

ASX ANNOUNCEMENT

26 October 2021

RWC TO ACQUIRE EZ-FLO INTERNATIONAL, INC. FOR US\$325 MILLION

EZ-FLO IS A LEADING MANUFACTURER AND US DISTRIBUTOR OF PLUMBING SUPPLIES

- Acquisition price reflects a 12.0 times purchase price multiple of EZ-FLO's Pro Forma Adjusted EBITDA before synergies (reducing to 7.0 times including expected net synergies by 2024).
- EZ-FLO is a leading manufacturer and US distributor of plumbing supplies and speciality plumbing products. The acquisition will expand RWC's product offering and further accelerate its growth in the North American plumbing market.
- EZ-FLO's EASTMAN brand is the leading brand in large appliance connectors in the US and will immediately position RWC as a leader in Major Appliances Installation and Service.
- EZ-FLO's manufacturing and sourcing capability in China will provide RWC with access to lower cost manufacturing and enhanced logistics capabilities.

Reliance Worldwide Corporation Limited (ASX: RWC) ("RWC" or "the Company") has entered into an unconditional agreement to acquire all the issued shares of EZ-FLO International, Inc. ("EZ-FLO") for \$325 million¹. The price reflects a 12.0 times multiple of EZ-FLO's Pro Forma Adjusted EBITDA² before synergies, and 7.0 times Pro-Forma Adjusted EBITDA including expected revenue and cost synergies. The business is being acquired from interests associated with EZ-FLO's founder Mr Saleem Lahlouh.

EZ-FLO is a leading manufacturer and distributor of plumbing supplies including plumbing specialty products, appliance supply lines, flexible water connectors, gas connectors, and other accessories. Established in 1980, EZ-FLO has grown rapidly by continuously expanding its product range. In 2000, EZ-FLO acquired the EASTMAN brand which is the leading brand in large appliance connectors in the US. The EASTMAN brand will immediately position RWC as a leader in supporting all those who service major appliance installations including plumbed appliances, gas, hot water, and dryer venting.

EZ-FLO recorded net sales of \$169 million and Pro Forma Adjusted EBITDA of \$27 million² in the 12 months ended 31 July 2021. EASTMAN appliance connectors represent approximately half of EZ-FLO's revenues, and a further 20% of sales are generated by EASTMAN installation products. The balance of sales revenues are derived from a wide range of plumbing repair and replacement products. While sales are predominantly in the US, approximately 11% are generated outside of the US in Canada, Central and South America, and the Caribbean.

¹ Subject to customary closing adjustments and conditions. All figures are in US\$ unless otherwise specified.

² Pro forma adjusted earnings before interest, tax, depreciation, and amortisation ("EBITDA") for the 12 months ended 31 July 2021: Source: EZ-FLO management accounts for the period, which have not been subject to audit review.



Approximately half of EZ-FLO's revenues are generated from products manufactured at its plant located within the Ningbo Free Trade Zone in China, with a further 20% sourced from exclusive third-party manufacturers in China. In the US, EZ-FLO has a network of seven distribution centres from which its extensive product range is distributed through 5,000 channel partner outlets.

The acquisition will be debt funded utilising headroom within RWC's existing syndicated facility agreement. As a result, RWC's pro-forma leverage (Net Debt to Pro Forma EBITDA) will increase to 1.78 times, compared with 0.62 times at 30 September 2021. RWC has increased its syndicated bank debt facility by A\$100 million to A\$850 million, with the additional tranche having a maturity date of 30 September 2023. The Company will have approximately US\$127 million of undrawn committed borrowing facilities at completion of the EZ-FLO acquisition.

EZ-FLO's executive management team will remain with the business following completion.

RWC has identified significant revenue and cost synergy opportunities. Revenue growth opportunities include pursuing further Appliance Installation programmes across Retail and Wholesale channels, Gas Connector market share gains with Retail, Wholesale and OEM channels, leveraging RWC and EZ-FLO combined product basket across channels, and product line extensions. RWC believes that EZ-FLO can achieve sales growth of 10% p.a. through pursuing these opportunities.

In addition, cost reduction opportunities are expected to generate annual savings of \$10 million p.a. on a run rate basis by the end of Year 3 through eliminating duplicated activities, distribution efficiencies, and procurement savings by accessing EZ-FLO's suppliers in China. One-off costs to achieve these cost synergies are estimated to be \$10 million.

RWC Group Chief Executive Officer, Heath Sharp said the acquisition of EZ-FLO aligns with RWC's growth strategy and will enhance the Company's market position.

"The acquisition of EZ-FLO is strongly aligned with RWC's strategy of adding complementary products that broaden the depth of solutions offered to end users and expand our market presence in aligned sectors. Together, we manufacture some of the most trusted brands in the industry, including SharkBite, HoldRite, John Guest, Speedfit, Cash Acme. With EZ-FLO and EASTMAN, the number one brand in the U.S. appliance connector market, we will be positioned as a leader in supporting all those who service Major Appliance installations.

"The combination of EZ-FLO's product portfolio, manufacturing and sourcing capabilities, distribution footprint, customer service, performance track record and future growth prospects make it an important and attractive addition to RWC. We will be seeking to leverage our extensive channel partner network in North America to expand the distribution footprint for EZ-FLO, while at the same time benefiting from EZ-FLO's strong relationships with Retail merchants and OEM customers.

“Customers will benefit from more top-quality products and trusted brands, enhanced fulfilment capabilities and improved service, thanks to a more extensive national warehouse footprint. Our combined supply chain capabilities will help ensure products are available where and when our customers need them, strengthening customer service across every channel. Our ‘first-time-right’ performance commitment provides end users with products they can count on, protecting customers’ hard-won reputations,” Mr Sharp said.

Completion, subject to customary conditions, is expected to occur in November 2021.

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

INVESTOR CALL

RWC management will conduct a conference call at 10.00am AEDT on 26 October 2021 to answer questions specific to this announcement, and to discuss RWC’s First Quarter FY22 Trading Update which has also been released today. Details are provided on the following page.

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

**EZ-FLO INTERNATIONAL ACQUISITION & FIRST QUARTER FY22 TRADING UPDATE
MANAGEMENT CALL DETAILS**

TIME ZONE: MELBOURNE, SYDNEY (AEDT)

DATE / START TIME: 26 OCTOBER 2021: 10:00AM

Webcast Details:

https://event.webcasts.com/starthere.jsp?ei=1507201&tp_key=30fd9b6825

Click on the link above to attend the presentation from your laptop, tablet or mobile device. Audio will stream through your selected device, so be sure to have headphones or your volume turned up. If you have technical difficulties, please click the "Listen by Phone" button on the webcast player and dial the number provided. A full replay of the presentation will be available at the same link shortly after the conclusion of the live presentation.

AUDIO CONFERENCE DETAILS

For those who like to join the conference via audio call, please join the event conference 5-10 minutes prior to the start time using the Participant Passcode listed below:

Participant Passcode: 304163

Location	Phone Type	Phone Number
Australia	Tollfree/Freephone	1 800 590 693
Australia, Brisbane	Local	+61 (0)7 3105 0937
Australia, Melbourne	Local	+61 (0)3 8317 0929
Australia, Sydney	Local	+61 (0)2 7250 5438
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New Zealand	Tollfree/Freephone	0800 423 972
New Zealand, Auckland	Local	+64 (0)9 9133 624
Singapore	Tollfree/Freephone	800 186 5106
Singapore, Singapore	Local	+65 6320 9041
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