

Reliance Worldwide Corporation Ltd

Reliance Holds the Line on Plumbing Strength as Valuation Tightens and Cyclical Risks Mount

Company Overview

Reliance Worldwide Corporation is a global manufacturer and distributor of water flow, control, and plumbing products. The company, which began in Brisbane, Australia, is headquartered in Atlanta and operates in the Americas, Asia-Pacific, and EMEA regions. RWC's portfolio includes unique brands including SharkBite, HoldRite, John Guest, and EZ-Flo, which serve both the residential and commercial building industries. Its principal products cater to the repair and remodel (R&R), new construction, and maintenance markets. RWC is known for pioneering push-to-connect (PTC) technology in plumbing fittings, and it has steadily expanded its product line to encompass pipe systems, appliance connectors and water heater accessories. The company employs a vertically integrated approach, with manufacturing facilities in the United States, United Kingdom, Australia, Spain, and China, and focusses on supply chain efficiency, ESG leadership, and customer-centric innovation.

Financial Overview

FY2024 Comments:

RWC reported revenue of US\$1,245.8 million in FY2024, a 0.2% increase over the previous year. Adjusted EBITDA remained constant at US\$274.6 million, indicating effective expense control. One-time charges reduced reported net profit after tax by 21% to US\$110.1 million, while adjusted net profit fell 6% to US\$146.9 million. The findings indicate sluggish housing and renovation activity, especially in North America and EMEA.

HY2025 Comments:

Performance improved over the first half of fiscal year 2025. Revenue increased 14.8% to US\$676.5 million, driven by acquiring Holman Industries and 3.8% organic growth. Adjusted net profit increased to \$76.0 million, with EBITDA margin reaching 22.2% (without Holman). Operating cash flow remained solid, with 88% EBITDA conversion, and the net debt-to-EBITDA ratio improved to 1.41x.

Underweight

ASX: RWC

Current Price: \$3.96

Target Price: \$3.24

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