



RELIANCE WORLDWIDE CORPORATION LIMITED

ACN 610855877

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FY2016 RESULTS PRESENTATION

29 August 2016



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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 4E, 30 June 2016 Financial Report and the Results Announcement also released on 29 August 2016.

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1. Highlights

FY2016 achievements

- ✓ **Continued market penetration of SharkBite PTC fittings and accessories in the Americas**
- ✓ **Phase 1 of USA factory expansion completed, production of SharkBite PTC fittings commenced**
- ✓ **EvoPEX approval testing and trials completed**
- ✓ **Spain PEX facility commenced production, first sales made to Eastern Europe**
- ✓ **Successfully managed inventory levels in line with plan**
- ✓ **Ongoing focus on cost reductions and operational efficiencies**
- ✓ **Maintained strong health and safety track record**
- ✓ **Successfully listed on the ASX in April 2016**

FY2016 financial highlights (12 months)

Pro forma net sales
\$534.4 million

+18% growth vs PF FY2015

Pro forma EBITDA¹
\$99.1 million

+25% growth vs PF FY2015

Pro forma NPAT¹
\$52.1m million

+2% above Prospectus forecast

Strong net sales
growth from Americas

+22% growth vs PF FY2015

Ongoing cost focus
driving margin gains

*+90bps (EBITDA margin) vs PF
FY2015*

Strong balance sheet

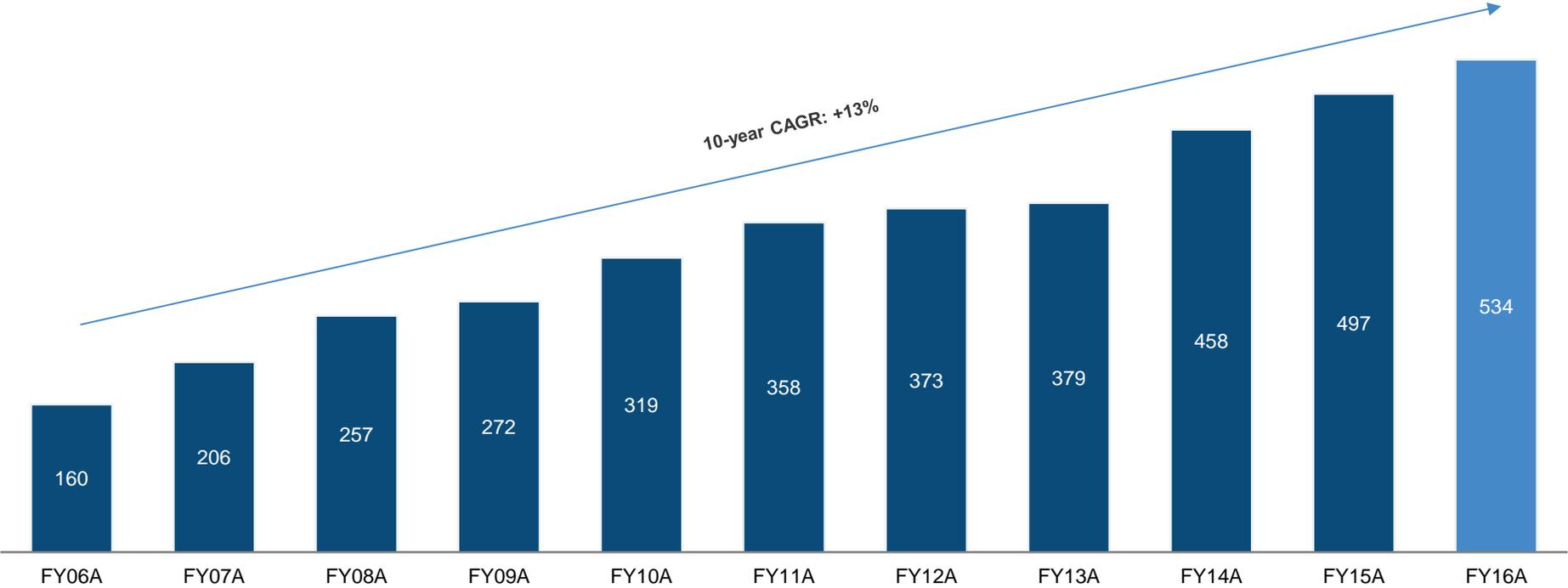
*Pro forma net debt of \$127.9
million (net leverage of 1.3x)*

FY2016 results in line with Prospectus forecast

Note 1: EBITDA and NPAT are before significant items, refer to page 28 for statutory accounts which contain further details on significant items

Continuing Reliance's long-term track record of strong growth

RWC historical net sales growth, constant currency basis¹ (A\$m)



Note 1: Period from FY2006 to FY2016. Pro forma net sales calculated based on a constant currency basis of AUD/USD 0.7284, AUD/GBP of 0.4918, AUD/CAD of 0.9655, AUD/NZD of 1.0900 and AUD/EUR of 0.6562, being the average exchange rates in FY2016



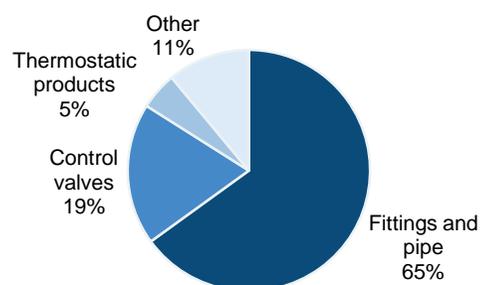
2. Introduction to Reliance

RWC is a leader in the design, manufacture and supply of water flow and control products and solutions for use in the “behind the wall” plumbing industry

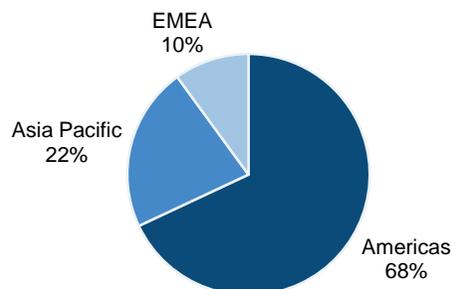
- Leader in high growth brass push-to-connect (“PTC”) fittings category in key geographies
- Majority of sales to the defensive repair and renovation (“R&R”) end-market
- Vertically integrated, global manufacturer (11 facilities worldwide) with a strong culture of innovation, leading R&D and engineering capability
- Strong market positions across all key product lines and geographic regions
- Substantial barriers to entry and multiple avenues of future growth
- Senior management is a mix of long tenure RWC executives and new talent (>125 years aggregate experience with RWC)
- A\$534.4 million of net sales¹ and A\$99.1 million of pro forma EBITDA² in FY2016

Net sales contribution (FY2016, percentages based on AUD)

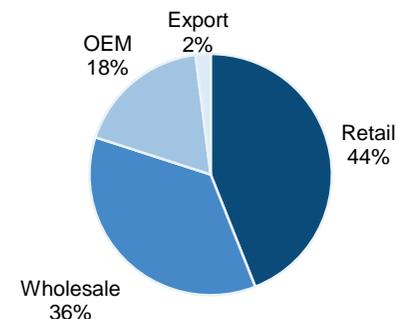
By product category



By operating segments



By sales channel



Note 1: Net sales after eliminating intercompany sales

Note 2: EBITDA before significant items, refer to page 28 for statutory accounts which contain further details on significant items

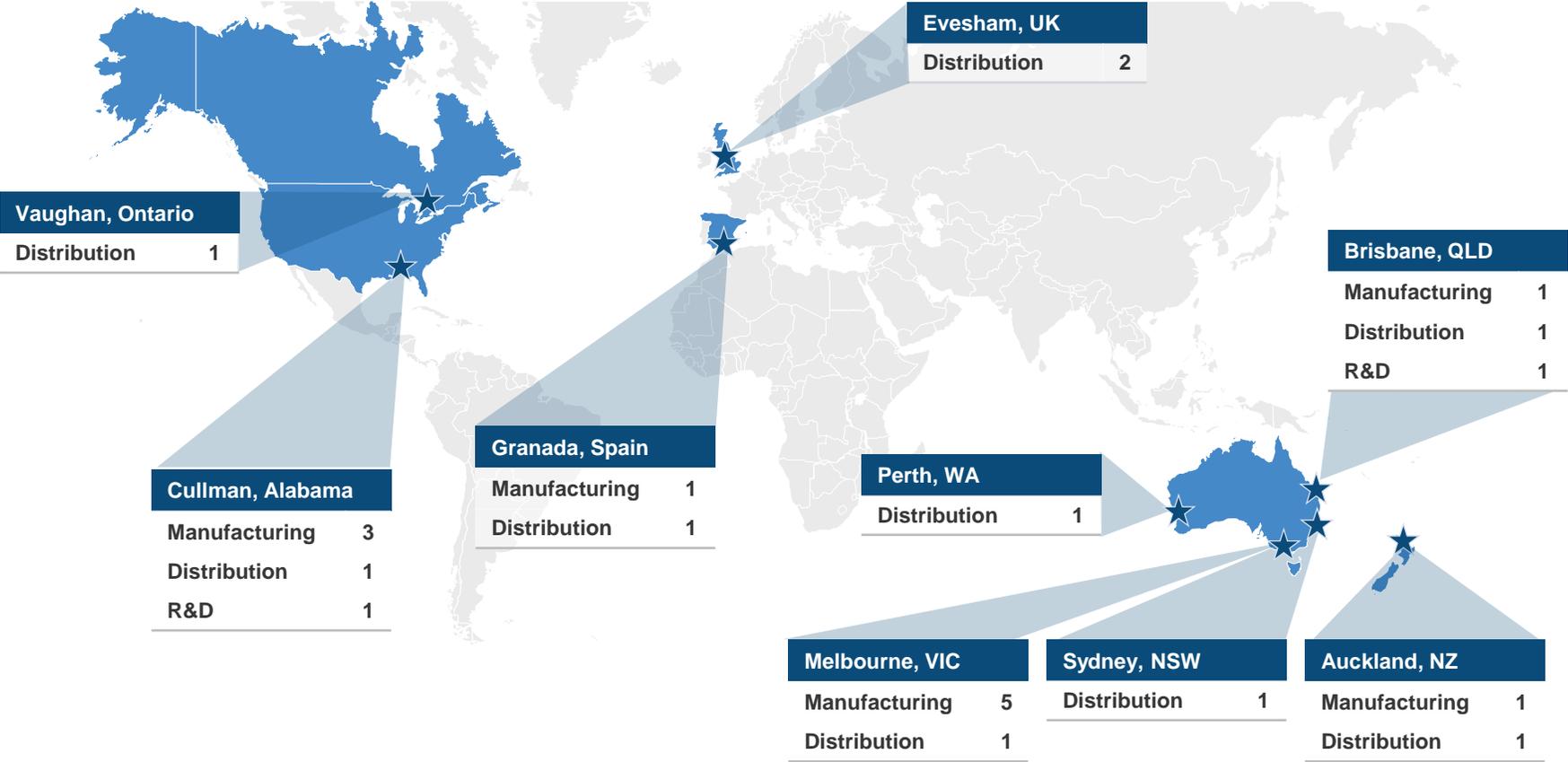
Market leader in North America and Australia across key product lines

	Product line	Key brands				
Fittings and pipe	Brass PTC fittings ¹ 		#1 RWC category share: 80% ²	#1 RWC category share: 85% ²	Recently launched	#1
	PEX pipe ¹ 	 	Top 5	#2	Recently launched	Recently launched
Valves	Temperature & pressure (“T&P”) relief valves ¹ 		#1	#1	#1	#1
	Thermostatic mixing valves ¹ 	 	Top 3	#1	#1	Top 2

Note 1: Market positions based on management estimates of units sold in calendar year 2014 in the relevant region

Note 2: Management’s estimate of the USA residential brass PTC fittings market share and Australian total brass PTC fittings category share for calendar year 2014

Global manufacturing and distribution footprint, with infrastructure in place to support strong future growth





3. Financial performance

FY2016 pro forma results (12 months)

June year end (A\$m)	Pro forma FY2016	Pro forma FY2015	Variance (%)	Prospectus forecast pro forma FY2016	Variance (%)
Net sales	534.4	451.7	+ 18%	534.9	–
EBITDA ¹	99.1	79.4	+ 25%	97.8	+ 1%
EBIT ¹	82.7	65.4	+ 26%	80.6	+ 3%
NPAT ¹	52.1	n/a	n/a	51.3	+ 2%
Key metrics					
EBITDA margin	18.5%	17.6%	+ 90 bps	18.3%	+ 20 bps
EBIT margin	15.5%	14.5%	+ 100 bps	15.1%	+ 40 bps
NPAT margin	9.7%	n/a	n/a	9.6%	+10 bps

Note: A reconciliation between pro forma and statutory results is included in the Appendix

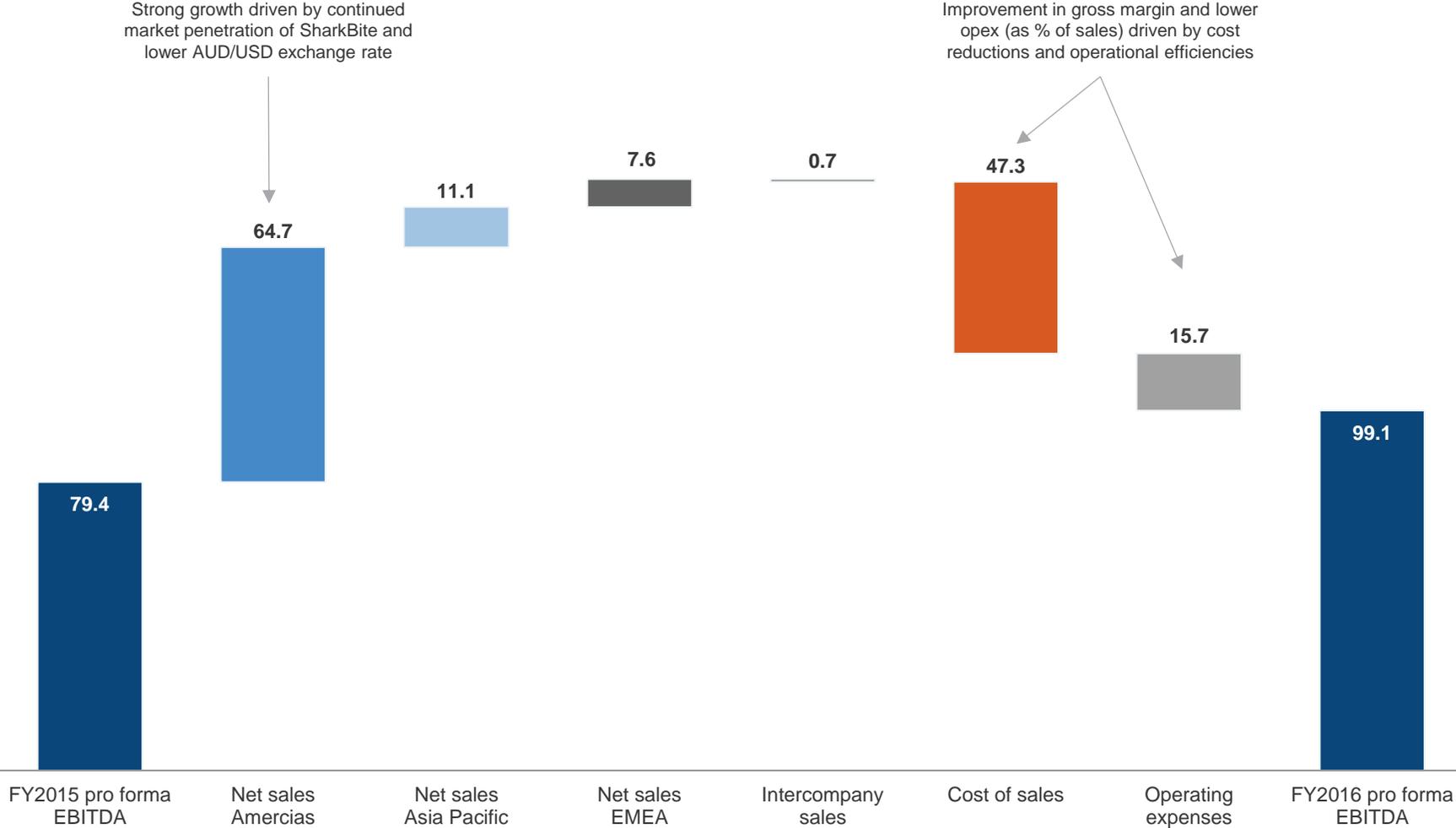
Note 1: Before significant items, refer to page 28 for statutory accounts which contain further details on significant items

n/a = Not available

Commentary

- FY2016 results ahead of prospectus forecast
- Achieved an 18% increase in net sales vs PF FY2015
- Double digit growth driven by strong performance from Americas and supported by a lower AUD/USD
- Strong growth from Retail and Wholesale channels across Americas and Asia Pacific
- Ongoing production efficiencies and procurement savings have supported margin expansion
- Pro forma FY2016 interest and tax in line with prospectus forecast
- Pro forma FY2016 NPAT above prospectus forecast due to higher EBIT than forecast in the prospectus

Group EBITDA bridge (FY2015 – FY2016) A\$m



Segment results – Americas

June year end (A\$m)	Pro forma FY2016	Pro forma FY2015	Variance (%)	Prospectus forecast pro forma FY2016	Variance (%)
Net sales ¹	365.0	300.3	+ 22%	364.0	–
EBITDA	58.4	47.4	+ 23%	57.1	+ 2%
<i>EBITDA margin</i>	16.0%	15.8%	+ 20 bps	15.7%	+ 30 bps

Financial commentary

- FY2016 results in line with prospectus forecast
- Achieved a 22% increase in net sales vs PF FY2015 driven by:
 - Continued market penetration of SharkBite
 - Strong demand from the Retail and Wholesale channels
 - Continued strong growth in sales to The Home Depot
 - Lower AUD/USD exchange rate
 - OEM sales flat due to softness in water heater sales

Operational commentary

- The Wholesale team, supported by Marketing and Training, is growing the market through strategic account management initiatives
- Ongoing participation in trade shows, promotional campaigns and training programs have driven increased brand and product awareness
- Production of SharkBite PTC fittings at Cullman, Alabama commenced in May 2016
- Significant progress made with EvoPEX – approval testing and trials completed

Note 1: Segment net sales includes intercompany sales between segments

Segment results – Asia Pacific

June year end (A\$m)	Pro forma FY2016	Pro forma FY2015	Variance (%)	Prospectus forecast pro forma FY2016	Variance (%)
Net sales ¹	201.0	189.9	+ 6%	200.4	–
EBITDA	39.3	33.4	+ 18%	39.0	+ 1%
<i>EBITDA margin</i>	19.6%	17.6%	+ 200 bps	19.5%	+ 10 bps

Financial commentary

- FY2016 results in line with prospectus forecast
- Achieved a 6% increase in net sales vs PF FY2015 driven by:
 - Strong performance from piping systems (Auspex and SharkBite)
 - Good growth in wholesale channel, partially offset by lower OEM sales
 - Lower sales to OEM channel

Operational commentary

- New electronic press successfully installed at Moorabbin, increasing production capacity
- Ongoing optimisation of SalesForce (CRM) to support sales and product management team
- FY2016 target savings from cost reductions achieved

Note 1: Segment net sales includes intercompany sales between segments

Segment results – EMEA

June year end (A\$m)	Pro forma FY2016	Pro forma FY2015	Variance (%)	Prospectus forecast pro forma FY2016	Variance (%)
Net sales ¹	51.1	43.5	+ 17%	53.7	- 5%
EBITDA	3.8	1.0	+ 280%	4.1	- 7%
EBITDA margin	7.4%	2.3%	+ 510 bps	7.6%	- 20 bps

Financial commentary

- Achieved a 17% increase in net sales vs PF FY2015 driven by:
 - Strong growth in Wholesale channel, underpinned by demand from all customers
 - Weaker AUD/GBP exchange rate
 - OEM sales flat, reflecting tougher market conditions in 2HFY2016
- FY2016 results slightly down compared to prospectus forecast
 - Slowdown in Wholesale market in the last two months due to Brexit
 - Lower sterling compared to prospectus forecast

Operational commentary

- Production of PEXa from Spain facilities commenced in late FY2016
- First sales to Eastern Europe made
- First shipments have been made to RWC Australia

Note 1: Segment net sales includes intercompany sales between segments

Strong free cash flow conversion (12 months)

June year end (A\$m)	Pro forma FY16	Pro forma FY15	Variance (%)	Prospectus forecast pro forma FY16	Variance (%)
EBITDA	99.1	79.4	+ 25%	97.8	+ 1%
Non-cash items in EBITDA	(0.3)	(1.6)	- 81%	-	<i>nmf</i>
Changes in working capital	(15.3)	0.5	<i>nmf</i>	(25.2)	- 39%
Cash flow from operations¹	83.5	78.3	+ 7%	72.6	+ 15%
Maintenance capital expenditure	(11.0)	(10.1)	+ 9%	(11.9)	- 8%
Growth capital expenditure	(19.1)	(19.5)	- 2%	(21.4)	- 11%
Proceeds from sale of assets	3.9	0.3	<i>nmf</i>	3.7	+ 5%
Net Investing cash flow	(26.2)	(29.3)	- 11%	(29.6)	- 11%
Net cash flow (before financing and taxation)¹	57.3	49.0	+ 17%	43.0	+ 33%
<i>Free cash flow conversion</i>	<i>84.2%</i>	<i>98.6%</i>	<i>- 14%</i>	<i>74.2%</i>	<i>+ 10%</i>

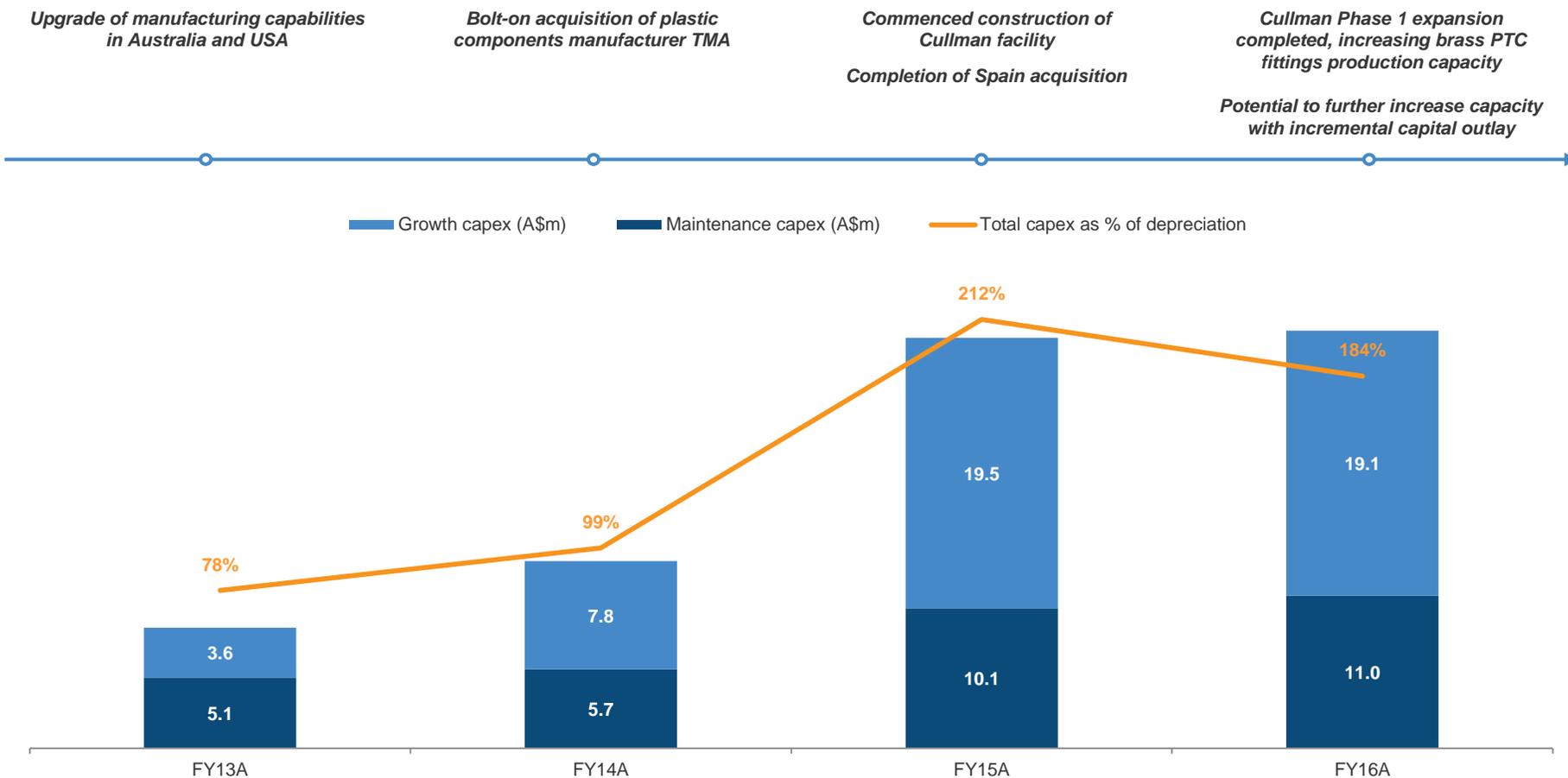
Commentary

- Stronger net cash flows compared with PF FY2015 and prospectus forecast
- Positive impact from inventory management
- Capital expenditure below prospectus forecast primarily due to minor variations in the Cullman, Alabama expansion

Note 1: Before significant items. refer to page 28 for statutory accounts which contain further details on significant items
 nmf = Not meaningful

Capital expenditure

Historical capex (A\$m) and capex as % of depreciation



Balance sheet strength

Capitalisation

A\$m	As at 30 June 2016	Prospectus pro forma (at completion of Offer)
Cash and cash equivalents	35.6	10.0
Total debt	163.5	164.5
Net debt	127.9	154.5
<i>Net debt / FY2016 pro forma EBITDA</i>	1.3x	1.6x
<i>FY2016 pro forma EBIT / Net finance costs</i>	13.1x	12.6x

Net working capital

A\$m	30 June 2016	Prospectus pro forma 31 December 2015
Trade and other receivables	95.0	89.4
Inventories	119.1	135.7
Trade and other payables	64.8	58.2
Net working capital	149.3	166.9

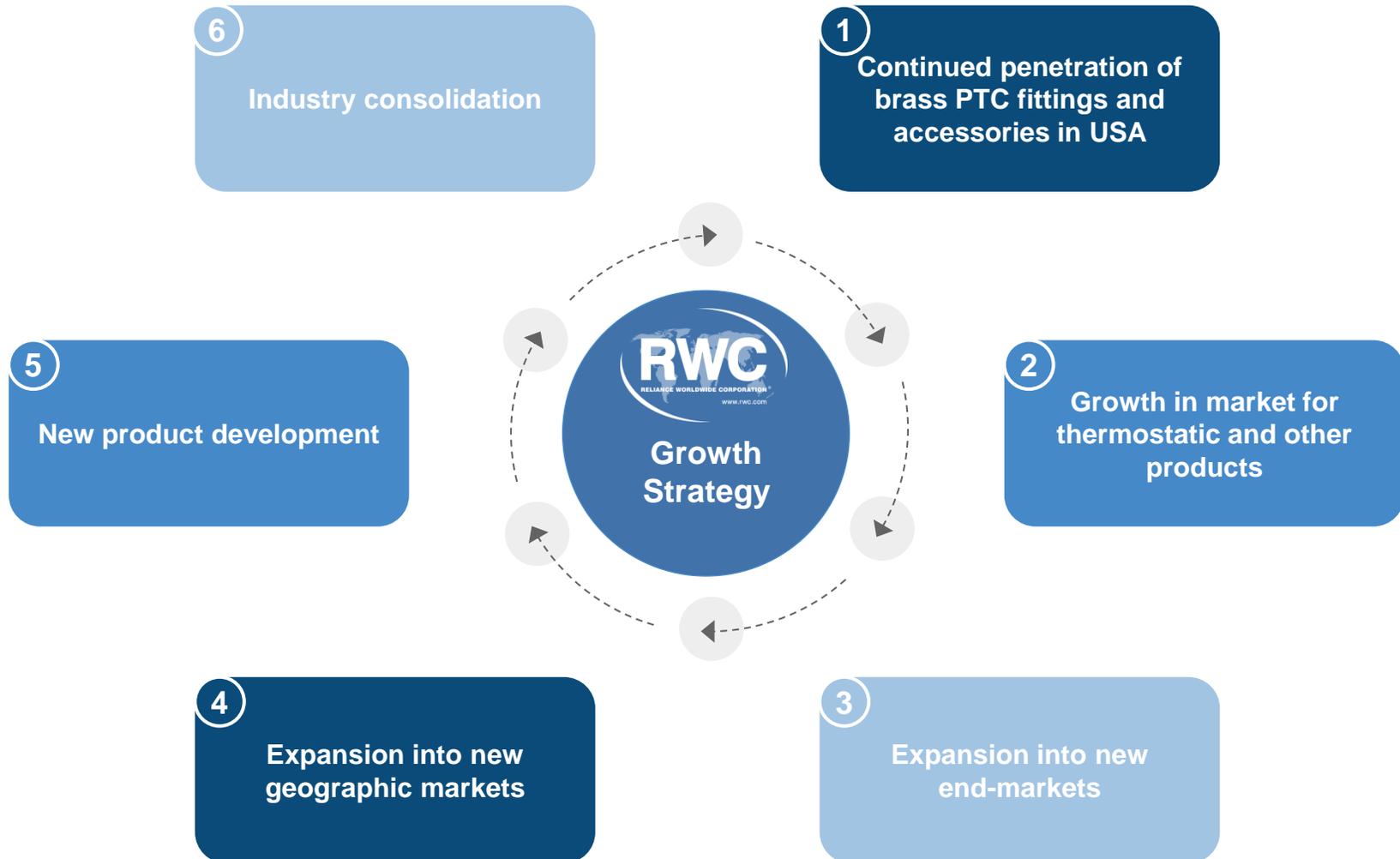
Commentary

- Strong balance sheet position
- Significant liquidity available to fund growth
- Lower net debt vs prospectus forecast due to:
 - Favourable cash flow variance
 - Lower IPO transaction costs
- Analysis vs PF FY2015 not meaningful as net debt at year end is reflective of post IPO debt structure
- Reduction in working capital in line with plan



4. Strategy and outlook

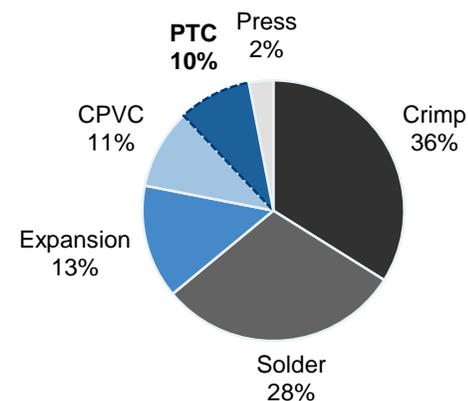
Overview of growth strategy



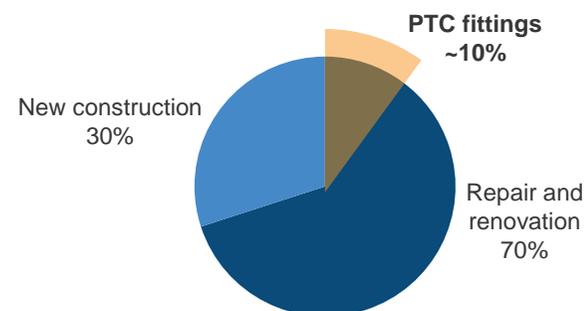
Increased penetration of PTC fittings and accessories in the USA

- PTC is the fastest growing category in US residential plumbing fittings
 - Current penetration remains low at ~10%
 - PTC sales projected to grow at CAGR of approximately 12% between 2014– 2017, outpacing growth in the wider plumbing fittings segment¹
 - PTC fittings penetration expected to drive PTC accessories growth
 - SharkBite well positioned to benefit with c.80% share of the brass PTC fittings category in the USA
- Drivers of RWC’s PTC fittings and accessories penetration:
 - Increasing product range with wholesale customers
 - Extension of PTC accessories range to meet flow-on demand from increased PTC fittings penetration and SharkBite brand success
 - Continued customer service and education

US residential plumbing fittings market by fitting type²



US residential plumbing fittings by end-market²



Note 1: Management estimates. On a sales volume basis

Note 2: Market position based on management estimates, on a unit sales volume basis for calendar year 2014

Expanding our USA retail distribution network

Overview of Lowe's agreement

- Agreement covers Reliance's SharkBite range of PTC fittings and accessories and related products, including PEX pipe, crimp fittings and clamps
- Sole Supplier arrangement – i.e. SharkBite range of PTC and related products will be the only products sold by Lowe's in this category
- National rollout to Lowe's 1,700+ stores in the USA to occur from late FY2017 and complete in FY2018
- Agreement not expected to have a material impact on Prospectus profit forecast for FY2017
- Distribution through The Home Depot and Lowe's ensures SharkBite products are sold and marketed as widely as possible in the retail channel
- Expected to have positive impact on growth and market penetration of SharkBite products in the USA from late FY2017

Investing in growth in the USA – Cullman, Alabama expansion

Overview

- Highly automated manufacturing and distribution centre located in Cullman, Alabama
- Manufactures control valves and PEX pipe
- Recent major investment program to support SharkBite growth in the USA
- Phase 1 (2 production cells) expansion completed in FY2016
 - Total capital cost of A\$18.2 million (below prospectus guidance)
 - Production of SharkBite PTC fittings has commenced from new facilities



Benefits of Cullman facility investment

- Increased brass PTC fittings production capacity to meet growing demand in USA and Canada
- More efficient management of inventory
- SharkBite now manufactured in both the USA and Australia
- Extra capacity can be brought online within 12 months with incremental additional capital outlay



Expansion into new end-markets through new product development

- Leveraging PTC technology to enter the USA residential new construction and commercial markets
- EvoPEX approval testing and trials completed
- SharkBite 2XL currently in the testing and commercialisation phase
- Preliminary market feedback has been positive and indicates that each new product range represents an attractive, labour saving solution

US new residential construction market solution: EvoPEX fittings



- Lower installed cost
- Made from engineered plastics and stainless steel materials
- Intended to win market share from more basic fittings (e.g. PEX barb, copper sweat)

US new commercial construction market solution: SharkBite 2XL fittings



- Larger diameter fitting better suited to commercial applications
- Lower installed cost

FY2017 outlook

- ✓ Reliance confirms its pro forma FY2017 Prospectus profit forecast¹
- ✓ Reliance confirms it is expected to consider an interim dividend in respect of the 6 months to 31 December 2016 and a final dividend in respect of the 6 months to 30 June 2017 in line with target dividend payout ratio (40-60% NPAT)

FY2017 Prospectus forecast

June year end (A\$m)	FY2017 Prospectus forecast
Net sales	587.8
EBITDA	117.7
EBIT	97.8
NPAT	62.6

Note 1: Forecast confirmed assuming, among other things, that current general economic conditions are maintained, including in the geographies where Reliance operates, and no significant changes to foreign currency exchange rates, particularly USD/AUD



5. Appendix

FY2016 statutory results

June year end (A\$m)	Actual statutory FY2016	Prospectus statutory FY2016	Variance (%)
Net sales	98.3	89.0	+ 10%
EBITDA ¹	17.3	15.2	+ 14%
EBIT ¹	13.9	12.0	+ 16%
Significant items ²	(12.1)	(15.2)	- 20%
EBIT (after significant items)	1.8	(3.2)	<i>nmf</i>
NPAT (after significant items)	(1.6)	(5.4)	<i>nmf</i>

Commentary

- Actual FY2016 statutory results exceeded prospectus forecast due to:
 - Timing of the restructure becoming effective; and
 - Lower IPO transaction costs
- Comparison to FY2015 not meaningful given full year of trading

Note 1: Before significant items

Note 2: Significant items include non-operating foreign exchange gains or losses, and expenses associated with the Initial Public Offering

nmf = Not meaningful

Statutory to pro forma results reconciliation

Statutory NPAT to pro forma NPAT

June year end (A\$m)	Actual FY2016	Prospectus FY2016	Variance (%)
Statutory NPAT	(1.6)	(5.4)	<i>nmf</i>
Offer transaction costs	12.1	15.2	- 20%
Trading for the period from 1 July 2015 to Completion of the Offer	68.9	68.6	-
Net finance costs	(5.2)	(5.3)	- 2%
Significant items	1.0	1.1	- 9%
Tax impact of adjustments	(23.1)	(22.9)	+ 1%
Pro forma NPAT	52.1	51.3	+ 2%

Commentary

- Trading for the period in line with prospectus forecasts
- Statutory NPAT higher than prospectus forecast due largely to lower than expected transaction costs

Note 1: Before significant items, refer to page 28 for statutory accounts which contain further details on significant items
 nmf = Not meaningful

