

ASX ANNOUNCEMENT

13 February 2024

RWC TO ACQUIRE HOLMAN INDUSTRIES

- **Holman Industries is a leading manufacturer and distributor of branded plumbing and watering products in Australia.**
- **The acquisition will expand RWC's product offering and channel partner distribution reach and drive growth in the Australian plumbing market.**

Reliance Worldwide Corporation Limited (ASX: RWC) ("RWC" or "the Company") has entered into an agreement to acquire the Holman Industries business ("Holman") for A\$160 million¹ (US\$105 million). The price reflects a 7.0 times multiple of Holman's LTM EBITDA² before synergies. The business is being acquired from interests associated with Holman's founder Walter (Wally) Edwards.

RWC expects the acquisition of Holman will be EPS accretive from the first full year of ownership, and the return on capital employed (ROCE) to exceed RWC's current level.

Holman is a leading independent manufacturer and distributor of branded plumbing and watering products sold through retail and wholesale channels in Australia. Approximately half of Holman's revenues are generated from sales of "water-out" plumbing products focused on drain, waste and vent (DWV) solutions, stormwater fittings, and PVC pressure fittings. The remaining revenues are generated by sales of watering products including a range of hose systems, fittings, timers, and garden products in retail and hardware. Holman is a long-term supplier to this segment with strong retail fulfilment execution expertise.

Holman's PVC plumbing products for DWV solutions are manufactured at its plants in Western Australia and Queensland. Other products are sourced from trusted international suppliers. Holman has a network of seven distribution centres across Australia to service its channel partners.

Holman recorded net sales of A\$192 million and Adjusted EBITDA of A\$22.9 million² in the 12 months ended 31 December 2023. The acquisition of Holman is expected to double RWC's annual net external sales in its Asia Pacific ("APAC") region to approximately A\$360 million.³

¹ Subject to conditions precedent and customary closing adjustments and conditions. All figures are in Australian dollars unless otherwise specified.

² Pro forma adjusted earnings before interest, tax, depreciation, and amortisation ("EBITDA") for the 12 months ended 31 December 2023. Source: Holman management accounts for the period, which have not been subject to audit review.

³ Based on RWC net external sales for the year ended 30 June 2023 and Holman's net sales for the same period.



RWC estimates that APAC segment net sales for the current financial year ending 30 June 2024 will increase by approximately A\$50 million reflecting a part period contribution from Holman⁴. Holman's trading pattern has a higher seasonality than RWC's existing APAC business, with around 75% of operating earnings occurring in the period from 1 July to 31 December.

The acquisition will be debt funded utilising RWC's existing committed borrowing facilities. RWC's pro-forma leverage (Net Debt to Pro Forma EBITDA) will increase to 1.90 times post completion, compared with 1.69 times at 30 June 2023.

Holman's founder Wally Edwards has agreed to remain with the business for two years following completion of the acquisition.

RWC believes the acquisition of Holman will provide additional sales growth opportunities from an expanded product portfolio coupled with a much broader retail channel partner distribution footprint in Australia. In addition to revenue synergies, RWC also expects to achieve cost savings of approximately A\$5 million p.a. on a run rate basis by the end of Year 3 through distribution footprint rationalisation and optimisation.

RWC Chief Executive Officer, Heath Sharp said the acquisition of Holman aligns with RWC's growth strategy and will enhance its market position in Australia.

"Product innovation coupled with high levels of customer service have been instrumental in driving Holman's growth. This is strongly aligned with RWC's approach to growing its business.

"The acquisition of Holman provides RWC with immediate and substantial access to the Australian water-out segment, allowing us to strengthen our overall offering and be an even better partner to our core plumbing wholesalers in Australia. Entering the water-out market is a strategic priority in each of our three regions. While we have looked at other opportunities globally, Holman marks our first foray into this end market. We expect it will help lead and catalyse our approach in other markets globally.

"Holman also gives RWC significantly expanded access to the retail channel in Australia. This will provide us with the opportunity to grow our legacy RWC products within retail while also putting more scale and manufacturing capability behind Holman. We believe Holman's success is linked to its genuinely world class execution capabilities into retail and hardware. This acquisition will allow us to utilise Holman's retail operational capabilities in other parts of the world, while also enabling us to look for opportunities to bring our US retail market expertise to Australia.

"We are delighted that Holman's founder Wally Edwards is going to remain with the business in an advisory capacity. Wally has built a really strong team, and we see a significant amount of very capable talent within Holman that will augment RWC's global capabilities," Mr Sharp said.

⁴ Assumes completion by early March 2024 as currently expected.

Completion, subject to conditions precedent and customary conditions, is expected to occur in March 2024.

Please refer to the investor presentation released today for additional information.

RWC management will host a briefing for investors and analysts on the Company's results for the half year ended 31 December 2023 and the Holman Industries acquisition on Monday 19 February 2024 commencing at 9:00am AEDT. The webcast details for the call are provided below:

Audience Event Link:

<https://edge.media-server.com/mmc/p/e43eonr6>

Click on the link above to attend the presentation from your laptop, tablet or mobile device. A full replay of the presentation will be available at the same link shortly after the conclusion of the live presentation.

Financial Advisors to RWC on the acquisition were Oaktower Partnership with legal advice provided by Herbert Smith Freehills.

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This announcement has been authorised for release by the RWC Board.