Reliance Worldwide Corporation Limited
Level 26
140 William Street
Melbourne
Victoria 3000
Australia
Tel: +61 (0) 3 8352 1400
rwc.com

ANNUAL GENERAL MEETING

THURSDAY 27 OCTOBER 2022

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 2022 annual general meeting of Reliance Worldwide Corporation Limited. It is pleasing that we are able to meet in person for the first time in three years.

The 2022 financial year was a particularly challenging year for the company, but we made significant progress despite those challenges. In most of our key markets we continued to see strong demand. At the same time, we were confronted with rapidly rising inflationary impacts on materials and other costs, supply chain bottlenecks, and shipping and logistics disruption. Covid continued to impact our operations throughout the year which placed enormous pressure on our operations particularly in the USA and the UK. We also completed two acquisitions, LCL in August and the EZ-Flo group in November.

Financial performance

Let me comment briefly on our financial performance for FY22. This was the first financial year in which we reported our results in U.S. dollars and all financial references will be in U.S. dollars unless otherwise specified.

We were able to build on the very strong financial performance achieved in the 2021 financial year. While reported net profit after tax was 3% lower than the prior year at $137.4 million, adjusted net profit after tax was 2% higher at $161.4 million. The adjustments for one-off items relate principally to costs associated with the LCL and EZ-Flo acquisitions.

Net sales were up 17% on the prior year, and this growth reflected both the inclusion of EZ-Flo sales from mid November 2021 onwards and also the impact of price increases achieved in all regions. Sales growth excluding EZ-Flo was 5% for the year.

A pleasing aspect of the FY22 result was our success in offsetting the impact of higher raw materials and other cost rises through compensating price increases.

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A broader perspective on the company's performance over the past two-year period shows how strong our results have been. Over that period, RWC's net sales have grown by 50% through a combination of organic growth together with the acquisition of EZ-Flo. This top line growth has translated strongly in earnings performance, with Adjusted operating earnings, (EBITDA) up 59% over the same period and Adjusted NPAT up 87% on two years ago.

Cash flow and balance sheet

We started FY22 with a very low level of net debt, with net debt to EBITDA of 0.51 times. This was comfortably below our target range of 1.5 to 2.5 times. Consequently, we were able to use our balance sheet strength to debt fund both the LCL and EZ-Flo acquisitions. We also made the strategic decision to invest in higher inventory levels to ensure that we could continue to supply our channel partner customers and maintain service levels despite supply chain disruptions.

The increase in working capital associated with these higher inventory levels meant that net operating cash flow in FY22 was lower than the prior year.

At year end the net debt to equity ratio was 2.1 times which was well within our targeted range.

Funding

Following completion of the LCL and EZ-Flo acquisitions, we undertook a refinancing of our borrowing facilities. We established new committed borrowing facilities with a group of lenders totalling US$800 million with maturity dates apportioned between three and five years. These facilities replace a A$750million syndicated facility we had in place previously and also provide us with additional funding capacity.

We subsequently completed a US$250 million unsecured note issuance in the US private placement market in April. These notes have fixed coupons and maturities are between 7 and 15 years. With this second transaction we were able to both extend our maturity profile and fix a portion of our interest rate exposure on a long-term basis.

As a result of these two debt funding transactions the company has access to total debt facilities of US$1,050 million. At year end we had total drawn debt of $551 million and unused facilities of $481 million. This refinancing has further strengthened our balance sheet and the company is in a very strong position to further pursue its growth initiatives.

Dividend

Total dividends declared and paid in respect of FY22 were US 9.5 cents per share. We paid these in Australian dollars and the equivalent Australian dollar was 13.4 cents per share compared with 13.0 cents per share in FY21. This represented a payout 55% of reported net profit after tax and 47% of adjusted net profit after tax. The interim dividend was 20% franked and the final dividend 10% franked. With the majority of RWC' s revenues and earnings now generated beyond Australia the level of franking for dividends going forward it is likely to continue to be below 20%.

Board

During the year we established two new board committees, one with responsibility for ESG chaired by Sharon McCrohan, and the other responsible for Health and Safety and chaired by Darlene Knight. We're very pleased with the progress the committees have made and engagement with management in advancing our ESG and Health and Safety agendas.

The other two board committees are the Audit and Risk committee chaired by Russell Chenu, and the Nominations are Remuneration committee chaired by Christine Bartlett. I'd like to thank each of the committee chairs and committee members for their work during the year. This committee structure is enabling us to achieve significant progress across a number of areas of the company's operation.

As I mentioned earlier, we are looking to appoint Brad Soller to the board and increase the number of directors from 7 to 8. Brad's appointment is expected to be effective from 1 November 2022 subject to the outcome of voting on Items 5 and 6 in the Items of Business to be considered shortly.

ESG and Health & Safety

We have continued to make progress on ESG initiatives and reporting. A key milestone this year was the establishment of baseline greenhouse gas emissions data for Scope 1 and Scope 2 emissions.

As a further important milestone, I am pleased to be able to announce today our commitment to reducing RWC's Scope 1 and Scope 2 emissions to net zero by 2050. We have also established an interim goal and will be targeting a minimum 42% reduction in Scope 1 and Scope 2 emissions by 2030.

In addition, we will continue to measure Scope 3 emissions with an aspiration of setting targets to achieve net zero by 2050.

We will keep shareholders informed of our progress towards these targets.

On Health & Safety, we recorded a further reduction in our reportable injury frequency rate which was down by 15% to 5.17 lost time injuries per million hours worked. We are continuing to pursue further improvements in our health and safety performance. To this end we are undertaking a best practice benchmarking exercise to help us identify where we should focus our future efforts to further improve safety for our people.

Covid again impacted operations during the year. We had more disruption this year than last year with the omicron variants leading to higher absenteeism. EZ-Flo's manufacturing operations in Ningbo, China, are currently suspended due to a government-imposed lock down in the region following increased incidence of Covid cases. We are currently able to meet customer orders from inventory held in the US. We expect operations to recommence by the end of this week, but a prolonged lock down in the region may adversely impact EZ-Flo sales in the second quarter.

Conclusion

Let me conclude by thanking everyone in RWC, on behalf of the Board, for their collective effort in FY22. Despite the many challenges we confronted, the company has made excellent progress. Our success in delivering for our customers every day over the past year has been the result of the extraordinary effort put in by our people.

Let me now had over to Heath Sharp to discuss the FY22 year more fully and our strategies and priorities for the future.