

**ASX Announcement**

1 October 2020

**Investor day presentation slides**

Attached is a copy of the presentation being given today by members of the senior management team of Reliance Worldwide Corporation Limited (ASX: RWC).

A live webcast of the investor day presentation will commence at 8.30am AEST and can be viewed via this link:

REGISTRATION LINK: [CLICK HERE](#)

A replay of the presentations will be available following the end of the event at:

<https://rwc.com/investors/financial-reports-and-presentations>

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This document was approved for release by the Disclosure Committee.



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# Investor Day

1 October 2020



# Important notice

This presentation contains general information about the activities of Reliance Worldwide Corporation Limited and its operating businesses at the date of presentation (1 October 2020). It is information given in summary form and does not purport to be complete. It should be read in conjunction with Reliance Worldwide Corporation Limited's periodic reporting and other announcements made to the ASX.

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## Investor Day Welcome and Objectives

Thursday, October 1, 2020



# Welcome and RWC introductions



Heath Sharp  
Group CEO



Andrew Johnson  
Group CFO



Sean McClenaghan  
CEO Americas



Edwin de Wolf  
CEO EMEA



Brad Reid  
CEO APAC



Tracy Scott  
Group SVP Operations



Phil King  
Group IR Director



Christopher Sandman  
VP Strategy and M&A



Kal Nanji  
VP Group Strategic Marketing

# Agenda

|                         |                   |                     |
|-------------------------|-------------------|---------------------|
| Welcome and Objectives  | 8:30am – 8:40am   | Heath Sharp         |
| Trading Update          | 8:40am – 8:45am   | Andrew Johnson      |
| Safety and Operations   | 8:45am – 9:00am   | Tracy Scott         |
| Strategy                | 9:00am – 9:20am   | Christopher Sandman |
| Markets and Growth      | 9:20am – 9:40am   | Kal Nanji           |
| Session 1 Q&A           | 9:40am – 10:00am  | All                 |
| Break                   | 10:00am – 10:10am |                     |
| EMEA                    | 10:10am – 10:30am | Edwin de Wolf       |
| APAC                    | 10:30am – 10:45am | Brad Reid           |
| Americas                | 10:45am – 11:10am | Sean McClenaghan    |
| Close and Session 2 Q&A | 11:10am – 11:30am | All                 |

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# Trading Update

Andrew Johnson, Group CFO

# Trading update

All regions have seen a continuation of the trends noted at the FY20 results announcement

| Region   | Sales % change over pcp<br>(constant currency) |                      | Commentary   |
|----------|--|----------------------|--|
| Americas | July:<br>August:<br>September <sup>1</sup> :   | +22%<br>+15%<br>+29% | <ul style="list-style-type: none"> <li>Continued recovery seen in Wholesale sales and Canada</li> <li>Retail and Hardware sales growth remains strong</li> <li>FluidTech, OEM and MRO sales collectively in line with prior year</li> </ul>  |
| APAC     | July:<br>August:<br>September <sup>1</sup> :   | +4%<br>-2%<br>+4%    | <ul style="list-style-type: none"> <li>External sales up 2% in August, internal sales higher but down in A\$ due to currency translation impacts</li> <li>We remain cautious about the outlook for the year given decline in new residential construction approvals and commencements</li> </ul>   |
| EMEA     | July:<br>August:<br>September <sup>1</sup> :   | -4%<br>+5%<br>+24%   | <ul style="list-style-type: none"> <li>Recovery in sales in UK and Europe as these markets have progressively reopened</li> <li>Satisfaction of pent-up demand and distributors restoring inventory levels has aided sales recovery</li> <li>Underlying demand levels hard to gauge at present</li> <li>Rising COVID-19 case numbers in UK and Continental Europe a concern</li> </ul> |

<sup>1</sup> Sales for the period up to and including 25 September 2020



## Investor Day **Safety and Operations Review**

Thursday October 1, 2020



# Agenda

1. Safety and COVID-19
2. Operations Excellence

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# Safety

Our top priority remains our people

Tracy Scott, Group SVP Operations

# COVID-19

Focus on health and safety of our people while ensuring delivery to customers

## People



- Temperature check and health questionnaire for employees
- PPE and hand sanitizer deployed
- Work from home for office-based employees
- Frequent communication

## Procedure



- Following government protocols
- Implemented social distancing controls in workplace
- Increased workplace cleaning protocols
- COVID quarantine and return to work procedures

## Supply Chain



- Redesigned workstations for social distancing, with some productivity impact
- Closely managing global supply chain with minimal disruptions
- Increasing output to support higher demand

Still in the midst of COVID-19 impacts, but managing it well

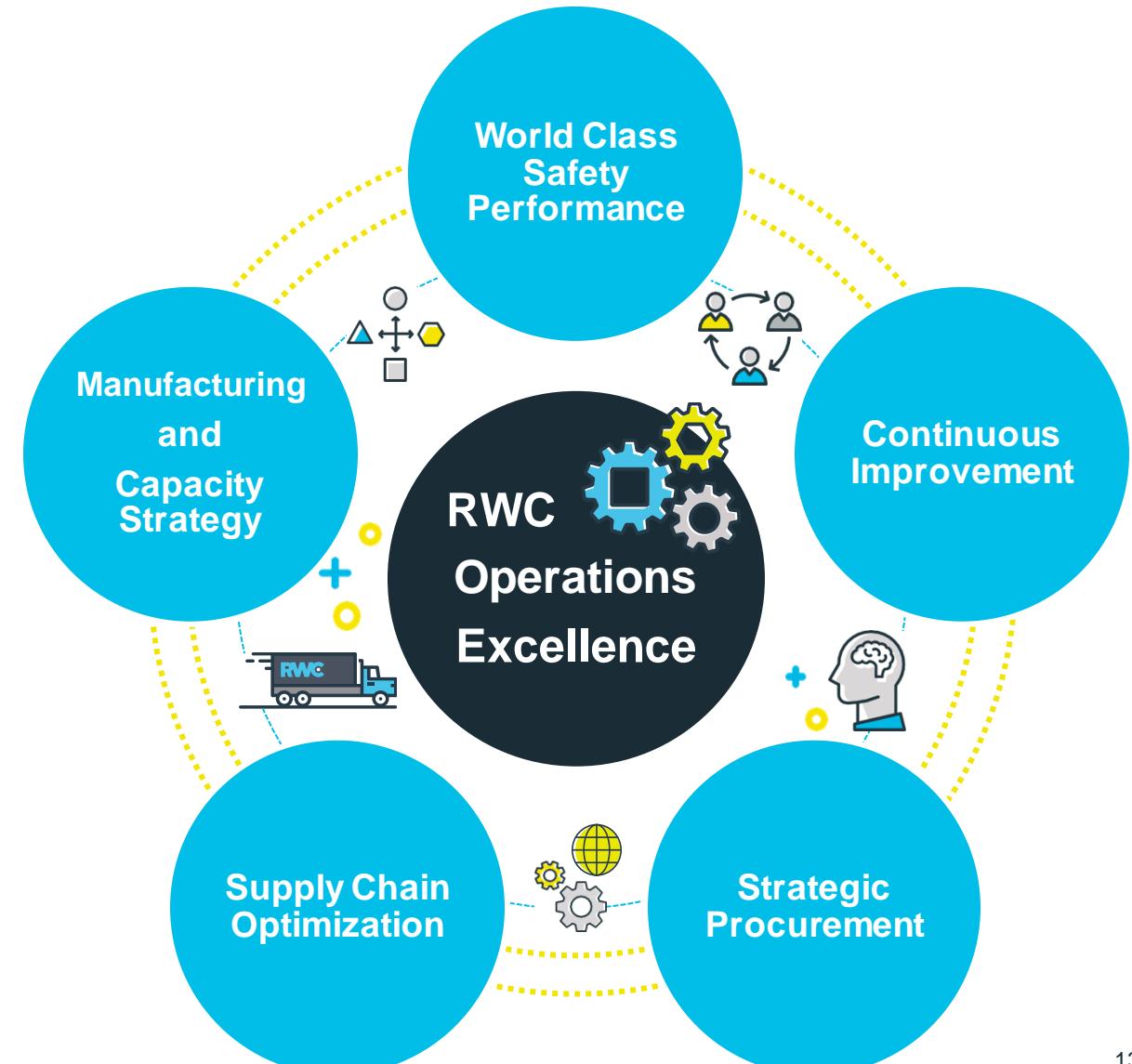
# Operations Excellence

Driving efficiency across our global supply chain

Tracy Scott, Group SVP Operations

# Operations Excellence Focus

- Superior **safety** performance
- **Cost savings** to offset non-commodity inflation
- **Lean management** to drive plant efficiency
- **Employee** engagement/ownership
- Standardize and **leverage global spend**
- Procurement **risk mitigation** strategies
- Supply chain optimization through **S&OP**
- Global benchmarking to identify and share **best practices** across the Group
- Capacity **investment strategy** to enable growth
- Manufacturing and distribution **footprint strategy**



# Operations Excellence – CI and Procurement

Advancing our Continuous Improvement culture and processes



Closely monitored, impactful initiatives driving efficiencies and improvements globally

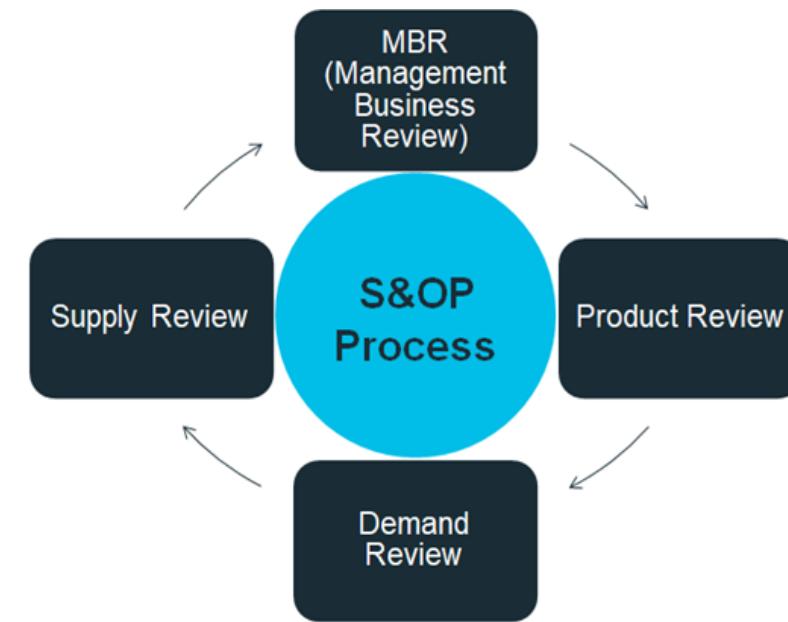
# Operations Excellence – Supply Chain

Continuous improvement in Supply Chain processes to drive efficiency and service

## Supply Chain Actions

- Implemented S&OP in Americas; translate to other regions in FY21
- Improved scheduling and inventory planning
- Benchmarking to share best practices across regions

## Rigorous Supply Chain Management



## Ongoing Results

- 98+% OTIF into US retail despite COVID challenges
- Efficiencies through improved inter-region supply chain mgmt.
- Effective COVID supply chain management

Enabling continued growth while scaling more efficient, lower cost operations

# Operations Focus – Manufacturing Strategy

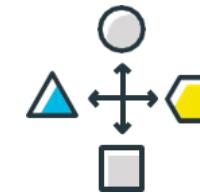
Strategic actions to ensure productive and efficient operations footprint

## Strategy Assessments



- Ongoing assessments conducted for operations footprint and capacity investment strategies

## Current Actions



- Consolidated HoldRite facility into Cullman
- Outsourced brass manufacturing in UK
- Expanding distribution footprint in Cullman
- Invested in capacity and efficiency projects

## Ongoing Activity



- Exploring alternative manufacturing technologies
- Assessment of long-term footprint as business grows

Long-term vision for operations footprint to ensure capacity, efficiency, and profitability



## Investor Day **Strategy and Market Review**

Thursday October 1, 2020



# Agenda

1. Strategy Review
2. Markets and Growth

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# Our Strategy

Focused priorities delivering growth and profitability

Christopher Sandman, VP Strategy and M&A

# Strategy summary

A focused plan to generate shareholder value through growth and profitability

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Generate sustainable demand  
for our products

**Know the Customer**

**Serve the Customer**

**Grow the Customer**

Drive results with distinctive capabilities

**Product Leadership**

**Distributor Partnerships**

**Operational Excellence**

Attract and retain the best  
talent in our industry

**Support Our People**

**Develop Talent**

**Positive Social Impact**

Create shareholder value by growing  
revenue and increasing profitability

# Generate sustainable demand for our products

Focus relentlessly on the needs of our customers to generate sustainable demand for RWC solutions across regions

Personalization Only



**Know the Customer**



**Serve the Customer**



**Grow the Customer**

## Goals

- Understand their day to day challenges
- Gain insights and solve their problems
- Deliver clever solutions
  
- Unmatched customer service responsiveness
- Industry leading delivery, availability, and support across portfolio of strong brands
  
- Own the project with compatible solutions
- Provide merchandising, marketing and training excellence

## Our Strategy in Action

- Through in-depth customer interactions, developing solutions to challenges including labor shortage, improving efficiency, and reduced callbacks
  
- High volume capacity and distribution capabilities to scale across levels of demand
- Contractor services providing tech support, design services, and submittals for our Americas Commercial segment
  
- Focused BD teams calling on MEPs and Engineers and expanding our opportunity per project
- Dedicated channel teams in EMEA focused on growing FluidTech solutions across applications



# Attract and retain the best talent in our industry

Invest in an inclusive, supportive, and sustainable business to attract and retain the best talent in our industry

Personal Journey



Support Our People



Develop Talent



Positive Social Impact

## Goals

- Continuously improving employee engagement to grow a strong company culture centred around our S.P.I.R.I.T.<sup>1</sup>values
- Grow, mentor, and challenge our people throughout the organization
- Provide an inclusive and energetic place to work through D&I leadership
- Align and integrate ESG approach into business objectives

## Our Strategy in Action

- Ongoing employee engagement measurements to benchmark and improve our culture
- Newly launched S.P.I.R.I.T values recognition program to encourage and showcase employees leading with our values
- Established talent development, succession planning, and training initiatives across our regions to ensure our talent can grow to their potential
- Broad, goal focused D&I initiative implemented and integrated across regions
- Developing strong ESG foundation embedded into core values and driving community engagement, sustainability initiatives, and superior governance



<sup>1</sup> S.P.I.R.I.T. values defined on page 90

# Drive results with distinctive capabilities

Create value through delivery of quality products with world class cost structure to grow revenue, increase profitability, and build shareholder value



## Product Leadership



## Distributor Partnerships



## Operational Excellence

### Goals

- Deliver an unrivaled portfolio of solutions focused on ease of use and labor savings by leveraging R&D, supply chain, and M&A
- Put value on shelves through innovation and demand generation
- Actively pursue opportunities with channel partners to grow their business
- Margin enhancement through continuous improvement initiatives across operations and supply chain
- Rigorous SG&A control and responsible capital allocation

### Our Strategy in Action

- Leveraging our R&D centers across our regions to address end user challenges
- Ongoing portfolio assessments designed to fill gaps through strategic development or established programmatic M&A
- Leveraging the strength of our channels to extend our powerful brands into new adjacent core categories
- Growing revenues of core product through creative merchandising that highlights the benefit of total solutions
- 98%+OTIF into our Americas retail channel
- Lean management to drive plant efficiency and employee ownership/engagement
- Supply chain optimization through robust S&OP



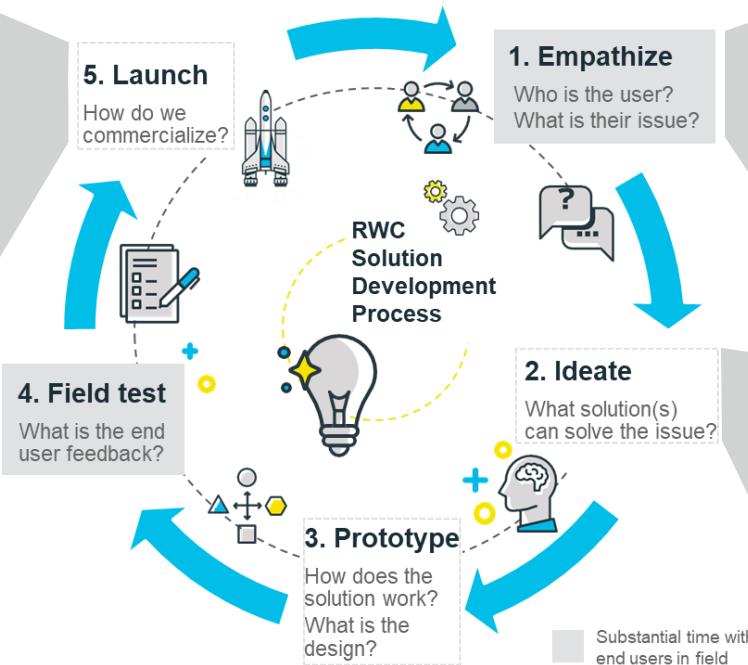
# Product Leadership – Know the Customer

Successful Firestop solution developed by gaining insights through customer empathy and responsive, iterative development

## Commercialize and Launch



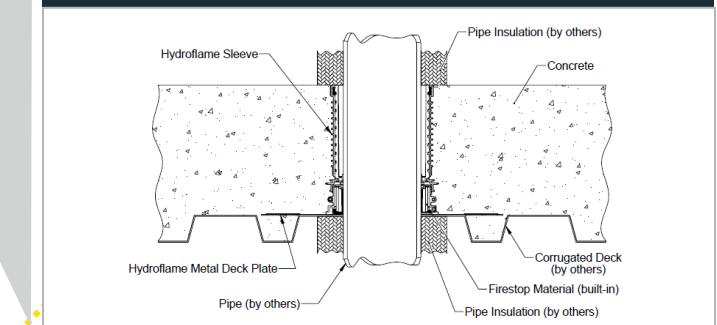
## Field & Lab Tests



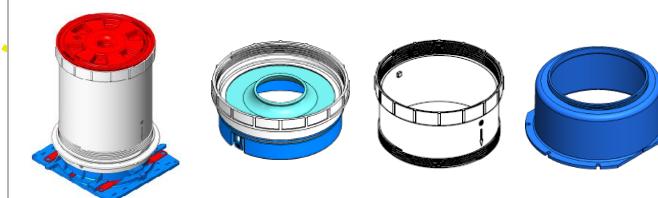
## Empathize



## Ideate

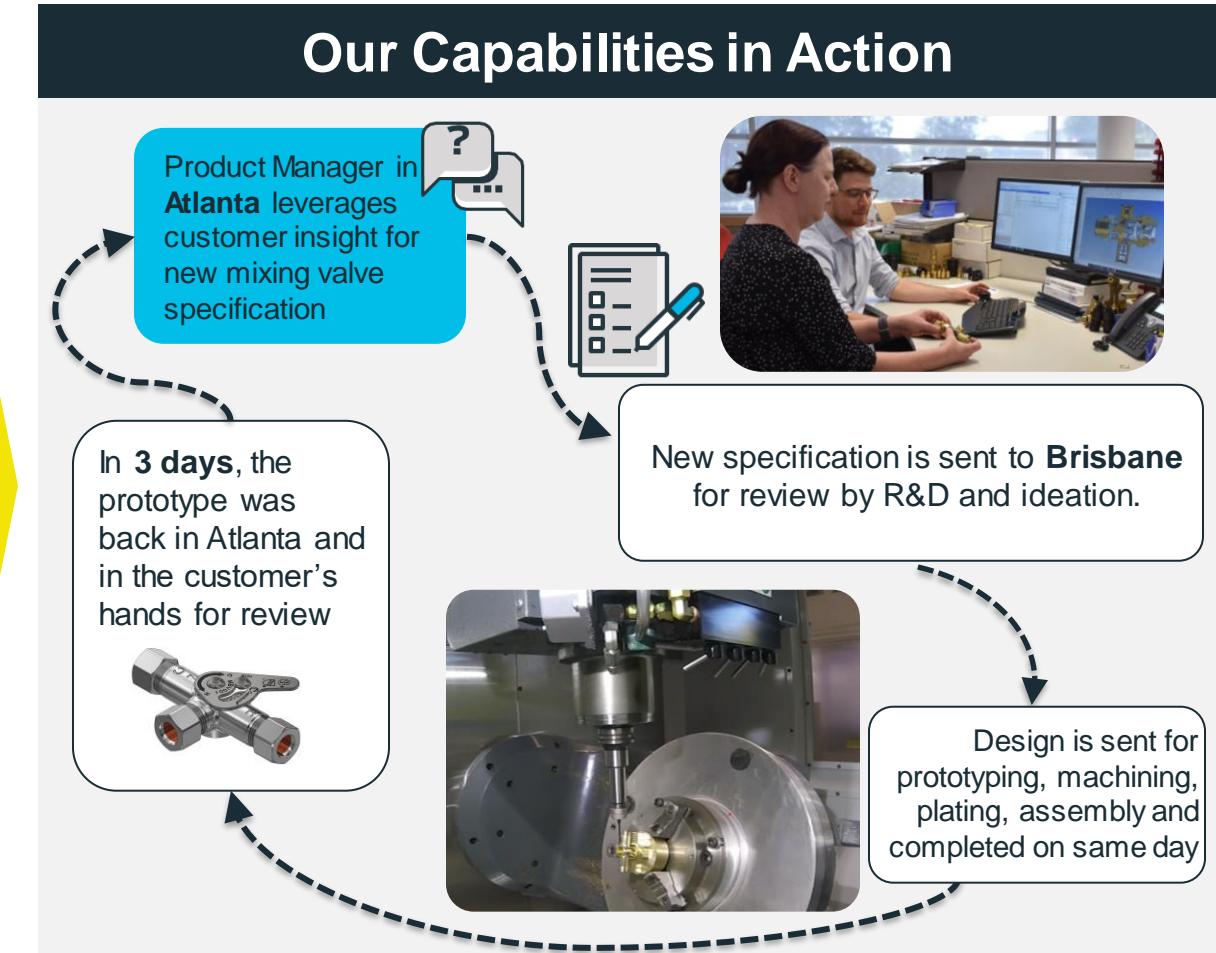
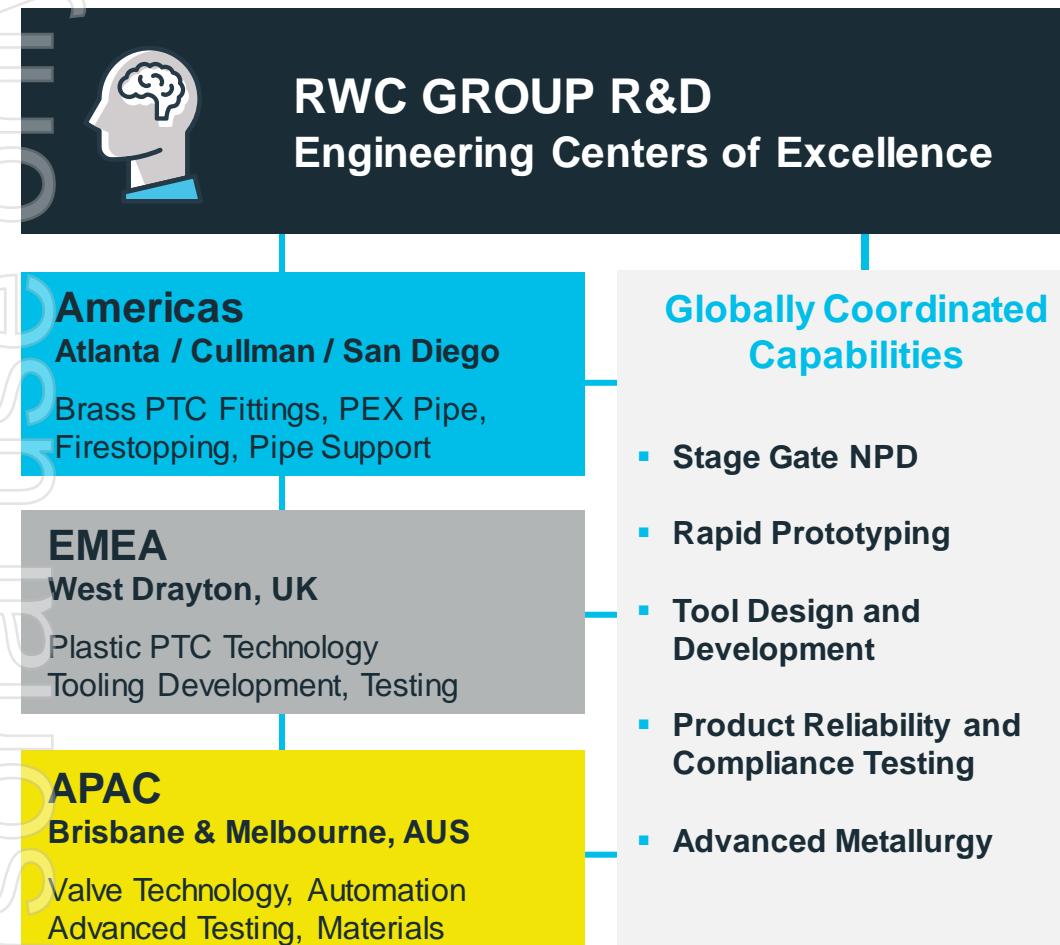


## Prototype



# Product Leadership – R&D Capability

Our R&D centers of excellence leverage insights to develop solutions solving end user challenges for our customers around the world



# Distributor Partnerships – Retail Excellence

We create tremendous value for our strategic partners through demand generation, service excellence, and proactive engagement



## 2018 Lowe's Vendor Partner of the Year for Building Materials

An incredible honor in just  
one year of partnership  
with Lowe's

**Value Creation in Action**

The first photograph shows a narrow aisle with two shelves filled with various sizes of fittings. The second photograph shows the same aisle after a renovation, where the shelves have been expanded to accommodate more products, demonstrating how RWC has created value by increasing space for existing categories.

**Growth through increasing space for existing, in demand categories**

The first photograph shows a standard retail shelf with a limited selection of valves and connectors. The second photograph shows the same shelf after being restocked with a much larger variety of products from different brands, illustrating how RWC has expanded into new categories while improving customer-focused merchandising.

**Growth through expansion into new categories along with improvement in customer focused merchandising**

# Strategic priorities support our long-term vision

**Be the premier plumbing products company worldwide, recognized for customer focused innovation, value generating brands, unmatched service, and a dynamic team culture**

## Generate sustainable demand for our products

### Know the Customer

- Understand their day to day challenges
- Gain insights and solve their problems
- Deliver clever solutions

### Serve the Customer

- Unmatched customer service responsiveness
- Industry leading delivery, availability, and support across portfolio of strong brands

### Grow the Customer

- Own the project with compatible solutions
- Provide merchandising, marketing and training excellence

## Drive results with distinctive capabilities

### Product Leadership

- Deliver an unrivaled portfolio of solutions focused on ease of use and labor savings by leveraging R&D, supply chain, and M&A

### Distributor Partnerships

- Put value on shelves through innovation and demand generation
- Actively pursue opportunities with channel partners to grow their business

### Operational Excellence

- Margin enhancement through continuous improvement initiatives across operations and supply chain
- Rigorous SG&A control and responsible capital allocation

## Attract and retain the best talent in our industry

### Support Our People

- Continuously improving employee engagement to grow a strong company culture centred around our S.P.I.R.I.T. values

### Develop Talent

- Grow, mentor, and challenge our people throughout the organization

### Positive Social Impact

- Provide an inclusive and energetic place to work through D&I leadership
- Align and integrate ESG approach into business objectives

**Create shareholder value by growing revenue and increasing profitability**

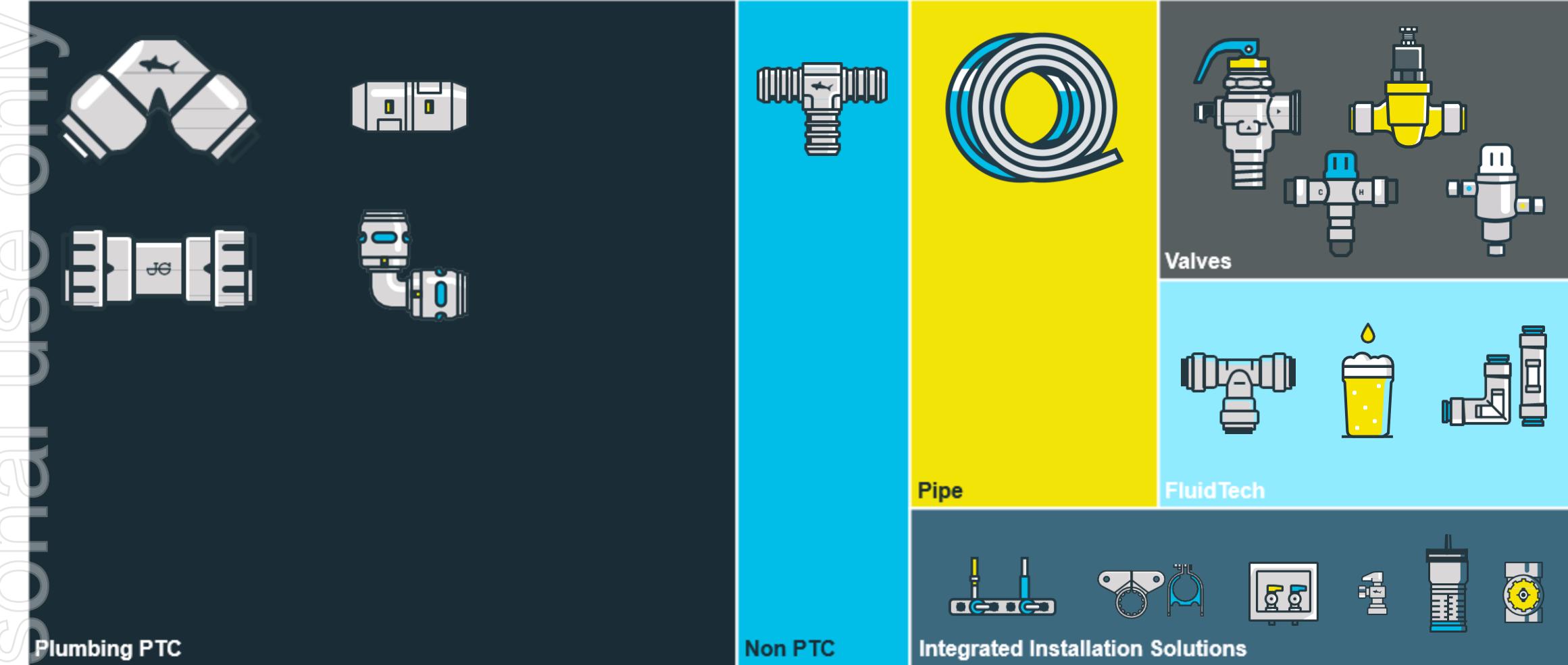
# Markets and Growth

Powerful global brands in relevant categories  
supporting our End Use Customer

Kal Nanji, VP Group Strategic Marketing

# Category leadership

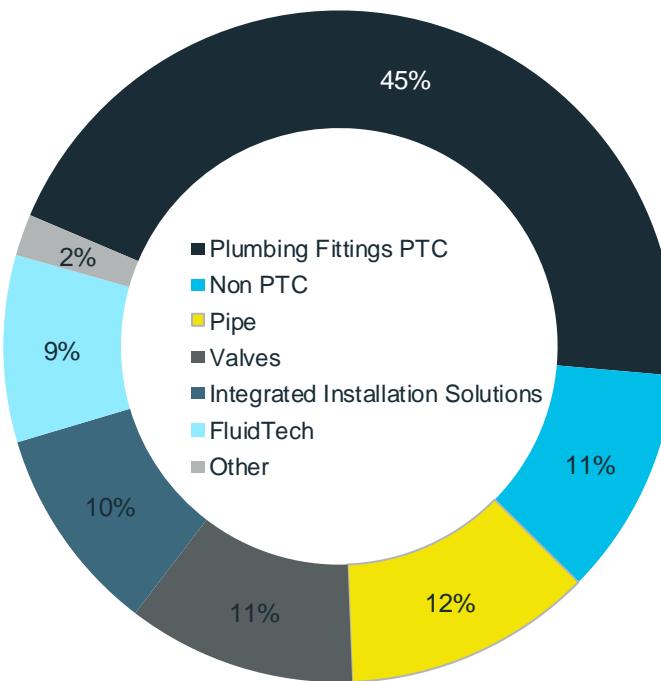
Growing diversification offers a basket of product solutions for our core markets



# Fittings provide a strong foundation

A variety of fittings solutions that deliver efficiency and reliability available through a vast network of outlets across markets and channels

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## Plumbing PTC



**SharkBite™ available across Americas, UK, and Australia**

- #1 position in Americas
- #1 position in Australia
- Growing in UK and Europe

**The global leader in Plastic PTC**

- #1 positions in Americas, UK, and Australia
- Top 3 in Europe and growing

## Non-PTC



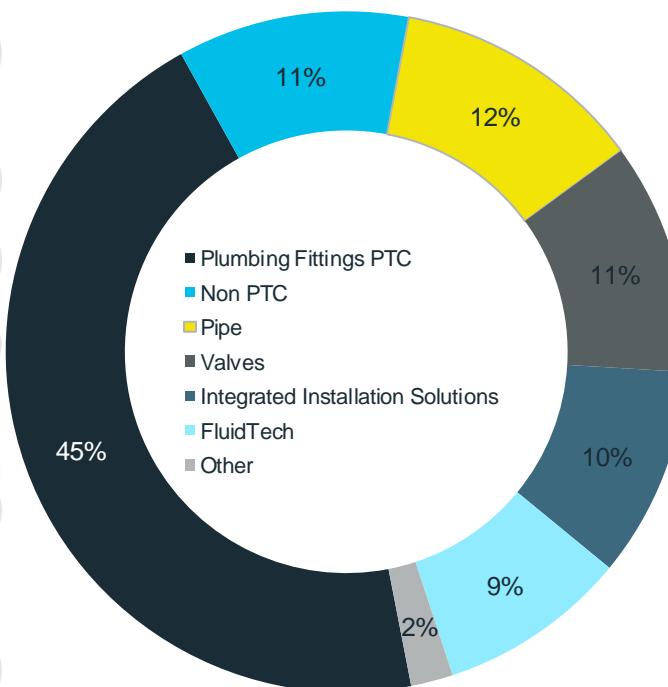
**Essential product to complete our portfolio**

- Provides a fitting solution for multiple applications
- One of several products that complete a “basket” of solutions and drives sales across categories
- Leverages scale of our distribution network

# Growing category diversification

RWC has built a complete portfolio of solutions with top market positions - all aligned with the SharkBite value proposition – ease of use, efficiency, labor savings, and availability

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## Pipe



**PEX pipe available across global regions**

- Top 3 producer in US
- Top 2 in UK
- Top 2 in Australia

## Valves



**Multiple valve types available across the globe**

- #1 water heater valve producer across Americas, UK and Australia
- Top 2 Thermostatic position in the US

## Integrated Installation Solutions



**Superior value proposition of developing “engineered solutions for makeshift methods”**

- #1 position for pipe support in US
- #1 position for water heater accessories in US
- Growing Firestop category with innovative solutions

## FluidTech



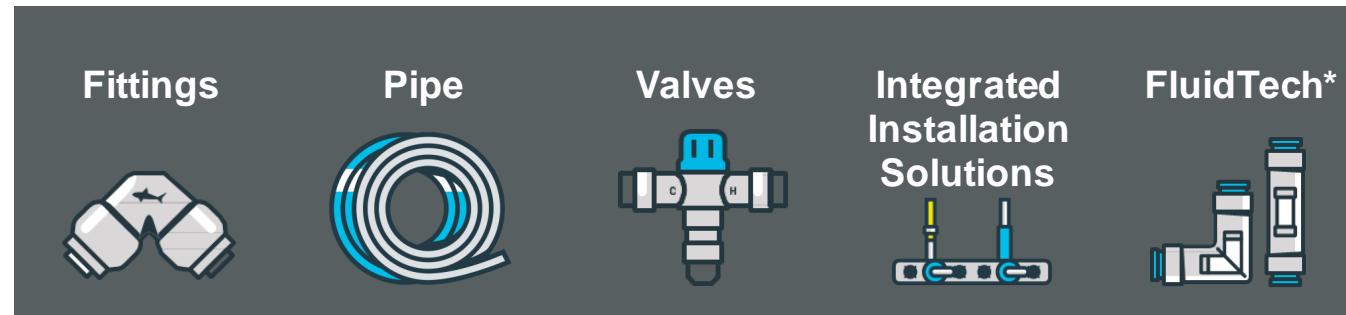
**Established in UK with global growth opportunity**

- #1 position for drinks dispense in UK
- #1 position for water treatment in US
- Growing positions in Continental Europe

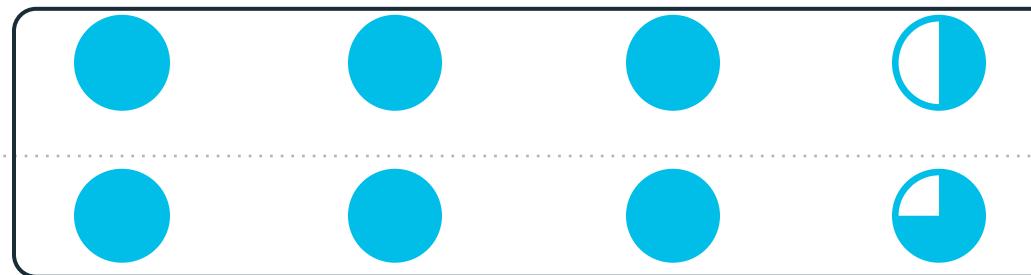
# Category relevance to End Use

RWC categories offer broad relevance across core segments and upside opportunity in emerging segments

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RMI



New Build



Commercial



FluidTech\*

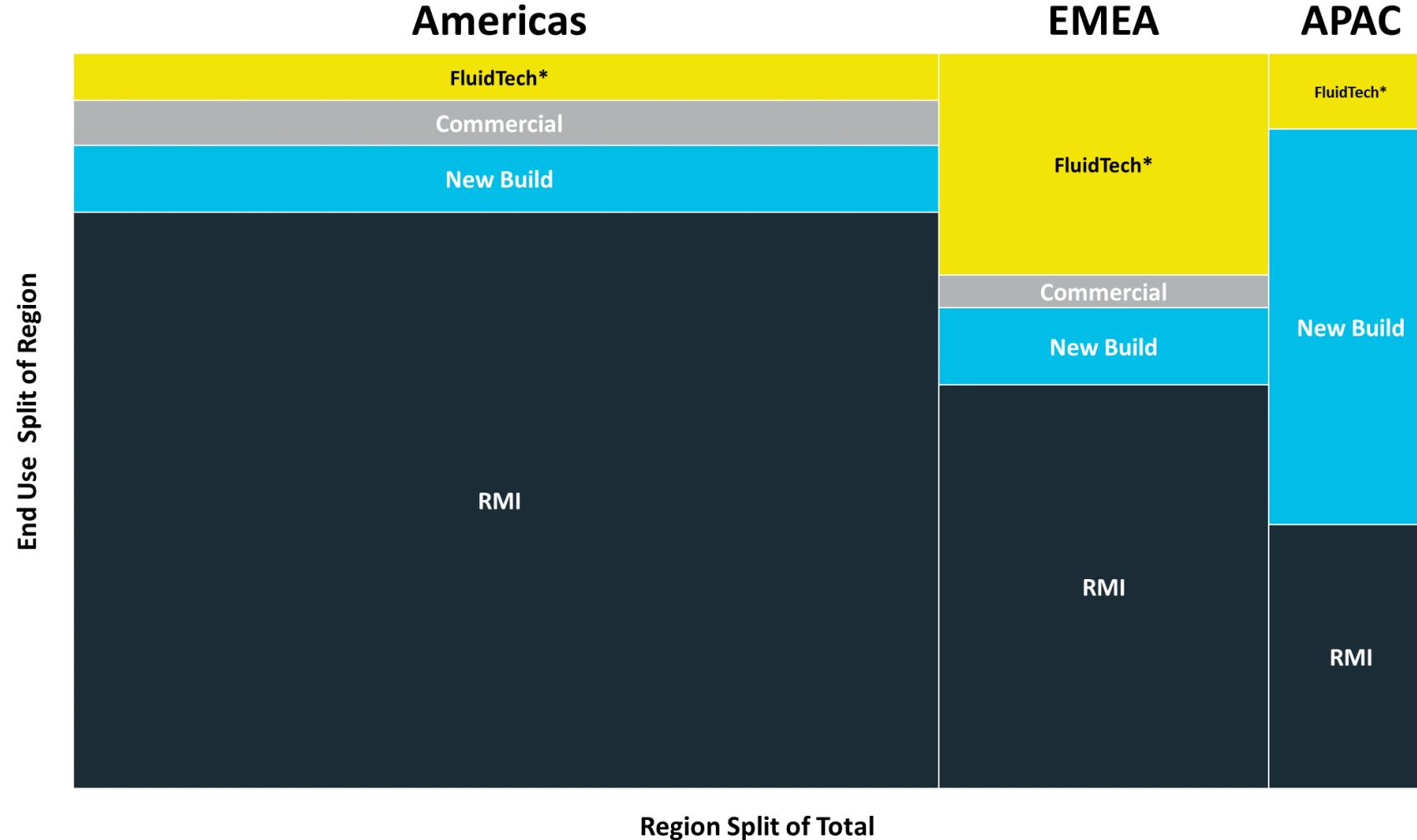
Broad category relevance across key end use segments that represent our core

Category relevance provides opportunity as we expand into emerging commercial segments

Relevant category support for industrial segment through innovative application of product technology

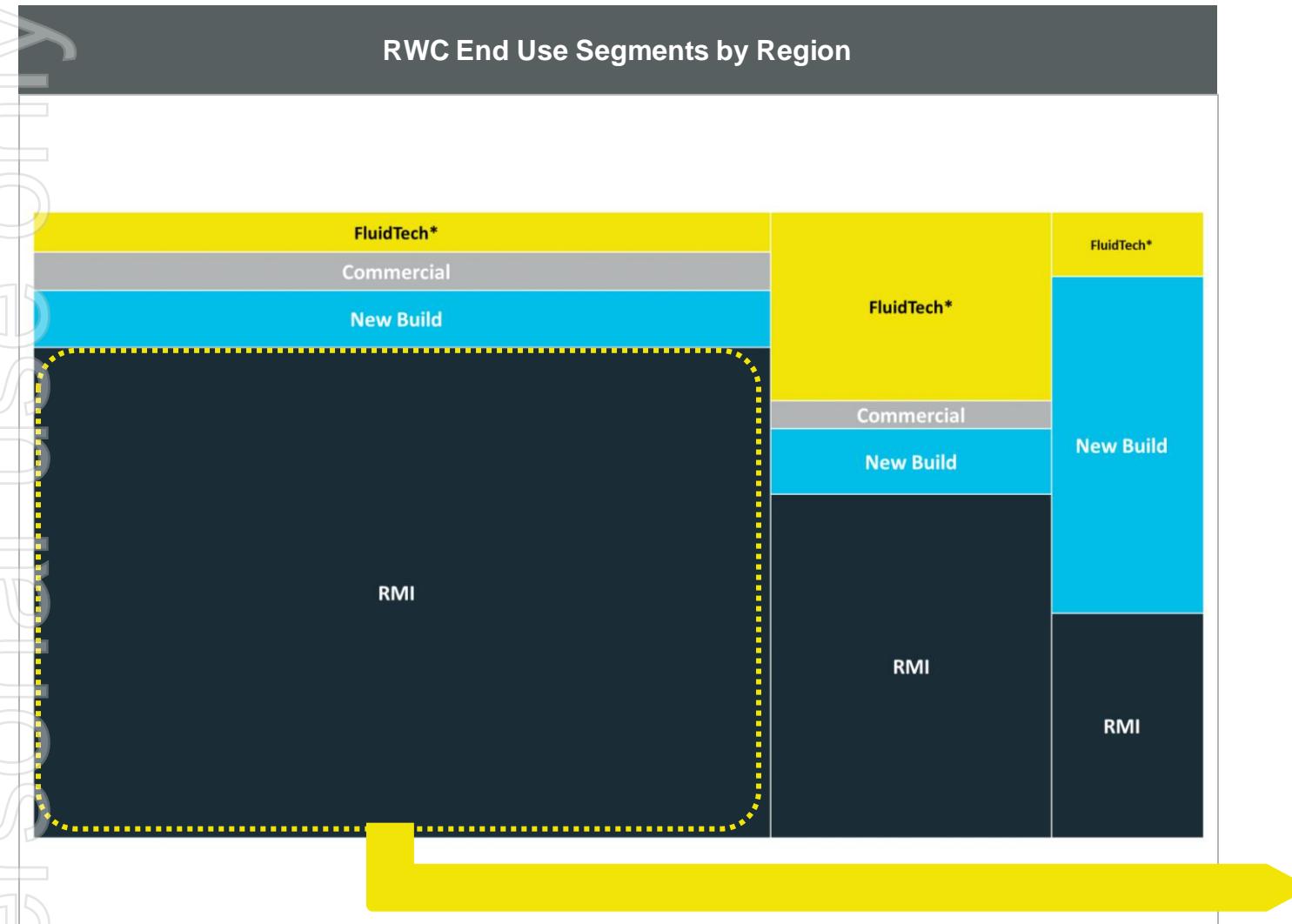
# End Use by Region

Core RMI market represents significant share of global end use segments



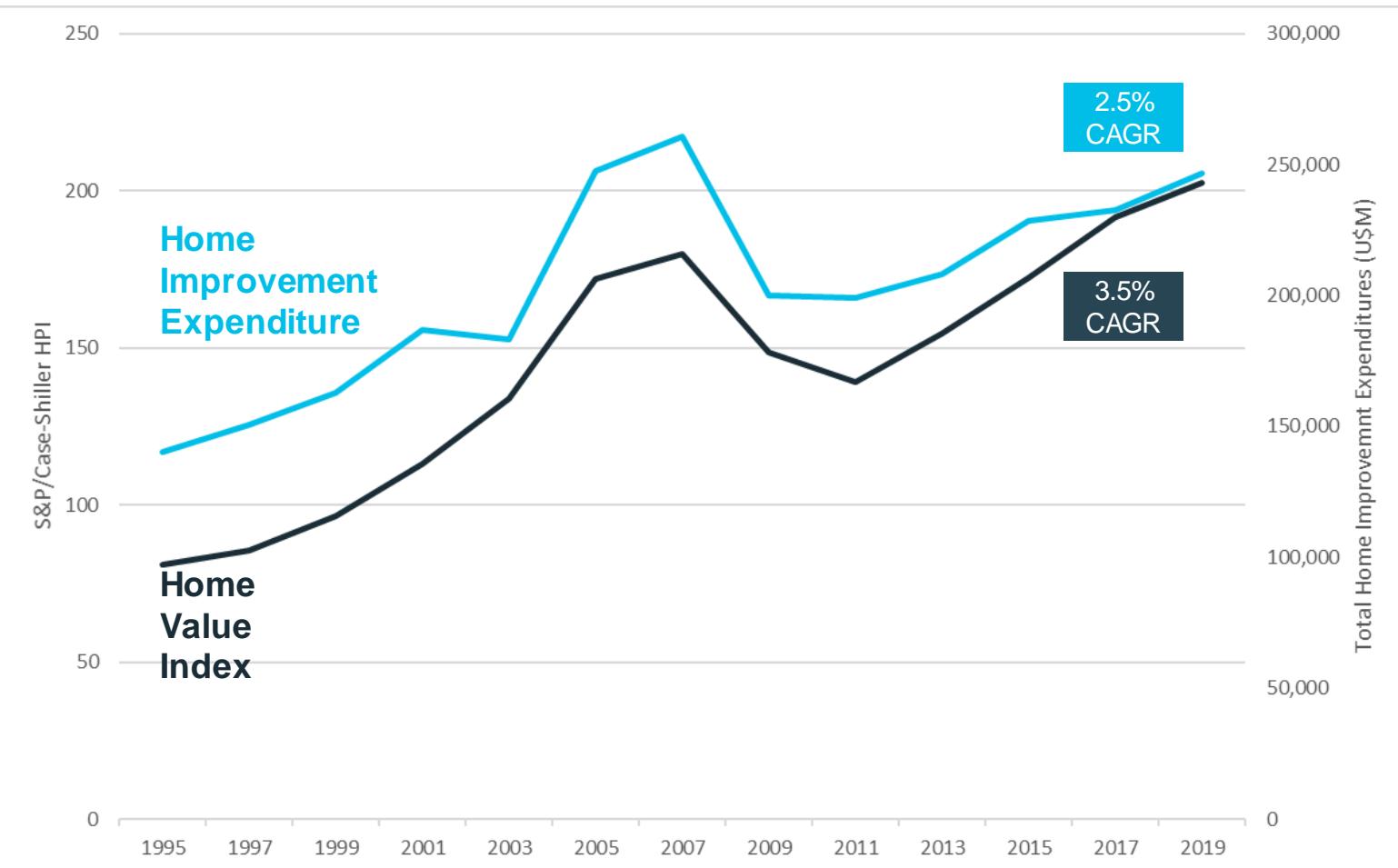
# Core End Use Segment – Americas RMI

What drives the long-term market for our largest end use segment?



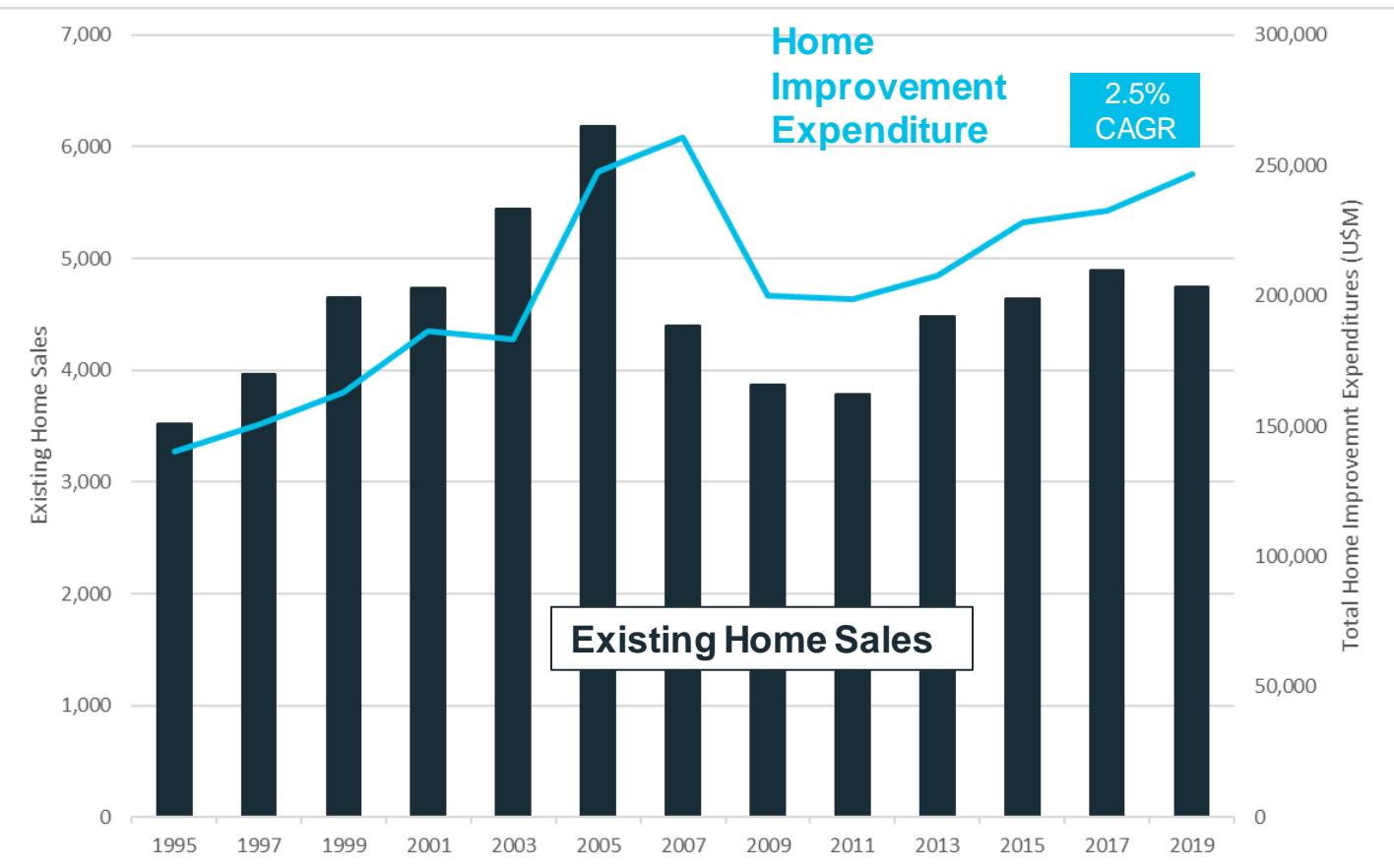
# Highly Correlated Indicators – Home Values

Strong historical correlation of home improvement expenditure to home values



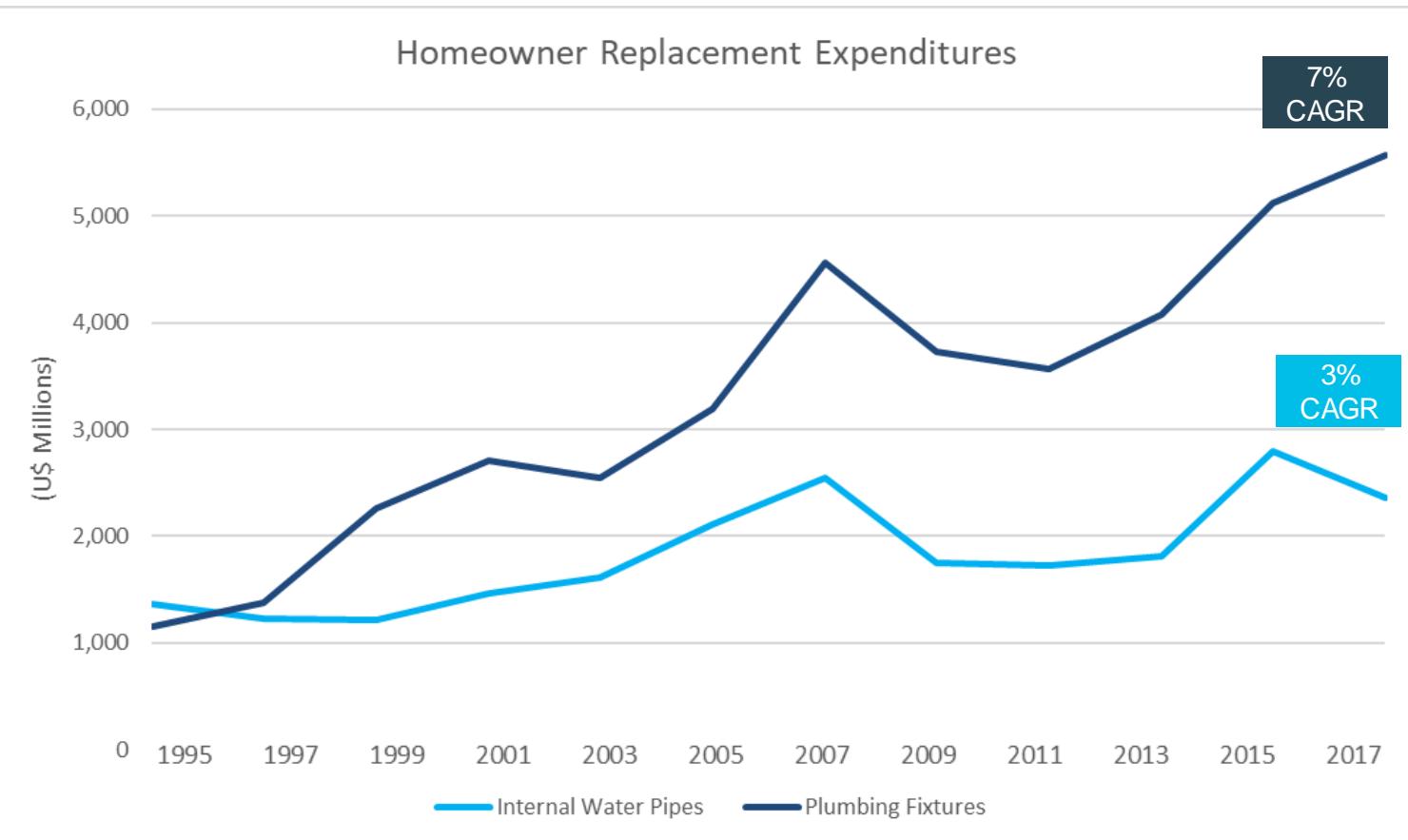
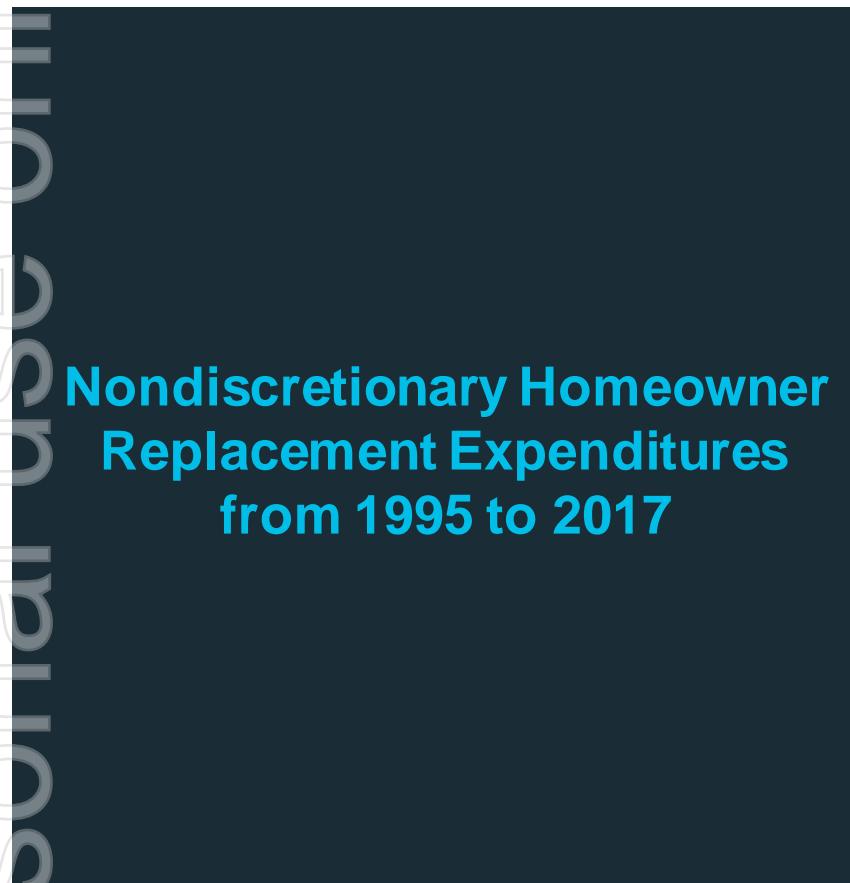
# Highly Correlated Indicators – Existing Home Sales

Strong historical correlation of home improvement expenditure to existing home sales



# Key Historical Metrics – Homeowner Replacement

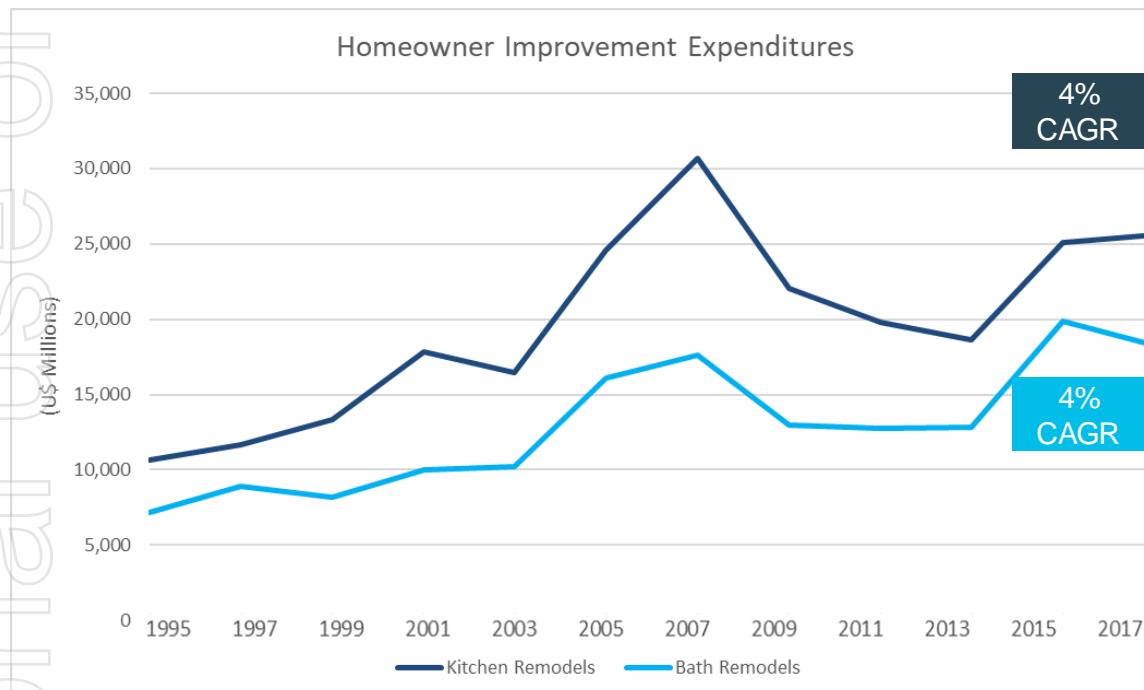
Stable, historical growth of 3% CAGR in homeowner replacement of internal pipes



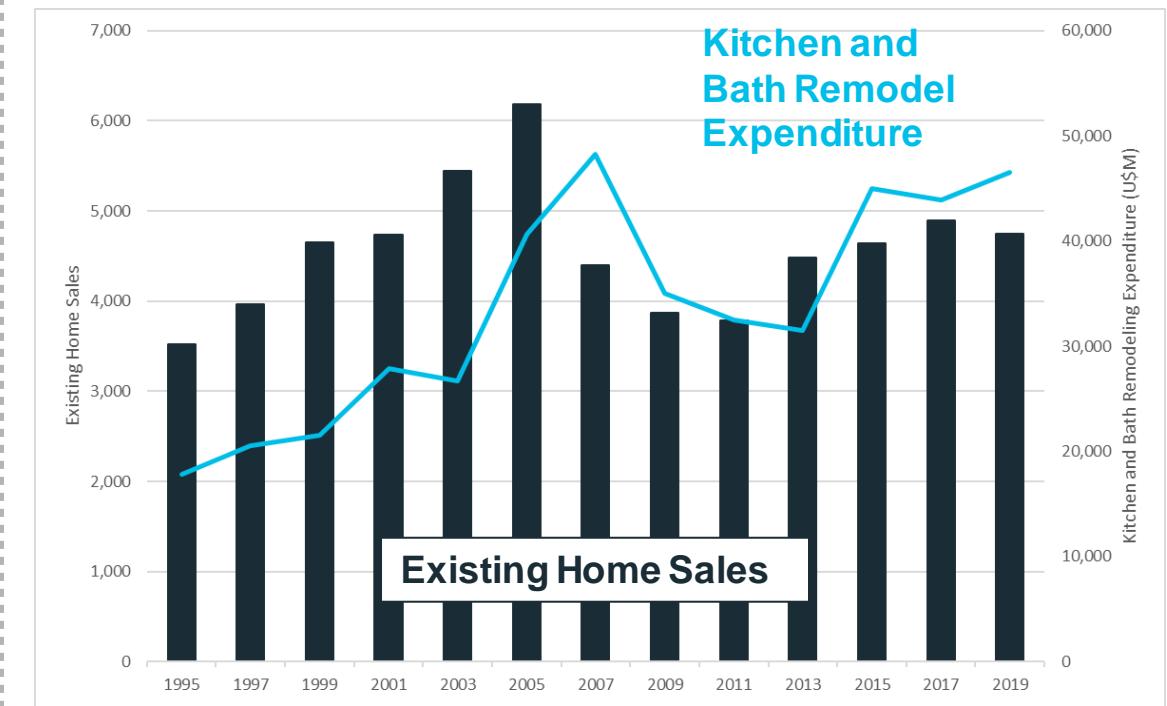
# Key Historical Metrics – Homeowner Improvements

Bath and Kitchen remodels are highly correlated to existing home sales

Discretionary Homeowner Improvement Expenditures from 1995 to 2017



Source: JCHS tabulations of US Department of Housing and Urban Development (HUD), 1995–2017 American Housing Surveys.



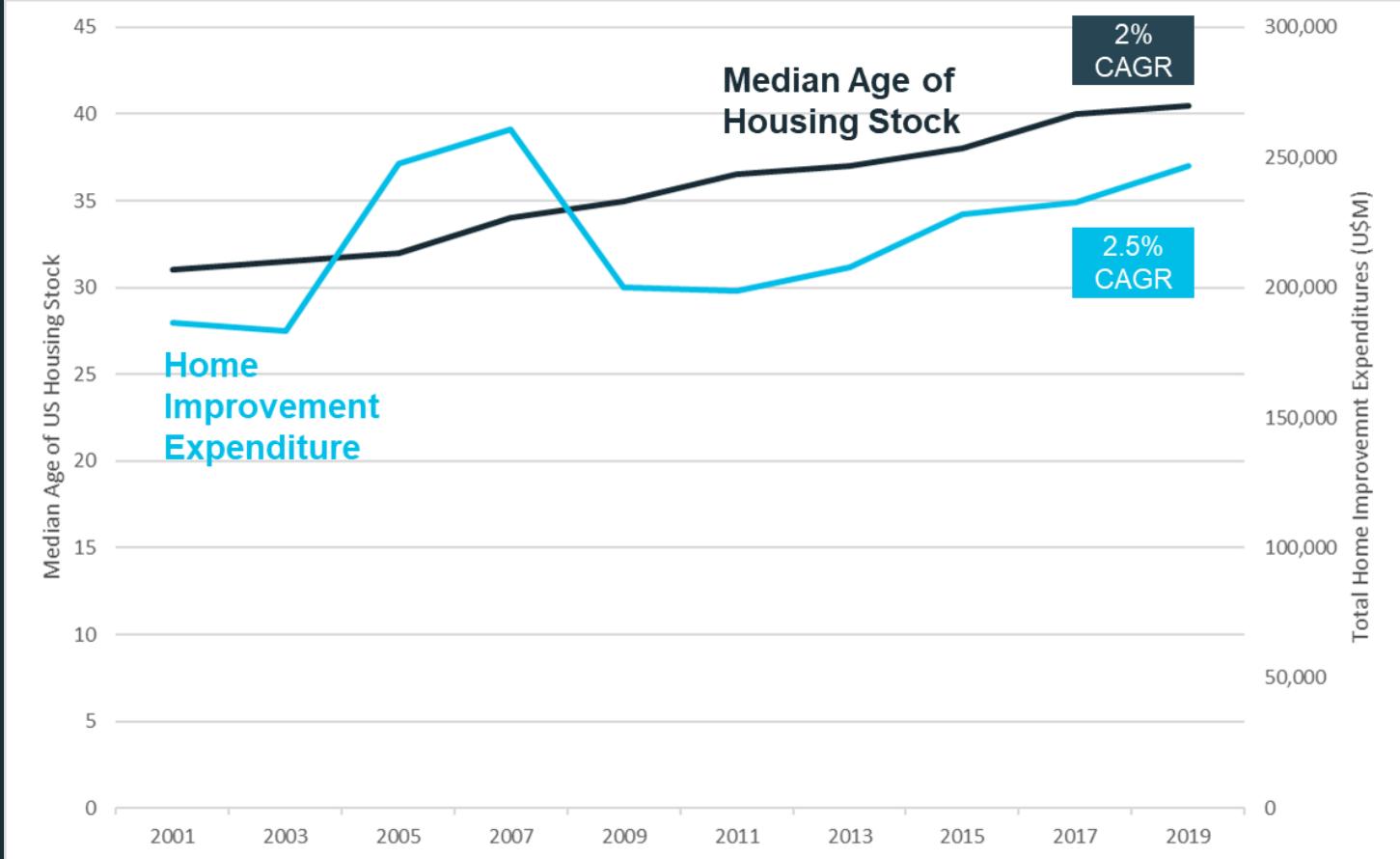
Source: National Association of Realtors, JCHS tabulations of US Department of Housing and Urban Development (HUD), 1995–2017 American Housing Surveys; 2019 Home Improvement expenditure value projected using JCHS LIRA actual YOY change %

# Key Driving Fundamentals – Age of Housing Stock

Strong historical correlation with home improvement expenditure

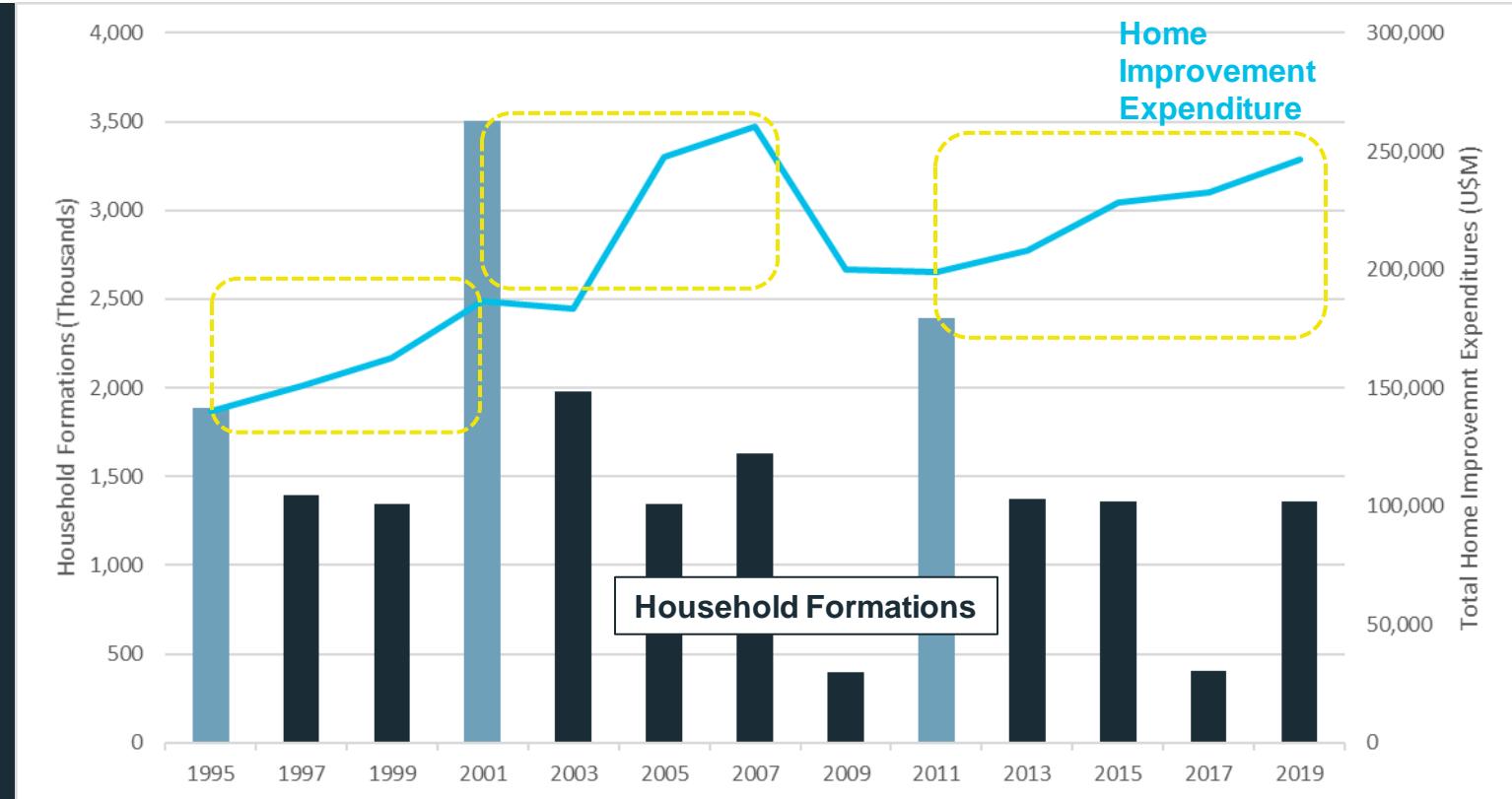
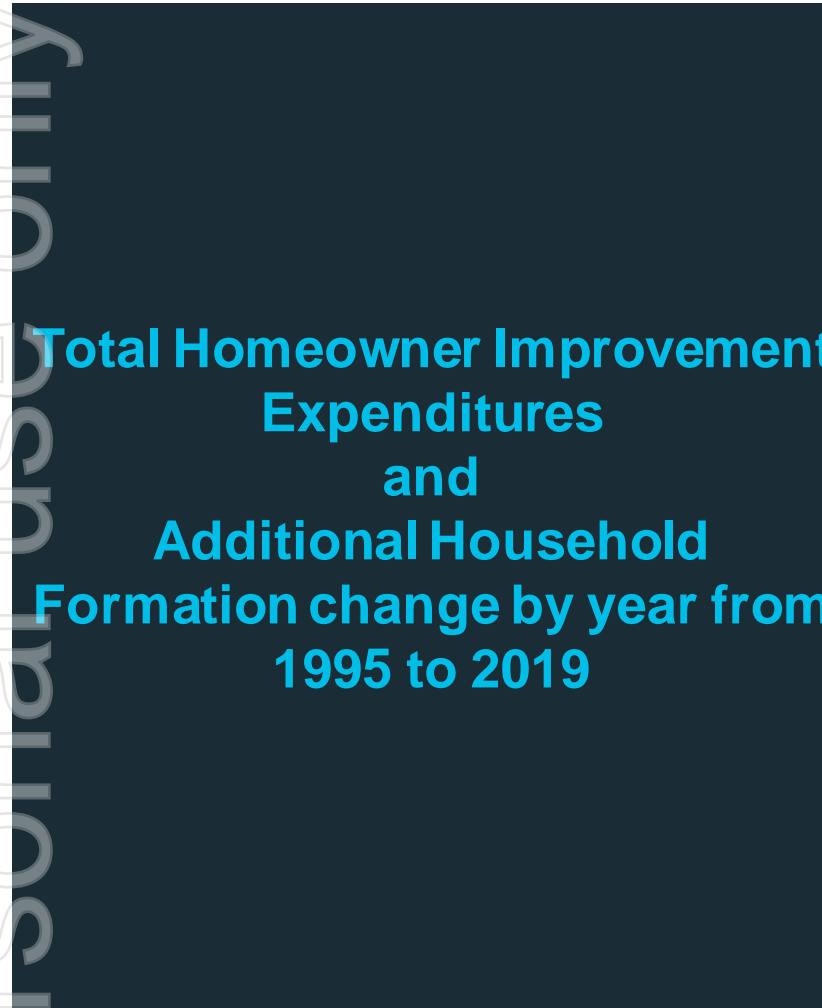
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Total Homeowner Improvement Expenditures and Age of US Housing Stock from 2001 to 2019



# Key Driving Fundamentals – Household Formation

Household formation spikes drive home improvement expenditure



Total HHlds

99M

1% CAGR

129M

Rise in improvement expenditure

# Stable historical growth and key fundamentals support our core repair segment

Long term market growth of 2% to 3% annually

## Highly Correlated Indicators for RMI

Increasing Home Values

Existing Home Sales

## Historical Category Focused Metrics

Non-Discretionary (Repair)

Kitchen and Bath Remodel

## Key Driving Fundamentals

Median Age of Housing Stock

Household Formations

Residential Maintenance and Improvement

**2.5% CAGR**  
(1995 to 2019)

Internal water pipes (and fittings) repaired or replaced  
**3% CAGR**

Plumbing Fixtures  
**7% CAGR**  
(1995 -2019)

Kitchen and Bath Remodels

**4% CAGR**  
(1995 -2019)

Median age of housing stock  
**2% CAGR**

Total housing stock  
**1% CAGR**  
(2001 – 2019)

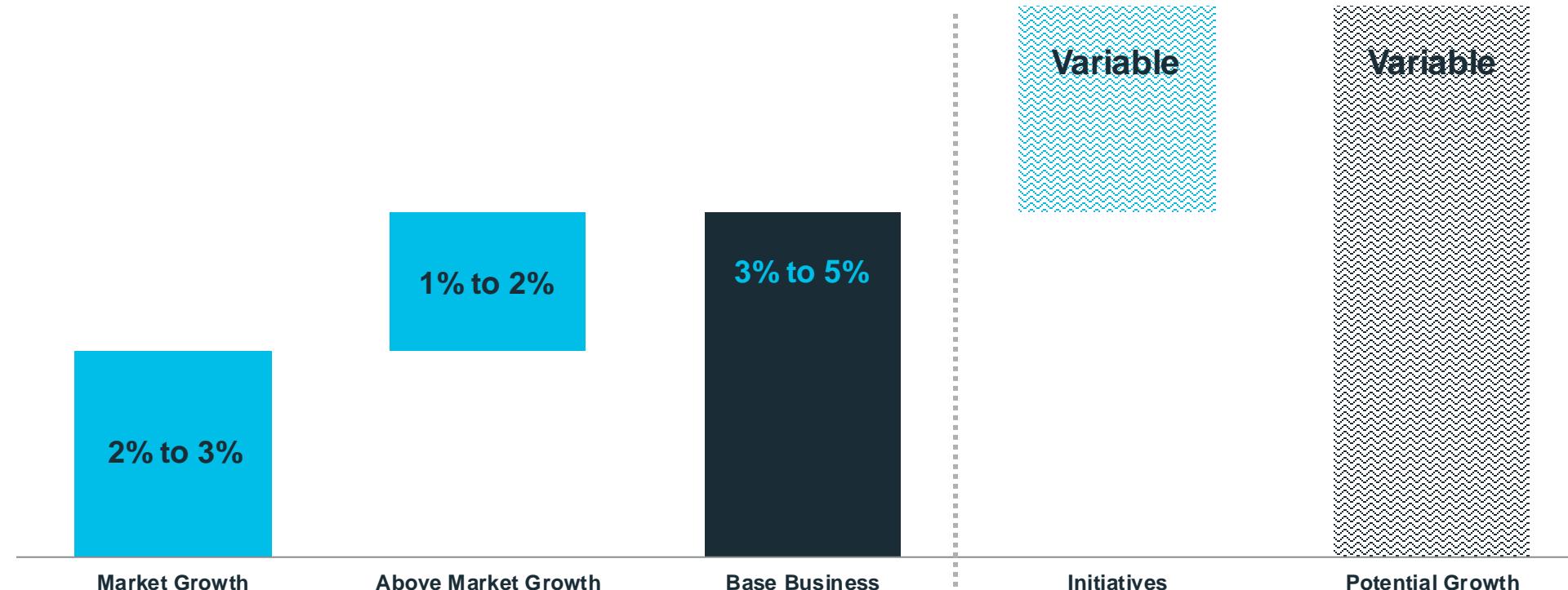
Data shows RMI activity follows household formation spikes

Household Formation  
**1% CAGR**  
(1995 -2019)

2018 to 2028  
12M new households:  
**1% CAGR**

# US Growth Estimate – Potential Upside

In any given period, targeted base business growth rate with upside from specific customer and product initiatives



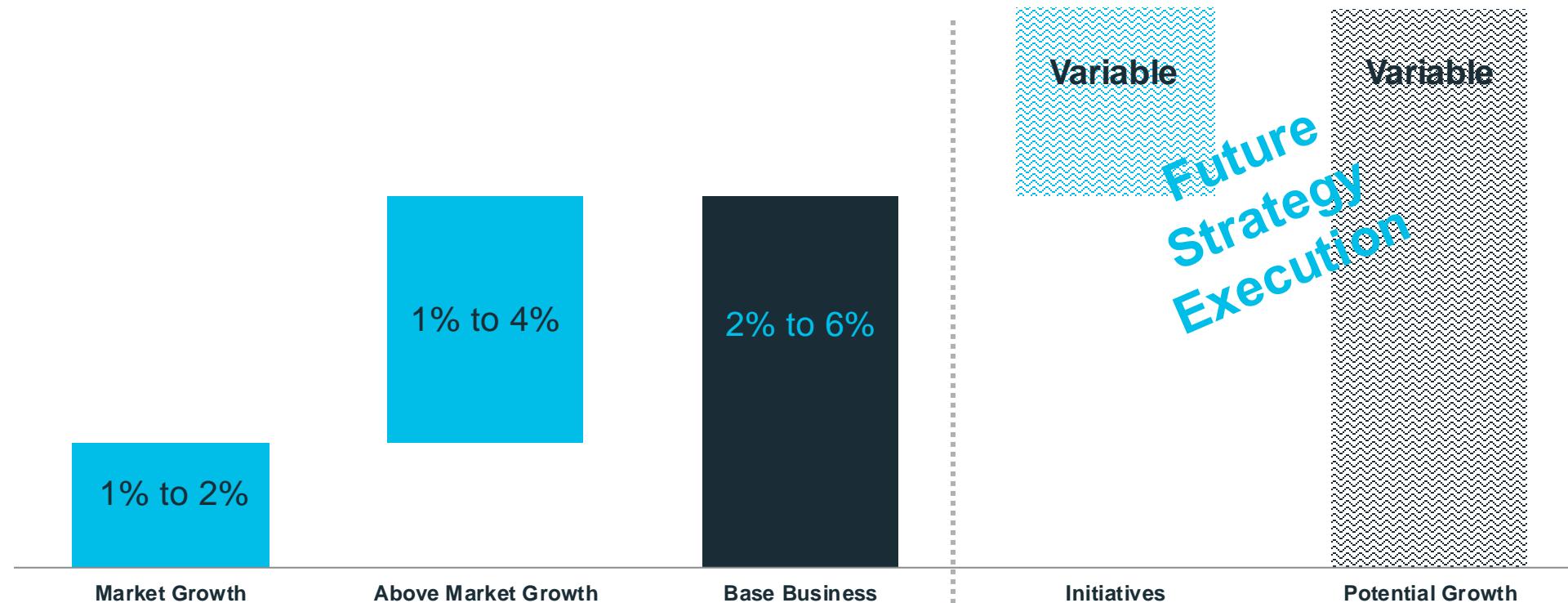
Based on US core market growth, we can target 3% to 5% annual growth rate

Potential customer and product initiatives targeted on regular basis can provide upside but not possible to achieve every period

# UK Growth Estimate – Potential Upside

Building and validating a confidence measurement for UK base business growth

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Based on UK core market growth, we can target 2% to 6% annual growth rate

Potential customer and product initiatives targeted on regular basis can provide upside but not possible to achieve every period

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# Q&A – Session 1

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**Break**  
10 minutes



## Investor Day Regional Review

Thursday October 1, 2020



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# EMEA Review

Edwin de Wolf, CEO EMEA

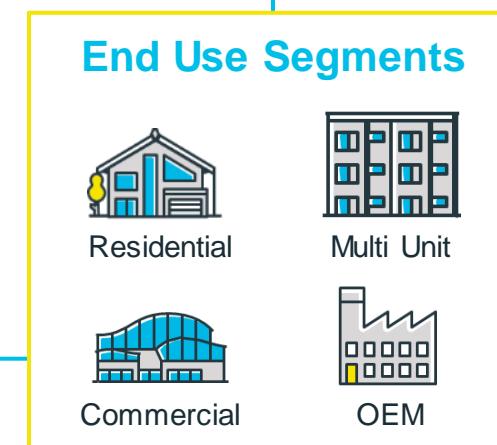
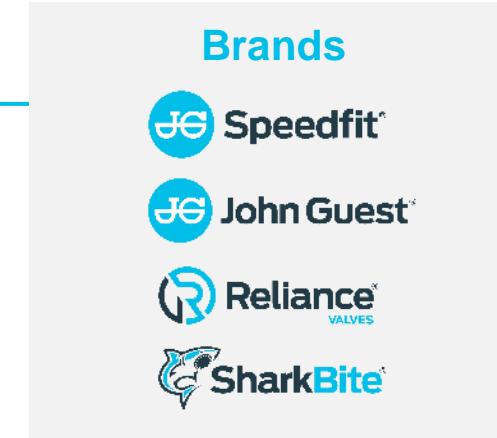
# Agenda

1. EMEA business snapshot
2. Market update
3. Strategy
4. Key investments

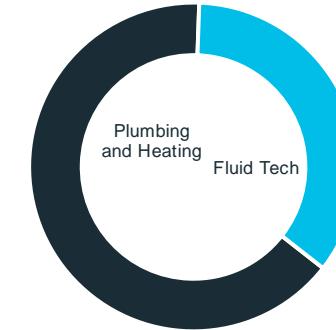
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# EMEA business snapshot

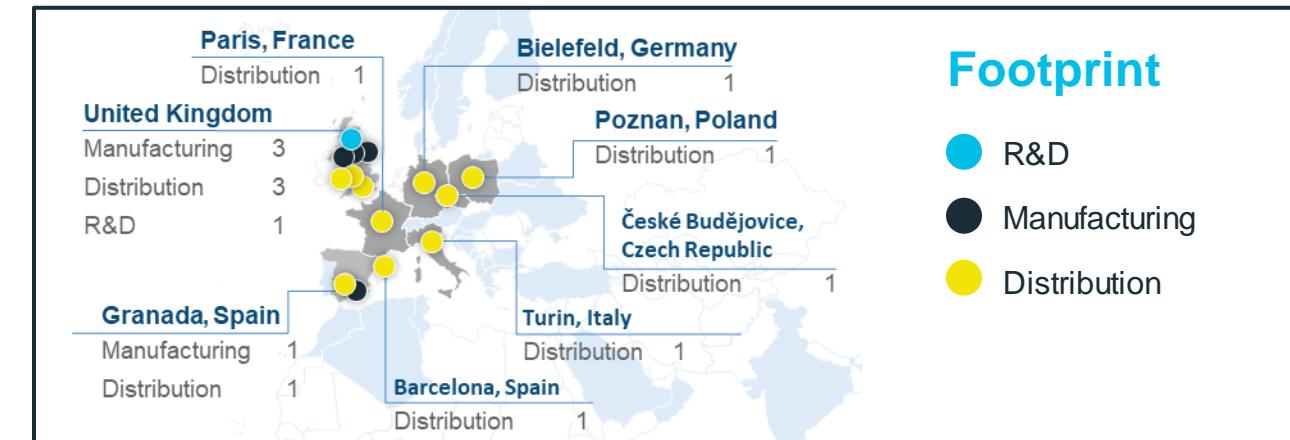
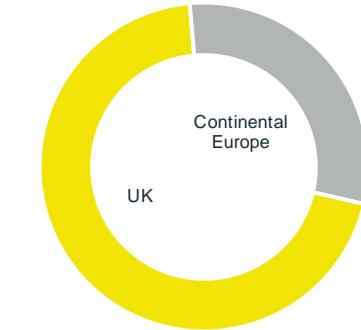
Exceptionally strong brands in a diversified set of markets and geographies



**Category mix<sup>2</sup>**



**Geographic mix<sup>2</sup>**



1. FY20 actual results

2. Based on FY20 external sales only and excludes intercompany sales to Americas / APAC

# RWC EMEA Operations snapshot

Robust operations footprint producing over 1B components annually



## LAUNCESTON

33k sq ft manufacturing / >40 machines

- Molding, welding & assembly
- Produces plastic fittings and flexi-hoses
- Overflow warehousing

## WEST DRAYTON

200k sq ft manufacturing / 216 machines

- Main UK manufacturing site
- Produces plastic mouldings & finished components
- Tool design & manufacture

## MAIDENHEAD

c60k sq ft manufacturing / 9 extrusion lines

- Pipe extrusion facility
- Autoclaves (PEX production step)

## VALE PARK

c2k sq ft manufacturing

- OEM assembly
- Small warehouse (RWC products)

## HAYES

c3k sq ft manufacturing

- Underfloor Heating assembly
- Goods In

## BRACKNELL

c70k sq ft distribution

- Primary finished goods warehouse

## Key performance objectives delivered

- Continued improvement on HSE with focus on leadership
- Response to COVID-19 pandemic with furlough, remote working, phased return to work and social distancing throughout operations
- Brass component production outsourced for greater efficiency
- Roll out and integration of SAP in Q4

## Production

In FY20:

- Over 1.2B moulded components
- Over 200M finished fittings
- 140M+ feet of pipe

## Delivery

- Average 1,200 shipments per day
- SAP implemented

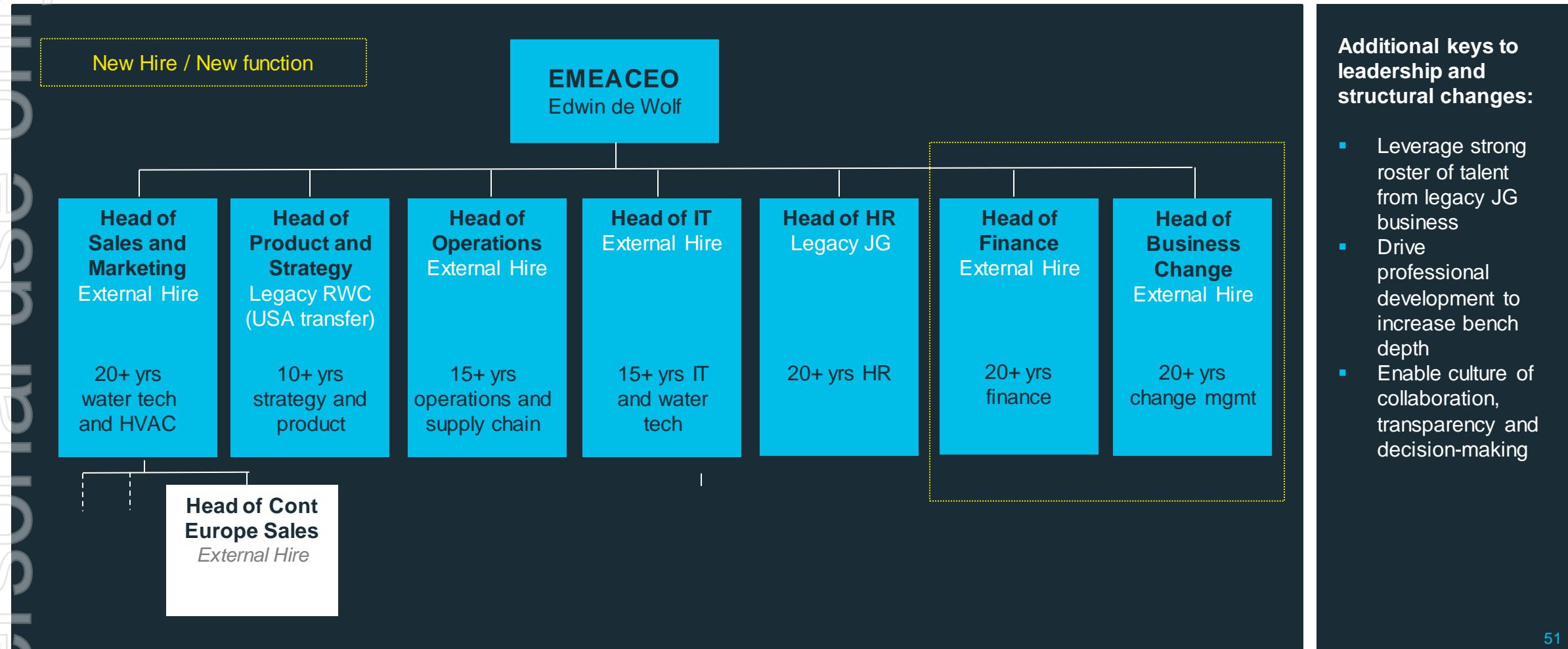
## Safety of Our People is Priority

Managing social distancing requirements



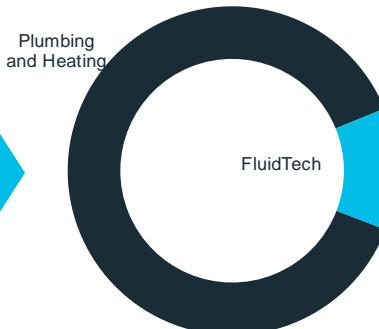
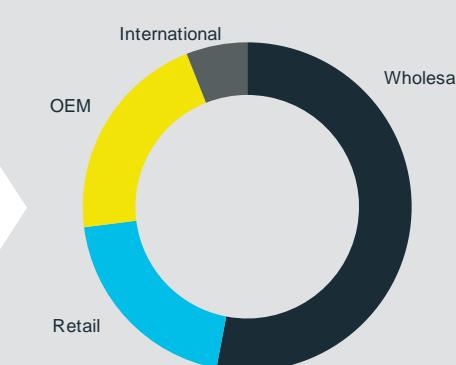
# RWC EMEA talent and organization snapshot

Strengthened leadership team and UK organizational structure to better support growth and collaboration



# RWC EMEA geographic snapshot

RWC's stronghold in UK plumbing and heating market is similar to the Americas whereas continental Europe is focused on OEMs in FluidTech markets

Focus on  
UK  
Continental  
EuropeEnd Market Mix<sup>1</sup>Channel Mix<sup>1</sup>

Example customers



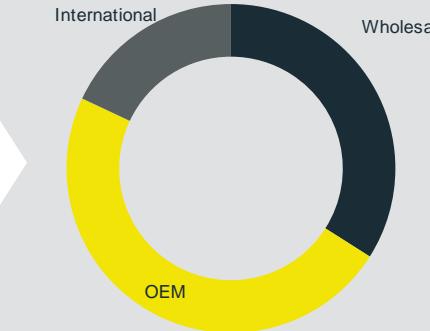
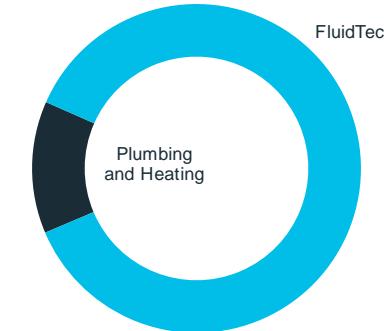
Distributors



OEMs



Representative products



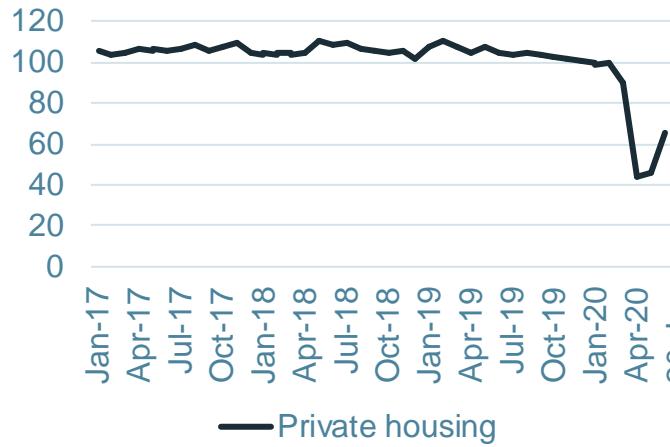
# Market update

Short-term CV19 impact but underlying, long-term fundamentals strong

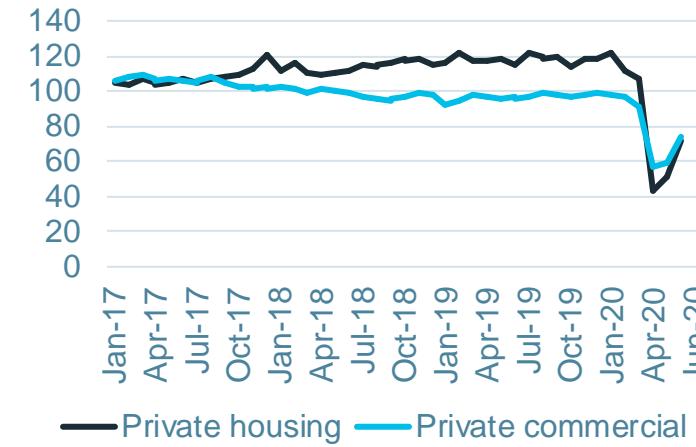
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## Plumbing and heating

UK private housing RMI<sup>1</sup>

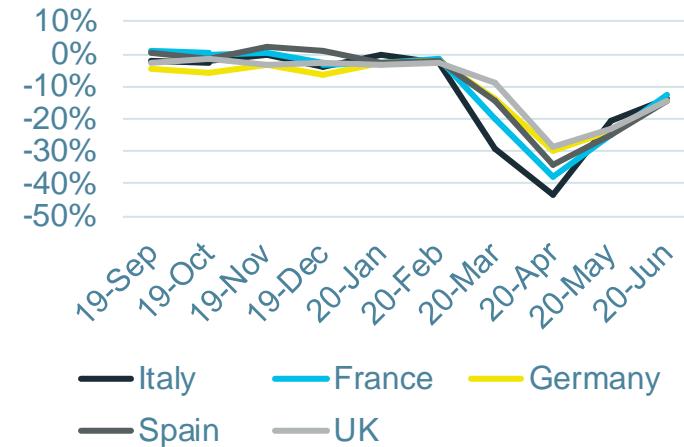


UK new build: domestic and commercial<sup>1</sup>



## Fluid Tech

Manufacturing output by country<sup>2</sup>



- Fluid Tech serves a diverse set of end markets and OEMs are the primary customers
- Manufacturing output impact varies by country; monthly production y/y hit low points in April '20

- Severe contraction with early signs of improvement
- Long term fundamentals remain strong:
  - ~75% of homes over 40 years old
  - House prices up 2.9% through May '20
  - Work from home supports investment

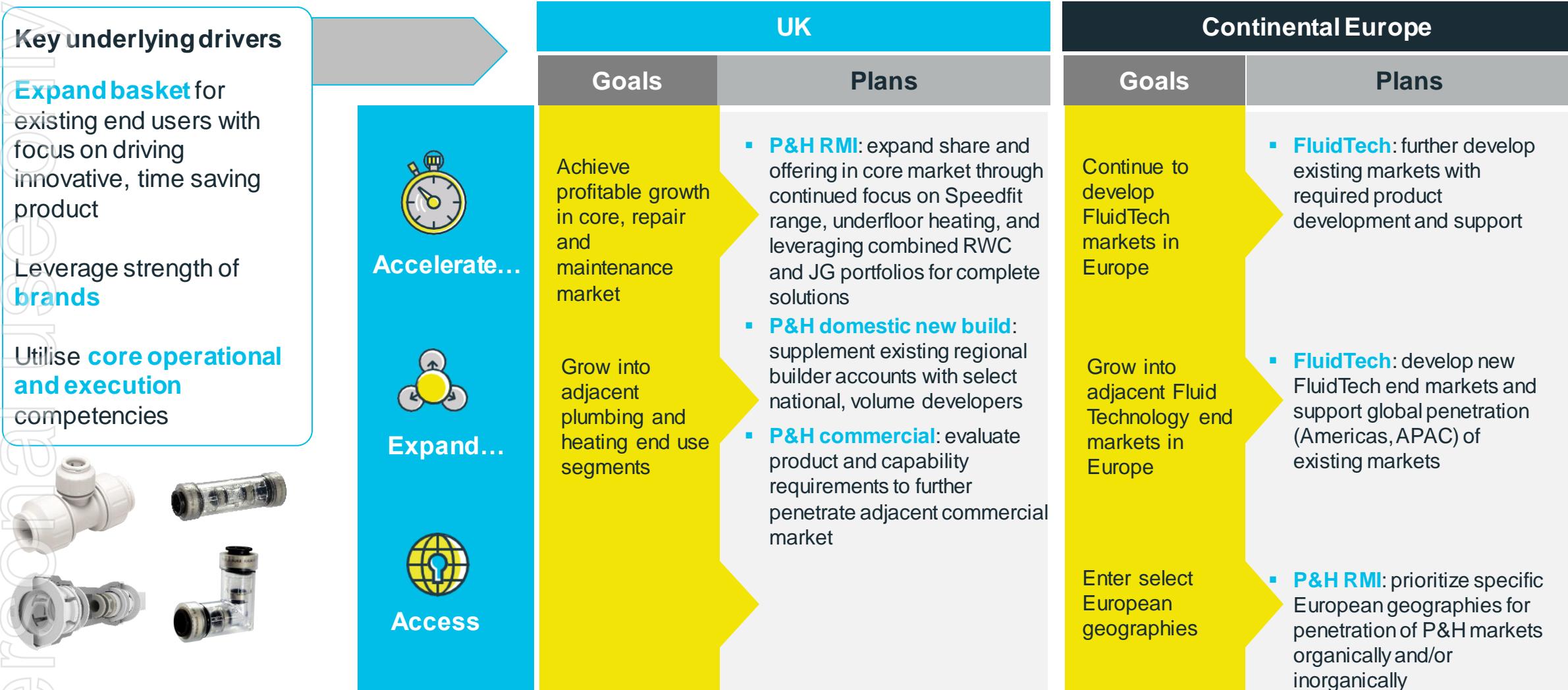


1. Source UK Office for National Statistics; indexed volume measure, seasonally adjusted

2. Source Trading Economics Industrial Output; chart represents monthly year-over-year production output growth

# EMEA strategy

Enabling specific initiatives in UK and Europe to accelerate, expand and access



# Key investments and organizational enhancements

Investment continues to support core competencies and optimise the organization for future growth

## Operations



Continued investment in equipment and automation to drive greater efficiency and output

## IT



Continued investment made in upgraded equipment and systems from legacy, bespoke systems (e.g., ERP)

## Restructuring



Restructure of UK operations to be completed in October with net reduction of 60 positions, undertaken to leverage efficiencies from ERP implementation and in response to Covid-19

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# APAC Review

Brad Reid, CEO APAC

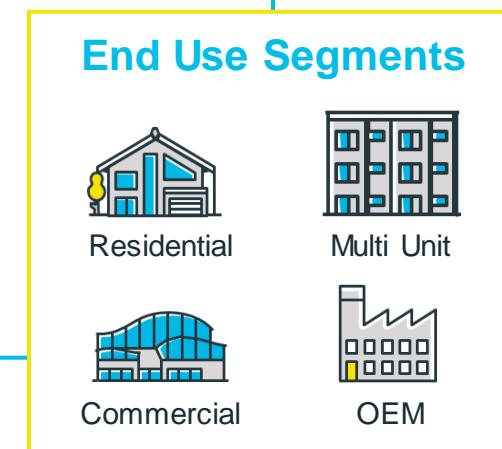
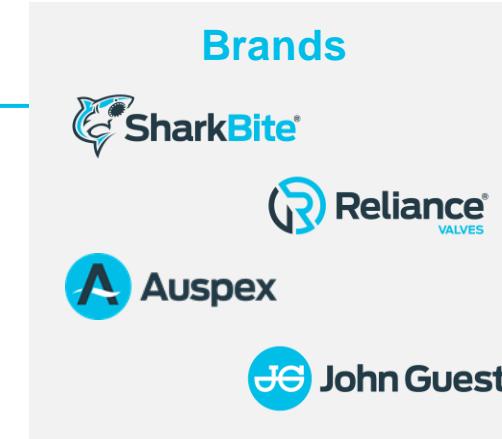
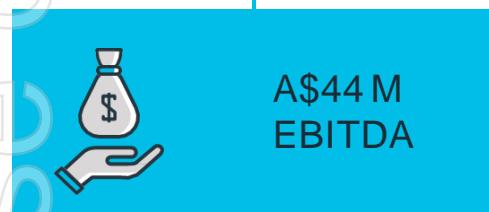
# Agenda

1. APAC business snapshot
2. Market dynamics
3. Strategy and growth initiatives
4. Talent and organization
5. Operations footprint

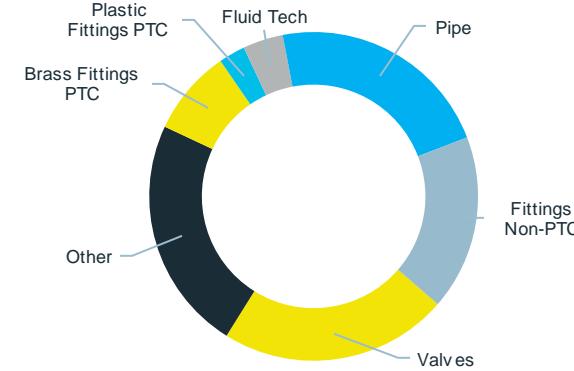
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# RWC APAC snapshot

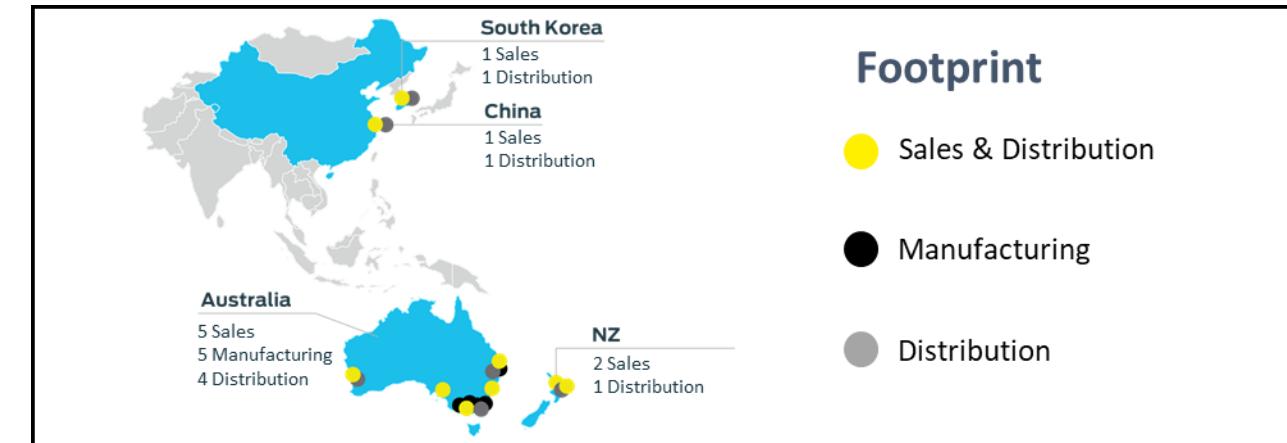
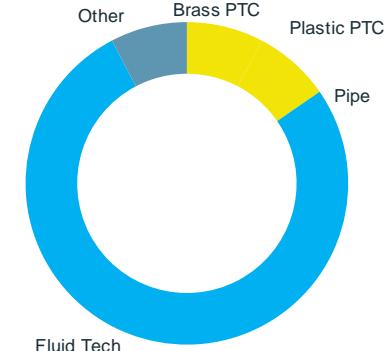
Exceptionally strong brands in a diversified set of markets, and geographies



## Category Mix – AUS/NZ



## Category Mix - Asia



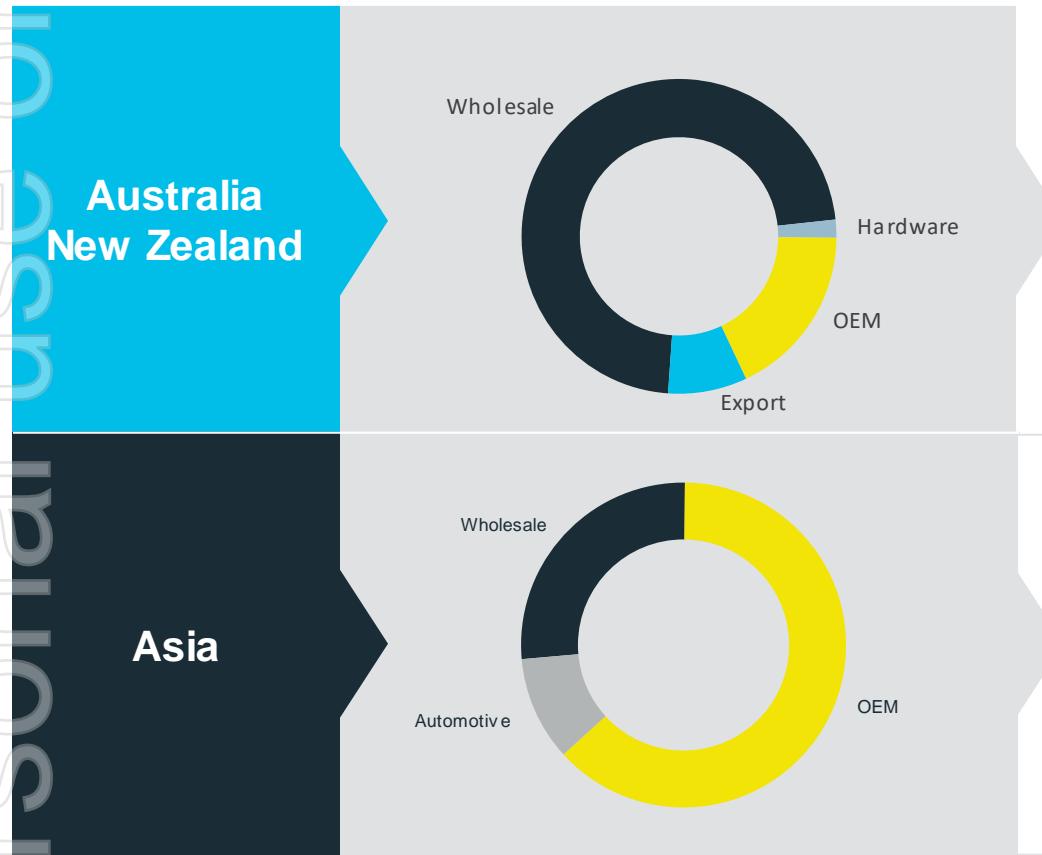
<sup>1</sup>Segment net sales includes \$100 million of intercompany sales to other segments; FY20 results

# APAC snapshot: products and customers

RWC's stronghold in Australia/New Zealand back of wall plumbing market is where the company began, and remains the market leader

APAC Snapshot Only

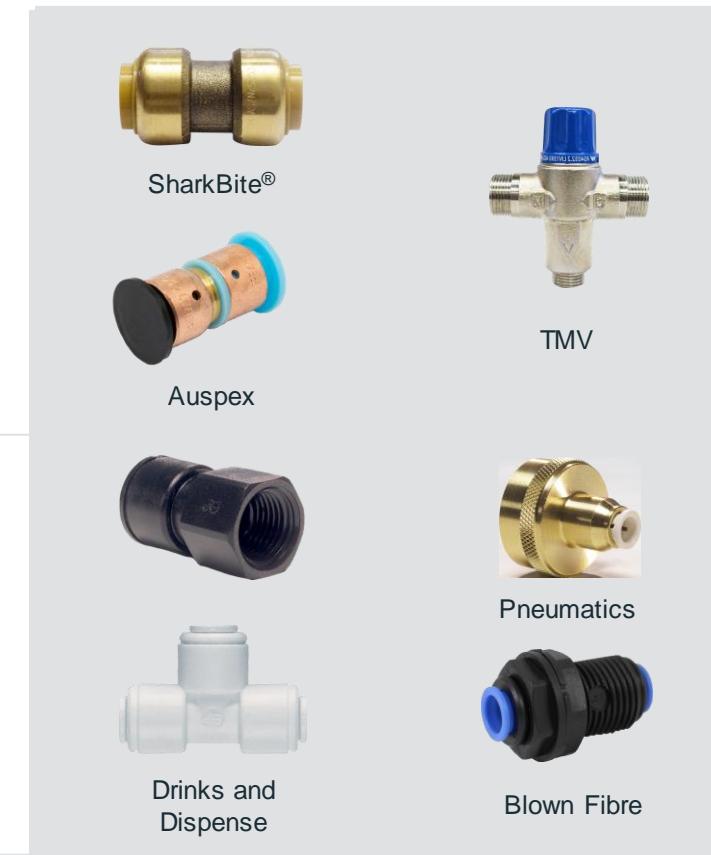
Channel Mix<sup>1</sup>



Example customers



Representative products



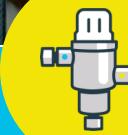
# Solutions for the built environment

Wide ranging applications across multiple segments drive our continued growth



## Q1, Gold Coast, AUS

Consistent temperature and flow rates are delivered to individual buildings using RMC Pressure Reducing Valves (PRVs) and HeatGuard® Tempering Valves (HTVs).



## High Rise Solutions Melbourne

SharkBite® push-to-connect fittings reduced installation time by 75%. Now used by all the leading tier one corporate plumbers in Melbourne.



## Caravan Plumbing Fittings

John Guest plumbing fittings are durable, efficient and incredibly easy to work with. Added to this, are the John Guest branded shut-off valves and tube inserts. An end-to-end solution for all caravan manufacturers



## Domestic Housing Across Australia

Proven design and quality for home construction, Auspex ® solutions cover cold and hot water, and natural gas systems throughout the home.



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# APAC market update

Short-term outlook clouded by economic uncertainty, but long-term fundamentals remain strong

## Short term macro trends

- **COVID-19** introduced short-term uncertainty
- **APAC 2021** forecast decline 10%, but a chance to be flat dependent on bounce back from COVID-19
- **Market Forecasts** vary widely but government incentive programs are expected to stabilize market trends
- One certainty is construction approvals have been severely impacted in F20, which is the basis for the declining market expectation in F21

## Long term fundamentals strong

- **Long term Australian outlook is positive** prior to COVID-19, market was ready to strengthen after several years of housing construction decline
- **Asia manufacturing is expected to stabilize quickly** early signs are already showing of a rebound in F21
- **Skilled labor shortage** will drive demand for RWC's labor saving product solutions

# Our growth strategies and priorities

Driving core product initiatives in APAC to serve existing markets and emerging opportunities

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**Accelerate**



**Expand**



**Access**

## Goals

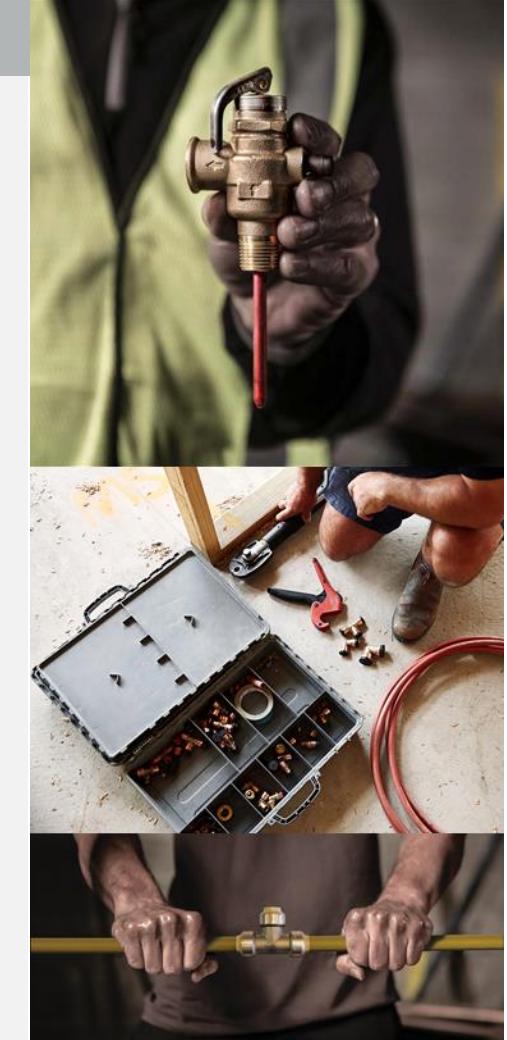
Achieve profitable growth in core, new build markets in Australia and New Zealand, and continue to develop FluidTech markets in Asia

Grow into adjacent plumbing end use segments in the Australia and adjacent FluidTech end user markets in Asia

Continue to evaluate other market opportunities for core products in Asia

## APAC plans

- Australia/New Zealand: expand share and offering in core market piping systems market across domestic and high-density housing applications for complete mains to outlet solutions
- Asia FluidTech: further develop existing markets and expanded applications utilizing existing product ranges
- Asia: continue to monitor evolving market trends



# APAC – AUS Core Growth Initiatives

Evolving market conditions and new opportunities drive our growth in our core market



## End users and channels

### Wholesale

We support the [Licensed Plumber](#) network through a broad range of Wholesalers.

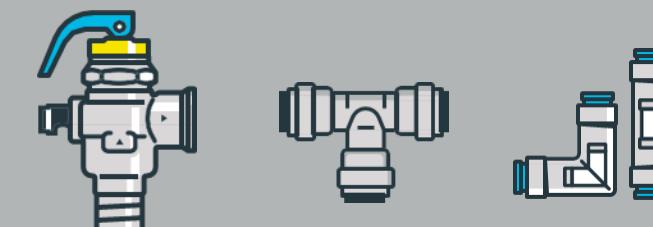
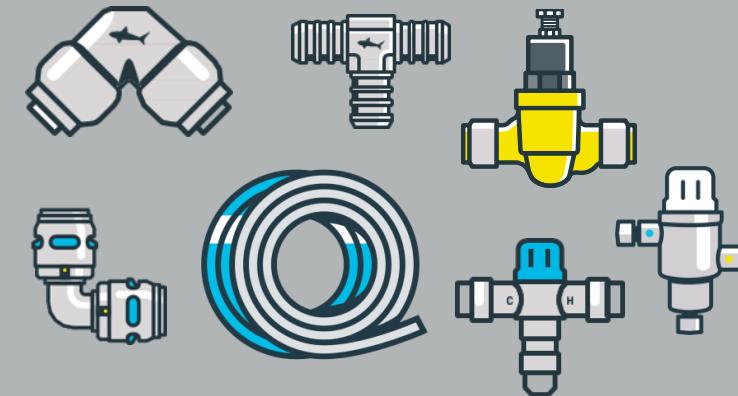
### Hardware

We leverage a limited product range to [DIY](#) and emergency repairs through key Hardware chains.

### OEM

We partner with several targeted OEMs to provide key components and [partnered product development services](#).

## What We Deliver

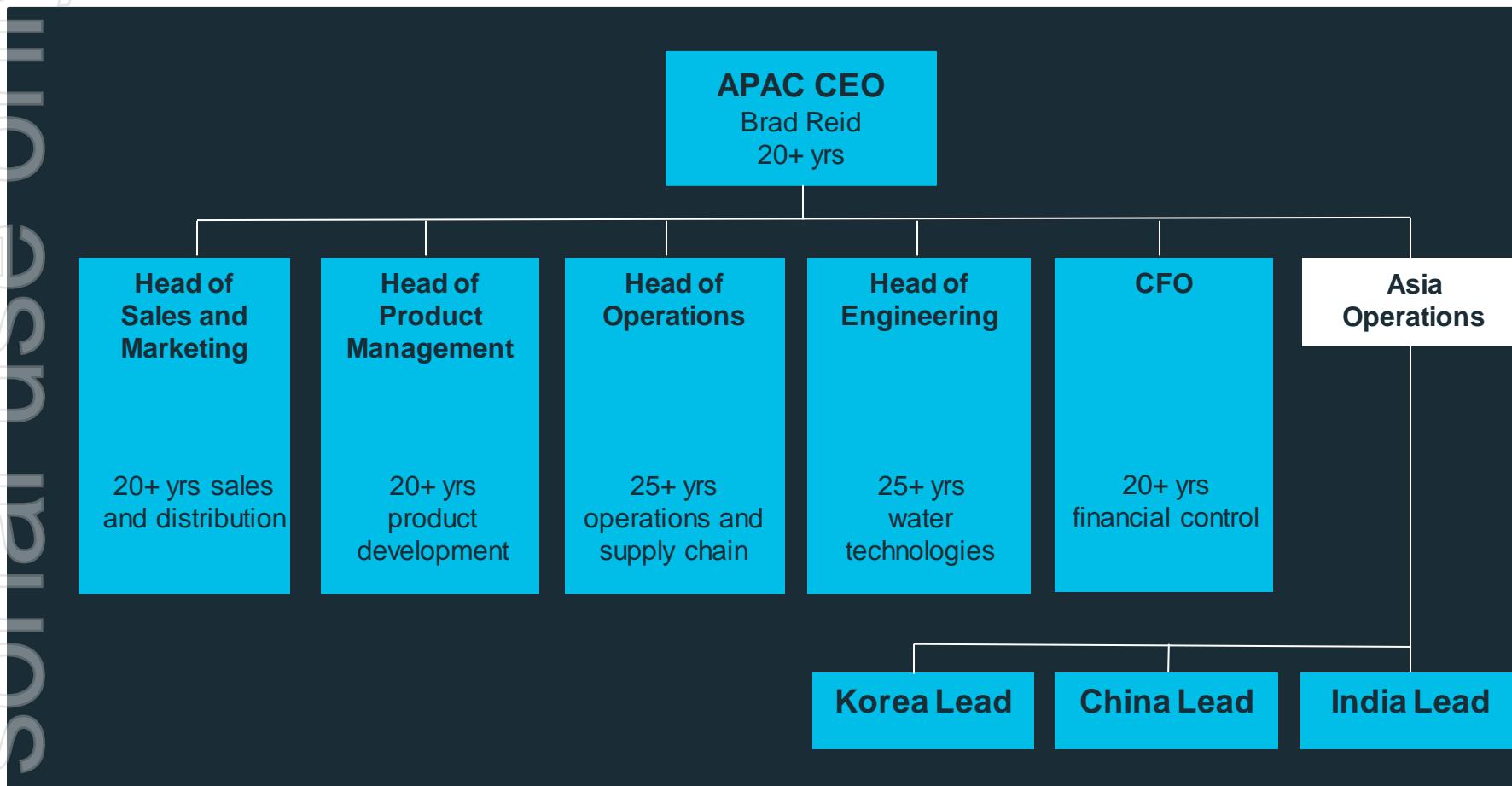


## Value Creation

- Full Wholesaler support package including training and full customer care service
- Broad product offering covering all 'back of wall' needs.
- Optimized order administration and management.
- Targeting 100% delivery in full on time.
- Intimate interactions in supply chain efficiency and engineering support to optimize product integration.
- High volume capacity to match all levels of demand.

# Talent and organization

Strong and experienced leadership team is the backbone of the APAC organization, with combined unequalled industry knowledge in our core markets



## Additional keys to leadership:

- Industry leading talent pool in all business departments
- Focus on internal skills growth fostering future leaders
- Drive professional development to increase bench depth
- Enable culture of collaboration, transparency and decision-making

# RWC APAC operations snapshot

Robust operations footprint producing over 30M finished products annually



## APAC Manufacturing Footprint

**Eagle Farm, BRISBANE**  
c5k sq MT manufacturing

- Brass machining
- Valve assembly and testing

**Croydon, MELBOURNE**  
c3k sq MT manufacturing

- Plastic molding facility for fittings and valves
- Plastic tool design & manufacture

**Moorabbin, MELBOURNE**  
c2k sq MT manufacturing

- Automated brass forging
- Forging tool design centre

**Braeside, MELBOURNE**  
c2k sq MT manufacturing

- Automated high-volume brass machining facility
- OEM component processing

**Dandenong, MELBOURNE**  
c5k sq MT manufacturing

- PEX pipe extrusion
- SharkBite assembly

**Smeaton, MELBOURNE and Pinkenba, BRISBANE**  
c13k sq MT distribution

- Primary finished goods warehouses

## Key performance objectives

- Continued improvement on HSE with focus on leadership
- Deliver Continuous Improvement program to improve efficiency
- Optimize process efficiencies via SAP

## Production

In FY20:

- Over 200 million components
- Over 30 million finished fittings
- Over 12 million meters of pipe
- Over 1 million safety and thermostatic valves

## Delivery

- 35k Orders shipped annually
- OTIF up to 95%

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# Americas Review

Sean McClenaghan, CEO Americas

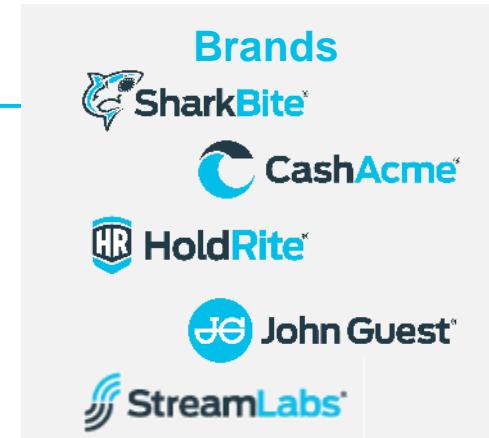
# Agenda

1. Americas business snapshot
2. Market dynamics
3. Strategy and growth initiatives
4. Operations update

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# RWC Americas snapshot

Well positioned brands across a diverse product range serving multiple segments



## End Use Segments



Residential



Multi-Unit

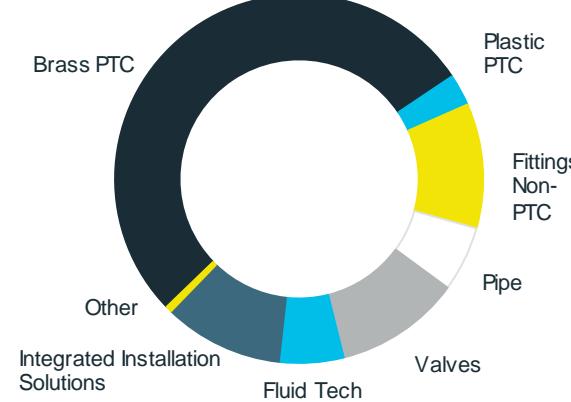


Commercial

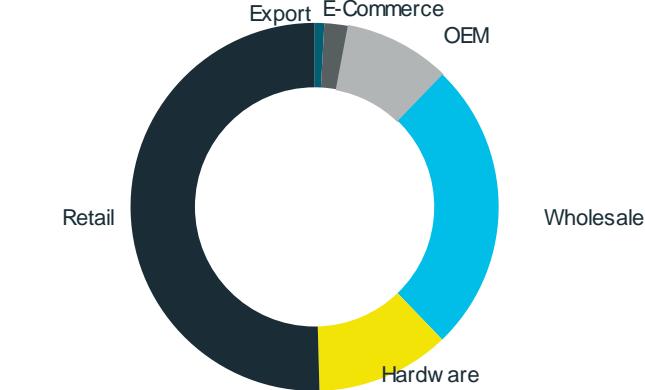


OEM

## Category Mix



## Channel Mix



<sup>1</sup> Segment net sales includes \$1.8 million of intercompany sales to other segments; FY20 Results

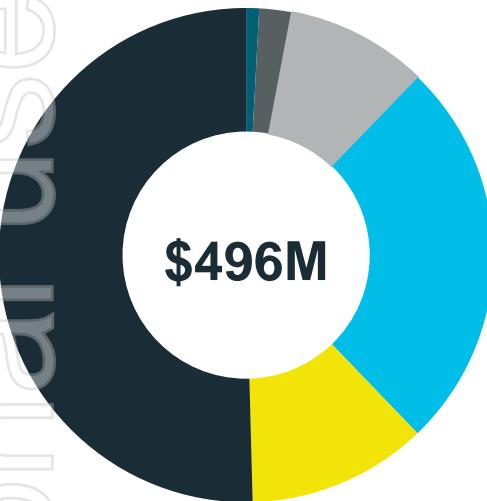
<sup>2</sup> EBITDA before one-time charges for restructuring actions including La Vergne relocation, Aquallence impairment, StreamLabs impairment and reserves, and severance

# Americas distribution strategy

A multichannel approach is core to our go-to-market strategy supporting both RMI and new construction end markets with broad product availability

|                         | <u>Key RWC Brands</u>   | <u>End Use Segments</u>  | <u>Channel Value Proposition</u>  |
|-------------------------|---|--|---|
| <b>Home Improvement</b> |  <b>SharkBite®</b><br> <b>HoldRite®</b>   | <ul style="list-style-type: none"> <li>Residential</li> <li>Service &amp; Repair Pros</li> <li>Handyman</li> <li>DIY</li> </ul>  | <ul style="list-style-type: none"> <li>Product availability</li> <li>Store location and hours</li> <li>Mix and merchandising</li> <li>Brand confidence</li> <li>Omnichannel engagement</li> </ul>   |
| <b>Wholesale</b>        |  <b>SharkBite®</b><br> <b>HoldRite®</b><br> <b>CashAcme®</b><br> <b>John Guest®</b> | <ul style="list-style-type: none"> <li>Resi &amp; Commercial</li> <li>Service &amp; Repair Pros</li> <li>Large MEPs</li> <li>New construction</li> <li>Water quality</li> <li>Beverage dispense</li> </ul> | <ul style="list-style-type: none"> <li>Traditional Trade destination</li> <li>Customer loyalty</li> <li>Personalized service</li> <li>Long-term relationships</li> <li>Product depth &amp; breadth</li> <li>Job lot quantities</li> </ul> |
| <b>Hardware</b>         |  <b>SharkBite®</b>  | <ul style="list-style-type: none"> <li>Residential Repair</li> <li>Handyman</li> <li>DIY</li> </ul>  | <ul style="list-style-type: none"> <li>Product knowledge assists DIYers</li> <li>Location and product availability</li> <li>Mix and merchandising</li> <li>Brand confidence</li> </ul>  |
| <b>OEM</b>              |  <b>John Guest®</b><br> <b>CashAcme®</b>  | <ul style="list-style-type: none"> <li>Water Quality</li> <li>Beverage Dispense</li> <li>Water Heater</li> <li>Other specialty</li> </ul>  | <ul style="list-style-type: none"> <li>Specialized product</li> <li>Customer loyalty</li> <li>Brand and reliability</li> <li>Pricing key consideration</li> </ul>   |
| <b>E-commerce</b>       |  <b>SharkBite®</b>   | <ul style="list-style-type: none"> <li>DIY &amp; Pro (Amazon, THD, Lowe's)</li> <li>Pro Only (Supply House, Build.com, et al)</li> </ul>   | <ul style="list-style-type: none"> <li>High growth</li> <li>Disruptive</li> <li>Questionable rate of Pro adoption</li> <li>Focus for Home Depot and Lowe's</li> </ul>   |

**Channel Mix**  
(FY20 Net Revenue)



# Long term fundamentals support growth

Despite recent economic volatility, long-term conditions that drive demand for our solutions remain solid

## Overall

Economy relatively healthy with varying effects of COVID-19

- Supportive consumer sentiment and low-interest rate environment
- Favorable demographics; strong rate of household formation
- **Plumbing trade labor shortage and COVID-19 work processes favorable to driving demand for RWC's solutions**
- COVID-19 induced variability in consumer confidence and GDP
- Canadian recessionary environment

## Core Segments

Underlying fundamentals of housing age continue to support repair market; remodel market may slow based on recession

- Strong RMI activity through pandemic expected to rebound through 2021 as home values and existing homes sales return to pre-pandemic levels
- **Aging U.S. housing stock with 70% of approximately 135M housing units over 30 years old**
- Housing affordability challenges resulting in increased "stay in place" remodeling
- Canada supportive of core repair activity but muted remodel activity

## New Construction

Steady SF housing demand, damped MF demand, and reduced forecasts in non-residential construction

- 2020 housing forecasts down with uptick in 2021; grappling with chronic shortage of construction workers and land
- MF experiencing softening demand, increase in supply and slow absorption
- **Longer term, the U.S. remains underbuilt for SF/MF housing**
- For Non-Res, consensus on construction spending forecasts 7% loss versus 2.9% growth predicted pre-pandemic for Health/Education and 14% loss versus 0.6% growth for Retail/Hotel/Office

# Changing market dynamics favoring RWC

COVID19 induced market disruptions have driven sector changes increasing demand for RWC products and leveraging growth strategy

## CV19 Market Disruption

Societal change resulting in additional time at home

Wholesale channel adapts slowly

MEP contractors challenged on job sites

## RWC's Strengths

- Trusted Brands
- Value Proposition
- Product Availability
- In-Stock Position

# Although certain sectors facing headwinds

COVID19 and the general recessionary environment are presenting challenges for certain sectors today and likely to impact demand in CY2021

## CV19 Market Disruption

Limited commercial space occupancy

Decline in federal stimulus programs impacting spending

Lower turnover in rental properties

High unemployment

Commercial construction pipeline uncertainty

Risk of inventory reductions in retail channels as POS slows

# Americas growth plan

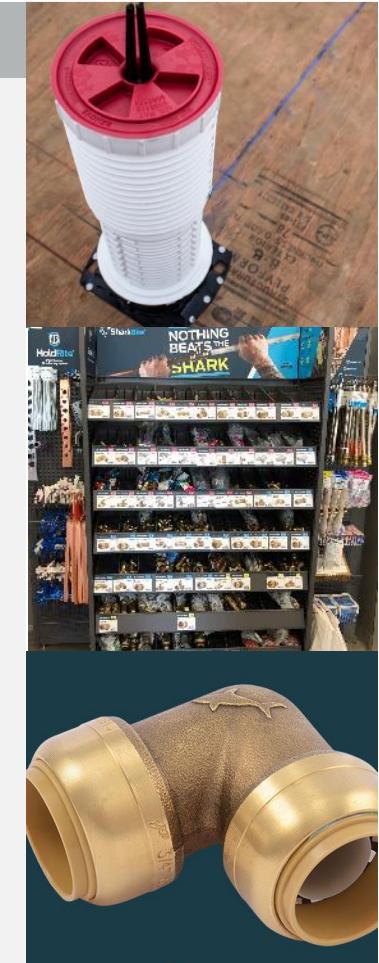
Utilize strength of brand, product offering and focused innovation approach across distribution network to expand market share

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## Representative initiatives

- Commercial end market selling investment
- Extend brands to new categories
- Add proven solutions requested by the Pro
- Expand access to acquired product offering (HoldRite and JG)
- Capture additional shelf space
- Creative SKU placement and merchandising
- Continued expansion of HoldRite providing differentiated entry point into commercial
- Continue innovating within fittings
- Programmatic M&A linked to strategy filling product and capability gaps



# Investment in growth initiatives providing return

Prior actions and investment across multiple sales channels have positioned RWC to capitalize on these changing market dynamics

|                      |   |  |   |
|----------------------|---|--|---|
| <b>Product</b>       | <ul style="list-style-type: none"> <li>• Value Adds</li> <li>• Line Extensions</li> </ul>     | <ul style="list-style-type: none"> <li>• Innovation</li> <li>• New Categories</li> </ul>     |    |
| <b>Merchandising</b> | <ul style="list-style-type: none"> <li>• Packaging</li> <li>• Signage and POP</li> </ul>      | <ul style="list-style-type: none"> <li>• Product Sequencing</li> </ul>                       |    |
| <b>Footprint</b>     | <ul style="list-style-type: none"> <li>• Increase outlets</li> <li>• Optimize</li> </ul>      | <ul style="list-style-type: none"> <li>• Adjacencies</li> <li>• Customer Programs</li> </ul> |    |
| <b>Commercial</b>    | <ul style="list-style-type: none"> <li>• Product</li> <li>• Field &amp; Spec Sales</li> </ul> | <ul style="list-style-type: none"> <li>• Contractor Services</li> <li>• Marketing</li> </ul> |   |
| <b>Supply chain</b>  | <ul style="list-style-type: none"> <li>• Manufacturing</li> <li>• Distribution</li> </ul>     | <ul style="list-style-type: none"> <li>• Planning</li> <li>• Systems</li> </ul>              |  |

# Growth initiatives – retail channels

Drive above market growth in the home improvement and hardware channels by leveraging product portfolio, brands, NPD and merchandising capabilities

## Drive Core Product

- Value add and line extensions of core product offering
- Merchandising excellence to help close the sale
- In store product sequencing and optimization



## Adjacent Category Expansion

- Utilize strength of brands to expand into adjacent areas, e.g.:
  - PEX and Crimp systems
  - Pipe Support
  - Stop Valves

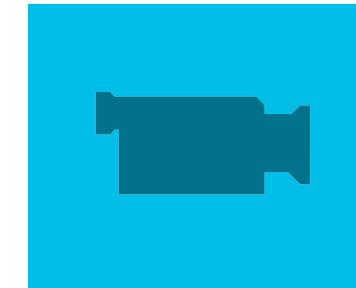


## Secure Additional Shelf Space

- Support initiatives important to retail partners and secure additional space, e.g.:
  - The Home Depot Pipe Aisle Resets
  - Ace Level 3 and True Value Blue
  - Lowe's Project 51



# Growth initiatives – retail channels



## Retail Video

# Growth initiatives – commercial segment

Penetrate attractive segment leveraging existing wholesale distribution and RWC value proposition to provide product and customer diversification

## Commercial Market

- Large, attractive market
- Fewer barriers to entry; no dominant player
- RWC value proposition resonates well
- Enhanced margin opportunities



## Market Update

- Commercial sales<sup>1</sup> +9% FY20
- Scaling salesforce and commercial support services required to drive end use demand
- Key products include HoldRite brand Pipe support, Fire Stop and DWV, and Cash Acme Valves



## New Products & Programs

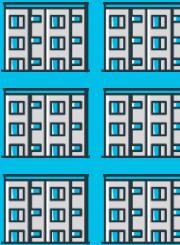
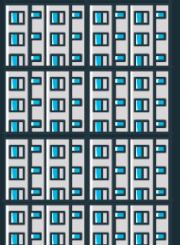
- **FY20** Caulks, Wraps, Collars & Silicone Sealants
- **FY21** Upgraded version 2 HFP sleeves, four new larger HFP sizes, HoldRite 703 PEX slab protectors and HFP Tub Box



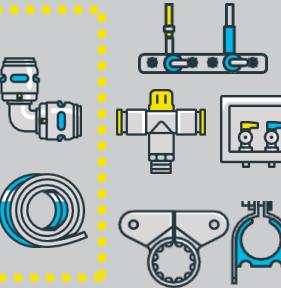
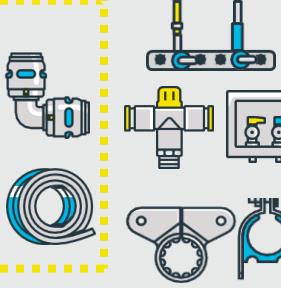
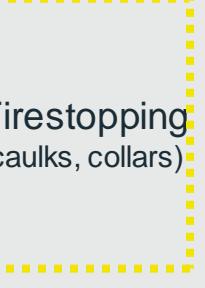
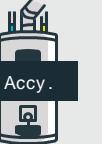
<sup>1</sup> measured as a basket of goods comprised of product sold through wholesale and used in commercial construction applications (e.g., HydroFlame Pro, TestRite, etc.); basket represents 6-7% of Americas revenue

# Filling product gaps will fuel growth in commercial segment

Attractive market requiring investment in product, service, sales and M&A to capture full potential

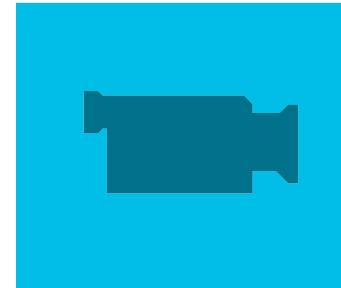
| Illustrative potential revenue opportunity per project  |
|---|
| <br><b>US\$155k</b><br>5 Storey, multi-building, 200-unit wood, multi-family structure |
| <br><b>US\$250k</b><br>15 Storey, 200-unit, concrete multi-family structure           |

Ability to sell  
(specifications, relationships)

| RWC addressable products by construction phase                                      |   |  |  |   |
|---|---|--|--|---|
| 1   | 2   | 3  | 4  | 5   |
|   |  DWV |   | <br>Firestopping (caulks, collars)  | <br>Accy.  |
|  |    |  | <br>Firestopping (caulks, collars) | <br>Accy. |



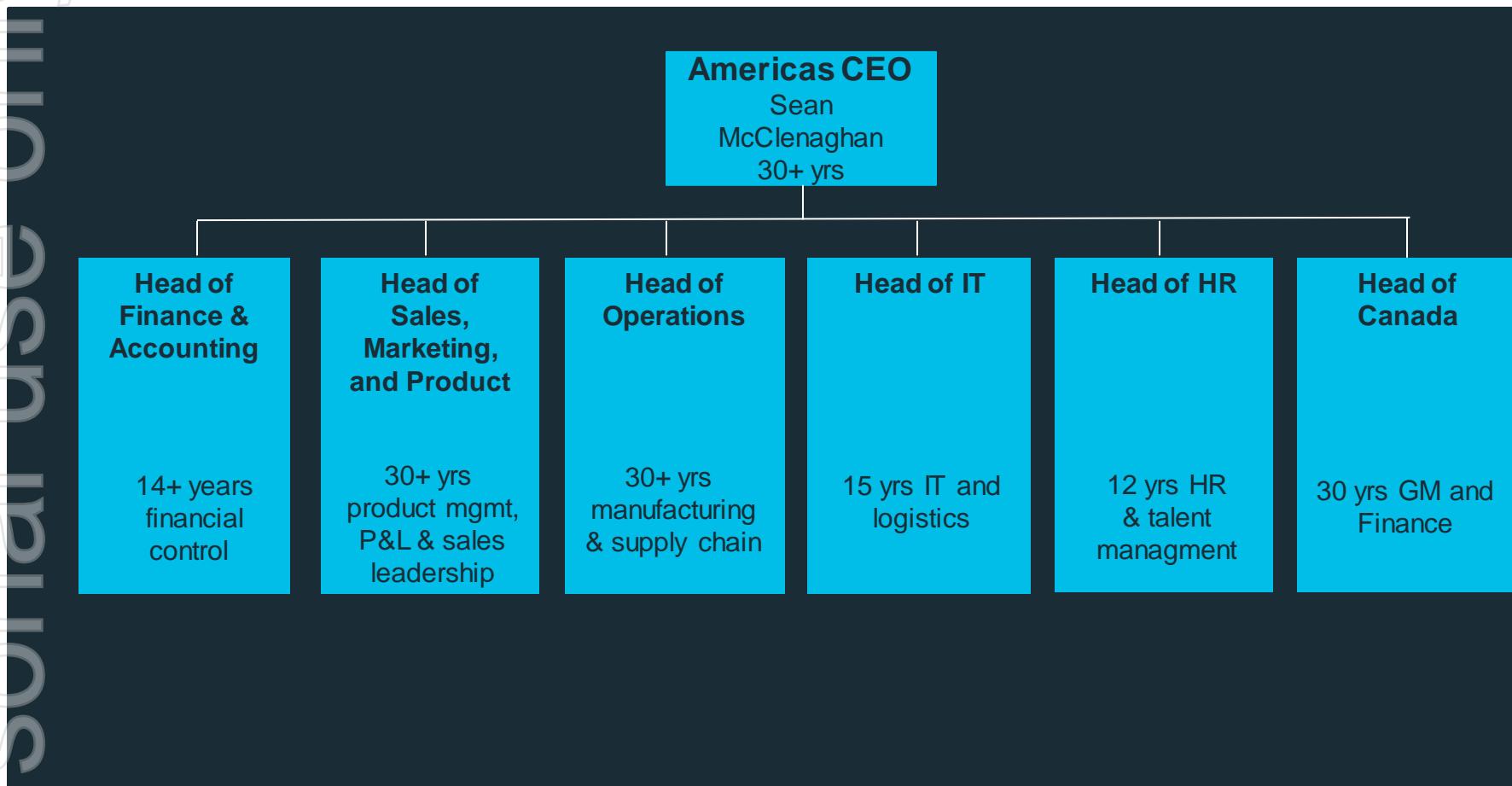
# Growth initiatives – commercial segment



## Commercial Video

# Talent and organization

Strong and scalable leadership team supported by organization deep in sales, operations and product development



## Additional keys to leadership:

- Talent pool comprised of internally and externally developed leaders across all business functions
- Utilize growth as opportunity to increase bench depth
- Focus on internal skills growth fostering future leaders
- Engaged team fueled by a culture of collaboration, transparency and change leadership

# RWC Americas operations snapshot

Operations and distribution facilities will require additional investment as business continues to scale



## CULLMAN, AL

395k sq ft manufacturing

- Produces and assembles valves, pipes, fittings, pipe supports, water heater accessories, fire stop and DWV products
- CNC machining, injection molding, extrusion, automated assembly, stamping and manual assembly

## CULLMAN, AL

370k sq ft distribution

- Packaging retail and wholesale products
- Finished goods warehouse

## LAS VEGAS, NV

47k sq ft distribution

- Finished goods warehouse

## PARSIPPANY, NJ

61k sq ft distribution

- Finished goods warehouse

## TORONTO, CANADA

22k sq ft distribution

- Finished goods warehouse

## Key performance objectives

- Creating a safety focused culture
- Maintaining employee health during COVID-19
- Optimizing Sales & Operating Planning (S&OP)
- Continuous improvement to drive costs out with goal of offsetting inflation

## Production

- 10M+ SharkBite Classic Fittings
- 150M+ Feet of PEX Pipe
- 8M+ Valves
- Near 1M sq ft manufacturing and distribution space

## Delivery

- 130K+ Shipments
- 98%+ OTIF<sup>1</sup>

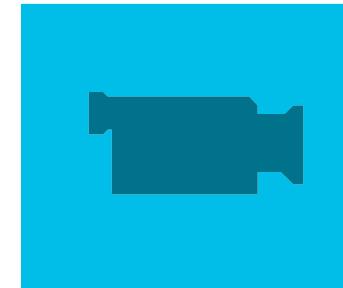
## Future Investment

- Additional distribution space in Cullman
- Incremental capacity in key areas such as fittings, pipe, packaging

<sup>1</sup> Into retail channel

# RWC Americas operations snapshot

Personal Use Only



## Operations Video



## Investor Day Q&A and Wrap Up

Thursday October 1, 2020



# Priorities for FY21

We will continue investing in the future growth of the business while meeting the operational challenges and market uncertainties of the current environment

Support our People

Serve the Customer

Grow the Business

Value Creation

- Health & safety and wellbeing of our people, especially in the context of ongoing COVID, including enhanced communication and efforts to maintain strong employee engagement
- Continued focus on operational excellence and execution, remaining agile and acting quickly in the face of changing external factors
- Delivery of above market top line growth in all key geographies
- Margin expansion through continuous improvement initiatives
- Prudent management of costs to aid margin expansion
- Supply chain improvements including sourcing security and overall planning and efficiency improvements
- Utilising new tools, including ERP, to begin yielding anticipated long-term benefits
- Prudent capital expenditure allocation

# In Summary

**We remain well positioned for future growth and the resilience of the business has been demonstrated through the Covid-19 pandemic**

- The RWC business is robust, successfully weathering recent extreme challenges
- The plumbing & heating market, and especially our primary repair and maintenance category, is highly resilient
- Our focus over the last several months has been on execution and will continue to be so into the near future
- There is significant uncertainty ahead, but the RWC business is well positioned and appropriately structured to navigate the near-term challenges and to accelerate out as visibility improves
- We have a clear plan to grow the business, increase profitability and create value for all stakeholders

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# Q&A – Session 2

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Solutions to Shape the World<sup>TM</sup>

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# Appendix

# Glossary

**BD** – business development

**D&I** – diversity and inclusion

**DuPont™ STOP®** – Safety Training Observation Program (DuPont's proprietary workplace safety program)

**DWV** – drain, waste, vent

**ESG** – environmental, social, and governance

**HFP** – HydroFlame™ Pro

**HSE** – health, safety, and environment

**MEP** – mechanical, electrical, and plumbing

**MF** – multi-family

**MRO** – maintenance, repair, and operations

**OTIF** – on time and in full

**P&H** – plumbing and heating

**PEX** – cross-linked polyethylene

**POS** – point of sale

**PRV** – pressure reducing valve

**PTC** – push-to-connect

**RMI** – repair, maintenance, and improvement

**S&OP** – sales and operations planning

**SF** – single family

**S.P.I.R.I.T.** – Simplicity, Passion, Innovation, Reliability, Integrity, Together we are one Team (RWC Core Values)

**TMV** – thermostatic mixing valve

# RWC Group snapshot

Global operations across the Americas, EMEA and APAC

Net Sales<sup>1</sup>

**\$1,162**

Million  
AUD

Managing

**14**

Manufacturing  
Facilities

Operating

**24**

Distribution  
Centers

Innovation

**5**

R&D  
Facilities

Employing

**2,300+**

Employees

Holding

**900+**

Patents and  
Trademarks

Manufacturing

**22,000+**

SKUs

Distributing

**18**

Brand  
Names

# RWC Business Canvas

## Articulation of our value proposition, purpose, and scope

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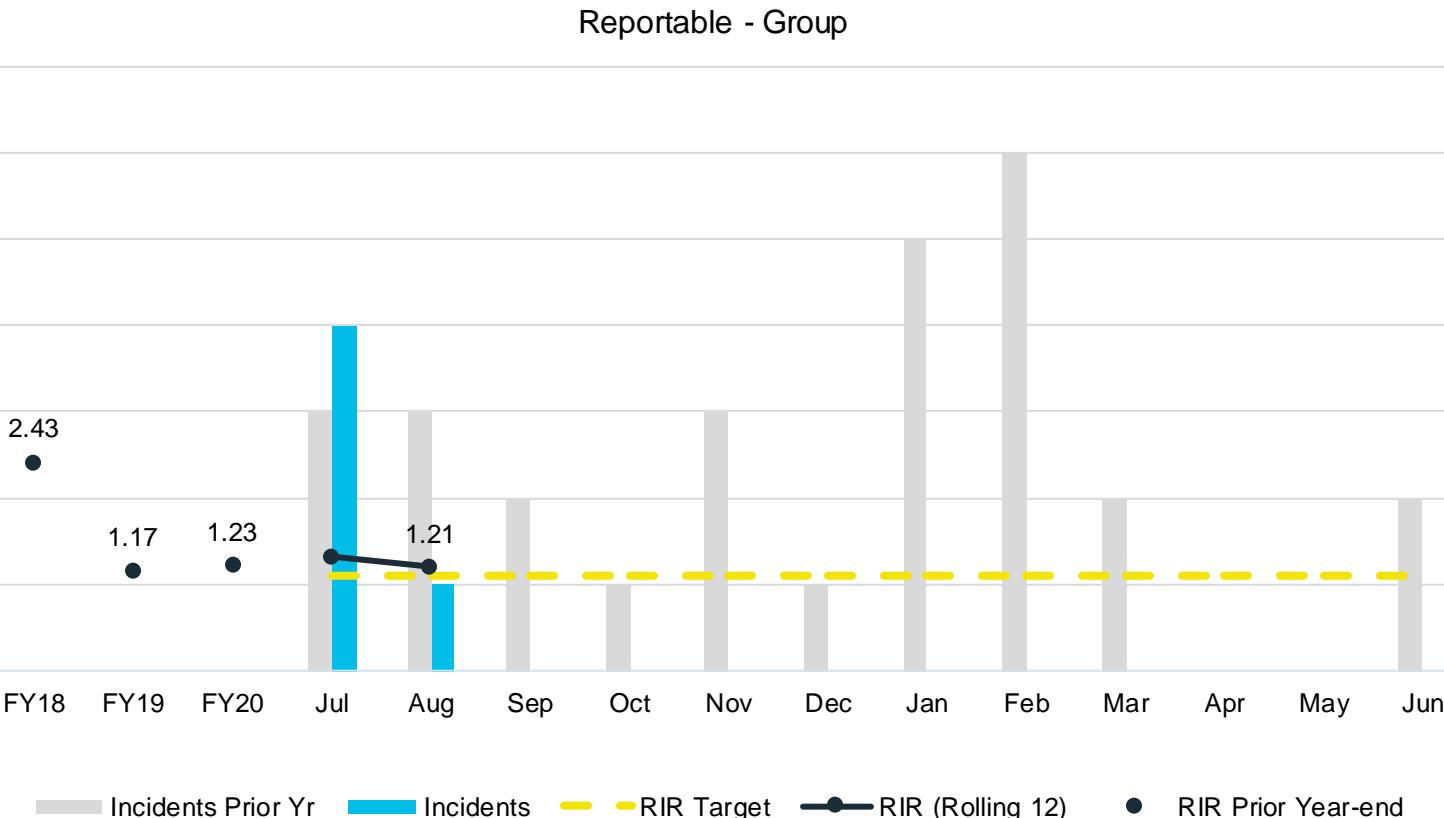
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# Safety

# Injury Rate

46% reduction in injury rate since FY18

Group

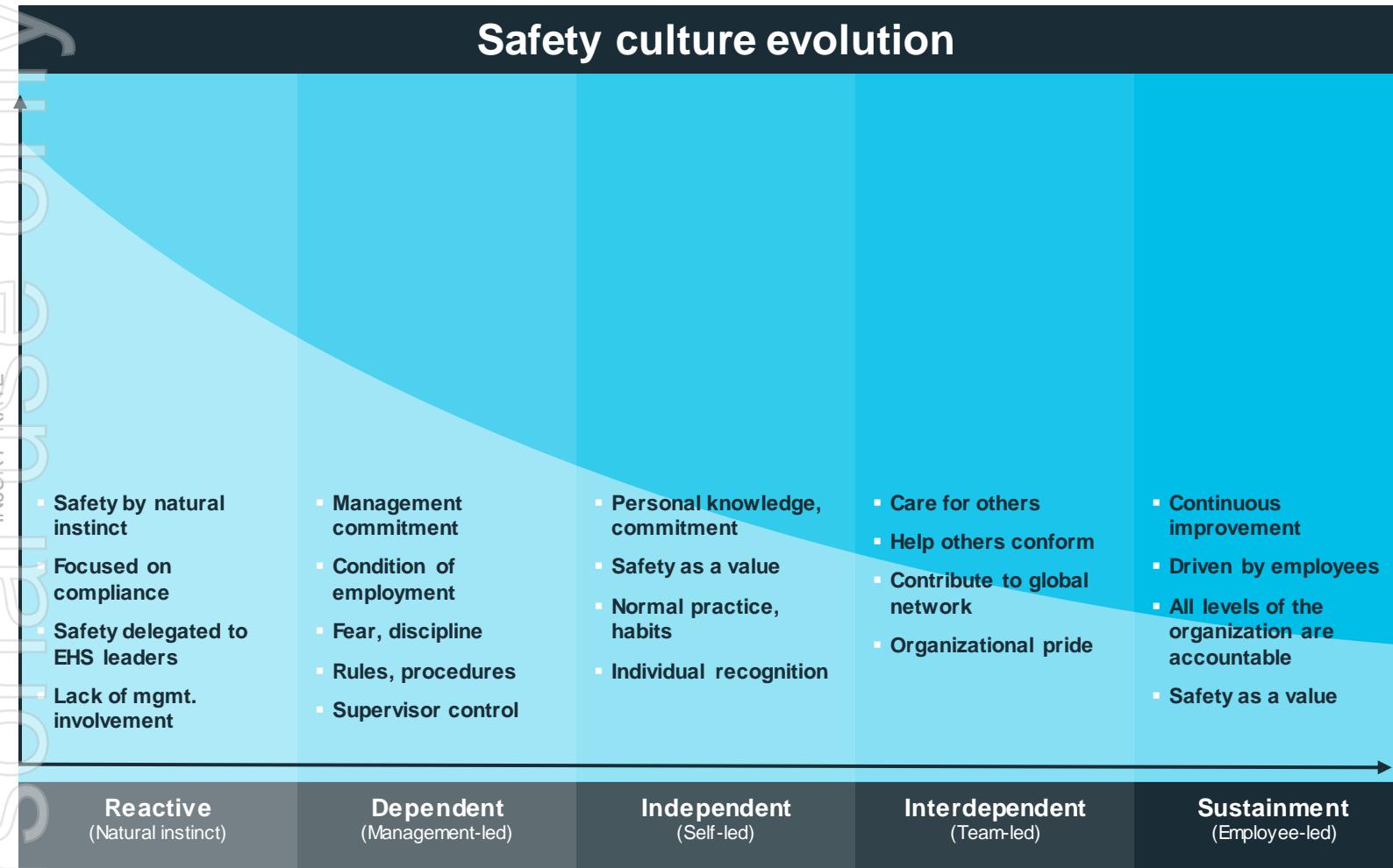


## FY20 results

- Slight increase in RIR
- Increased focused on employee engagement and incident reporting
- Injury severity is decreasing as Lost Time rate declined 40% in FY20 and 68% since FY18

# Our safety strategy remains unchanged

Build a world-class safety culture to drive performance



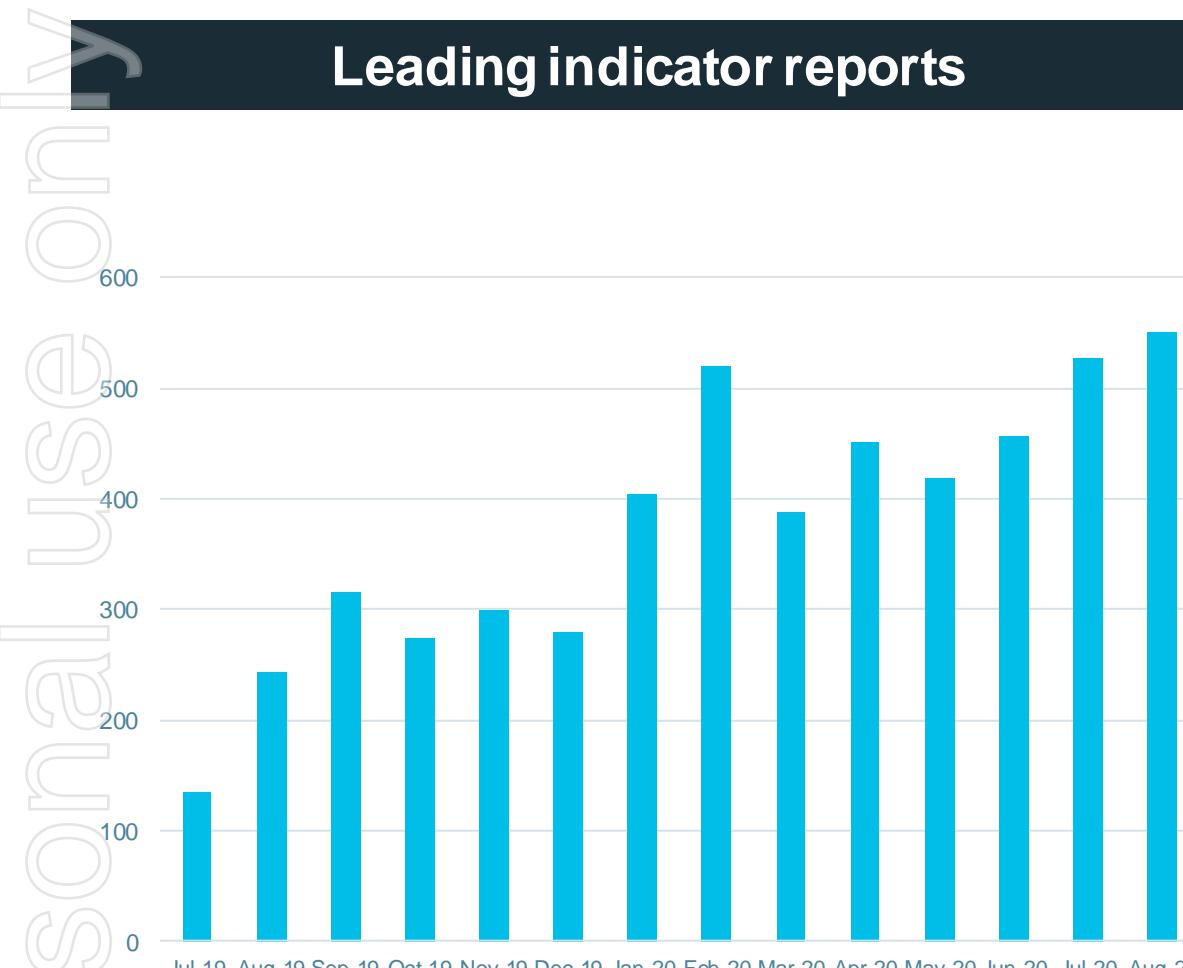
## Goals

- Zero injuries
- Safety as a value
- Employee-led safety culture
- Continuous improvement

# Employee engagement and leading indicators

Over 4,800 leading indicator reports in the last 12 months

## Leading indicator reports



## FY20 actions

- Safety committees established in all regions
- Implemented near miss/hazard reporting – leading indicator
- Launched DuPont™ STOP™ behavior observation process
- Implemented global HSE management system software
- Deployed safety leadership training
- Executed COVID-19 safety precautions

## DuPont™ STOP™

