

## ASX Announcement

5 May 2025

### RWC UPDATE ON US TARIFFS IMPACTS AND TRADING OUTLOOK

Reliance Worldwide Corporation Limited (ASX: RWC) (“RWC” or “the Company”) has today provided an update on the impacts on its business from recently introduced US tariffs and updated its trading outlook for the year ending 30 June 2025 (FY25).

#### US TARIFFS – UPDATE ON ACTIONS TO MITIGATE BUSINESS IMPACTS AND FINANCIAL IMPLICATIONS

RWC is working actively to mitigate the impact of recently introduced US tariffs on imports into the US. While RWC has a significant manufacturing presence in the US, approximately 48% of the Americas region’s cost of goods sold (COGS) are sourced outside the US and potentially subject to tariffs. This includes raw materials and components as well as finished goods.

Key areas of tariff mitigation being pursued by RWC are:

- (i) **Sourcing:** switching product sourcing from China to other countries, given the high level of tariffs now applying to China sourced products<sup>1</sup>;
- (ii) **Cost:** looking at further cost reduction measures;
- (iii) **Price:** implementing price increases in the US to mitigate the impact of tariffs on RWC’s product range.

RWC is moving quickly to further diversify product sourcing beyond China. Sourcing is being switched to other countries including Vietnam, Taiwan, Korea and Thailand and to our own facilities in USA, UK and Australia, where appropriate. While there is continuing uncertainty around future US tariff rates, and the likelihood of new trade agreements being successfully concluded between individual countries and the US, RWC believes that reducing its purchasing exposure to China is appropriate given prevailing relative tariff levels and the current geopolitical context.

As a result of activities underway, RWC’s China-sourced COGS is on target to reduce by approximately 30% from FY24 levels to US\$80 million for FY25, and down from a peak of approximately US\$160 million<sup>2</sup>. RWC’s aim is to reduce to zero the amount of tariff impacted products sourced from China for sale in the US. This is expected to be largely achieved on a run rate basis by the end of FY26, with the remainder to be completed during FY27.

Price increases to mitigate tariffs are in the process of being implemented with RWC’s channel partners in the US. Price increases are being implemented through a systematic approach that supports RWC’s long term product and market positioning.

As a result of the actions being undertaken to mitigate US tariffs, RWC expects that the net cost impact of tariffs on FY26 operating earnings (EBITDA) will be in the range of US\$25 million to US\$35 million. This cost estimate is based on current tariff rates in place today which include a 145% incremental rate on Chinese imports, 10% reciprocal tariffs and 25% for steel and aluminium imports. Changes to these rates will impact this estimate.

<sup>1</sup> China sourced products referred to in this announcement are products classified as China country of origin.

<sup>2</sup> Due care and attention have been used in the preparation of all forecast and forward-looking information contained in this announcement. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature are subject to uncertainty and contingencies many of which are outside the control of RWC. RWC cautions against reliance on any forward-looking statements or forecasts. Past performance is not a reliable indication of future performance. Except as required by applicable regulations or laws, RWC does not undertake any obligation to publicly update or review any forecasts or forward-looking statements whether as a result of new information or future events.

The estimated impact on EBITDA reflects:

- the time lag in implementing price increases following the increase in tariff rates;
- the timeframes associated with switching product sourcing from China to other countries, including undertaking necessary manufacturing quality checks and obtaining any necessary regulatory approvals.

Looking to FY27, RWC's aim is to maintain gross margin dollars by fully offsetting tariffs through the combined mitigation efforts. As such, based on current tariff levels and continued implementation of mitigating actions, the direct impact of US tariffs on FY27 EBITDA is not expected to be material. This guidance assumes no reduction in sales volumes. We are unable to estimate any potential unfavourable impact on sales volumes related to price increases or the overall market environment.

### **FY25 Full Year Trading Outlook**

A full year trading outlook for FY25 was provided in RWC's interim earnings announcement released on 18 February 2025. Since then, economic conditions in the US have deteriorated, due mainly to the uncertainty surrounding the introduction of higher tariffs between the US and its trading partners. This has contributed to declining consumer confidence and reduced demand.

Consequently, RWC now expects Americas FY25 external sales to be at the lower end of the guidance range of broadly flat, within a range of up or down by low single digit percentage points, relative to FY24.

Asia Pacific FY25 full year external sales, excluding Holman, are now expected to be up on FY24 by low-single digit percentage points versus the previous guidance of mid-single digit growth. This is due to a delay in the timing of certain new product initiatives from the second half of FY25 to the first half of FY26. Expectations for EMEA FY25 full year external sales are unchanged and are still expected to be down by mid-single digit percentage points on FY24.

RWC continues to expect full year group external sales for FY25 to be up by mid-single digit percentage points relative to FY24. Excluding the impact of Holman and Supply Smart, full year group external sales are now expected to be at the lower end of the guidance range of broadly flat, within a range of up or down by low single digit percentage points, relative to FY24. This reflects the reduction in Americas and APAC sales expectations referenced above.

As a result of lower sales expectations coupled with immediate tariff cost impacts, RWC now expects consolidated Adjusted EBITDA margin (excluding Holman) to be slightly lower than for FY24. Previously, RWC had been targeting a further improvement in Adjusted EBITDA margin.

Cash generation has continued to be strong and RWC still expects operating cash flow conversion to be above 90%, consistent with our long-term target.

ENDS

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This announcement was approved for release by the Board.