Reliance Worldwide Corporation Limited
Level 26
140 William Street
Melbourne
Victoria 3000
Australia
Tel: +61 (0) 3 8352 1400
rwc.com

ASX Announcement

19 February 2024

RWC REPORTS RESULTS FOR SIX MONTHS ENDED 31 DECEMBER 2023

SALES OF US$589.5 MILLION

NET PROFIT AFTER TAX OF US$51.0 MILLION

Highlights:

- Net Sales down 2% to $589.5 million over the prior corresponding period ("pcp"), in line with guidance
- Adjusted EBITDA[1] of US$124.8 million, down 3% on pcp
- Adjusted net profit after tax[1] of US$67.7 million, up 0.3% on pcp
- Cash Flow from Operations up 61% to US$151.6 million, net debt reduction of $142 million since pcp
- Revised distribution policy to comprise a mix of 50% dividends and 50% on-market share buybacks
- Distribution of 4.5 cents per share, unfranked interim dividend of US2.25 cents per share and on-market share buyback of US$17.8 million

Reliance Worldwide Corporation Limited (ASX: RWC) ("RWC" or "the Company") today announced Net Profit after Tax ("NPAT") of US$51.0 million for the six months ended 31 December 2023 (down 23% on pcp) and Adjusted NPAT US$67.7 million (up 0.3% on pcp).

Net sales were $589.5 million, down 2% on the prior corresponding period ("pcp"). Constant currency sales were down 3% on pcp. Sales in the Americas were in line with the pcp but were lower in the Asia Pacific and EMEA regions, in line with expectations announced in August 2023.

Operating earnings (EBITDA) for the period were $112.6 million, 19% lower than the pcp. Results for the period included $12.2 million in one-off costs related to the closure of the Supply Smart business in the Americas and restructuring in EMEA. Supply Smart sells products direct to plumbers in the US and was part of the EZ-Flo acquisition in November 2021. Excluding these items, Adjusted EBITDA was $124.8 million, 3% lower than the pcp.

Operating margin was slightly down versus the pcp but ahead of expectations. Cost reduction measures helped to offset lower volumes in EMEA and APAC in the period and higher manufacturing costs. Cost savings of $11.8 million were achieved in the period, driven by restructuring in the Americas, procurement savings, and other continuous improvement initiatives.

Cashflow from operating activities increased 61% to US$151.6 million, and operating cash flow conversion was 121% of EBITDA versus 74% in the pcp. The improvement was due to a reduction in working capital and in particular lower inventory levels.

Following a review of its distribution policy settings, the Company has confirmed that it still intends to payout between 40% and 60% of annual NPAT. However, the form of distributions will be altered so the total distribution amount for a period will be allocated approximately 50 per cent to cash dividends and 50 per cent to on-market share buy-backs.

[1] EBITDA (earnings before interest, tax, depreciation, and amortisation), Adjusted EBITDA and Adjusted NPAT are non-IFRS measures used by RWC to assess operating performance. These measures have not been subject to audit or audit review.

ABN 46 610 855 877

For the six months ended 31 December 2023 a total distribution amount of US4.5 cents per share has been declared, comprising an unfranked interim cash dividend of US2.25 cents per share and the undertaking of an on-market share buy-back for US$17.8 million (equivalent in total to US2.25 cents per share).

RWC Chief Executive Officer Heath Sharp said demand from repair and remodelling activity continued to be resilient and underpinned volumes.

“We delivered sales ahead of expectations in the Americas, with new product sales underpinning our stable revenue performance. We have continued to execute strongly in rolling out SharkBite Max and PEX-a, as well as gaining increased traction with other new products such as EZ-Flo gas appliance connectors.

“In Asia Pacific external sales were down 4%. While new housing starts in Australia were 15% lower, repair and remodel volumes continued to be relatively stable.

“As we expected, the UK and Continental Europe was our most challenging region. UK plumbing and heating sales slowed during the half and were down 6%, while sales of specialty products were down 20%. These specialty product sales are linked to broader commercial activity which was adversely impacted by weak economic conditions in both the UK and Continental Europe.

“Our cash flow performance was a highlight of the period with operating cash flow up 61% to $151.6 million. This enabled us to further reduce our borrowings, and we ended the period with leverage[2] of 1.56 times compared with 2.12 times at the end of the pcp. Our strong cash generation has enabled us to comfortably fund the acquisition of Holman Industries from our existing debt facilities,” Heath Sharp said.

For the 2024 financial year, RWC still expects net sales to be down by low single digit percentage points and is targeting stable operating margins and continued strong operating cash flow generation.

Additional information

Please refer to the Appendix 4D, 31 December 2023 Interim Financial Report, Operating and Financial Review (attached) and presentation slides released today for additional information and analysis. These documents should be read in conjunction with this and each other document.

ENDS

For investor enquiries, please contact:

Phil King
Group Investor Relations Director
+61 499 986 189

Email: phil.king@rwc.com

For media enquiries please contact:

Nick Howe
GRACosway
+61 407 183 221

This document was approved for release by the Board.

---

[2] Net debt to EBITDA