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RELIANCE WORLDWIDE CORPORATION LIMITED

ACN 610855877

1HFY18 RESULTS PRESENTATION

26 February 2018

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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 2017 Half Year Financial Report and the Results Announcement also released on 26 February 2018.

Agenda

1. Highlights

1HFY18 Achievements

- **Continued strong sales growth in the Americas led by core SharkBite products**
- **Double digit growth in external sales in Australia and the UK**
- **Completed integration of Holdrite acquisition with performance in line with expectations**
- **Completed seamless rollout of product to all 1,700+ Lowe's stores**
- **Ongoing market penetration in North America for brass PTC with SharkBite products now in more than 23,000 outlets, an unrivalled distribution network**
- **Execution of manufacturing expansion program to meet future demand on track**
- **Investing in product development, commercial capabilities and sales resources to drive future growth**
- **Launched the Streamlabs™ brand, a new growth platform for RWC, and its first product, the Smart Home Water Monitor, at the Consumer Electronics Show (CES) in January 2018**

1HFY18 Financial Highlights

Net sales

$362.6 million

+28% growth[1], +31% on a constant currency basis

EBITDA

$79.3 million

+25% growth[1], +27% on a constant currency basis

NPAT

$41.5 million

8.0 cents per share (basic), +19% growth[1]

Continued strong sales growth from Americas

+34% growth[1], +39% on a constant currency basis

Balance Sheet strength

Leverage ratio at 1.8x. An 8% reduction from 30 June 2017

Interim dividend declared of 3.5 cps

Represents dividend payout ratio of 44% of NPAT

Solid financial performance in 1HFY18. On track to deliver increased full year EBITDA forecast of between $150m and $155m.

[1] Growth rates expressed as change over comparative six month period ending 31 December 2016

2. Financial Performance

1HFY18 Results

June year end (A$m)	1HFY18	1HFY17	Variance (%)
Net sales	362.6	282.7	28.3%
EBITDA	79.3	63.7	24.5%
EBIT	67.8	54.7	23.9%
NPAT	41.5	35.3	17.5%
Key metrics			
EBITDA margin	21.9%	22.5%	(60) bps
EBIT margin	18.7%	19.3%	(60) bps

Commentary

- Net sales up 28% compared to 1HFY17 (+31% on a constant currency basis)
  - Solid performance across all 3 segments[1]: Americas (+34%), Asia Pacific (+10%) and EMEA (+24%)
  - Continued strong demand for PTC fittings and accessories globally (>25% growth)
  - Solid contribution from Holdrite
- EBITDA up 25% compared to 1HFY17 (+27% on a constant currency basis)
  - Gross margin flat as production scale and efficiencies offset rises in copper and other input costs
  - Operating expenses in line with plan but higher than last year to support growth initiatives

[1] Segment net sales growth includes intercompany sales between segments

Segment Results – Americas

June year end (A$m)	1HFY18	1HFY17	Variance
Net sales[1]	266.8	198.8	*+ 34.2%*
EBITDA	52.9	37.1	*+ 42.6%*
EBITDA margin	*19.8%*	*18.7%*	*+ 110 bps*

Financial commentary

- Net sales growth of 34% compared to 1HFY17 (+39% on a constant currency basis)
- Continued strong demand growth across Retail/Hardware channel
- Gross margin improvement resulting from product mix, inclusion of Holdrite, improved scale in USA manufacturing as well as ongoing efficiency improvement and despite rise in the cost of copper
- Increased supply chain costs due to volume driven SG&A activities as well as investment to support ongoing growth

Operational commentary

- Holdrite integration completed on schedule, with sales and EBITDA growing as expected
- Completion of rollout and announced changes to product availability and assortment at Retail distributors, with sales growing in line with plan
- Signed over 2,000 stores with a long standing Hardware channel customer to display an expanded PTC and pipe total solution offering
- Maintained strong delivery performance; >99% order fill rate to the Retail channel continues to be achieved
- Expansion into residential and commercial new construction accelerating via Holdrite and EvoPEX products
- Continued manufacturing capacity expansion to meet expected future demand growth progressing on plan

[1] Segment net sales includes intercompany sales between segments

Segment Results – Asia Pacific

June year end (A$m)	1HFY18	1HFY17	Variance
Net sales[1]	121.6	110.9	*+ 9.6%*
EBITDA	29.9	27.1	*+ 10.3%*
EBITDA margin	*24.6%*	*24.4%*	*+ 20 bps*

Financial commentary

- Net sales growth of 10% compared to 1HFY17
  - Double digit growth in external sales, with strength across product categories, particularly PEX piping systems
  - Continued growth in intersegment sales, driven by ongoing demand in the Americas and preparation for the northern hemisphere winter
- Stable margins supported by:
  - Ongoing procurement savings and strong recoveries due to high SharkBite production helping to offset rising copper and energy costs
  - Modest inflationary rises and productivity improvements from capital investment to support growth

Operational commentary

- Strong SharkBite production
- Supply chain improved for sale and distribution of PEXa pipe from Spain
- Undersink thermostatic valves in stock and ready for launch
- Preparation well underway for EvoPEX launch

Note 1: Segment net sales includes intercompany sales between segments

Segment Results – EMEA

June year end (A$m)	1HFY18	1HFY17	Variance
Net sales[1]	29.4	23.7	*24.1%*
EBITDA	(0.4)	0.8	*nm*
EBITDA margin	*(1.4%)*	*3.4%*	*- 480 bps*

Financial commentary

- Net sales increase of 24% compared to 1HFY17 (+23% on a constant currency basis)
- Demand in the UK from Wholesale and OEM customers remains strong, particularly for underfloor heating, thermal interface units and control valves
- Spain sales growth in line with plan, with significant growth in external sales in Europe balancing ongoing PEXa production sold to RWC Australia to meet local demand
- EBITDA loss reflects investment in selling & marketing resources and capabilities; and some one-off business development costs
- Positive EBITDA contribution forecast for the full year to be driven by improved gross margin and reduced SG&A spend in the second half

Operational commentary

- Ongoing production efficiency improvements in Spain facility as the operation achieves increased scale
- Spain production capacity being expanded to meet projected demand growth in Europe
- Ongoing management of PEXa supply chain to Australia to balance inventory levels
- Commercial team in the UK continues to deliver strong growth in thermostatic sales to the Wholesale market

Note 1: Segment net sales includes intercompany sales between segments

Strong Cash Flow Generation

June year end (A$m)	1HFY18	1HFY17	Variance
EBITDA	79.3	63.7	*+ 24.5%*
Non-cash items in EBITDA	(0.2)	(0.2)	*+ 0.0%*
Changes in working capital	(23.3)	(9.9)	*- 135.4%*
Cash flow from operations[1]	**55.8**	**53.6**	***+ 4.1%***
Maintenance capital expenditure	(5.5)	(5.4)	*- 1.9%*
Growth capital expenditure	(10.4)	(4.1)	*- 153.7%*
Other	(1.8)	(2.1)	*+ 14.2%*
Proceeds from sale of assets	0.9	0.2	*+nm[4]*
Net Investing cash flow	**(16.8)**	**(11.4)**	***- 47.4%***
Net cash flow[3]	**39.0**	**42.2**	***- 7.6%***
Operating cash flow conversion[2]	*70.4%*	*84.1%*	*- 1,370 bps*

Commentary

- Free cash flow generation[3] of $39.0m in 1HFY18
- Lower conversion ratio reflects investment in inventory to support an expanded business and larger trade receivables reflecting the presence of new major customers
- Capital expenditure reflects expansion to meet forecast demand

[1] Before significant items, capex and taxation;
[2] Cash flow from operations[1] / EBITDA;
[3] Before significant items, financing and taxation
[4] nm = not meaningful

Balance Sheet Strength

Debt metrics

A$m	31 December 2017	30 June 2017
Cash and cash equivalents	25.0	35.0
Gross debt	268.4	270.4
Net debt	**243.4**	**235.4**
Net debt / LTM EBITDA[1]	1.79x	1.95x
LTM EBIT[1] / Net finance costs	15.9x	20.2x

Net working capital

A$m	31 December 2017	30 June 2017
Trade and other receivables	112.8	109.7
Inventories	170.0	161.2[2]
Trade and other payables	(89.5)	(97.9)
Net working capital	**193.3**	**173.0**

1 EBITDA and EBIT reflect contributions from Holdrite only for the post-acquisition period of 12 June 2017 to 31 December 2017.

2 Restated to reflect final purchase price accounting for Holdrite acquisition.

Commentary

- Strong balance sheet with net leverage reduced to 1.79x at 31 December 2017
- Higher inventories compared with 30 June 2017 to support growth in business and build for North America winter

3. Growth Strategy and Outlook

Overview of Growth Strategy

Invest in the core

- Continued penetration of core brass PTC fittings & accessories in Americas
- Growth in core valves, pipe, thermostats across all existing geographies

Create new solutions

- New product development & innovation
- New end-use applications (e.g. residential new construction)

Expand geographically

- Selectively expand into attractive European markets
- Explore opportunities in growing Asian markets

Disciplined M&A to accelerate growth

- Pursue adjacent “tuck under” opportunities like Streamlabs
- Strategic opportunities

Drives Cash Flow and ROIC

FY18 Outlook

- **FY2018 forecast EBITDA of between $150 million and $155 million[1]**
- **Continued market penetration of SharkBite PTC fittings and accessories in the Americas**
- **Increased penetration of residential and commercial new construction markets with Holdrite and EvoPEX products**
- **Positive net impact of recent winter weather events in the Americas segment expected**
- **Capital expenditure forecast at $35 million, consistent with prior guidance**
- **Target total dividend payout ratio for FY18 of between 40% - 60% of NPAT**

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

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