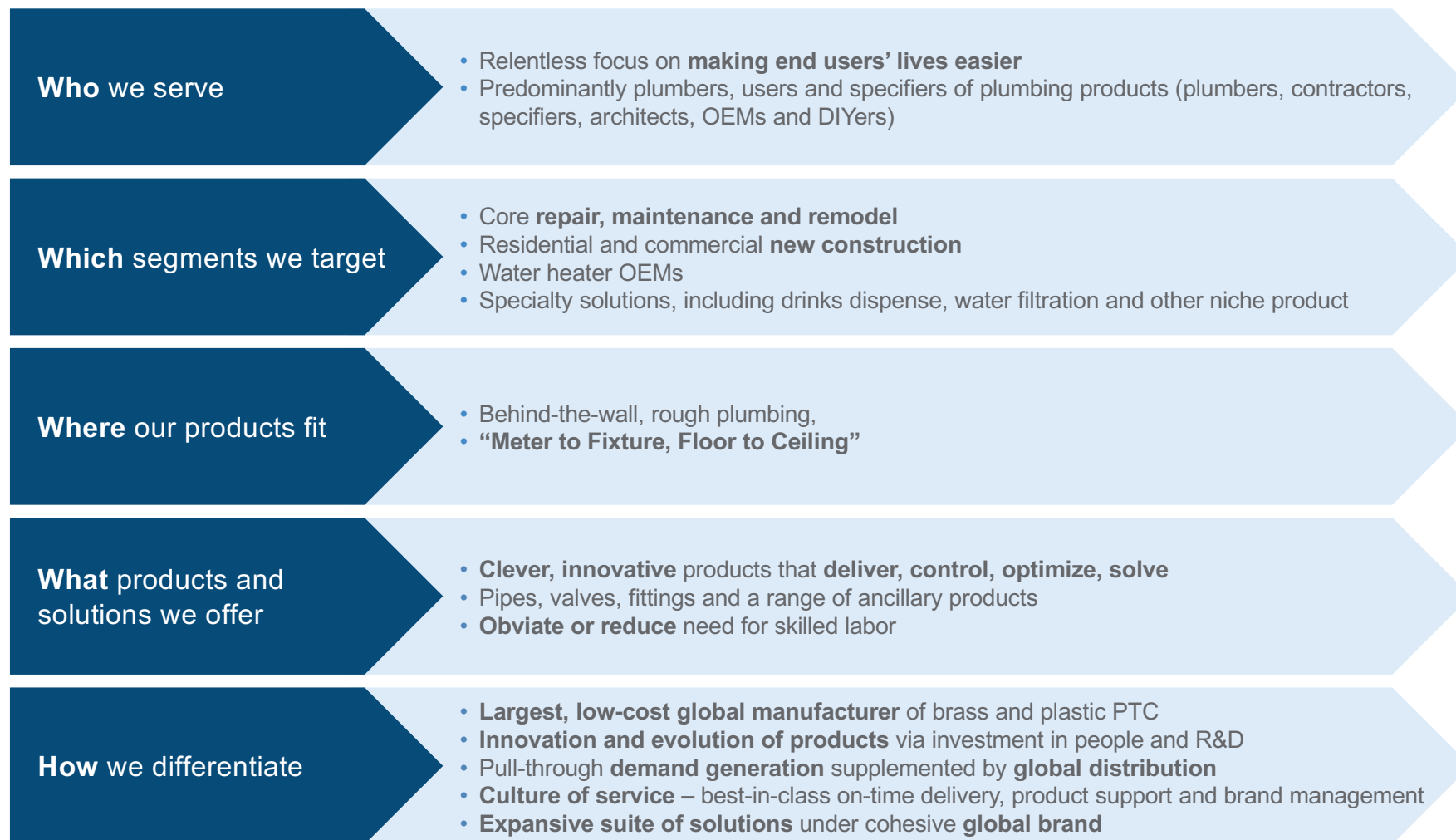
# Mission

**Smart plumbing and heating solutions that enhance end user productivity and efficiency**

**Solutions that shape the world**



# Mission driving growth strategy





Who we serve

# Focus on making our end users' lives easier:

Plumber  
Contractor  
Specifier  
Architect  
OEM  
DIYer



# Which segments we target

Majority of sales in defensive repair, maintenance and remodel products. John Guest acquisition broadens product segments and geographies, but also has substantial sales in repair and maintenance, including the majority of its plumbing sales.

## 1 Repair, maintenance and remodel

- Plumbing repair
- Water heater solutions
- Re-pipe
- Renovations and extensions



**JG John Guest®**



## 2 New Construction

- Residential
- Commercial

## 3 Water heater OEMs

## 4 Specialty solutions

- Drinks dispense
- Pure water filtration
- Other PTC niche product (e.g., air and pneumatics)





# Where our products fit: behind the wall, "meter to fixture, floor to ceiling"

Ceiling



Meter

Fixture



















Floor

# What products and solutions we offer

## An expansive portfolio

of brands and products that obviate or reduce need for skilled labor

**Clever, innovative products that include pipe, valves, fittings and a range of ancillary products**

Deliver	Control	Optimize	Solve
 EvoPEX <sup>®</sup> Nexus <sup>®</sup>  John Guest <sup>®</sup> Speedfit <sup>®</sup> JG ProLock  <b>HOLDRITE</b>  TETRYTE <sup>®</sup> HYDRO FLAME  A&P	 CASH ACME  RMC water valves  RELIANCE WATER CONTROLS	 streamlabs <sup>®</sup>  RADIANCE RELIANCE WATER CONTROLS  aura underfloor heating controls	 TubeFit INDUSTRIAL PRODUCTS  Titan industrial fittings  RYEMETAL  reliance CUSTOM FITTINGS  Watsford TUBEX CUSTOM ENCLOSURES   John Guest <sup>®</sup>
Residential   Commercial			Industrial
Service & Repair   Renovation   New Construction			MRO   OEM
Americas   APAC   EMEA			

# How we differentiate

## Demand Generation :

- Pull through demand via **End User** focus

## Underpinned by :

- **Largest, low-cost global manufacturer** of brass and plastic PTC
- **Innovation** via investment in people and R&D
- Enabled by **global distribution** strength
- **Culture of service** – best-in-class on-time delivery, product support and brand management
- **Expansive suite of solutions** under cohesive **global brand**





# Why RWC is successful

## Key assets to leverage

**1 Strength of team**  
Significant expertise in driving organic growth and integrating acquisitions; increasing management depth and functional expertise

**4 R&D capabilities**  
5 facilities focused on identifying and solving for end user insights and needs



**2 Significant intellectual property**  
Deep intellectual property base provides improved products that plumbers want

**5 Manufacturing expertise**  
Global facilities leveraging significant manufacturing expertise and operational efficiency



**3 Clear strategy and direction**  
Clearly defined roadmap for growth and prioritization of efforts

**6 Significant distribution and reach**  
Sell into 60+ countries through 35k+ outlets leveraging distribution centers globally



# ESG: enhancing shareholder returns through sustainable and responsible corporate practices

## 1 Sustainable products

Example : Water usage monitoring and leak detection, mitigating water wastage and damage. To date, the Monitor fleet has sent 50,000 alerts to consumers and collected 12 million gallons of water usage data. Nearly 50% of users have discovered a “down drain” event within a month of install.



## 2 Recycling and waste management

Examples : The Cullman plant is recycling over 300,000 kilograms of PEX annually, as well as 400,000 kilograms of cardboard and 70,000 kilograms of plastic packaging waste. Globally we recycle 6 million kilograms of brass annually.



## 3 Energy and resource reduction

Examples : The latest PEX curing ovens in Cullman incorporate water recycling. All water used in Thermostatic Mixing Valve production in Brisbane is recycled. LED lighting, and other energy saving initiatives, are deployed globally.



## 4 Community activities

Examples : The RWC Brisbane team has participated in the RSPCA Million Paws walk for several years. Today in the Atlanta office, and around the world at RWC, everyone is taking extra steps as part of the STEPTEMBER Cerebral Palsy fundraiser.







02.  
AMERICAS UPDATE













# Americas FY2018 accomplishments

## Key achievements

- Continued market penetration for SharkBite PTC
- Completed first full year of Holdrite ownership, including sales force and ERP integration
- Strong response to material freeze event
- Successfully rolled out new retail, wholesale and hardware programs
- Scaled production of SharkBite in the USA
- EvoPEX penetration into residential new construction continuing
- HydroFlame Pro penetration into commercial new construction
- Streamlabs launch
- Integrated ERP and CRM across North America
- Continued building of team, talent and organisational strength and capabilities to support future growth

## Leading brands with top market positions

	Product Line		Brand	Market Position
Fittings & Pipe	Brass PTC Fittings			#1
	PEX Pipe			Top 3
	Plastic PTC Fittings		JG John Guest®	#1
Valves	Temperature & Pressure (“T&P”) Relief Valves			#1
	Thermostatic Mixing Valves			Top 2
Supports	Pipe Supports			#1
	Water Heater Stands and Accessories			#1

## Market fundamentals

# The fundamentals that drive demand for our solutions are positive

Sources: NAHB, US Census, Harvard JCHS

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### Trade Labor:

**Labor shortage** of plumbing trade labor is getting worse and will drive demand for RWC's labor saving product solutions

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### Renovation frequency:

Frequency of **bathroom and kitchen renovations** increasingly driven by fashion and design changes

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### Fixtures per home:

Increasing number of bathrooms and plumbing fixtures per home in house renovations and new houses

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### Age of US Housing Stock:

More than **135m** housing units with **65% older than 30 years**. This will drive more repair, maintenance and remodel work

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### Overall Economy:

Mortgage rates, home prices, household formation, credit availability, consumer sentiment, unemployment, etc. generally **supportive**

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### New Construction:

Consensus forecast single family housing starts growing from **850,000** starts in 2017 to estimated **1,165,000** in 2022

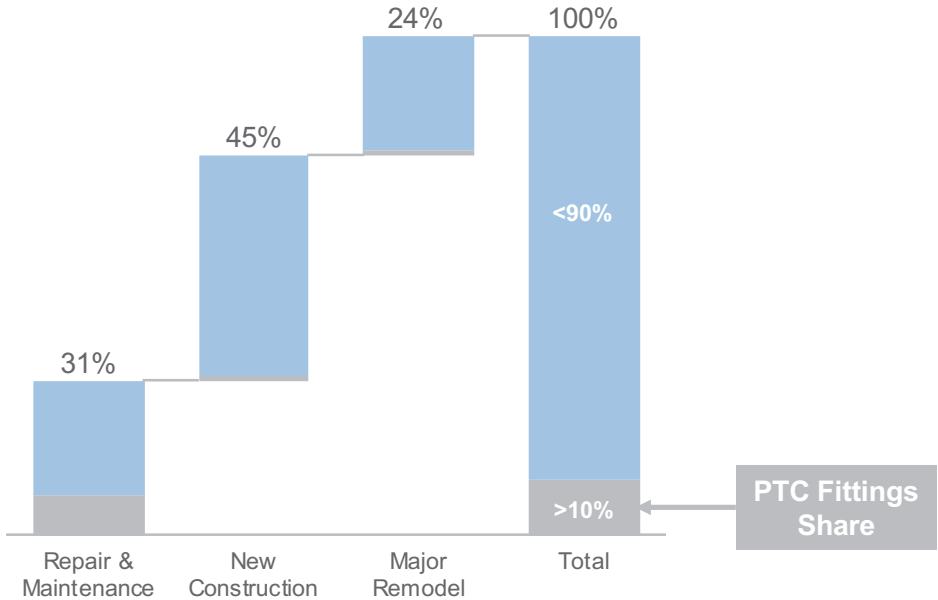
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# Core PTC business is strong and continues to provide significant growth potential; innovations in product are expanding the total available market and long term growth opportunity

- Overall share of PTC in the Americas fittings market still low
- Large and growing opportunity to continue to grow PTC penetration and increase share across end-use applications
- EvoPEX new residential plumbing system now provides a solution to better target the new construction and major remodel markets, complementing the traditional brass SharkBite solution in repair and maintenance

## US Residential Fittings Use by End Application

Percent of Units



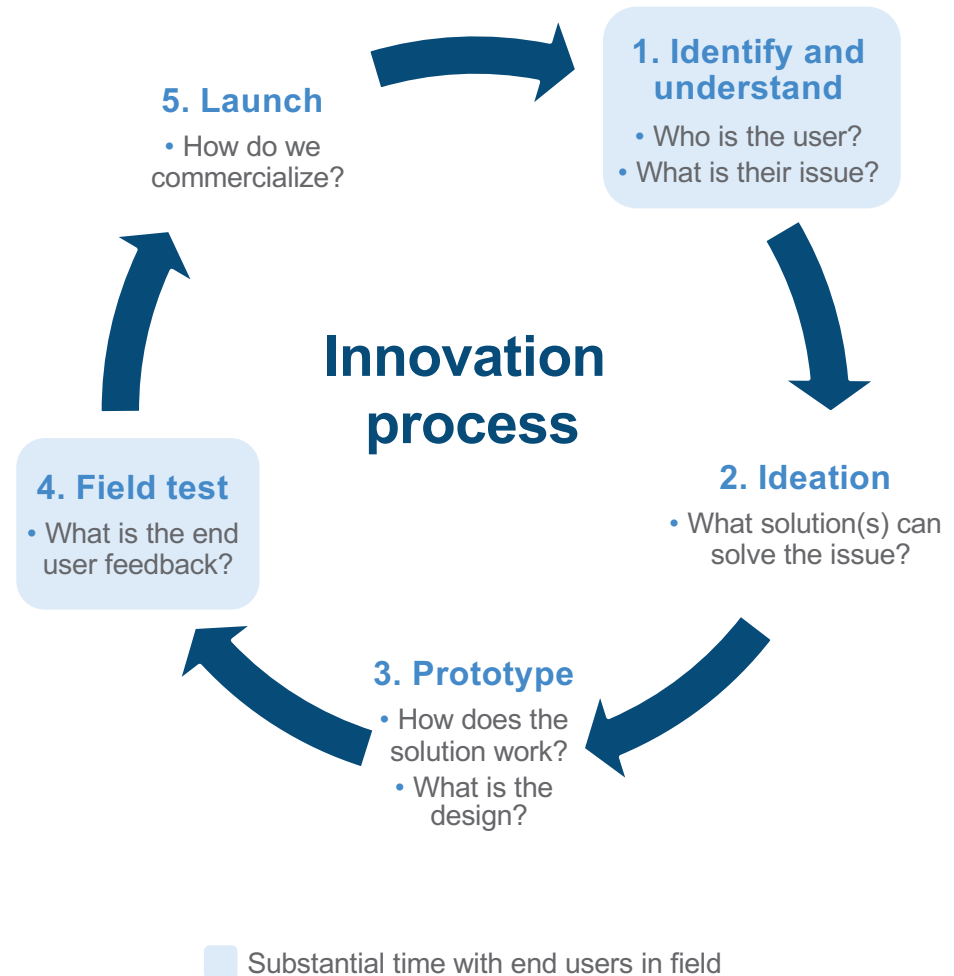
Sources: RWC Internal Analysis; represents residential 3/8" to 2" potable water piping systems



# Continued innovation key to growth

## RWC innovative criteria

- Make our end-use customers' lives easier (plumbers, contractors, specifiers, architects, OEMs, DIYers)
- Create value for our distribution partners
- Innovate and launch differentiated solutions
- Positively disrupt and transform traditional plumbing methods
- Prioritize R&D development through rigorous and ongoing ROI analysis by project



# HydroFlame Pro: solution summary



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## End use

- Commercial new construction
- Multi-family residential, concrete buildings

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## Scenario

Building code-required firestopping of through penetrations (pipes, cables, etc.) in concrete floors

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## Current challenges

Manual, built-in-place systems (mineral wool & fire caulking) have many drawbacks:

- Often requires certified installer
- Prone to installer and inspection errors
- Labor intensive: install in only clean and dry conditions. Includes 24 hour curing period

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## HydroFlame Pro solution

Engineered solution:

- Simple installation not dependent on contractor skill
- No installer certification required
- Consistent, higher reliability applications
- Quick easy install: reduces install time up to 80% and no curing period
- 3<sup>rd</sup> party certified (UL)

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## RWC opportunity

Install early in new construction process establishes relationship and credibility for later phase solutions (e.g., piping system)

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# HydroFlame Pro: establishes relationship and credibility early in construction

**Example:**

15-story Multi-family concrete condo building



Plumbing construction phases					
Phase 0	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
Pre-construction planning	Elevated concrete slabs	DWV piping installation	Water rough-in	Piping and firestopping	Trim
(1-2 months)	0-5 months	2-8 months	4-11 months	4-11 months	10-16 months
VIP Estimate, Spec Authorship, Submittal Assistance	HydroFlame, In-slab PEX, Tubing supports, Temporary water services	TestRite, Fitting restraints, Laundry outlet boxes	Pipe hangars and supports, Tubing & Fittings	Firstopping, C. A. Valves & Meters, Equipment supports	Water heater accessories, Fixture trim & Supply stops



Enables sales of additional RWC product later in construction cycle

Early submittal phase involvement. Sleeves install early in the construction process, establishing relationship and credibility for later phase solutions



# Streamlabs: solution summary



**streamlabs**

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## End use

Single family residential

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## Scenario

Water monitoring and leak detection

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## Current challenges

- Leaks are typically not discovered until too late resulting in significant water damage
- Insurance industry pays out over \$2.5B annually in water damages in the U.S.

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## Streamlabs solution

- Smart home water monitor providing:
- Easy install, no tools or pipe cutting required
  - Real-time leak alerts
  - Instant data on water usage
  - Comparative usage analysis
  - Mobile application to help monitor usage

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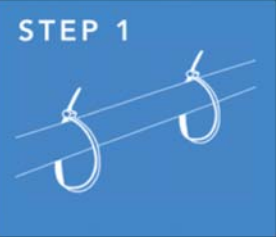
## RWC opportunity

- The non-invasive Monitor is the initial product launched (FY18)
  - Additional products targeted for release in 2019
  - Longer term trends to holistic smart plumbing systems
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# Streamlabs: installation and setup




**STEP 1**




Find your main water line, typically located near your water heater. Place two included zip-ties on the pipe.

**STEP 2**



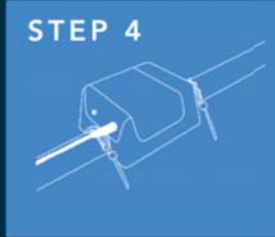
Place the Streamlabs® monitor onto the pipe.

**STEP 3**




Tighten the zip-ties onto the monitor.

**STEP 4**





Plug in the monitor.

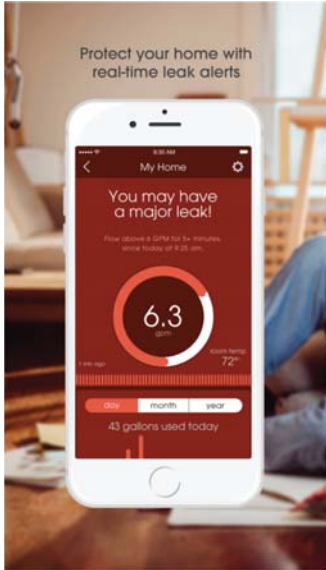
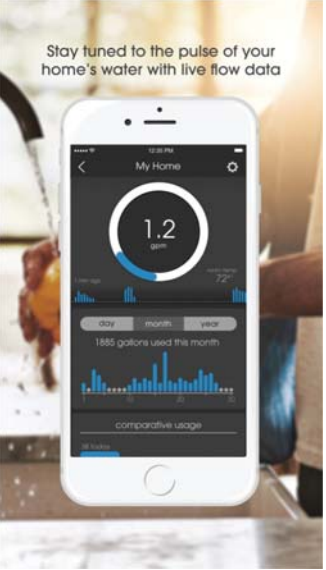
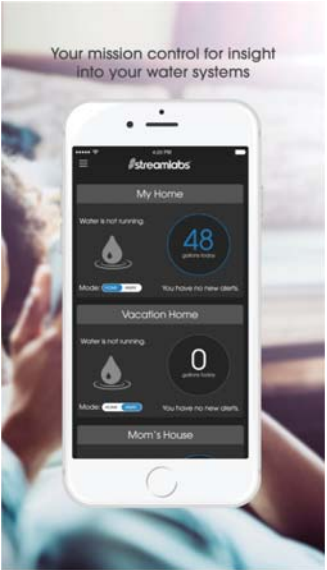
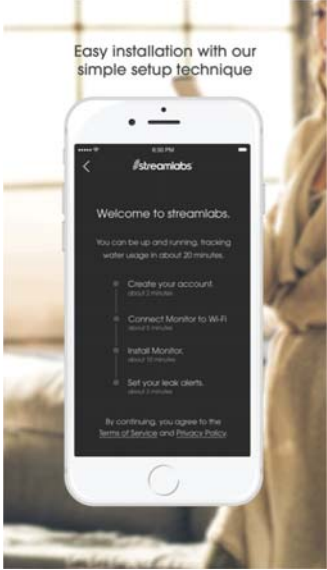
**STEP 5**



Download the app.

# Streamlabs: app features



# Streamlabs: the opportunity

## Water leaks represent major problem<sup>1</sup>

- **135 million** existing homes in U.S.
- **1 in 50 homes** with water damage claim annually
- **37%** of homeowners have suffered **water damage**
- **\$2.5 billion** in annual damages



## Smart water leak detection opportunity<sup>2</sup>

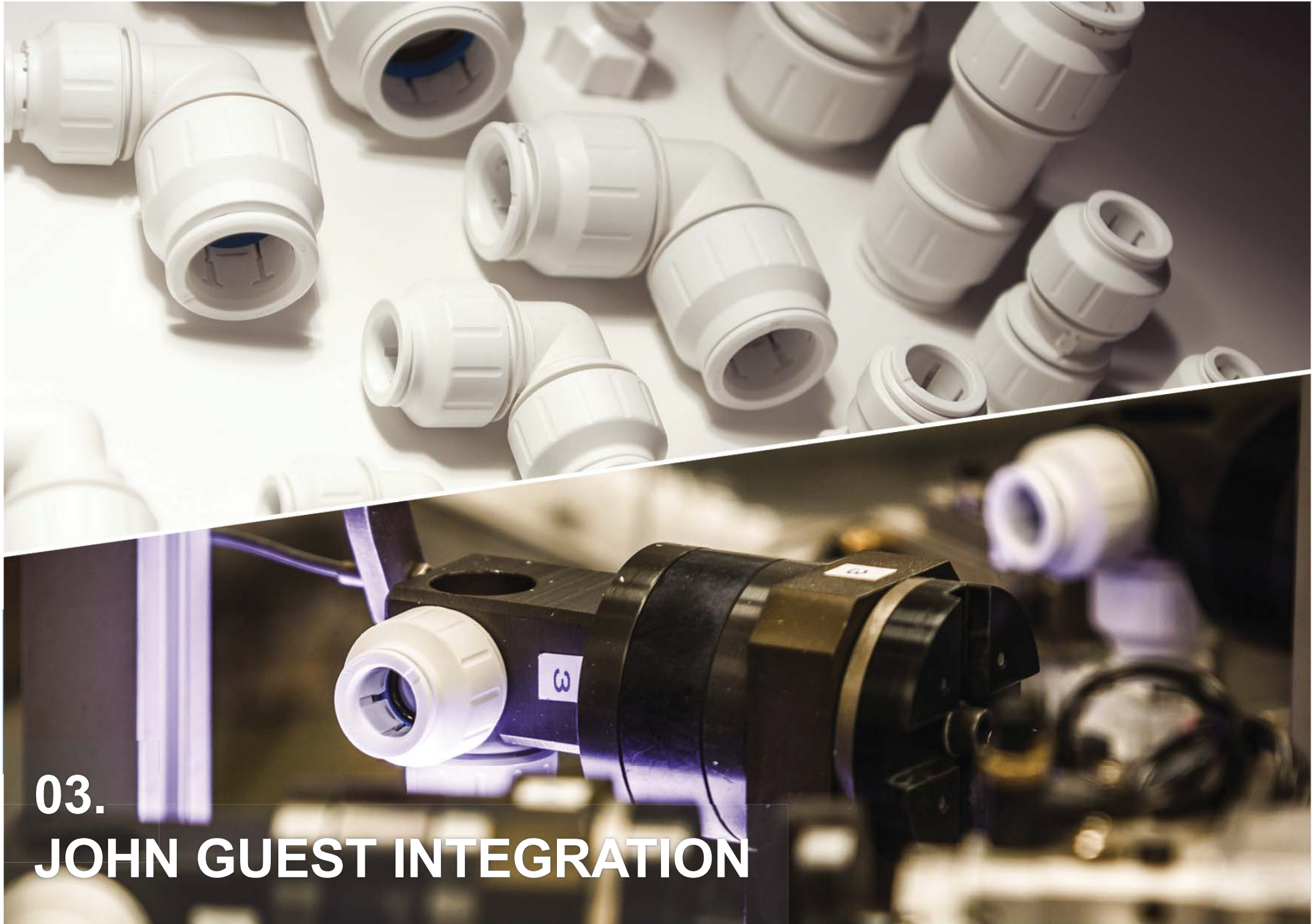
- **5 million projected smart water leak detectors** sold in U.S. by 2020
- **\$220 million projected revenue** of smart water leak detectors by 2020
- **40%+ of homeowners** with broadband believe a smart water leak detection device would be highly appealing



<sup>1</sup>Source Insurance Information Institute

<sup>2</sup>Source 2017 Park Associates Study





**03.**  
**JOHN GUEST INTEGRATION**

# Strategically compelling acquisition, positioning RWC for continued growth into the future

## 1 Creates

a global leader in PTC technology, with global distribution and strong regional manufacturing capabilities

## 2 Transforms

RWC's UK business, provides a strong platform for further growth in Europe, and combines with RWC's powerful existing positions in North America and Asia Pacific

## 3 Extension and diversification

of RWC's geographic, product and channel exposure

## 4 Enhances and accelerates

RWC's portfolio of highly attractive organic growth opportunities

## 5 Significant synergies

through improved operating efficiency, integration benefits and cross-selling opportunities

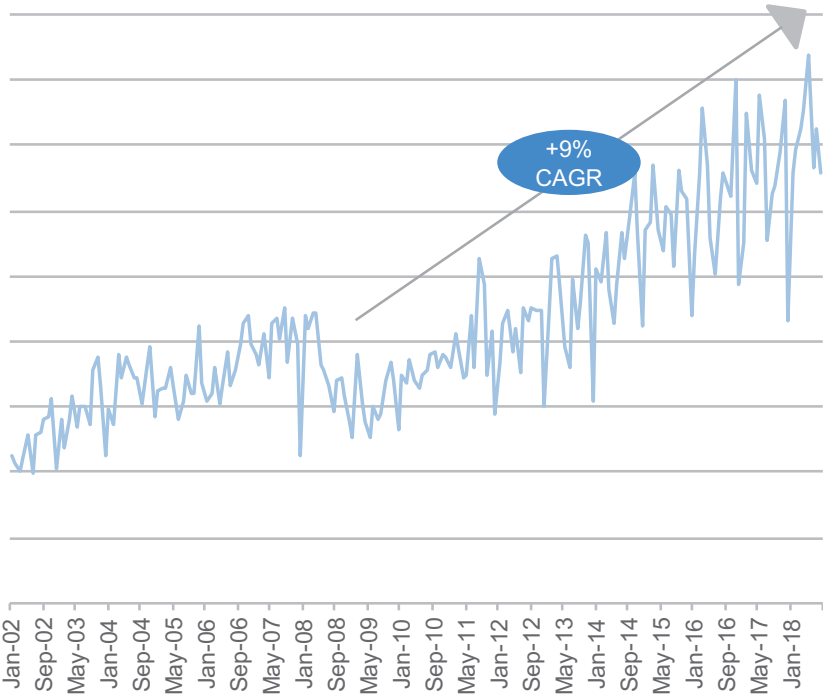
## 6 Financially attractive acquisition

delivering both margin and earnings accretion

# John Guest revenue growth

- 1 Long history of strong growth, with variability typical of the industry
- 2 Jan-Jun 2018 results consistent with expectations from due diligence
- 3 Confidence in FY19 plan for high single digit revenue growth consistent with long term rates

## Monthly UK plumbing revenue: 2002-Aug 2018<sup>1</sup>



<sup>1</sup>Internal John Guest UK monthly plumbing revenue

# Update on John Guest acquisition and integration activities



## Dedicated teams

Post close integration activities are underway with dedicated integration teams in all 3 regions – EMEA, APAC and the Americas



## Focus of efforts

Early efforts have been focused on change management and bringing together the two cultures and seeking to leverage common values of innovation, collaboration, end-user focus and quality



## Training

Also focused on educating the respective sales teams on the combined product portfolio and identifying cross-sell opportunities in key markets



## Cost synergies

Efforts to date confirm the initial thinking around cost synergies. Management expectation is that we will realize the full \$20 million run rate synergies by the end of FY2019, a year earlier than previously expected



## Revenue synergies

Work continues on identifying specific revenue synergies but early indications are positive



## Run rate synergies

Management now expects full run rate synergies to exceed \$30 million by the end of FY2020, 50% greater than previously expected



# Appendix: videos referenced during presentation

**EvoPEX:** [https://youtu.be/E\\_5bKPbBE7s](https://youtu.be/E_5bKPbBE7s)

**HydroFlame:** <https://youtu.be/OsEfg1dxTxY>

**Streamlabs:** <https://www.youtube.com/watch?v=pQi3BUz66MY>

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