

## **ANNUAL GENERAL MEETING**

**THURSDAY 31 OCTOBER 2019**

### **CHAIRMAN'S ADDRESS**

Good morning ladies and gentlemen. My name is Stuart Crosby. As chairman of directors, I welcome all shareholders and guests to the 2019 Annual General Meeting of Reliance Worldwide Corporation Limited.

#### **Financial and operating performance**

The Board was pleased to report the record sales and profit results for FY2019. These results reflect the first full year inclusion of the John Guest group, continued sales growth for the core RWC portfolio, especially in the Americas segment. The 23% growth in adjusted earnings per share was achieved despite a number of operational headwinds. Heath will shortly speak about operating performance in more detail. On behalf of the Board, I acknowledge our management team and global workforce for their efforts over the past year.

#### **John Guest**

We completed the \$1.2 billion acquisition of the John Guest business in June 2018. The Board is very pleased with the progress made to date in integrating the RWC and John Guest businesses. We are pleased with the operating performance of John Guest which is in line with expectations at the time of the acquisition.

As I wrote in the Annual Report, RWC today is a more robust and diverse group of businesses than it was at the time of the IPO in April 2016. This has been achieved through the addition of John Guest, the Holdrite acquisition in 2017 and the continued development of our business.

#### **Board composition**

Jonathan Munz retired from the board in March 2019 after 33 years of involvement with the business. Jonathan made an enormous contribution to the development of RWC into one of the world's most valuable manufacturers of plumbing and heating solutions. The Board thanks Jonathan for that contribution and wishes him every success in the future.

The Board continues to review its composition. As presently constituted, the Board considers itself well equipped to discharge its responsibilities. However, the Board also sees clear advantages in increasing its diversity and has identified a range of skills and experience that it believes could add value. Significant time and resource have been invested in looking for potential new directors who would add to the Board's skills, experience and diversity. That process is, we believe, likely to result in an appointment in the near future.

#### **Growth outlook**

We have provided FY2020 guidance indicating a net profit after tax of \$150 million to \$165 million. Heath will speak to the forecast and growth strategies shortly.



**Dividends**

I am pleased to report that we paid fully franked dividends totalling \$71.1 million for the 2019 financial year which represents a payout ratio of 53% of net profit after tax, within the targeted payout ratio of 40% to 60% of net profit after tax. The Board continues to expect future dividends will be within this range, subject to relevant considerations at the time of declaring dividends. We currently expect future dividends will be less than 50% franked as the change in geographic mix of earnings following acquisitions reduces our access to franking credits.

**Balance sheet**

The balance sheet remains sound and we continue to adopt a conservative approach to financing our activities. We remain a company with low to moderate gearing and a high cash generating capacity from our operations.

**Social Responsibility**

The Board supports ESG management and reporting. Our first formal social responsibility report remains on track to be released this financial year.

I will now ask Heath to present on operational performance and outlook.

