

## ASX Announcement

28 March 2023

### Investor day presentation slides

Reliance Worldwide Corporation Limited (ASX: RWC) today announced the release of two new product ranges in the Americas along with changes to manufacturing operations in Australia and the USA.

Attached is a presentation to be given to members of the investment community at a meeting being held in Melbourne today.

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This document was approved for release by the Disclosure Committee.





# Product launches and Manufacturing update

28 March 2023

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# Today's session

- Two game-changing product launches in Americas
- Manufacturing and supply chain enhancements in Americas and APAC
- Financial impacts

# Creating value through product leadership

## Solutions for the job site



Smart product solutions that improve contractor productivity, enable the DIYer, and make lives easier.

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Working in the field to understand job site requirements and challenges

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Product engineering that is creating the future of plumbing

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Market engagement to stay on top of trends and uncover acquisition opportunities

## Value for the distributor



Increasing value for the distributor while providing broadest access to our products for the end-user.

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Superior customer service provides the foundation partners can count on

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Differentiated brands that matter to the user and put more value on the shelf for the channel

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Broad distribution puts products in reach of the end-user when they need them

## Industry leading execution



Premium quality products and unrivalled operational efficiency delivering margin growth.

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Safety culture to ensure a work environment that protects our people

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Lean manufacturing and strategic sourcing to drive quality, margins and resilience

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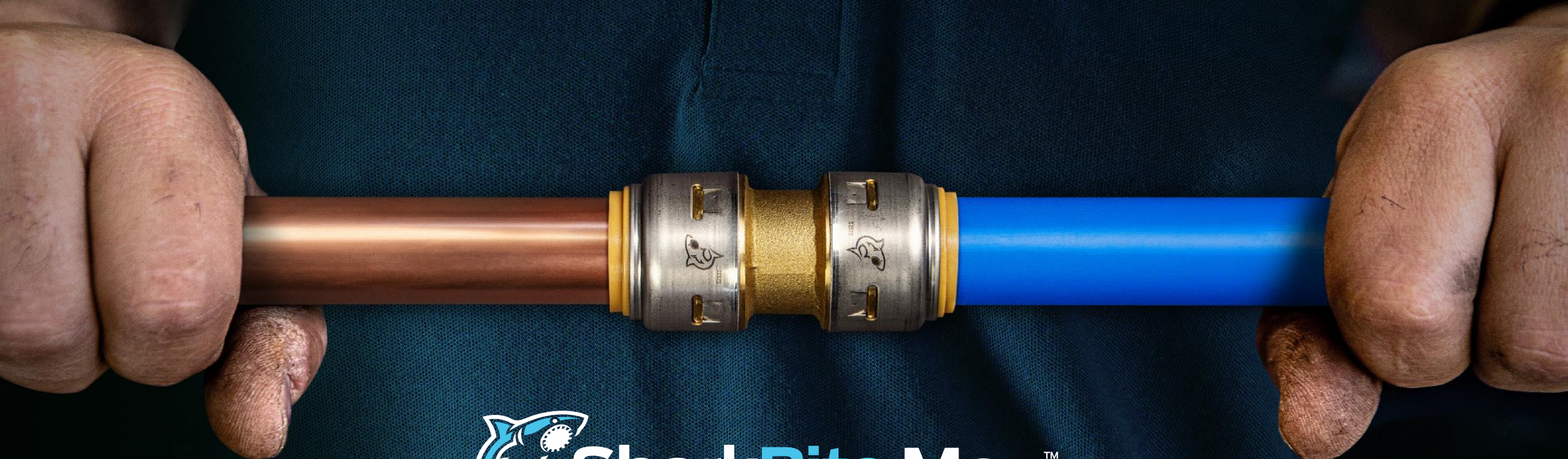
Sustainability focus delivers a more efficient operation while reducing environmental impact

# New product announcement #1

**Will Kilpatrick**, President – Americas

**Clayton Boardman**, SVP Sales – Americas

**Dixon Thuston**, Group VP Capital Projects



 **SharkBite Max™**

**Today we are announcing the launch  
of SharkBite Max in the Americas region**

# SharkBite Max creates increased value for stakeholders

## Solutions for the job site



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Stronger, faster, easier to use

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## Value for the distributor



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More value on the shelf

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Increasing penetration of high-value PTC

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Differentiated, IP-protected product

## Industry leading execution



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Increased manufacturing scale and efficiency through automation

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# SharkBite Max: Solutions for the job site

SharkBite Max is stronger, easier to use, and faster

## Stronger

- Same full body brass fitting, but now with a reinforcing stainless-steel retaining collar for added strength
- Double the burst pressure

## Easier to use

- Easier to push onto the pipe – 50% less insertion effort required to push fitting onto pipe

## Faster

- Easier and faster installation in tight and difficult to access spaces

## NEW SHARKBITE MAX

<p><b>2X THE BURST PRESSURE</b></p>	<p><b>PATENTED SHARKBITE™ TECHNOLOGY</b></p>
<p><b>1/2 THE INSERTION FORCE</b></p>	<p><b>STAINLESS STEEL RETAINER FOR ADDED STRENGTH &amp; DURABILITY</b></p>
<p><b>25 YEAR WARRANTY</b> <small>WHEN USED WITH PEX, COPPER, CPVC &amp; PE-RT PIPE</small></p>	<p><b>NO SPECIAL TOOLS, CRIMPING, SOLDERING OR GLUE REQUIRED</b></p>

Comparisons are in relation to 1<sup>st</sup> generation SharkBite.

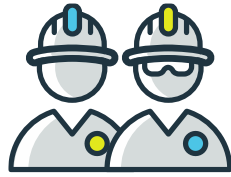
# SharkBite Max: Solutions for the job site

SharkBite Max has been extensively trialed with overwhelmingly positive feedback



2,000+

Plumbers surveyed



6,500+

Field installations



Rigorous

Internal testing

# SharkBite Max: Solutions for the job site

SharkBite Max has been extensively trialed with overwhelmingly positive feedback



The new stainless-steel reinforcement stands out. Gives more peace of mind.

Easier to push on, no longer fighting the stiffener. ”



# SharkBite Max: Solutions for the job site

SharkBite Max has been extensively trialed with overwhelmingly positive feedback



Feels lighter, much less force required, and I like not having the PEX stiffener. Lining up the PEX into the tee would've been much more difficult with first generation SharkBite.



# SharkBite Max: Solutions for the job site

SharkBite Max has been extensively trialed with overwhelmingly positive feedback

“



This week has been insanely busy and those products have really helped me to pack more calls into my day by getting each job done faster.

”

# SharkBite Max: Value for the distributor

SharkBite Max delivers significant new value for channel partners



More value on the shelf



Increasing penetration of high-value PTC



Differentiated, IP-protected product

# SharkBite Max: Value for the distributor

Positive response from channel partners on SharkBite Max and roll-out plan

- Multi-phase rollout with certain SKUs transitioning in a rolling change with customers
- Rollout to all channels simultaneously
- Targeting to have 95%+ of volume transitioned in next 12 months, with 1" product transitioning in 2024
- SharkBite Max supports innovation focus of channel partners

Phase	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24
Phase 1	Active	Completed	Completed	Completed	Completed	Completed
Phase 2	Completed	Active	Completed	Completed	Completed	Completed
Phase 3	Completed	Completed	Active	Completed	Completed	Completed
Phase 4	Completed	Completed	Completed	Active	Completed	Completed
Phase 5	Completed	Completed	Completed	Completed	Completed	Active

# SharkBite Max: industry leading execution

Unrivalled scale and sophistication of manufacturing operations

## SharkBite Max design has enabled increased manufacturing efficiencies

- SharkBite Max manufacturing process is more repeatable and drives greater consistency in product quality and output
- Manufacturing efficiencies reflected in significant improvements relative to current SharkBite:
  - 2x assembly throughput rate
  - 3x injection moulding output rate
  - 3x cartridge assembly output rate
  - Reduced brass scrap

## Installation of new manufacturing capacity has been completed



Production of SharkBite Max has been underway since early 2023



# SharkBite Max creates increased value for stakeholders

## Solutions for the job site



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Stronger, faster, easier to use

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## Value for the distributor



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More value on the shelf

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Differentiated, IP-protected product

## Industry leading execution



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Increased manufacturing scale and efficiency through automation

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# Americas: Manufacturing update

Heath Sharp, Chief Executive Officer

Dixon Thuston, Group VP Capital Projects

# SharkBite Max creates increased value for stakeholders

Increase in US manufacturing capability enabled by new SharkBite Max design

## Solutions for the job site



Stronger, faster, easier to use

## Value for the distributor



More value on the shelf

Increasing penetration of high-value PTC

Differentiated, IP-protected product

## Industry leading execution



Increased manufacturing scale, with greater efficiency through automation

**Broader US manufacturing for more robust and responsive supply chain**

# SharkBite Max: industry leading execution

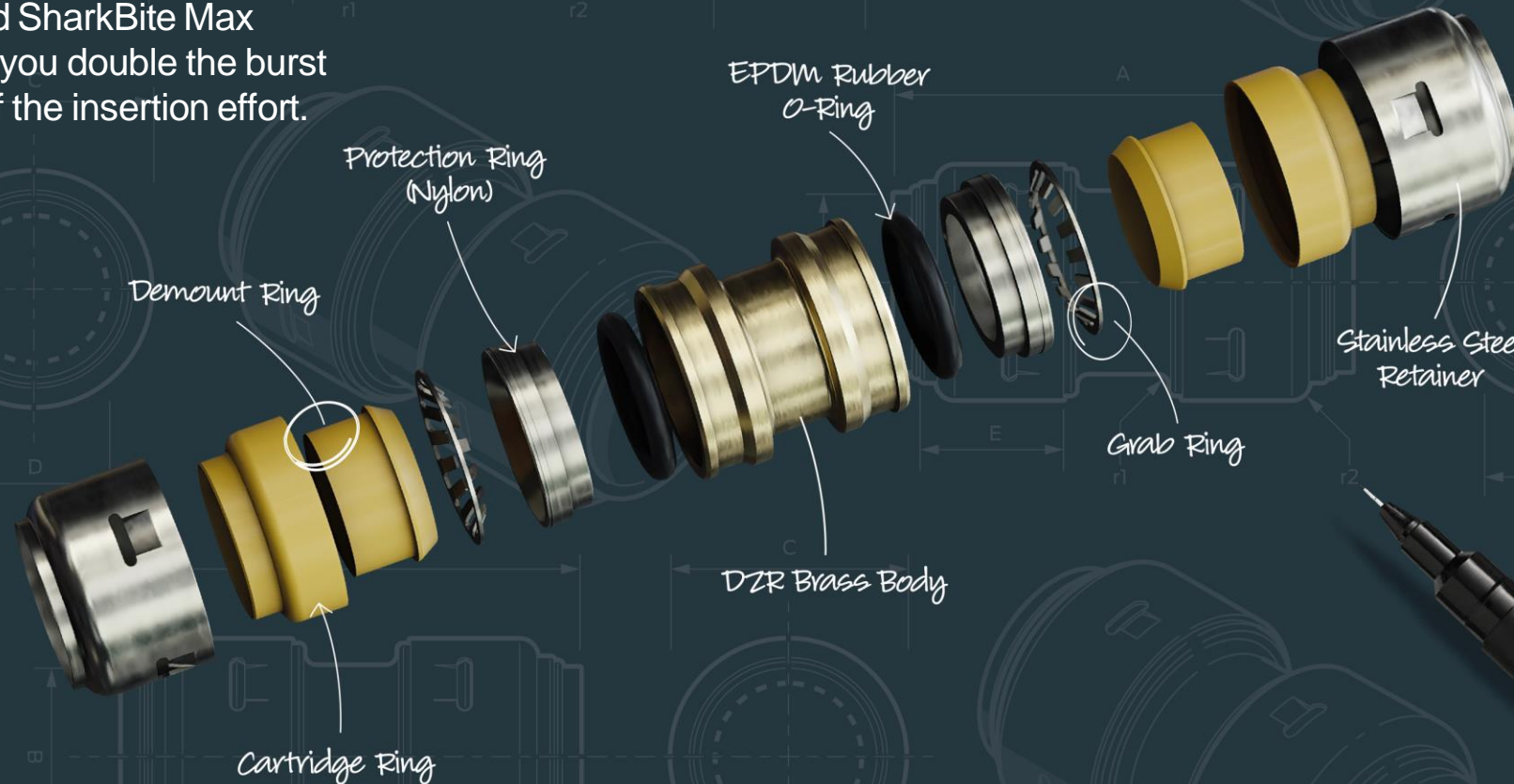
Enlarged US manufacturing footprint will enable a more robust and responsive supply chain

- **New production processes are more resilient and allow for greater flexibility of production planning**
- **Compresses length of RWC's supply chain for these products**
  - Reduces value of inventory in transit from Australia, and enables reductions in inventory levels
- **Elbows, tees, complex shapes will continue to be forged in Australia**
- **Multi-ended assembly machines have been transferred from Australia to RWC's Cullman (US) facility**
- **Cartridge assembly equipment has also been installed in Cullman and is fully operational**
  - Injection moulding of all components has also been transferred to Cullman from Australia
  - New tooling developed by RWC's EMEA team produces 4 times as many components per cycle versus current tooling

# SharkBite Max: industry leading execution

Stainless-steel collar enables greater product manufacturing in the US

Our new patented SharkBite Max technology gives you double the burst pressure with half the insertion effort.



- SharkBite Max design enables the bodies to be manufactured in Australia, with final assembly in USA
- SharkBite Max requires 20% less brass content than 1st generation SharkBite

# Asia Pacific: Manufacturing update

Nicole Sumich, President – Asia Pacific

# APAC: brass manufacturing operations

RWC has a fully integrated value chain in Australia

<p>Redundant telecommunication cables fully recycled producing pure copper</p>	<p>Casting of brass rods using recycled copper, zinc and brass swarf</p>	<p>Forging of brass products</p>	<p>Machining of brass products</p>	<p>Assembly of fittings</p>	<p>Assembly of valves and other products</p>
<ul style="list-style-type: none"> <li>100% recycled, furnace ready copper</li> <li>LME- copper pricing</li> </ul>	<ul style="list-style-type: none"> <li>10,000 tonnes pa capacity</li> <li>88% already lead free</li> <li>100% waste recycled</li> </ul>	<ul style="list-style-type: none"> <li>SharkBite bodies</li> <li>Valve and other forgings</li> </ul>	<ul style="list-style-type: none"> <li>SharkBite bodies</li> <li>Other bodies</li> <li>99.5% of waste recycled</li> </ul>	<ul style="list-style-type: none"> <li>Highly automated</li> <li>Flexible, resilient supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Assembly lines</li> <li>Lathes</li> <li>Machining centres</li> <li>Valves and other products</li> </ul>

# APAC manufacturing operations impact

After many years of supporting impressive growth in the Americas, the reshaping of the manufacturing footprint in Australia is almost complete

APAC – Previous	APAC – Future
<b>Moorabbin, Melbourne</b> <ul style="list-style-type: none"> <li>Continuous casting of duplex brass</li> <li>Automated brass forging</li> <li>Forging tool design centre</li> </ul>	<b>Moorabbin, Melbourne</b> <ul style="list-style-type: none"> <li>Continuous casting of duplex brass</li> <li>Automated brass forging</li> <li>Forging tool design centre</li> </ul>
<b>Braeside, Melbourne</b> <ul style="list-style-type: none"> <li>Automated brass machining</li> </ul>	<b>Braeside, Melbourne</b> <ul style="list-style-type: none"> <li>Automated brass machining</li> </ul>
<b>Croydon, Melbourne</b> <ul style="list-style-type: none"> <li>Plastic moulding for fittings and valves</li> <li>Plastic tool design and manufacture</li> </ul>	
<b>Dandenong, Melbourne</b> <ul style="list-style-type: none"> <li>SharkBite assembly</li> <li>EvoPEX assembly</li> <li>PEX/poly pipe extrusion for local market</li> </ul>	<b>Dandenong, Melbourne (local market focus)</b> <ul style="list-style-type: none"> <li>PEX/poly pipe extrusion</li> <li>SharkBite assembly</li> <li>EvoPEX assembly</li> <li>Plastic moulding for fittings and valves</li> </ul>
<b>Eagle Farm, Brisbane</b> <ul style="list-style-type: none"> <li>Brass machining</li> <li>Valve assembly and testing</li> <li>Product development</li> </ul>	<b>Eagle Farm, Brisbane</b> <ul style="list-style-type: none"> <li>Brass machining</li> <li>Valve assembly and testing</li> <li>Product development</li> </ul>



# APAC: brass manufacturing and forging operations

The assembly of fittings for the Americas is moving offshore but APAC will remain RWC's centre of excellence for all brass manufacturing activities and valve development

- RWC is only brass manufacturer of scale in Australia
- Expertise redeployed with greater focus on realising growth within the Australian market and APAC region

## Manufactured in Australia for local markets:

- All valves
- SharkBite fittings
- EvoPEX fittings
- PEX, polyethylene and custom nylon pipe
- Other specialist products eg: water meters

## Manufactured in Australia for the Americas:

- SharkBite Max bodies for elbows, tees and complicated shapes for assembly in Cullman
- Thermostatic valves

## Manufactured in Australia for EMEA:

- Thermostatic valves
- Thermal balancing valves

# Creating value through product leadership

## Solutions for the job site



Smart product solutions that improve contractor productivity, enable the DIYer, and make lives easier.

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Working in the field to understand job site requirements and challenges

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## Industry leading execution



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Safety culture to ensure a work environment that protects our people

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Lean manufacturing and strategic sourcing to drive quality, margins and resilience

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Sustainability focus delivers a more efficient operation while reducing environmental impact

# Australia and New Zealand - transition to lead free<sup>1</sup> brass

As Australia's only brass manufacturer of scale, RWC is best positioned to lead the upcoming change to lead free brass fittings in Australia and New Zealand

## Value for the distributor



## Industry leading execution



- From September 2025, Australia and New Zealand will limit the allowable lead content in brass plumbing fittings in new potable water applications to <0.25%
- Given RWC's position in brass manufacturing in Australia, we are leading this transition
- 88% of RWC brass production is already lead free and has been supplied to US for over a decade
- This is a big change for industry but not for RWC – we are the natural leaders

# APAC turns focus to local growth

With the operational reconfiguration well advanced, APAC's focus is turning to realising growth within the Australian market and APAC region.

Where	ANZ				Export and other APAC regions
	Residential	Commercial	OEM	Utilities and councils	
	Wholesale				
	Retail				
How	Solutions for the job site		Value for the distributor	Industry leading execution	

# New product announcement #2

**Will Kilpatrick**, President – Americas  
**Clayton Boardman**, SVP Sales – Americas  
**Dixon Thuston**, Group VP Capital Projects

# We are launching PEX-a and Expansion Fittings

PEX-a and Expansion Fittings are being launched in the Americas region



# PEX-a creates increased value for stakeholders

PEX-a and Expansion Fittings progress RWC's journey to everything on a plumber's truck

## Solutions for the job site



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Everything on a plumbers truck

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System with high acceptance in core remodel end markets and allows entry into new residential construction

## Value for the distributor



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Key play to drive greater share of wallet from pro plumbers

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## Industry leading execution



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Substantial scale with new plant investment

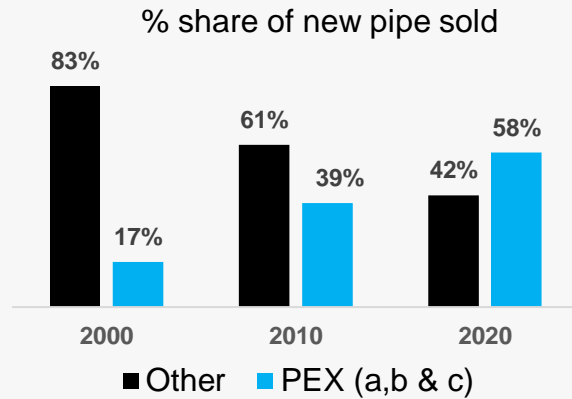
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US made product enables supply chain efficiencies

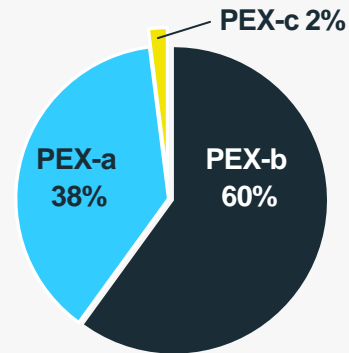
# PEX-a and Expansion Fittings: Solutions for the job site

PEX-a is the fastest growing pipe and fittings system and key to addressing residential construction and major remodel markets

## Pipe



Significant growth in PEX pipe to 1.7 billion feet p.a.

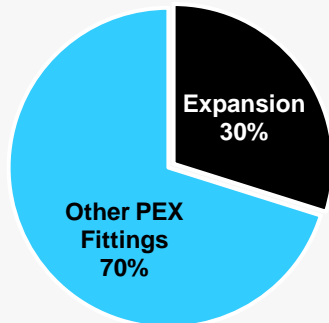


PEX-a is a substantial portion of pipe installations – 640 million feet p.a.

## Value of PEX-a

- Strong growth projections in R&R and New Construction markets driven by PEX-a, which is taking share from cPVC and Copper
- PEX-a is the most “fitting friendly” type of pipe (compatible with expansion, crimp, clamp, press and PTC fittings)
- PEX-a fittings use a power tool, reducing installer effort to make connections
- PEX-a commands a premium in the market
- This new system places RWC in an advantageous position to compete in a premium segment of the PEX market

## Fittings



Expansion Fittings engineered for use on PEX-a and are sold as a system



SharkBite Expansion Fittings



# PEX-a demonstration



# PEX-a and Expansion Fittings: Value for the distributor

Key play for retail channel partners to drive greater share of wallet from pro plumbers

## Commercialisation:

- We are launching with Retail
- Wholesale will follow next

## We are targeting the following end-segments:

- Repair & Remodel
- Re-pipe of homes
- Commercial multi-family new construction
- New residential construction



# PEX-a and Expansion Fittings: Value for the distributor

RWC's PEX-a and Expansion Fittings are being launched in retail



In-store demonstration mock-up used at a recent Retailer manager's meeting. Due for launch in 2023.

# PEX-a and Expansion Fittings: Industry leading execution

Substantial scale and sophistication with investment in US manufacturing capacity

- To enable RWC to address the PEX-a market opportunity we have invested in a new plant within RWC's Cullman footprint
- 6 PEX-a manufacturing lines have been built and commissioned
- This new capacity represents ~10% of current total US PEX demand
- RWC was able to leverage the expertise of the team at its Granada, Spain PEX-a plant
- The current footprint will allow for 6 additional lines to be added, with total capacity then equivalent to ~ 20% of total US PEX demand
- RWC's new plant materially changes total US capacity for PEX manufacturing
- New range of expansion fittings has been developed in conjunction with PEX-a
  - Tooling for the new manufacturing equipment being deployed in Cullman has been undertaken by John Guest UK
- Manufacturing investment positions RWC strongly to supply all channels in the market



PEX-a plant, Cullman USA

# PEX-a creates increased value for stakeholders

PEX-a and Expansion Fittings progress RWC's journey to everything on a plumber's truck

## Solutions for the job site



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Everything on a plumber's truck

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System with high acceptance in core remodel end markets and allows entry into new residential construction

## Value for the distributor



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Key play to drive greater share of wallet from pro plumbers

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## Industry leading execution



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Substantial scale with new plant investment

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US made product enables supply chain efficiencies

# Financial impact

Andrew Johnson, Chief Financial Officer

# SharkBite Max: Financial impacts

<p><b>Sales impact</b></p>	<ul style="list-style-type: none"> <li>▪ Volume neutral in first 12 months – SharkBite Max will substitute for 1<sup>st</sup> generation SharkBite sales</li> <li>▪ Expect higher conversion of plumbers to SharkBite Max over time that will drive higher sales growth</li> </ul>
<p><b>Margin impact</b></p>	<ul style="list-style-type: none"> <li>▪ SharkBite Max will sell for a premium</li> <li>▪ 20% lower brass content is offset by increased use of stainless steel in new design</li> <li>▪ Strong Return on Investment</li> </ul>
<p><b>Inventory</b></p>	<ul style="list-style-type: none"> <li>▪ Classic SharkBite inventory levels have been managed in anticipation of launch of SharkBite Max</li> <li>▪ \$12m in SharkBite Max inventory held ahead of product launch</li> <li>▪ Lower inventory levels will be progressively enabled by manufacturing/assembling closer to end markets</li> </ul>
<p><b>Capex</b></p>	<ul style="list-style-type: none"> <li>▪ \$15m incremental capex already incurred for SharkBite Max production in the US and retooling in Australia</li> </ul>
<p><b>APAC impact</b></p>	<ul style="list-style-type: none"> <li>▪ Revenues and margin shift from APAC to Americas due to change in manufacturing</li> <li>▪ Review of transfer pricing between APAC and Americas will be finalised for start of FY24</li> <li>▪ Further update to be provided at FY23 results announcement in August</li> </ul>

# PEX-a and Expansion Fittings: Financial impacts

## Sales impact

- We expect above-market growth as PEX-a provides additional solutions for existing R&R channel partners and delivers new customers in commercial new construction, new residential construction, and re-pipe
- Expect PEX-a to be additive to existing PEX-b sales

## Margin impact

- PEX-a is a higher margin product than PEX-b due to selling price
- Strong Return on Investment

## Inventory

- Manufacturing equipment currently in commissioning process
- Minimal impact on inventory levels to date

## Capex

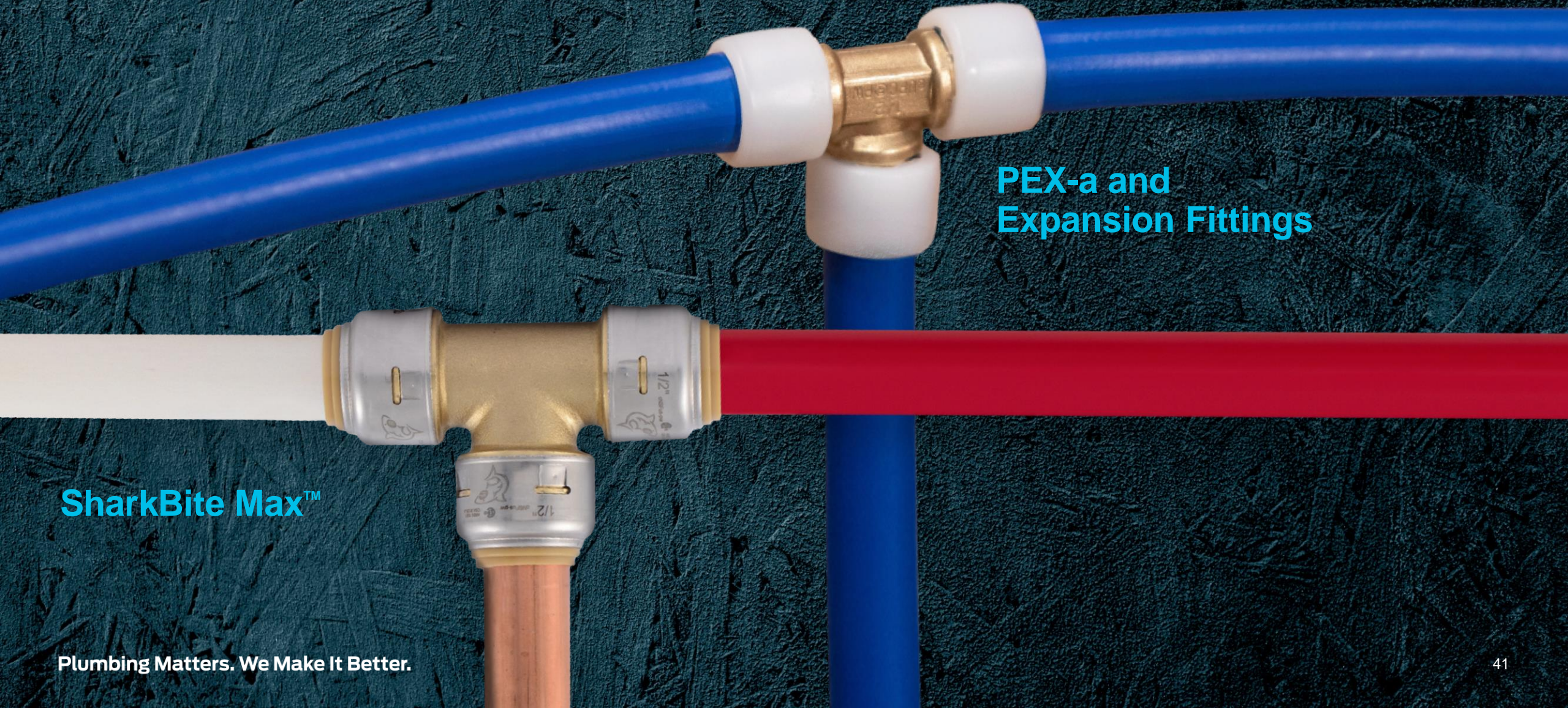
- \$28m total capex, \$26m already incurred



# Wrap Up and Q&A

Heath Sharp, Chief Executive Officer

# RWC announces two new product ranges in the Americas



PEX-a and  
Expansion Fittings

SharkBite Max™