

**Media Release**

24 August 2020

**RWC RESULTS FOR FINANCIAL YEAR ENDED 30 JUNE 2020 REFLECT RESILIENT CORE  
MARKETS IN THE US AND AUSTRALIA AND STRONG OPERATING PERFORMANCE****Highlights:**

- 5% growth in reported Net Sales to \$1,162 million over the prior year
  - Strong Americas performance with 11% second half constant currency sales growth, 6% for the year overall
  - Asia Pacific external sales up 2% for the year despite slowdown in Australian new residential construction
  - UK and European sales adversely impacted by Covid-19 but recovery evident towards year end
- Strong cash generation - cash flow from operating activities up 56% to \$278.3 million and operating cash flow conversion of 128% of EBITDA<sup>1</sup>
- Net debt reduced by \$124 million and leverage down to 1.39 times Net Debt to EBITDA (from 1.67 times)
- Strong balance sheet with \$511 million of available funding liquidity
- Final dividend of 2.5 cents per share, total dividends declared for FY2020 of 7.0 cents per share

Reliance Worldwide Corporation Limited (ASX: RWC) ("RWC" or "the Company") today announced Reported Net Profit after Tax ("NPAT") of \$89.4 million for the year ended 30 June 2020. Adjusted NPAT of \$130.3 million reflects charges for restructuring and asset impairments and adjustments for certain tax items and accounting treatments. Adjusted NPAT for the prior comparable period was \$158.3 million. RWC will pay a final dividend of 2.5 cents per share in October concurrent with payment of the interim dividend which was deferred due to Covid-19.

RWC CEO Heath Sharp said: "Our performance this year has been impacted by what occurred in the second half with Covid-19, with sales trends varying by region reflecting the differing market responses to the pandemic. In the Americas we recorded 19% sales growth in the second half and 13% for the year overall. This was assisted by the weaker Australian dollar which boosted reported results, but even adjusting for this, second half sales were up by 11%. What's been really pleasing is that through the efforts of our people we were able to maintain our high levels of service to our channel partners despite the substantial growth in demand and supply chain challenges that arose due to Covid-19.

"In contrast to the US, sales in EMEA were down 20% in the second half as the UK and Continental Europe curtailed business activity in response to Covid-19. We significantly reduced manufacturing and distribution activity in the UK and Europe for a period, including placing over 400 employees on furlough. As we indicated in May, sales fell to between 35% and 40% of pre-Covid-19 levels at one point. Australia was steady with 3% sales growth in the second half which demonstrates our success in getting new products into the market to offset residential construction weakness", Mr Sharp said.

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<sup>1</sup> EBITDA, Adjusted EBITDA, Adjusted EBIT, Adjusted NPAT and Adjusted EPS are non-IFRS measures used by RWC to assess operating performance. These measures have not been subject to audit or review.



A highlight of the year was RWC's cash performance. Cash flow from operations was up 56% to \$278.3 million representing operating earnings cash conversion of 128%. This has enabled a further reduction in debt levels and consequently leverage decreased to 1.39 times Net Debt to EBITDA from 1.67 times.

During the year, cost reduction initiatives were undertaken to ensure the company is appropriately placed to pursue future profitable growth. In the US, the manufacturing facility in Tennessee was closed with production transferred to RWC's main US plant in Alabama. A restructure of operations and administrative functions in the US was completed during the year, and a restructure of manufacturing and support activities in the UK is currently being undertaken. These initiatives, in conjunction with procurement savings and other efficiency measures, are expected to deliver annual cost savings of \$25 million by the end of FY2021. A milestone achieved at the end of the year was the delivery of further John Guest synergies of \$13.8 million, with annual synergies realised on a run rate basis of \$31.3 million by year end.

### **Outlook**

Due to the considerable uncertainty surrounding market demand and the potential impacts of further Covid-19 outbreaks, RWC will not provide earnings guidance for FY2021 but will endeavour to make periodic updates to investors during the year to provide visibility on trading conditions in its three regions.

Commenting on trading conditions since the start of the new financial year, CEO Heath Sharp said: "We have seen continued strong sales growth in the US with sales 22% higher in July than for the same month last year. In APAC, external sales are running slightly ahead of the same month last year, while intercompany sales are ahead driven by the strength of demand in the Americas. EMEA sales in July were 96% of July last year reflecting satisfaction of pent-up demand which was artificially suppressed during the lockdown. Sales for the first three weeks in August have continued to show positive momentum versus the prior corresponding period".

### **Additional information**

Please refer to the Appendix 4E, 30 June 2020 Financial Report, Results Announcement and presentation slides released today for additional information and analysis. These documents should be read in conjunction with each other document.

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This document was approved for release by the Board.

