



# FY23 First Quarter Trading Update

25 October 2022

RELIANCE WORLDWIDE CORPORATION LIMITED  
ABN 46 610 855 877



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The financial results are extracted from unaudited management accounts. RWC's standard processes were followed to confirm the material accuracy of the results. This presentation contains references to the following non-IFRS measures: EBITDA, Adjusted EBITDA and Adjusted EBIT. These measures are used by RWC to assess operating performance and are defined in the accompanying First Quarter Trading Update dated 25 October 2022. These measures have not been subject to audit or audit review.

All figures are presented in US Dollars unless indicated otherwise. The sum totals throughout this presentation may not add exactly due to rounding differences.

The information in this presentation remains subject to change without notice. Circumstances may change and the contents of this presentation may become outdated as a result.

This presentation forms part of a package of information about Reliance Worldwide Corporation Limited. It should be read in conjunction with the First Quarter Trading Update also released on 25 October 2022.

# Summary of Q1 FY23 Performance

US\$ million	Q1 FY22	Q1 FY23	% Change
<b>Net Sales</b>	<b>246.0</b>	<b>303.1</b>	<b>23%</b>
<b>Reported EBITDA</b>	<b>66.3</b>	<b>76.8</b>	<b>16%</b>
<i>EBITDA Margin (%)</i>	<i>27.0%</i>	<i>25.3%</i>	<i>-170bps</i>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>65.5</b>	<b>63.2</b>	<b>-4%</b>
<i>Adjusted EBITDA Margin (%)</i>	<i>26.6%</i>	<i>20.9%</i>	<i>-570bps</i>
<i>Adjusted EBITDA Margin excl. EZ-Flo (%)</i>	<i>26.6%</i>	<i>21.4%</i>	<i>-520bps</i>
<b>Reported EBIT</b>	<b>56.2</b>	<b>64.6</b>	<b>15%</b>
<i>EBIT Margin (%)</i>	<i>22.8%</i>	<i>21.3%</i>	<i>-150bps</i>
<b>Adjusted EBIT<sup>1</sup></b>	<b>55.4</b>	<b>50.9</b>	<b>-8%</b>
<i>Adjusted EBIT Margin (%)</i>	<i>22.5%</i>	<i>16.8%</i>	<i>-570bp</i>
<b>Net Debt</b>	<b>160.3</b>	<b>518.2</b>	<b>223%</b>

## Commentary

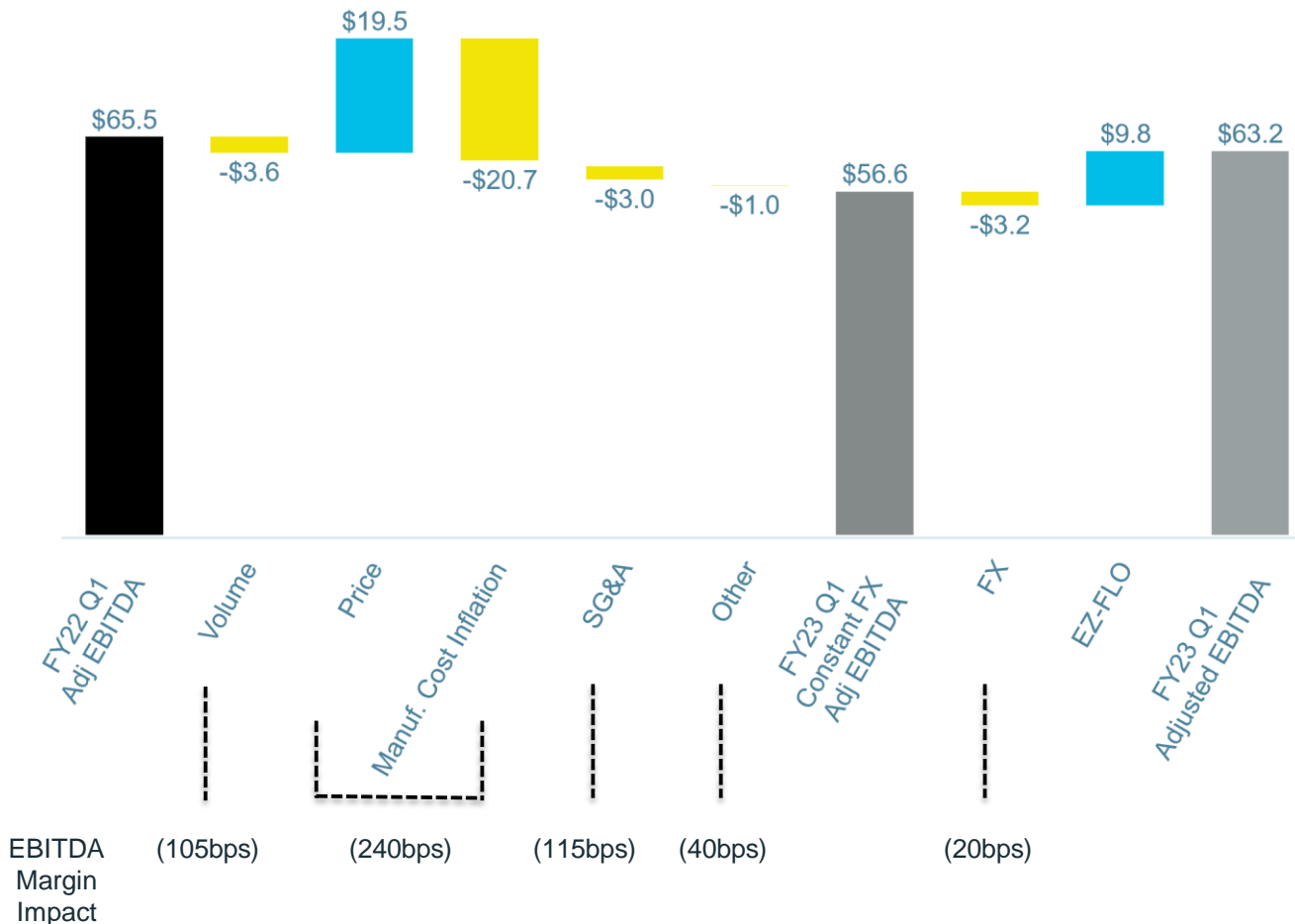
- Constant currency sales growth 28%
- Excluding EZ-Flo, constant currency sales growth of 6%
- Stronger US\$ impacted reported results from APAC and EMEA
- Price increases of 7.9% realised in the quarter, offsetting inflation impacts
- Continued sales trend variability month to month
- External volumes down in Americas and EMEA, up in APAC
- Lower intercompany volumes in APAC and EMEA
- Reported EBITDA includes (i) a \$15 million gain on UK property sale (ii) One-off costs to achieve EZ-Flo cost reduction synergies (\$1.4 million)
- Net debt \$32.9 million lower than at 30 June 2022, includes cash from UK property sale of \$25.2 million

<sup>1</sup> EBITDA and EBIT adjustments for Q1 FY23 comprise one-off costs to achieve EZ-Flo cost reduction synergies (\$1.4 million), and the gain on sale of a UK property (\$15.0 million)

# FY23 Q1 Adjusted EBITDA

Price increases offset inflation but diluted margins, FX translation headwinds

US\$m



## Commentary

- FY23 Q1 Adjusted EBITDA margin reflects lower volumes and higher cost inventory as a result of high input costs
  - Sales of lower cost inventory should positively impact future quarters in FY23
- Margins diluted by higher prices implemented to offset input cost inflation
- Higher SG&A costs reflect wage inflation, increases in marketing and travel expenses, new product launch costs
- FX translation headwinds due to strong US\$ against the A\$ and £



# Segment results: Americas

Lower volumes in 1<sup>st</sup> quarter following 2 years of strong growth

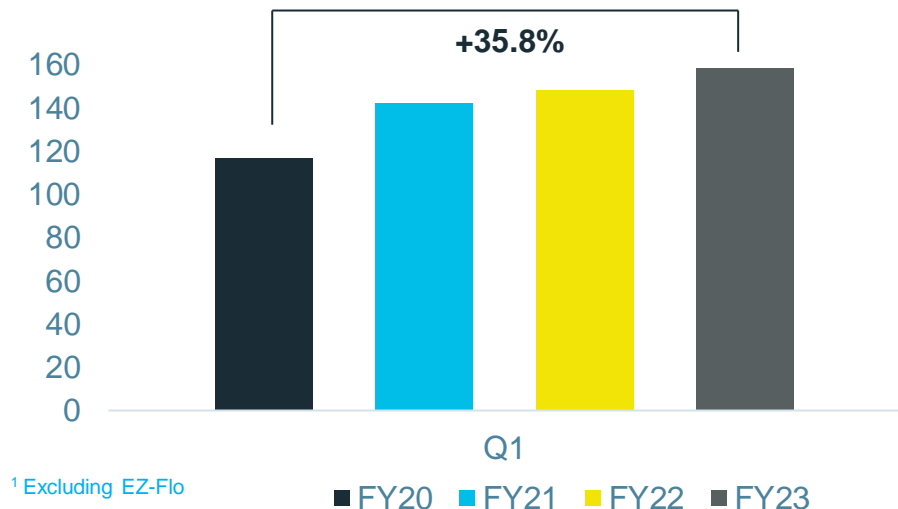
Americas (US\$ million)	Q1 FY22	Q1 FY23	% Change
<b>Net sales</b>	<b>148.9</b>	<b>212.2</b>	<b>43%</b>
- RWC	148.9	158.4	6%
- EZ-Flo	-	53.8	
<b>Adjusted EBITDA<sup>1</sup></b>	<b>27.7</b>	<b>34.7</b>	<b>25%</b>
- RWC	27.7	24.9	-10%
- EZ-Flo	-	9.8	
<i>Adjusted EBITDA Margin (%)</i>	<i>18.6%</i>	<i>16.4%</i>	<i>-220bps</i>
- RWC excl. EZ-Flo	18.6%	15.7%	-290bps
- EZ-Flo	-	18.2%	
<b>Adjusted EBIT<sup>1</sup></b>	<b>23.6</b>	<b>28.3</b>	<b>20%</b>
- RWC	23.6	19.5	-17%
- EZ-Flo	-	8.8	
<i>Adjusted EBIT Margin (%)</i>	<i>15.8%</i>	<i>13.3%</i>	<i>-250bps</i>
- RWC	15.8%	12.3%	-350bps
- EZ-Flo	-	16.4%	

<sup>1</sup> EBITDA and EBIT adjustments for Q1 FY23 comprise one-off costs to achieve EZ-Flo cost reduction synergies (\$1.4 million)

## Commentary

- Sales growth driven primarily by EZ-Flo and price increases
- Volumes lower than pcp across most channels, retail channel performed best
- Adjusted EBITDA up 25% with \$9.8m EZ-Flo contribution
- EZ-Flo continued to show operating margin improvement
- Order fulfilment rates continued to improve in the quarter, closing in on pre-Covid levels

Americas First Quarter Revenues US\$m<sup>1</sup>



<sup>1</sup> Excluding EZ-Flo

# Segment results: Asia Pacific

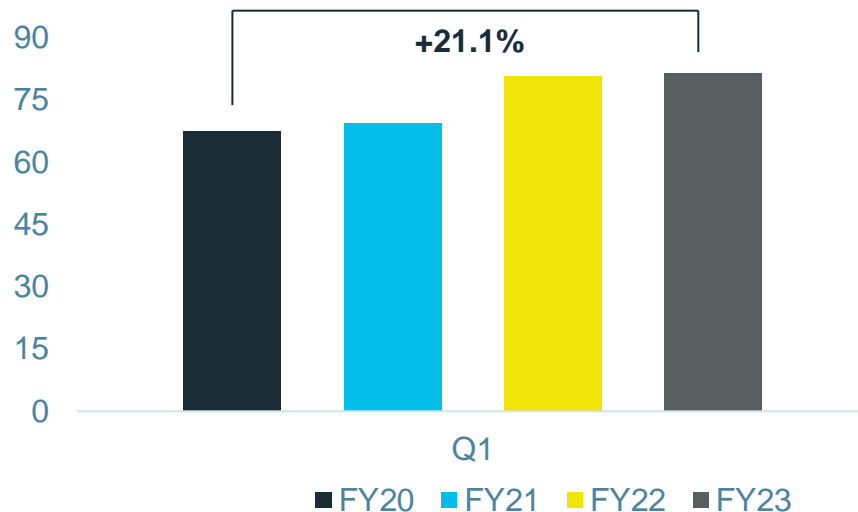
## Continued volume growth in Australia

Asia Pacific (A\$ million)	Q1 FY22	Q1 FY23	% Change
<b>Net sales</b>	<b>80.6</b>	<b>81.5</b>	<b>1%</b>
<b>Adjusted EBITDA</b>	<b>18.3</b>	<b>15.5</b>	<b>-15%</b>
<i>Adjusted EBITDA Margin (%)</i>	<i>22.7%</i>	<i>19.0%</i>	<i>-370bps</i>
<b>Adjusted EBIT</b>	<b>14.9</b>	<b>11.8</b>	<b>-21%</b>
<i>Adjusted EBIT Margin (%)</i>	<i>18.5%</i>	<i>14.5%</i>	<i>-400bps</i>

### Commentary

- External sales growth of 7% driven by continued volume growth in Australia
- Domestic demand in Australia solid in the quarter – 3% volume growth driven by new residential construction and remodelling activity
- Lower intercompany volumes - reduction in exports to the Americas
- Operating margins adversely impacted by higher input costs and lower manufacturing overhead recoveries on internal sales

Asia Pacific First Quarter Revenues A\$m

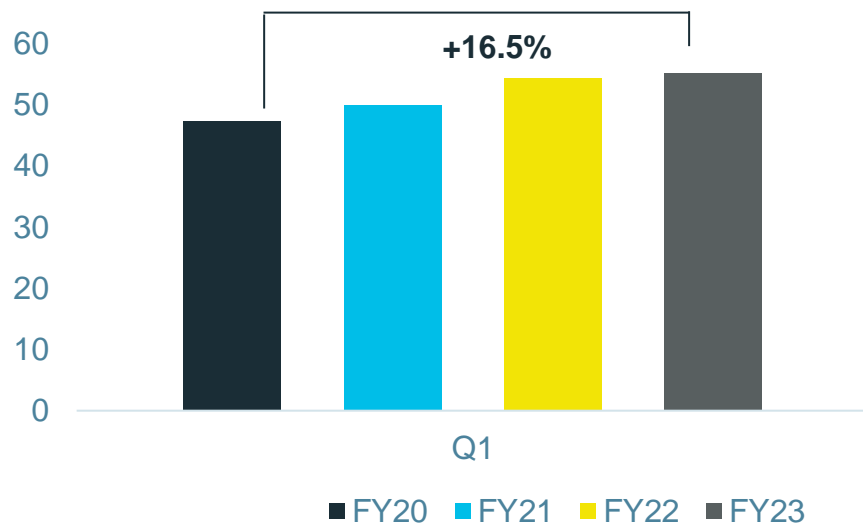


# Segment results: EMEA

UK sales up 9% on pcp, Continental Europe in line with pcp

EMEA (£ million)	Q1 FY22	Q1 FY23	% Change
Net sales	54.3	55.0	1%
Adjusted EBITDA <sup>1</sup>	17.6	16.1	-9%
Adjusted EBITDA Margin (%)	32.4%	29.3%	-310bps
Adjusted EBIT <sup>1</sup>	15.2	13.4	-12%
Adjusted EBIT Margin (%)	28.0%	24.4%	-360bps

EMEA First Quarter Revenues £m



## Commentary

- EMEA external sales up 7% on pcp
  - UK external sales up 9% on pcp, strong performance in plumbing and heating up 13%
  - Continental Europe sales up 1% on pcp
- Intercompany sales down 24% mainly due to lower FluidTech sales to Americas
- Adjusted EBITDA down 9% due to:
  - Higher raw materials, energy, freight and wage costs
  - Dilution impact of price rises to offset inflation
  - Lower volumes
- Continuous improvement initiatives helped offset lower volumes

<sup>1</sup> EBITDA and EBIT adjustments for Q1 FY23 comprise the gain on sale of a UK property (\$15.0 million)

# Outlook for FY 2023<sup>1</sup>

Despite an uncertain economic outlook, R&R activity levels expected to underpin demand

## Positive Outlook Factors:

- Backlog of Repair and Remodel (R&R) work expected to underpin volumes in the short term
- Consumer / household balance sheets are generally strong post-COVID and unemployment is near record lows
- RWC's exposure globally is predominantly to the less cyclical R&R sector
- RWC's global manufacturing operations ensure a high degree of control over product quality and availability
- We have proven adept at managing through the supply chain challenges and maintaining high service levels

## Outlook Risk Factors:

- Growth outlook for all key markets has become less certain in recent months
- Rising interest rates and continued inflationary pressures are impacting consumer confidence
- Further risk of supply chain disruption and potentially higher materials, freight and energy costs as a result of geopolitical tensions
- Covid variants continue to impact operations and markets globally

<sup>1</sup> Key assumptions for FY23 are set out in the Results Announcement dated 22 August 2022