

ASX Announcement

20 August 2024

RWC REPORTS RESULTS FOR FINANCIAL YEAR ENDED 30 JUNE 2024**NET PROFIT AFTER TAX OF US\$110.1 MILLION****ADJUSTED NET PROFIT AFTER TAX \$146.9 MILLION****Highlights:**

- Net Sales growth of 0.2% to US\$1,245.8 million over the prior corresponding period (“pcp”)
- Adjusted EBITDA¹ of US\$274.6 million, in line with pcp
- Adjusted net profit after tax¹ of US\$146.9 million, down 6% on pcp
- Cash Flow from Operations up 7% to US\$314.2 million, leverage reduced to 1.59 times net debt to EBITDA
- Cost savings of \$23 million for the period, driven by prior period restructuring in the Americas, procurement savings, restructuring in EMEA, and other continuous improvement initiatives
- Final distribution of US5.0 cents per share, unfranked interim dividend of US2.50 cents per share and on-market share buyback of US\$19.6 million

Reliance Worldwide Corporation Limited (ASX: RWC) (“RWC” or “the Company”) today announced Net Profit after Tax (“NPAT”) of US\$110.1 million for the financial year ended 30 June 2024 (down 21% on pcp) and Adjusted NPAT US\$146.9 million (down 6% on pcp).

Net sales were \$1,245.8 million, up 0.2% on the pcp. Sales included a partial contribution from Holman Industries (Holman) which was acquired on 1 March 2024. Excluding Holman, sales were 2% lower than the pcp, in line with guidance. External sales in the Americas were down 1% on the pcp, Asia Pacific external sales excluding Holman were down 3% on the pcp, and EMEA external sales were 10% lower than the pcp. Volumes in all regions were softer due to weaker remodel and residential new construction markets, but new product revenues and the acquisition of Holman mitigated these impacts.

Operating earnings (EBITDA) for the year were \$247.5 million, 10% lower than the pcp. Results for the year included \$27.1 million in one-off costs related to the closure of the Supply Smart business in the Americas, restructuring in EMEA and the impairment of manufacturing assets in Spain, and costs associated with the acquisition of Holman. Excluding these items, Adjusted EBITDA was \$274.6 million, in line with the pcp.

Adjusted EBITDA margin of 22.0% was broadly in line with the pcp. Excluding Holman, Adjusted EBITDA margin improved to 22.3% compared with pcp. Cost savings of \$23 million were achieved in the period, driven by prior period restructuring in the Americas, procurement savings, restructuring in EMEA, and other continuous improvement initiatives.

Cashflow from operating activities increased 7% to \$314.2 million, and operating cash flow conversion² was 114% of EBITDA versus 107% in the pcp. The improvement was due principally to a reduction in net working capital. The strength of the cash flow performance meant that RWC was able to fund the acquisition of Holman for A\$160 million and also further reduce debt.

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.

² FY24: Cash flow from operations to Adjusted EBITDA of \$274.6 million.

A final distribution amount of US5.0 cents per share (US\$39.3 million) has been declared, comprising an unfranked final cash dividend of US2.5 cents per share and the undertaking of an on-market share buy-back for US\$19.6 million (equivalent in total to US2.5 cents per share). This is in line with the revised distribution policy announced in February 2024, with the total distribution amount for a period allocated approximately 50 per cent to a cash dividend and 50 per cent to on-market share buy-backs.

RWC Chief Executive Officer Heath Sharp said that economic conditions had proven to be challenging in each of RWC's main markets.

"The impact of higher interest rates in FY24 has led to reduced consumer appetite for remodel activity and lower levels of residential new construction activity. We've worked proactively to ensure we minimised the impact of lower volumes in all of our regions.

"We introduced a range of new products in the Americas which drove an above-market sales performance, while cost reduction programs in all regions helped to mitigate the impact of lower volumes and offset cost inflation, enabling RWC to achieve stable operating margins in line with the prior year.

"Our focus on working capital management meant we generated strong operating cash flows. This has enabled us to fund the acquisition of Holman and also further reduce our borrowings. We have ended the year in a very strong financial position, with leverage now near the bottom end of our target range."

Heath Sharp said the integration of Holman and RWC businesses is progressing well.

"We've been really pleased with the cultural fit and depth of talent in Holman and are very excited by the growth potential we now have with the combination of RWC and Holman."

For the first six months of trading in FY25, RWC expects group external sales to be broadly flat, within a range of up or down by low single digit percentage points, relative to the pcp, excluding the impact of Holman and Supply Smart. RWC expects a similar trajectory in each region. New product and revenue initiatives are expected to help mitigate the impact of weaker end-markets. Cost reduction and efficiency measures will continue to be pursued and RWC is targeting an improvement in consolidated EBITDA margin (excluding Holman) in the first half of FY25 relative to the pcp. Holman is on track to meet the expectations established at the time of its acquisition.

Please refer to the Appendix 4E, 2024 Annual Report 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.