



Media Release

23 February 2017

RWC delivers continued strong growth in first half of FY2017 and affirms full year Prospectus forecast

Reliance Worldwide Corporation Limited (ASX: RWC) ("RWC") has today announced its consolidated results for the six months ended 31 December 2016¹.

RWC was the largest IPO in Australia in 2016. It is a leader in the design, manufacture and supply of water flow and control products and solutions for use in "behind the wall" plumbing. RWC is also the clear number one manufacturer in the world of brass Push-To-Connect ("PTC") plumbing fittings. These are sold under the SharkBite brand and manufactured in RWC's facilities in Australia and the USA. PTC products remain the primary driver of RWC's business. SharkBite PTC is disrupting the plumbing fittings market and replaces the traditional labour intensive crimp and expansion PEX systems and copper solder fittings. These time saving solutions are increasingly supported by the continuing trend of a reduced supply of plumbers and other skilled labour in RWC's key markets. Currently SharkBite PTC is only sold into the USA Repair and Maintenance residential construction market and RWC is now seeking to sell new versions of SharkBite PTC into the New Build Residential market and the Commercial markets.

Key highlights include:

- Continued strong growth in the core SharkBite PTC plumbing fittings business in North America.
- Net profit after tax of \$35.3 million, representing 56% of Prospectus forecast for FY2017 and slightly ahead of anticipated half year results. RWC affirmed its Prospectus profit forecast for FY2017, with full year net profit after tax expected to remain slightly ahead of Prospectus profit forecast².
- Maiden interim dividend of 3.0 cents per share declared.
- Earnings per share of 6.7 cents
- Strong balance sheet to support continued growth in the business.
- Net debt reduced by \$31.6 million to \$96.3 million at 31 December 2016.

FY2017 outlook highlights include:

- In 2016, RWC expanded its USA retail distribution platform, when Lowe's agreed to distribute SharkBite products throughout its 1700+ home improvement stores. Distribution to Lowe's has now commenced.
- RWC's largest retail customer, The Home Depot ("THD"), has since confirmed that it is continuing to sell SharkBite PTC. Sales to THD of SharkBite PTC continue to grow at double digit rates.



RWC CEO, Mr. Heath Sharp, said: “THD remains RWC’s largest customer globally and we remain committed to continuing to support it with industry leading delivery, service and execution capabilities and innovative new products and solutions for plumbers. RWC strongly believes that adding SharkBite to additional USA retail outlets will drive PTC growth and adoption, create stronger brand awareness and provide a larger and more diversified growth platform for the benefit of all distributors moving forward, including THD.”

Other highlights include:

- Acceleration of capital investment in order to meet the increasing demand for SharkBite PTC.
- The controlled launch of the new SharkBite EvoPEX PTC system into the USA Residential New Construction market, which is currently dominated by crimp fittings. It is intended to disrupt that market in the same way SharkBite has done to the Repair and Maintenance market. A survey of New Construction plumbers has shown that SharkBite had a higher brand recognition than any fittings brand in the Residential New Construction market, even before RWC had entered that market.
- Achievement of gross margin improvement, driven by cost reductions, procurement savings and operational efficiencies, which continue to be a key priority.
- Excellent cash generation.
- New SharkBite PTC manufacturing facility in Cullman Alabama performing ahead of expectations.
- Continued product innovation and development.

Results for the 6 month period ended 31 December 2016

	Actual	Pro Forma 1HFY2016	Change
Net sales (\$m)	282.7	271.9	4.0
Gross profit (\$m)	120.9	113.1	6.9
EBITDA ³ (\$m)	63.7	54.0	18.0
EBIT ³ (\$m)	54.7	46.0	18.9
Net profit after tax (\$m)	35.3	n/a	n/a
Earnings per share (cents)	6.7	n/a	n/a
Dividend per share (cents)	3.0	n/a	n/a

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1. For full details, please refer to Results Announcement released by RWC dated 23 February 2017.
2. Forecast confirmed assuming, 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.
3. Before significant items (include non-operating foreign exchange gains and losses in 1H FY2016).