Solutions to
Shape the World™

Reliance Worldwide Corporation Limited

Annual Report 2020

A sense of purpose

2020 has been a year when RWC's value proposition and core purpose have been proven to be more essential than ever.

Our value proposition

A family of innovative, integrated products that saves customers' time and makes their lives easier, while our unrivalled value creation delivers stronger returns for our distribution partners.

Our core purpose

Making our customers' lives easier with clever solutions for the built environment.

Contents

Chairman's Report

Dear fellow shareholders,

We are in exceptional times. Our company, like others, has had to react to changing circumstances and act decisively in responding to the COVID-19 pandemic.

Despite these challenges, the Company has performed well. This is testimony to the quality of the business franchise and products, our management team and staff and the loyalty of our customers. Above all, it reflects the commitment of our people to serving our customers and to keeping our operations going in the face of the many complications that they have confronted at work and in their own situations.

Our primary concern since the first arrival of the pandemic has been for the wellbeing of our people and we have instituted significant changes across our operations to ensure their ongoing health and safety. We have had cases of COVID-19 amongst our staff. But thanks in a significant part to the speed and rigour of the organisation's reaction to the threat, all our major manufacturing and distribution centres continued operating throughout the second half of the financial year.

Financial Performance

Reported Net Profit after Tax ("NPAT") was $89.4 million for the year ended 30 June 2020. Adjusted NPAT[1] of $130.3 million reflected charges for restructuring and asset impairments and adjustments for certain tax items and accounting treatments. Adjusted NPAT for the prior year was $158.3 million. Whilst the result for the 2020 financial year was lower than for the prior year it is nevertheless a highly creditable result given the challenges we have confronted over the last six months.

There was significant variation in performance across our three regions. In the Americas we recorded 11% sales growth in the second half of the financial year and 6% for the year overall in constant currency terms, driven by a strong performance in the US market. In contrast, sales in EMEA in constant currency were down 24% in the second half as governments and our channel partners in the UK and Continental Europe curtailed business activities in response to COVID-19. Australia was steady with 3% external sales growth in the second half and 2% for the year overall demonstrating our success in introducing new products to offset lower levels of new residential construction.

The following report from Heath Sharp, Group Chief Executive Officer, and the accompanying review of operations provide more detailed commentary on performance and financial results.

Preserving cash and maintaining balance sheet strength

In response to the pandemic, we took early action to ensure that we preserved our cash resources to build capacity to withstand a sustained downturn in sales. As we announced in March 2020, we curtailed all non-essential capital expenditure and all discretionary operating expenditure to ensure we maximised our operating cash flow. In the UK and Europe we made the decision to furlough around 40% of employees due to the significant drop in demand in that region, while Australia was temporarily reduced to a 4-day working week. In addition, the senior executive team and non-executive directors took a temporary 20% reduction in salary and fees for May and June.

These actions, and our success in meeting a surge in demand in the US, bore fruit. We achieved a very strong cash performance for the year, with cash flow from operations up 56% to $278.3 million. This enabled a further reduction of$124.4 million in borrowings and a decrease in the leverage ratio (net debt to EBITDA) from 1.67 times to 1.39 times. We finished the year with a strengthened financial position including headroom within our borrowing facilities of $511 million. This means we should be well positioned from a financial perspective to withstand any downturn in trading conditions should one eventuate, and to invest and grow the business beyond this immediate period of pandemic response.

Dividend

Total dividends declared for the year ended 30 June 2020 are 7.0 cents per share, with an interim dividend declared of 4.5 cents and a final dividend of 2.5 cents per share. The dividends declared for the year are lower than were paid last year, reflecting lower earnings and a more conservative pay-out percentage given the economic uncertainty. As we announced in March, payment of the interim dividend, which had been scheduled for April, was deferred in order to prudently manage cash resources. I thank all shareholders for their understanding about this deferral and am pleased to confirm that the interim dividend will be paid to eligible shareholders on 9 October 2020 in conjunction with payment of the final dividend.

Directors

Over the past year we have appointed two new independent directors to the board. Christine Bartlett joined the board in November 2019. She is an experienced CEO and senior executive with extensive line management experience. Ian Rowden was appointed to the board in July 2020. He is an experienced leader in sales, marketing and commercial operations. We have a policy to regularly review the composition of the Board with the aim of strengthening our capacity by adding members with relevant skills and experience. The appointments of Christine and Ian reflect that policy and we will undoubtedly benefit from their deep and diverse international business experience.

Social Impact Report

During the year we released our first social impact report. This report summarises all of our activities in the realm of community, environmental and sustainability practices. While there is a lot yet to be done, we are proud of the report and we intend to issue an update each year to chart our progress with these matters. A copy of the report can be found on our website at www.rwc.com.

Outlook

Due to the considerable uncertainty surrounding market demand and the potential impacts of further COVID-19 outbreaks, we have not provided earnings guidance for FY2021. We plan, however to provide periodic updates during the year to provide visibility on trading conditions in the three regions. While we expect core end-markets to remain resilient, given that repair and maintenance activities are essential services that are not significantly impacted by economic cycles, the operational and financial performance of the business could be adversely affected by COVID-19 related factors. We will continue to manage the business to meet the challenges of the current environment while also maintaining a steady focus on our longer-term strategic objectives.

I look forward to presenting to shareholders at the Annual General Meeting to be held on 29 October 2020. This year's AGM will be held online as a virtual meeting. The restrictions caused by the COVID-19 pandemic mean that it is not appropriate to host the meeting at a physical location. Full details are contained in the Notice of Meeting.

Stuart Crosby
Chairman

1 EBITDA and Adjusted NPAT are non-IFRS measures used by RWC in order to enhance comparability from period to period and to assess operating performance. Further details are provided in the Operating and Financial Review on page 22. Adjusted NPAT has not been subject to audit or review.

Rising to the challenge

RWC is an exceptional company. In the wake of COVID-19, we faced challenges and a significant change in the way we operate. But through it all, we supported the healthcare industry and our people.

Supporting the healthcare industry

In the UK, the healthcare sector experienced an enormous surge in demand at the height of the pandemic. We sought to help relieve this pressure by developing crucial components for hospitals and medical equipment manufacturers.

Thanks to our operational agility, RWC was able to quickly develop samples of John Guest fittings and tubing to be trialled by several ventilator and medical manufacturers. We were honoured to contribute parts that would ensure intensive care could be provided to patients in critical conditions.

Our engineers also assisted with mould tooling to help produce ventilators, which are in short supply worldwide but vital to treating severe cases of COVID-19. The parts were approved by a ventilator company, and RWC will provide components along with supporting volume requirements through the pandemic.

Supporting the RWC team

The health and safety of RWC employees has always been our number one priority, even before the coronavirus outbreak. From the beginning, RWC has followed the advice of health authorities to ensure all its facilities adapted and continued to operate safely and in compliance with new regulations. Our initiatives included on-site social distancing, daily temperature checks upon arrival for all employees, provision of hand sanitiser and PPE and establishing cleaning protocols to deal with any potential outbreaks at RWC locations.

When a handful of US employees tested positive for COVID-19, RWC took appropriate actions, including placing employees on paid leave to self-isolate, conducting contact tracing to identify any possible interaction with other RWC employees or contractors, and shutting down and deep cleaning all impacted areas.

With increased mental health consequences of the pandemic, we expanded our regular employee communications both worldwide and within each region to include resources for managing stress and anxiety. To better understand how employees were faring, we conducted a company-wide survey and took specific actions in locations where we identified higher levels of stress and other issues related to the pandemic.

Anthony Espinoza
Parsippany, New Jersey

Lisa Markey & Corey Green
Cullman, Alabama

Casimiro Romito
Turin, Italy

Nancy Hubbert
Poway, California

Everyday Heroes

As the Company adapted to the pandemic, employees displayed the best of RWC's culture by going above and beyond for our customers and each other. Our manufacturing and distribution teams have done their utmost to produce and deliver our products to customers around the world under difficult circumstances.

Our people also remained strong in supporting their peers and others through tough times. They helped develop critical components for use in medical equipment, such as ventilators, and supply our products to hospitals and healthcare organisations. And across all regions, RWC employees volunteered to make masks for their co-workers and their families. In our RWC Atlanta office, team members dedicated a day in June to pack over 12,000 lunches to support Action Ministries' mission of providing nutritious meals for children across the state of Georgia. Our team's commitment to fighting COVID-19 both through the Company and in their everyday lives makes RWC a special place to work.

RWC an essential industry supporting essential services

Throughout the COVID-19 pandemic, RWC has been regarded as an essential business, or one deemed to be necessary for maintaining critical functions of public health and safety, as well as economic and national security. We play a uniquely indispensable role by providing critical plumbing and water delivery and control products to residential, commercial and industrial facilities. Without the production and distribution of RWC products, countries could experience shortages that would result in putting water supply infrastructure at risk.

Because of this status, we have been able to provide the necessary infrastructure to help individuals, as well as other essential businesses, as they endure and fight the coronavirus and its impacts on communities.

The Necessity of Potable Water Across Industries

Everyone needs water — especially during a pandemic. Potable water systems, in particular, provide the crucial infrastructure needed to supply clean water for a number of uses. Water heaters, for example, are necessary for maintaining hygiene and consistent sanitation practices. By supplying valves, hoses, supports and more for water heater installations and maintenance, RWC has helped ensure reliable hot water delivery to homes and essential sectors.

Our water control products, too, play a key role in making sure water is controlled and safely delivered within hospitals and other healthcare settings. Specifically, our thermostatic mixing valves protect users from the risk of scalding while simultaneously allowing water to be stored at elevated temperatures that mitigate the risk of Legionella bacteria.

Along with maintaining sanitary health conditions, our products are imperative for repairing and maintaining potable water delivery infrastructure for homes, essential businesses, healthcare facilities and public works, which are vital to people's health and well-being. RWC solutions, such as fittings and pipe, have been necessary for sustaining uninterrupted and safe delivery of potable water.

With many industries impacted by COVID-19 around the world, we have supported essential trades by prioritising the production of products like these that are necessary for public health, safety and sanitation.

Daniel Pierce
Atlanta, Georgia

Making a positive social impact

Highlights from our Social Impact Report

At RWC, our values underpin everything we do: passion, innovation, reliability, integrity and simplicity. Because of this, we acknowledge the role we play in shaping a more sustainable, just and equal world.

We have an open culture, encouraging company-wide conversations and valuing everyone's opinions. Through honest dialogue, our people have been able to help direct our social impact efforts to causes and challenges that matter to our employees, communities, customers, suppliers and shareholders. From speaking up against racial injustices and engaging our people and resources to help communities overcome challenges, to supporting the environment by sustainably sourcing raw materials and eliminating waste in our manufacturing processes, running our business responsibly is vital to our long-term success. These decisions have important consequences for the economy, society and the environment, and we must do our part to be upstanding corporate citizens.

Community Engagement:

Australian Bushfires Fundraiser

In January, Australia faced a national crisis as bushfires tore through rural communities. A global RWC employee campaign to raise funds for the Australian Red Cross exceeded its initial $15,000 AUD goal in under 48 hours. Together, our employees, vendors and customers raised nearly $108,000 for the Australian Red Cross, including a $35,500 employee match by RWC. The donation supported thousands of people in evacuation centres, as well as recovery programs and emergency assistance for affected communities.

Responding to Racial Injustices

Following the deaths of Breonna Taylor, George Floyd, Ahmaud Arbery and too many others in the US, RWC executive leadership denounced these horrific deaths and acknowledged the long-standing history of institutionalised racism that led to this situation. Standing behind our values of integrity, passion and reliability, RWC donated US$25,000 between the Equal Justice and Policing Equity organisations.

Diversity & Inclusion:

We have taken steps to reignite our commitment to diversity and inclusion (D&I) by increasing diversity among our leadership ranks and create a D&I steering committee to drive this mission within the organisation. This is who we are, and we will continue moving forward in our D&I journey to ensure it becomes a part of the fabric of our RWC culture. Every colleague who walks through the doors of any RWC location should feel welcomed, included and supported.

120+ tons*

of wood, plastic and paper recycled in the USA per month. The ultimate goal is zero landfill exposure in the coming years.

6 million

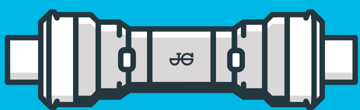
Globally RWC and its family of brands recycle 6 million kilograms of brass.

Water recycling

All water used in the manufacture of our Thermostatic Valves in Brisbane, Australia, is fully recycled.

Less plastic waste

Multicavity hot runner tooling is used in West London, UK, to reduce plastic wastage during manufacturing.

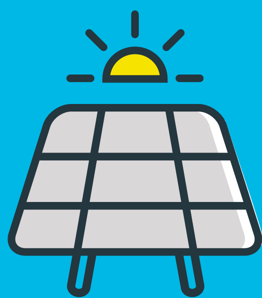


Less water waste

PEX curing ovens in Cullman, Alabama, USA, use advanced water recycling technology to optimise and reduce water wastage.

Solar panel savings

RWC's manufacturing site in Cornwall, UK, uses solar panel generated energy for 34% of its operations.



56% energy savings

State-of-the-art chiller technology in West London, UK, optimises machine performance and tool cooling, delivering annual energy savings of 56%.

Water leakage detection

In excess of 500,000 leaks identified by Streamlabs with potential water saving exceeding 35m gallons.

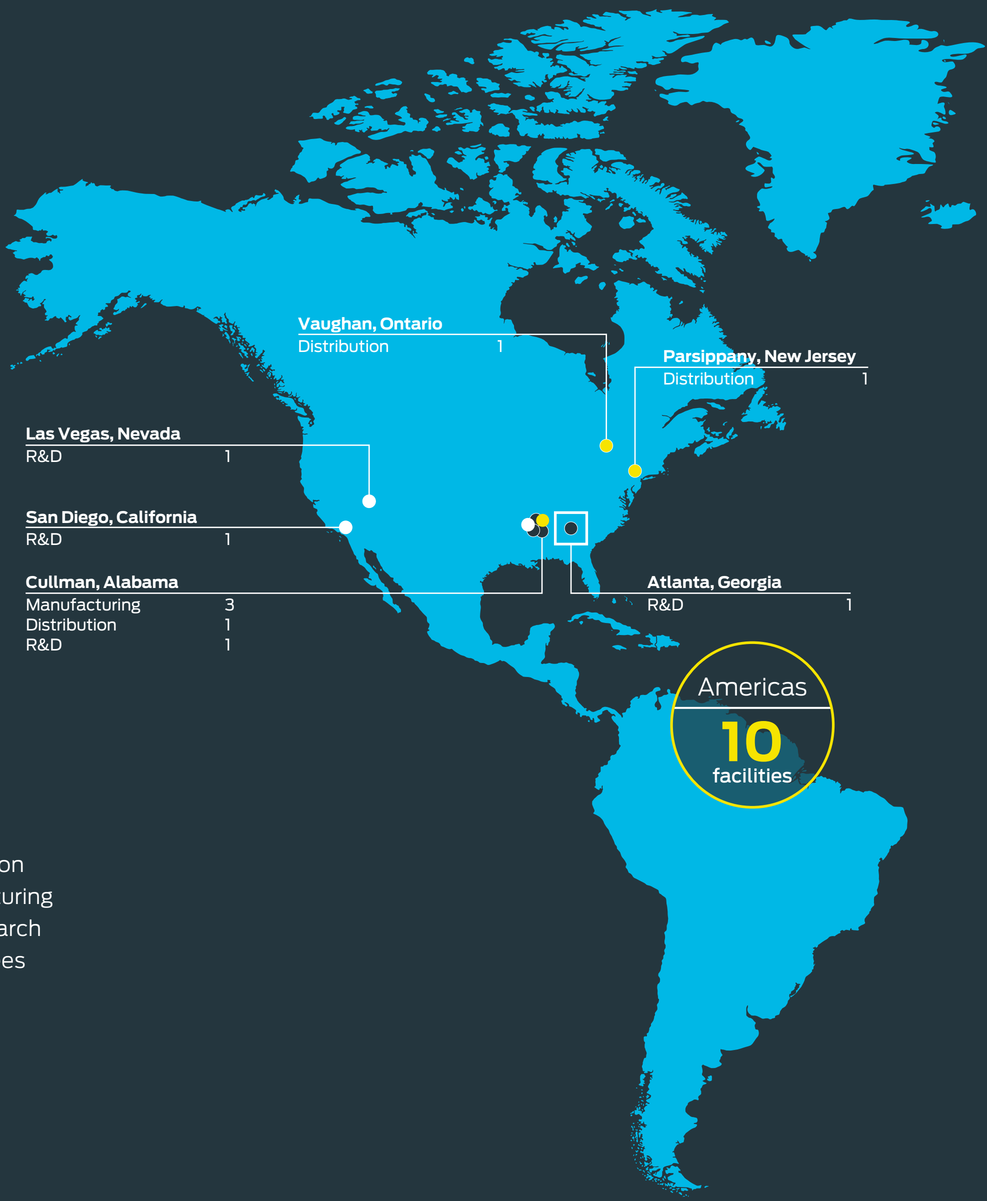
2.9 million

pounds of cardboard, wood, plastic, foil, film and paper recycled in Cullman, Alabama, USA, in 2018 alone.

*US tons

Global reach, local strength

The story of our manufacturing capabilities in the USA, EMEA and APAC regions.



We operate manufacturing and distribution facilities in 14 countries, with 14 manufacturing plants, 23 distribution centres and 5 research and development centres. Total employees exceeded 2,200 at 30 June 2020. RWC products are distributed for sale in over 60 countries worldwide.

Our operations are organised into three regions:

Americas Headquartered in Atlanta – the location of our global, operating HQ

Europe, Middle East & Africa Headquartered in London

Asia-Pacific Headquartered in Brisbane

Strategy overview

RWC has solid core businesses in its three most important sales markets of the USA, UK and Australia. Over the past three years, we have developed a significantly more robust business with better diversity of end users, channel partners, geographies, products, materials and technology. Our products are also available through a significantly greater number of outlets around the world.

Our vision is to shape a better world for our customers, employees, wider communities and shareholders through a relentless focus on making lives easier.

Deep customer insight

Delivering on our vision starts with focusing on our customer. This includes our end use customer — plumbing & mechanical contractors — as well as our distribution partners, specifiers and the owners of the buildings where our products are used. Ongoing innovation has been central to RWC's success. This requires us to do the work in the field to understand the contractors' challenges so we can develop the right solutions for them.

Our products are primarily used in behind-the-wall applications, from meter to fixture and floor to ceiling. Based on our customer insights, we believe there remains strong opportunity to drive future growth.

Broadening reach through value creation for our distribution partners

We have extensive relationships with both wholesale and retail distributors in each of our three regions. Our goals are to be easy to do business with, deliver on time and in full and put the high value products contractors demand on their shelves. Additionally, with RWC, our customers have the reliability of using one source, high trust in product compatibility and the ability to resolve issues with one telephone call.

In addition to serving our distributor partners well, we also work with them to create end-user demand. Because of the innovative nature of our products, plumbing professionals across regions actively seek them out across our distribution network. This creates value for our distribution partners and helps grow sales of our existing products and closely related new products among our existing customer segments.

Continued investment in our product portfolio

RWC's range of high-quality products are the core building blocks of the business. RWC products are used heavily in repair and maintenance work as well as in new construction and renovation applications, both residential and commercial. Additionally, RWC's products support drink dispenser and water filtration systems within buildings.

In order to realise the potential of new products and product extensions, we continue to invest in new product development and commercialisation. We also look to invest through M&A where we can acquire products that add to RWC's range. Historically, we have consistently enhanced our growth through targeted acquisitions, such as with the Auspex, HoldRite and John Guest businesses.

Regardless of whether we innovate to develop new products or acquire them, our focus is on ensuring we have the products we need to produce end-user demand and create value for our distribution partners. We believe there remains ample opportunity within this framework to drive growth moving forward.

Chief Executive Officer's Report

I'm pleased to report to you on our solid performance this year which, in the light of COVID-19, reflects the strength and resilience of our business. It is also testament to the commitment of our people to deliver and execute for our customers.

Strong operational performance

One of the standout features of our performance in the past year was how we responded to the pandemic and continued to supply our customers and serve our channel partners. Around the world we experienced a substantial shift in demand across our channels and product lines and varying levels of disruption to supply chains. Our priority during COVID-19 has been to maintain a high level of customer service.

In the US, approaching 98% of orders for core products in our retail channels were delivered in full and on time despite the surge in sales and logistical challenges arising from COVID-19. The reduction in UK plant operations adversely impacted delivery timeframes for some products. A temporary move to 4 days a week operation at Australian sites had no significant impact on service levels.

In the early days of COVID-19 we encountered supplier delays for certain manufactured products and components out of China, Italy and other countries. Due to the outstanding performance by RWC's supply chain team in response to sourcing and logistics issues, these supplier constraints and logistical issues were successfully overcome with some minor delays but limited impact on business operations.

Further information on initiatives taken to drive operational improvements are discussed in the Operating and Financial Review.

Results for the year[1]

Our results were significantly impacted by the events of the second half arising from the COVID-19 global pandemic. These impacts varied by region as explained in the Operating and Financial Review.

We recorded net sales for the year ended 30 June 2020 of $1,162.4 million[2] which were 5% higher than the prior year driven by strong second half Americas sales growth partly offset by lower sales in EMEA due to COVID-19. On a constant currency basis, sales were up by 0.3%.

Full year net sales growth in the Americas was 13% (6% on a constant currency basis) with the USA recording strong sales growth through retail and hardware channels, partly offset by lower sales in wholesale channels and in Canada.

Asia Pacific sales were 2% lower, with external sales up 2% despite further declines in residential construction activity in Australia, while inter-company sales were lower.

EMEA sales were 10% lower (13% lower on a constant currency basis), with sales down 20% in the second half due to government restrictions to control the spread of COVID-19.

Reported EBITDA[3] for the year was $217.9 million, a decrease of 10% on the prior year. The most significant contributor to the reduction in EBITDA was the decline in sales in EMEA in the second half as a result of the pandemic.

The result was impacted by impairment and restructuring charges totalling $33.4 million. The restructuring initiatives ($10.7 million) were undertaken to further streamline operations and improve efficiencies in the US and UK operations. Impairment charges ($22.7 million) were incurred following a review of our approach to product development, which resulted in a decision to cease investing in products which are determined to be non-core and unlikely to deliver profitable revenue growth within a medium-term timeframe, and also a review of our manufacturing operations in Spain which resulted in an impairment of the fixed assets of that business. Adjusting for these items, EBITDA was $251.3 million[3], a reduction of 9% on Adjusted EBITDA for the prior year.

We maintained a strong focus during the year on cash management. Reported net cash inflow from operating activities for the year was $278.3 million, an increase of 56% on the prior year. Operating cash flow conversion[4], was 128% of EBITDA versus 74% in the prior year.

Health & Safety

The health and safety of RWC employees has been our number one priority during COVID-19. We have followed the advice of health authorities to ensure all our facilities adapted and continued to operate safely and in compliance with new regulations.

Actions we have undertaken include on-site social distancing, daily temperature checks upon arrival at site for all employees and the provision of hand sanitiser and PPE. Incidences of COVID-19 were experienced by RWC US employees and appropriate actions were taken including requiring affected employees to self-isolate, conducting contact tracing to identify any possible interaction with other RWC employees or contractors, and shutting down and deep cleaning all impacted areas.

1 This report should be read in conjunction with the Operating and Financial Review which follows on page 22.
2 Net sales after eliminating intercompany sales.
3 EBITDA means earnings before interest, tax, depreciation and amortisation. EBITDA and Adjusted EBITDA are are non-IFRS measures used by RWC to assess operating performance. These measures have not been subject to audit or review.
4 Cash flow from operations to reported EBITDA.

Chief Executive Officer's Report continued

Delivering on John Guest

In June 2018 we completed the acquisition of the John Guest business, headquartered in the UK. Two years on we can report on significant progress with this business. The integration of the John Guest business with RWC has now been completed, and the John Guest and RWC cultures have successfully meshed. Since the acquisition, we have delivered ongoing improvements in operational performance resulting in the achievement of manufacturing efficiencies and better customer service levels. Total synergy benefits realised since acquisition were $31.3 million on an annual run rate basis at the end of FY2020 which is well in excess of the original target of $20 million. We have identified further operational savings opportunities which will be delivered over the next several years; a new UK organisation structure will be implemented by the end of the first quarter of FY21 and will better align with the future strategic direction of the business in that market.

Our strategic direction remains unchanged

During the second half, we undertook an extensive review of our strategy in the light of COVID-19. We determined that no significant changes were warranted and thus our focus on end markets, customers, products and solutions remains unchanged. We have, however, increased our focus on core products and we believe this has even greater importance in light of what we have experienced from a customer demand point of view during the pandemic.

In summary, our strategic direction continues to be based on product extensions and new products that expand our offering to our core end users. We remain very much focused on supporting and creating value for existing distribution partners and leveraging this network to increase our market penetration. This is supported by concentrating on segments where our brands are recognised and valued; and founded on our operational and executional capabilities.

In addition to these long-term priorities, we will also be pursuing further operational improvements, including seeking cost savings and efficiencies, while balancing customer fulfilment rates and inventory levels. We will also continue our core product development activities which are so important for our long-term future.

Leading an incredible team of people at RWC

I want to conclude by expressing my thanks to RWC employees. I am extremely proud of how RWC has responded to the challenges of the past year and I would like to acknowledge our employees for working through this difficult time as a team. To the production and supply chain team members who have remained strong in supporting our essential operations teams, working long hours to get our product into the hands of customers and end users who need them; to the team members who have worked from home, especially those also managing home school activities for the kids; and, finally and most importantly, to all at RWC for helping take care of each other. I know we all look forward to the day when we can meet together again and hopefully that day is coming soon.

Thank you for your ongoing support. I look forward to providing a further update at the Annual General Meeting.

Heath Sharp
Group Chief Executive Officer

‘I am extremely proud of how RWC has responded to the challenges of the past year and I would like to acknowledge our employees for working through this difficult time as a team.’

Maintaining social distance
Turin, Italy

Board Members

Stuart Crosby

Independent Non-executive Chairman

Member of Nomination and Remuneration Committee

Appointed:
11 April 2016

Heath Sharp

Group CEO

Managing Director

Appointed:
19 February 2016

Christine Bartlett

Independent Non-executive Director

Chair of Nomination and Remuneration Committee

Appointed:
6 November 2019

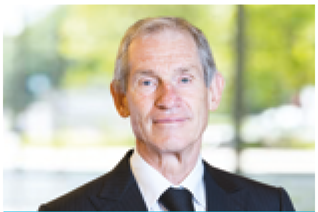
Russell Chenu

Independent Non-executive Director

Chair of Audit and Risk Committee

Appointed:
11 April 2016

See Directors' Report on page 47 for further details on the Board Members.



Ross Dobinson

Independent Non-executive Director

Member of Audit and Risk Committee

Member of Nomination and Remuneration Committee

Appointed:
11 April 2016

Sharon McCrohan

Independent Non-executive Director

Member of Audit and Risk Committee

Member of Nomination and Remuneration Committee

Appointed:
27 February 2018

Ian Rowden

Independent Non-executive Director

Member of Audit and Risk Committee

Appointed:
6 July 2020

Senior Leadership Team

Heath Sharp
Group CEO

Heath joined RWC in 1990 and has worked in each international division of the business, holding senior management positions in Engineering, Product Management, Sales and Operations. Heath was General Manager of the Cash Acme facility in Alabama after its acquisition in 2002. He led the Australian division from late 2004 and returned to the US in 2007 to lead the RWC business there. Heath held the roles of President of the US business and global Chief Operating Officer prior to his current role.

Andrew Johnson
Group CFO

Andrew joined RWC in 2010 as the CFO of the Americas and has led the division through rapid growth and expansion. He has been responsible for all aspects of accounting and finance as well as various administrative functions. Andrew has over 30 years of finance and accounting leadership and a strong track record in both large and mid-size international manufacturing organisations.

Sandra Hall-Mulrain
Group SVP and General Counsel

Sandra joined RWC in October 2019. She is a seasoned corporate generalist with 20 years of diverse in-house legal experience in Fortune 100 corporations and privately held companies. Sandra has played a key role as a member of the senior leadership team helping to drive strategic initiatives and provide legal advice and guidance to various business activities. Prior to her in-house counsel career Sandra was in private practice in New Jersey.

Edwin de Wolf
CEO
EMEA

An experienced General Manager with a proven track record in the plastics, packaging, security and building industries, Edwin commenced his RWC leadership position in 2017. With the acquisition of John Guest in 2018, Edwin's role is responsible for the successful market positioning and sustainable commercial development of the business in the UK, Spain, Germany, France, Poland, Czech Republic and Italy.

Simon Woods
Group SVP of Information Services

Simon has strategically led the IT function of numerous banking and medical companies in the UK and North America. His leadership track record led him to become RWC's Group SVP of Information Services in 2016. In his role as RWC's Group SVP of Information Services, Simon leads the IT strategy to transform and optimise the group's technology architecture, infrastructure and capabilities.

Sean McClenaghan
CEO
Americas

With over two decades of executive leadership experience and strategic involvement in operations, product development and engineering, Sean currently spearheads RWC Americas, having assumed the position of a CEO for that region in 2014. He is responsible for RWC's commercial success and sustainable growth in US, Canada and Mexico.

Brad Reid
CEO
APAC

Brad has been with RWC for nearly three decades. His career at RWC commenced when he joined the Brisbane, Australia team as a Business Development Manager. Currently leading the company's operation in the APAC (Asia-Pacific) region, his role as CEO looks after the group's business development and growth in Australia, New Zealand, China, India and South Korea.

Tracy Scott
Group SVP of Operations

Tracy has over 20 years of operations and supply chain experience. Having held various positions at a number of world leading names such as GE and Honeywell, with most recently having been the VP of Manufacturing at Amcor, Tracy joined RWC in 2018.

OPERATING AND FINANCIAL REVIEW

This Operating and Financial Review forms part of, and should be read in conjunction with, the statutory Directors' Report for the year ended 30 June 2020 which commences on page 47.

Defined Terms and non-IFRS measures

EBITDA: Earnings before interest, tax, depreciation and amortisation

EBIT: Earnings before interest and tax

NPAT: Net profit after tax

EBITDA, Adjusted EBITDA, Adjusted EBIT, Adjusted net profit after tax and Adjusted earnings per share are non-IFRS measures used by RWC to assess operating performance. These measures have not been subject to audit or review.

Review of results for the financial period

Year ended	30 June 2020 ($ million)	30 June 2019 ($ million)	Variance
Net sales	**1,162.4**	**1,104.0**	**5.3%**
Reported EBITDA	**217.9**	**242.5**	**(10.1)%**
Adjusted for one-time items:			
– John Guest integration and purchase accounting	–	19.7	n/m
– Impact of AASB 16[1]	–	14.8	n/m
– Restructuring and asset impairment charges	33.4	–	n/m
Adjusted EBITDA	**251.3**	**277.0**	**(9.3)%**
Reported net profit before tax	**135.9**	**176.7**	**(23.1)%**
Tax Expense	**(46.4)**	**(43.7)**	**6.2%**
Reported net profit after tax	**89.4**	**133.0**	**(32.7)%**
Adjusted for:			
– Impact of AASB 16[1]	–	(3.2)	n/m
– John Guest Integration and Purchase Accounting	–	18.4	n/m
– Restructuring and asset impairment charges	25.7	–	n/m
– Cash tax benefit of goodwill amortisation for tax purposes	16.9	15.0	n/m
– Prior year's tax adjustment[2]	4.9	(4.9)	n/m
– USA CARES Act Benefit	(6.6)	–	n/m
Adjusted net profit after tax	**130.3**	**158.3**	**(17.7)%**
Basic earnings per share	11.4 cents	17.0 cents	(32.9)%
Adjusted earnings per share	16.6 cents	20.2 cents	(17.8)%
Dividend per share	7.0 cents	9.0 cents	(22.2)%

n/m = not meaningful

1 Prior period EBITDA and NPAT restated for the impact of AASB16: Leases.
2 FY19 adjustment is done for purposes of comparison.

OPERATING AND FINANCIAL REVIEW

Constant Currency Revenue, EBITDA and EBIT Performance

Year ended	30 June 2020 $ million Constant Currency	30 June 2019 $ million[3]	Variance Constant Currency	30 June 2020 $ million Reported
Net Sales				
Americas	693.7	653.9	6.1%	739.1
Asia Pacific	244.6	249.1	-1.8%	244.8
EMEA	314.4	360.9	-12.9%	324.3
Eliminations (inter-segment sales)	(145.8)	(159.9)	-8.8%	(145.8)
RWC Group	**1,106.9**	**1,104.0**	**0.3%**	**1,162.4**
Adjusted EBITDA				
Americas	107.1	113.3	-5.5%	118.2
Asia Pacific	49.9	53.7	-7.1%	44.3
EMEA	90.4	111.4	-18.9%	93.0
Corporate	(0.7)	(1.4)	-50.0%	(4.1)
RWC Group	**246.7**	**277.0**	**-10.9%**	**251.3**
Adjusted EBIT				
Americas	83.3	90.8	-8.3%	92.0
Asia Pacific	36	39.7	-9.3%	30.1
EMEA	71.2	90.6	-21.4%	72.8
Corporate	(2.2)	(2.2)	0.0%	(5.6)
RWC Group	**188.3**	**218.9**	**-14.0%**	**189.3**

3 Prior period EBITDA and EBIT restated for the impact of AASB16: Leases.

OPERATING AND FINANCIAL REVIEW

Constant Currency Revenue, EBITDA and EBIT Performance

Six months ended:	30 June 2020 $ million Constant Currency	30 June 2019 $ million[4]	Variance Constant Currency	30 June 2020 $ million Reported
Net Sales				
Americas	365.7	330.3	10.7%	392.3
Asia Pacific	119.4	119.4	0.0%	119.4
EMEA	144.7	188.8	-23.4%	150.7
Eliminations (inter-segment sales)	(69.3)	(78.7)	-11.9%	(69.3)
RWC Group	**560.5**	**559.8**	**0.1%**	**593.1**
Adjusted EBITDA				
Americas	59.7	53.3	12.0%	64.6
Asia Pacific	25.4	26.0	-2.3%	21.5
EMEA	38.4	62.0	-38.1%	40.7
Corporate	0.1	(1.7)	-105.9%	(1.9)
RWC Group	**123.6**	**139.6**	**-11.5%**	**124.9**
Adjusted EBIT				
Americas	47.9	42.0	14.0%	51.1
Asia Pacific	18.4	19.4	-5.2%	14.3
EMEA	28.5	51.3	-44.4%	30.1
Corporate	-0.4	(2.5)	-84.0%	(2.6)
RWC Group	**94.4**	**110.2**	**-14.3%**	**92.9**

Net sales for the year ended 30 June 2020 of $1,162.4 million were 5% higher than the prior year. On a constant currency basis, sales were up by 0.3%, with 6% growth in the Americas offset by declines of 2% and 13% in APAC and EMEA sales respectively.

Results for the year were significantly impacted by the events of the second half arising from the COVID-19 global pandemic, although these impacts varied by region and are described in the segment commentaries below.

Reported EBITDA for the year was $217.9 million, a decrease of 10% on the prior year. During the year parts of the US and UK operations were restructured with associated costs of $10.7 million. The restructuring has resulted in a net reduction of 82 permanent roles. In addition, impairment charges of $22.7 million were incurred during the year. These impairments arose from the decision to cease investment in selected non-core products and a review of RWC's Spanish manufacturing operations.

Adjusting for these items, EBITDA was $251.3 million, a reduction of 9% on Adjusted EBITDA for the prior year. The most significant contributor to the reduction in operating earnings was the decline in sales in EMEA in the second half which were 24% lower than the prior corresponding period.

The other major factors which impacted earnings were:

- Reduction in overhead recoveries in the first half due to lower manufacturing volumes in Americas and APAC, and EMEA in the second half ($18.5 million).
- A positive impact from additional John Guest related synergies achieved of $13.8 million.
- Continuous improvement initiatives $5.5 million.
- An increase in SG&A of $29.3 million, of which $12.3 million was due to foreign currency translation impacts.
- Impact on cost of goods sold from lower cost of raw materials of $5.8 million, principally copper costs in the form of brass bar.

Reported net profit after tax ("NPAT") was $89.4 million, a decrease of 33% on the prior year. Adjusting for the restructuring and impairment charges and tax items referenced earlier (which are explained more fully on page 31), net profit after tax was $130.3 million, down 18% on the prior year.

4 Prior period EBITDA and EBIT restated for the impact of AASB16: Leases.

Segment Review

Americas

Year ended:	30 June 2020 (A$ million)	30 June 2019[5] (A$ million)	Variance
Net sales[6]	**739.1**	**653.9**	**13%**
Reported Segment EBITDA	**96.8**	**102.5**	**(6)%**
Margin	*13.1%*	*15.7%*	*(260bps)*
Adjusted Segment EBITDA[7]	**118.2**	**113.2**	**4%**
Adjusted Margin	*16.0%*	*17.3%*	*(130bps)*

Six months ended:	30 June 2020 (A$ million)	30 June 2019[5] (A$ million)	Variance
Net sales[6]	**392.3**	**330.3**	**19%**
Reported Segment EBITDA	**43.2**	**47.6**	**(9)%**
Margin	*11.0%*	*14.4%*	*(340bps)*
Adjusted Segment EBITDA[7]	**64.6**	**53.3**	**21%**
Adjusted Margin	*16.5%*	*16.1%*	*40bps*

Americas segment sales were up 13% for the year and 19% for the second half. Reported sales were positively impacted by Australian dollar weakness during the year. On a constant currency basis, sales were 6% higher for the year and 11% higher in the second half.

Demand in the second half was impacted by shelter-in-place orders across a number of states and provinces in the US and Canada. This impacted the ability of professional plumber services within homes and on construction sites. Strength of demand through US retail and hardware channels from both DIY customers and pro plumber customers more than offset reduced demand from wholesale channels and Canada. Stronger sales through retail and hardware distribution channels were due in part to increased spending on home improvement.

Sales in both retail and hardware channels of core plumbing products such as fittings and pipe were particularly strong, while certain other product lines were softer, particularly wholesale plumbing channel sales in April and May, driven by the closure of many branch operations during this period. Sales were boosted in the second half by a new line of stop valves launched through a retail channel partner.

We estimate that of the 11% constant currency growth in sales in the second half, approximately 3.4% of this was directly attributable to COVID-19 influenced sales. Sales growth excluding COVID-19 impacts in the second half is estimated to have been 7.5%.

Sales of John Guest products in the USA were lower than in the prior year. In the first half, strong growth in demand was recorded in the hospitality sector while volumes in the OEM market were down due to particularly strong prior year comparatives. Second half volumes were adversely impacted by the weak commercial sector due to COVID-19.

Strong second half volume growth drove improved operating margins due to higher manufacturing overhead recoveries. First half margins were depressed due to lower volumes manufactured and sold.

5 Prior period restated for the impact of AASB16: Leases.
6 Prior to elimination of inter-segment sales.
7 Adjusted for John Guest integration costs in FY2019 and the impacts of AASB16 Leases in FY2020 EBITDA.

OPERATING AND FINANCIAL REVIEW

Reported EBITDA for the Americas segment was $96.8 million, 6% lower than the prior year. Reported EBITDA included restructuring and impairment charges of $21.4 million. Excluding these items, and $2.8 million of John Guest integration costs included in prior year EBITDA, Adjusted EBITDA was 4% higher than the prior year. The principal drivers of EBITDA performance are summarised in the following table.

Americas

Year Ended: (A$ million)	30 June 2020	$ Change over prior year	Commentary
Gross Profit	260.0	26.3	$18.7 million: foreign currency translation impacts $14.6 million: volume growth impact $4.0 million: lower materials costs $5.5 million: other continuous improvement initiatives ($3.9 million): lower overhead recoveries ($4.7 million): restructuring/impairment costs Other negative impacts: higher freight costs, wage inflation, depreciation and amortisation charges
Product development expenses	19.1	6.6	$1.2 million: foreign currency translation impacts $2.5 million: accounting reclassification of Research & Development tax credit included in prior year $1.2 million: restructuring costs
Selling and marketing expenses	103.7	14.2	$6.5 million: foreign currency translation impacts $2.5 million: increased supply chain costs Other impacts: increased marketing and merchandising activity including stop valve bay rollout, reflected in volume and revenue growth
Administration expenses	52.6	8.7	$3.3 million: foreign currency translation impacts $1.6 million: restructuring costs Other impacts: increased corporate charges following investment in core capability
Other expenses	14.1	14.1	$13.9 million: impairment of intangible assets and costs associated with Tennessee plant closure

Asia Pacific

Year ended:	30 June 2020 (A$ million)	30 June 2019[8] (A$ million)	Variance
Net sales[9]	**244.8**	**249.1**	**(2)%**
Reported Segment EBITDA	**44.2**	**52.7**	**(16)%**
Margin	*18.1%*	*21.2%*	*(310bps)*
Adjusted Segment EBITDA[10]	**44.2**	**53.6**	**(18)%**
Adjusted Margin	*18.1%*	*21.5%*	*(340bps)*

Six months ended:	30 June 2020 (A$ million)	30 June 2019[8] (A$ million)	Variance
Net sales[9]	**119.4**	**119.3**	**–**
Reported Segment EBITDA	**21.4**	**23.5**	**(9)%**
Margin	17.9%	19.7%	(180bps)
Adjusted Segment EBITDA[10]	**21.4**	**26.0**	**(18)%**
Adjusted Margin	17.9%	21.8%	(390bps)

New housing commencements in Australia declined 17.9% in the year to 31 March 2020 and for the quarter ended 31 March 2020 were 6.4% below the prior year.[11] A significant proportion of RWC's external net sales in Australia are made in the more cyclical new residential construction market.

External sales were up 3% in the second half and 2% for the full year, reflecting the success of new products in offsetting volume declines from lower residential construction activity.

Asia Pacific reported EBITDA for the period was $44.2 million, a decrease of 16% on prior year. EBITDA was impacted by lower volumes to the Americas segment as part of an inventory optimisation programme. Capacity adjustments and continuous improvement initiatives did not fully offset the shortfall in overhead recoveries, therefore impacting margins. Favourable A$/US$ foreign exchange movements mitigated the reported revenue impacts. Margins were also impacted by a $1.8 million adjustment to inventory to align APAC inventory accounting practice with RWC Group policy.

The principal drivers of EBITDA performance are summarised in the following table:

Asia Pacific

Year Ended: (A$ million)	30 June 2020	$ Change over prior year	Commentary
Gross Profit	68.4	(4.2)	($1.8 million): inventory adjustment to align APAC with Group policy Lower inter-segment sales volumes and corresponding lower manufacturing overhead recoveries
Selling and marketing expenses	19.3	0.8	
Administration expenses	18.1	4.1	Increased corporate charges following investment in core capability Additional costs incurred to support supply chain activities

8 Prior period restated for the impact of AASB16: Leases.
9 Prior to elimination of inter-segment sales.
10 Adjusted for John Guest integration costs in FY2019; and the impacts of AASB16 Leases in FY2020 EBITDA.
11 Source: Australian Bureau of Statistics.

OPERATING AND FINANCIAL REVIEW

Europe, Middle East and Africa (EMEA)

Year ended:	30 June 2020 (A$ million)	30 June 2019[12] (A$ million)	Variance
Net sales[13]	**324.3**	**360.9**	**(10)%**
Reported Segment EBITDA	**81.1**	**97.8**	**(16)%**
Margin	*25.0%*	*27.1%*	*(210bps)*
Adjusted Segment EBITDA[14]	**93.0**	**111.4**	**(17)%**
Adjusted Margin	*28.7%*	*30.9%*	*(220bps)*

Six months ended:	30 June 2020 (A$ million)	30 June 2019[12] (A$ million)	Variance
Net sales[13]	**150.7**	**188.8**	**(20)%**
Reported Segment EBITDA	**28.8**	**52.5**	**(45)%**
Margin	19.1%	27.8%	(870bps)
Adjusted Segment EBITDA[14]	**40.7**	**62.1**	**(35)%**
Adjusted Margin	27.0%	32.9%	(590bps)

Reported net sales in EMEA were down 10% to $324.3 million, while sales in constant currency were down 13%. Sales in EMEA were adversely impacted in the second half of the year by COVID-19 due to government restrictions imposed in the UK and Continental Europe. These restrictions severely curtailed the operations of most distribution channel partners. As advised to the market in May, EMEA sales fell to between 35% and 40% of pre-COVID-19 levels for a period of time. Second half sales in constant currency were 24% lower.

As activity levels resumed, trading conditions improved. Underlying demand was artificially suppressed as a result of the restrictions on our key distributors, with many limited to only utilising online ordering and delivery or pick-up services. Channel partners sustained reduced inventory levels due to supply chain constraints.

As a result of the reduction in sales recorded in the second half, operating margins were impacted significantly. Approximately 40% of the UK workforce were placed on furlough and able to access the UK Government's job retention scheme. Wage subsidies from the UK and European governments of $4.1 million helped to partially offset costs as business activity reduced.

Second half EBITDA margin fell from 32.9% to 27.0%, having improved by 140 basis points in the first half. Towards the end of the year we initiated a restructure of both manufacturing and administrative and support functions in the UK, expected to be completed by the end of the first quarter of FY21. This has resulted in a net reduction of 60 positions within the UK business.

Internal sales of John Guest products to other geographic segments were lower principally because the prior year had seen significant additional shipments to improve product availability and order delivery timeframes in these markets, especially in the USA. Shipments in the second half were also disrupted by COVID-19 manufacturing restrictions.

12 Prior period restated for the impact of AASB16: Leases.
13 Prior to elimination of inter-segment sales.
14 Adjusted for John Guest integration costs in FY2019; and the impacts of AASB16 Leases in FY2020 EBITDA.

OPERATING AND FINANCIAL REVIEW

Reported EBITDA was $81.1 million, down 16% on the prior year. EBITDA included $11.9 million of restructuring costs (mainly in the UK operations) and asset impairment charges related to RWC's Spanish manufacturing operations, while the prior year included $13.6 million of John Guest synergy realisation costs. Adjusting for these items, EBITDA for the year was 17% lower than for the prior year. EBITDA performance drivers are summarised below:

EMEA

Year Ended: (A$ million)	30 June 2020	$ Change over prior year	Commentary
Gross Profit	148.8	(10.4)	($22.0 million): impact of lower volumes ($13.3 million): lower overhead recoveries ($3.6 million): restructuring costs $13.2 million: John Guest synergies $6.2 million: price adjustments $4.6 million: foreign currency translation benefit
Product development expenses	4.5	2.7	
Selling and marketing expenses	36.8	(3.2)	
Administration expenses	39.9	(0.1)	$2.4 million: restructuring costs Increased corporate charges following investment in core capability
Other expenses	6.7	6.1	$5.9 million: impairment of Spain plant and equipment

The integration of the John Guest business with RWC has now been completed, and the John Guest and RWC cultures have successfully meshed together. Since its acquisition in June 2018, there have been significant and ongoing improvements in operational performance resulting in the achievement of manufacturing efficiencies and better customer service levels. At the same time, John Guest synergies have been achieved in excess of the original target. Synergies realised for the year were $13.8 million of which $13.2 million was in EMEA. Total synergy realisation since acquisition was $31.3 million on an annual run rate basis at the end of FY2020. Further operational savings opportunities have been identified and will be delivered over the next several years; a new UK organisation structure will be implemented by the end of the first quarter of FY21 and will better align with the future strategic direction of the business in that market.

Since acquisition further investment has been made in upgraded equipment and systems. A key success has been the migration of RWC UK onto RWC's global ERP platform which was completed in March 2020. The completion of this project coincided with the outbreak of COVID-19 in Europe, but notwithstanding this, cutover to the new platform was able to proceed as planned and on budget.

The capabilities within John Guest have proven to be world class, particularly in the areas of design, tooling, and injection moulding and we have been able to transfer this expertise to other parts of RWC's operations.

Operational and management capabilities have been pressure-tested and proven during the March-June period. The drop in sales and orders referenced earlier required significant action to reduce output and minimise costs, and the actions taken meant that EMEA remained EBITDA positive throughout the second half despite the 24% decline in sales.

OPERATING AND FINANCIAL REVIEW

Impact of COVID-19

COVID-19 has had a significant impact on RWC's operations and financial performance. Financial impacts are discussed in the segment results, while the operational matters are summarised below.

Employee health and safety

Health and safety of RWC employees has been our number one priority. RWC has followed the advice of health authorities to ensure all its facilities adapted and continued to operate safely and in compliance with new regulations. Actions undertaken included on-site social distancing, daily temperature checks upon arrival at site for all employees, provision of hand sanitiser and PPE. Cleaning protocols were initiated to deal with any outbreak at RWC locations. Incidences of COVID-19 were experienced by RWC US employees and appropriate actions were taken including requiring affected employees to self-isolate, conducting contact tracing to identify any possible interaction with other RWC employees or contractors, and shutting down and deep cleaning all impacted areas.

Supporting employee well-being

Beyond ensuring the physical health and safety of our employees, we have also been alert to the mental health consequences of the pandemic. Expanded and more regular employee communications were undertaken worldwide and within each region. A company-wide employee survey was conducted to better understand how employees were faring, and specific actions were undertaken in response in those locations where higher levels of stress or other issues were identified. All employees received a bonus or recognition gift card to acknowledge their efforts during a very difficult period.

Operational impacts

All major RWC manufacturing sites were operational throughout the period but with some disruption. Changes to factory layouts and materials flow were made to ensure that social distancing requirements were met, with some impacts on efficiencies and delivery performance. Extra costs were incurred due to the requirement for PPE and additional cleaning required at sites which caused some workflow disruption. As referenced earlier, over 400 employees in the UK and Europe were placed on temporary furlough for up to 3 months, due to the lockdowns in those markets and the effect on sales. In Australia we had a temporary reduction in our manufacturing plants from 5 to 4 days per week operations but quickly returned to 5 days a week as demand remained steady. New Zealand operations were suspended for one month due to government restrictions. The integration of Alabama and Tennessee plants was delayed by 3 months with some disruption to operations due to COVID-19 restrictions.

Procurement/supply chain impacts

As referenced in the half year earnings announcement (24 February 2020) we encountered supplier delays for certain manufactured products and components out of China, Italy and the United States, as these countries contended with COVID-19. Due to the outstanding performance by RWC's supply chain team in response to sourcing and logistics issues, these supplier constraints and logistical issues were successfully overcome with some minor delays, but limited impact on business operations.

Preserving cash

In order to optimise cash flow during this time of significant uncertainty, all non-essential capital expenditure was halted. Inventory levels were actively managed to ensure we could continue to meet customer demand, but at the same time ensuring no excessive inventory build-up occurred. Credit teams successfully managed the on-time collection of payments from customers with no material issues arising.

A review of all non-essential expenditure resulted in reductions in SG&A particularly for travel, marketing and related expenditures. The Board resolved to defer payment of the FY2020 interim dividend, originally scheduled to be paid on 9 April 2020. The interim dividend will now be paid on 9 October 2020 in conjunction with the payment of the final dividend.

Customer service impacts

A priority during COVID-19 has been to maintain a high level of customer service. In the US, 98% of orders for core products in our retail channels were delivered in full and on time despite the surge in sales and logistical challenges arising from COVID-19. The reduction in UK plant operations adversely impacted delivery timeframes for some products. The temporary move to 4 days/week operation at Australian sites had no significant impact on service levels.

Support from Governments

UK employees placed on furlough were able to access salary support offered by the UK Government under the Coronavirus Job Retention Scheme, and support of a similar nature was also provided by various Continental European governments. This enabled us to reduce our manufacturing operations and support functions in EMEA in response to the significant reduction in demand we experienced but keep employees on the payroll and able to return to work as conditions improved. The value of this support across EMEA was approximately $4.1 million.

Government wages subsidy support was also received in New Zealand ($0.3 million) and Canada ($0.2 million) because of the shutdowns mandated in both countries.

Other

RWC CEO, Heath Sharp, and senior executive team members agreed to a temporary 20% reduction in their base salaries for a two-month period from 1 May 2020 to 30 June 2020. In addition, RWC's Non-executive Directors also agreed to a temporary 20% reduction in fees for the same period.

Group performance review

Restructuring and impairment charges

Initiative	Restructuring Charge (A$m)	Impairment Charge (A$m)
US restructuring	4.7	–
Impairment of US non-core product assets	–	16.8
EMEA restructuring	6.0	–
Impairment of Spain plant and equipment	–	5.9
Total	**10.7**	**22.7**

Restructuring initiatives

During the year restructuring initiatives were undertaken to further streamline operations and improve efficiencies. Consequently, a restructuring charge of $10.7 million was incurred in FY2020.

(i) Americas:

Following a review of RWC's US manufacturing facilities, manufacturing operations of Holdrite products undertaken at RWC's plant in Tennessee were consolidated with the main US plant in Alabama. This resulted in the closure of the Tennessee plant and all manufacturing activities have now been relocated to Alabama. The consolidation will reduce operational costs, including avoided lease costs, overhead reductions and transportation savings, totalling approximately US$3.0 million per annum. Closure of the Tennessee plant was initially planned for completion by 30 June 2020 but was delayed by a quarter due to COVID-19.

In addition to the consolidation of the two plants, we undertook a review of costs and activities within the Americas and this resulted in a reduction of 22 permanent SG&A roles across RWC's US operations.

(ii) EMEA:

A restructure of manufacturing and support activities in the UK is being undertaken which will result in a net reduction of 60 permanent roles. The implementation of the ERP system in FY2020 has enabled a number of processes previously undertaken manually to be automated. In addition, we have been able to reduce costs in our manufacturing operations by removing bottlenecks, investing in further automation, and through optimising for current and medium-term demand levels. The restructure is expected to be completed by the end of the first quarter of FY21.

Asset impairments

Total impairment charges of $22.7 million were incurred during the year. Following a review of our product development approach that we announced in February 2020, it was decided to cease investing in and developing selected product categories. These products were determined to be non-core and unlikely to deliver profitable revenue growth within a medium-term timeframe. Following this decision, we have impaired the asset carrying values of the intellectual property and certain inventory items. In addition, a review of RWC's manufacturing operations in Spain has resulted in an impairment of the fixed assets of that business.

OPERATING AND FINANCIAL REVIEW

Dividend

A partially franked final dividend of 2.5 cents per share has been declared. Total dividends declared for the year ended 30 June 2020 are 7.0 cents per share totalling $55.3 million which represents 62% of Reported NPAT and 42% of Adjusted NPAT. The company's intended pay-out range remains between 40% to 60% of annual NPAT. The dividend declared for the year is lower than that paid in respect of FY2019 reflecting lower earnings and a more conservative pay-out percentage of Adjusted NPAT given the considerable economic uncertainty caused by COVID-19.

Both FY20 interim and final dividends are 20% franked. As previously disclosed, future dividends are also likely to be only partially franked given recent changes in the company's geographic mix of earnings following acquisitions. It is currently expected that future dividends will be less than 30% franked.

The record date for entitlement to the final dividend is 11 September 2020. The payment date is 9 October 2020.

In order to prudently manage cash resources during the time of heightened uncertainty around the impacts of COVID-19, payment of the interim dividend which had been scheduled for April was deferred. The interim dividend will now be paid to eligible shareholders on 9 October 2020 in conjunction with payment of the final dividend. The record date for entitlement to receive the interim dividend remains 11 March 2020.

	Year ended 30 June 2020	Year ended 30 June 2019	Year ended 30 June 2020 *Franked amount*	Year ended 30 June 2019 *Franked amount*
Interim	4.5cps	4.0cps	20%	100%
Final	2.5cps	5.0cps	20%	100%
Amount payable or paid	$55.3m	$71.1m		

Capital expenditure

Capital expenditure payments for property, plant and equipment acquired during the year totalled $43.4 million compared with $69.6 million in the prior year. A decision was taken in March to halt all non-essential capital expenditure in order to optimise cash flow given the significant uncertainty arising from COVID-19. Growth capital expenditure was $21.5 million while $21.9 million was incurred on maintenance capital expenditure. Included within capital expenditure was $12.4 million incurred on long-term IT projects, with the most significant of these being the replacement ERP system in the UK.

Working capital and cash flow

Reported net cash inflow from operating activities for the year was $278.3 million, an increase of 56% on the prior year. A reduction in working capital due to lower inventory levels, a focus on receivables collections and higher payables improved operating cash flow conversion[15], which was 128% of EBITDA versus 74% in the prior year.

Balance sheet

Net cash generation during the year has enabled RWC to maintain a strong balance sheet and conservative financial position.

Net debt[16] at 30 June 2020 was $302.2 million, a reduction of $124.4 million over the year (30 June 2019 – $426.6 million). Net debt to EBITDA was 1.39 times at 30 June 2020[16] compared with 1.67 times at the end of the prior year.

RWC continues to have significant funding lines available, with cash on deposit and undrawn committed debt funding of $511 million available as at 30 June 2020. The group's principal source of funding is a $750 million syndicated facility agreement. This facility is structured into three tranches of $250 million each, with maturity dates of 30 September 2021, 30 September 2022 and 30 September 2023. Group companies in the US and Australia also have access to committed overdraft facilities of US$15 million and A$15 million respectively.

RWC expects that it will remain in compliance with all financial covenants in the syndicated facility agreement.

15 FY20: Cash flow from operations to Reported EBITDA of $218.3 million.
16 Excludes leases.

OPERATING AND FINANCIAL REVIEW

Taxation

The accounting effective tax rate for the period was 34.2%. This rate reflects three items totalling $15.2 million:

- RWC is entitled to claim amortisation of certain intangibles for taxation purposes under longstanding tax concessions available in the USA. Goodwill is not amortised for accounting purposes under accounting standards. The benefit arising from the amortisation of goodwill for cash tax purposes in the year was $16.9 million.
- RWC operates in multiple jurisdictions which are subject to differing taxation laws and regulations. Tax calculations are estimated using available information when preparing financial statements and are finalised when filings are made to the relevant tax authority. During the year, several tax matters have been reassessed, giving rise to differences in what was recognised for accounting purposes in prior years compared with the final tax position. The net impact of these tax treatment revisions is a one-off adjustment totalling A$4.9 million. Consequently, an additional tax expense item of $4.9 million has been recorded in this year. This did not have any impact on the cash tax paid by companies in the Group in FY2020.
- The US Coronavirus Aid, Relief, and Economic Securities Act (the "CARES" Act) includes business tax relief provisions for US tax years beginning in 2019 and 2020 (FY2020 and FY2021 for RWC) which reduced tax expense by $6.6 million.

Adjusting for these items, tax expense for the period was $31.2 million, representing an Adjusted effective tax rate of 23%. Adjusted effective tax rate best represents the rate of tax paid by the Group. RWC expects that the Adjusted effective rate will be in the range of 19% to 23% in FY2021 due to the CARES Act relief, and in the range of 24% to 25% in subsequent years.

Health and safety

Health and safety are focus areas of our strategic planning. We aim to increase ownership of health and safety by operations managers and supervisors, as well as creating a culture where safety is led by all employees. Initiatives we are undertaking include increasing the reporting of leading indicators including first aid treatments, near misses and hazard identification; investigations to focus on root causes, with learnings to be shared and implemented globally; increasing global communication and employee engagement, fostering proactive ownership through employee-led safety committees; defining global standards and instituting global policies, starting with life-critical policies.

RWC had a reportable incident rate of 1.23 per 100 employees for the period compared with 1.17 in the prior year. Consistent with our plans for FY2020, we increased emphasis on employee engagement and reporting of leading indicators. We established safety committees in all regions, implemented processes to capture near miss and hazard reports, and launched DuPont™ STOP™ behaviour observation process in the Americas. In FY2020 we reported over 4,000 safety observations/near misses/hazards. We believe the increased engagement and reporting led to improved identification of reportable injuries that may not have been captured in the past, contributing to the slight increase in reportable incident rate.

Our safety goals for FY2021 include a 10% reduction in the injury rate. We also plan to increase employee engagement and leading indicator reporting by implementing the DuPont™ STOP™ process in EMEA and APAC. To better manage our health and safety priorities we plan to implement an on-line global health and safety management system. This system will enable central reporting and management of key safety performance indicators, injuries and investigations, action items and leading indicators.

Regional and global executives review reportable and lost time injuries monthly, together with details of specific incidents. Injuries are shared globally to increase learnings and adoption of best practices. Data is regularly reviewed by the Board. In addition to metrics such as reportable injury rate and lost time injury rate, all regions are now implementing more proactive metrics.

OPERATING AND FINANCIAL REVIEW

FY2021 outlook

While RWC expects its core end-markets to remain resilient, given that repair and maintenance activities are essential services that are not significantly impacted by economic cycles, the operational and financial performance of the business could be adversely affected by COVID-19 related factors. These include potential disruptions to our supply chain, government restrictions on plumbing and construction works and the economic performance of the key countries in which we operate. The duration of the pandemic and its impact on the business remains uncertain.

Americas

In the US, positive consumer sentiment and a low-interest rate environment currently remain supportive, while favourable demographics support a strong rate of household formation creating net new demand above current housing supply. The unemployment rate, a broader recession and further COVID-19 outbreaks, however, will be risks in FY2021. Continued US federal stimulus measures should assist in mitigating some of the impact of high unemployment, but we expect demand may be negatively impacted should recent government stimulus measures end.

Demand for products related to new commercial construction and maintenance is likely to remain soft as commercial office occupancy as well as educational and retail traffic may remain low for at least the first part of the FY2021. Looking further out, the commercial new construction pipeline may reduce due to weaker investment in retail shopping malls, commercial office space, hospitality, healthcare, educational facilities and high-rise multi-family developments.

Key indicators for the year ahead we will be tracking include trends in retail sales and any signs that current buoyant conditions are easing, recovery in wholesale channel sales, and changes in US consumer sentiment.

Asia Pacific

The Australian market is likely to be adversely impacted by a further reduction in residential house and multi-family dwelling construction in FY2021. Key influences on the depth of any domestic construction contraction in FY2021 will include the rate of employment and continuing government stimulus measures. Immigration levels and foreign student enrolments, both of which are currently constrained due to COVID-19, are likely to negatively impact residential construction activity levels.

Currently, the state of Victoria is subject to Stage 4 lock down restrictions due to increased incidence of COVID-19 and community transmission. This may impact construction activity in the state for the duration of the lock down and beyond. We are also alert to any downturn in new residential construction in Australia as a result of a second wave of COVID-19.

We will be targeting new product revenue growth to at least partly mitigate any downturn in sales as a result of broader macro demand drivers.

EMEA

COVID-19 has led to a severe economic contraction in EMEA and a long and uncertain recovery lies ahead. However, early positive signs have emerged as major economies slowly open. The UK has been particularly impacted with a 20% reduction in economic activity recorded in the June quarter as a result of COVID-19. Key UK channel partners are experiencing similar drop in demand to RWC and several have announced significant redundancy plans and planned closure of outlets.

While the core plumbing and heating business in the UK should be somewhat resilient given its exposure to repair and remodel, downturns in residential construction in the UK and lower levels of commercial activity in the UK and Continental Europe remain key risks for the year ahead. We will be watching for signs that pent up end-user demand has been satisfied, that distribution channels have restored depleted inventory levels, as well as trends in UK new residential construction.

OPERATING AND FINANCIAL REVIEW

Earnings guidance

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. We will endeavour to provide periodic updates to investors during the year to provide visibility on trading conditions in the three regions. The next scheduled update on trading conditions will be at the annual general meeting on 29 October 2020. In terms of specific cost items, the following key assumptions are provided for FY2021:

- Copper price impacts are expected to be neutral year on year, with lower first half costs offset by higher costs in the second half. The average copper price in FY2020 was approximately US$6,000 per tonne.
- Restructuring and continuous improvement initiatives are expected to deliver $25 million reduction in costs on a run rate basis by the end of FY2021.
- Capital expenditure is expected to be in the range of $35 million to $55 million.
- Depreciation and amortisation expense is expected to be in the range of $60 million to $65 million.
- Interest expense is expected to be in the range of $13 million to $17 million.
- We expect an adjusted effective tax rate in the range of 19% to 23%.
- The average Australian Dollar/US Dollar exchange rate in FY2020 for earnings translation was approximately US$0.67.
- The average Australian Dollar/Pound Sterling rate in FY2020 for earnings translation was approximately 0.533.

Variations in economic conditions, trading conditions or other circumstances may cause these key assumptions to change.

Commentary on trading conditions since 30 June 2020

Trading conditions for the first month of FY2021 in each region were as follows:

In the Americas, sales in July were 22% above the same month last year, driven by continued strong demand through retail and hardware channels and pro plumber demand back at normal levels across our distribution network. Canada has stabilised with July sales back to 95% of prior year levels.

In APAC, external sales ran slightly ahead of the same month last year, while intercompany sales were ahead of the same period last year driven by the strength of demand in the Americas.

The EMEA region continued to record a recovery in sales in line with the opening up of the UK and key Continental European economies. Sales were at 96% of the same month last financial year. This in part reflects satisfaction of pent-up demand which was artificially suppressed during the lockdown in the UK and Continental Europe. Also, we believe distributors reduced inventory during this period and current sales patterns are partly driven by the restoration of depleted inventory levels in the channels. It is not clear currently what the underlying sales trend is excluding these two drivers.

All manufacturing facilities and distribution centres currently remain fully operational, albeit necessary changes due to COVID-19 have led to some inefficiencies in operations.

Sales for the first three weeks in August have continued to show positive momentum versus the prior corresponding period. Growth in the Americas is strong versus the prior corresponding period but at a slower rate than for July, APAC is flat to slightly ahead, while EMEA has continued to see a recovery in sales and is ahead of the same period last year.

Proposed change in reporting currency

RWC intends to change its reporting currency from Australian dollars to US dollars with effect from 1 July 2021. Consolidated financial results for the year ending 30 June 2021 will continue to be reported in Australian dollars, following which results for the 2022 financial year, including half year earnings, will be reported in US dollars. The intended change is to better reflect RWC's business revenue, cost base and earnings mix, with the US market the largest in terms of sales revenue and operating earnings. Currently RWC's reported results are subject to significant variation due to foreign currency translation movements and the change to US dollar reporting will substantially mitigate these movements.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for the overall corporate governance of Reliance Worldwide Corporation Limited ("the Company") and its controlled entities (together "the Group"). The Board monitors the operational and financial position and performance of the Group and oversees its business strategy, including approving the strategic objectives, plans and budgets of the Group. The Board is committed to optimising performance and building sustainable value for shareholders. In conducting business with these objectives, the Board seeks to ensure that the Group is appropriately managed to protect and enhance shareholder interests and that the Group, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Group, including adopting relevant internal controls, risk management processes and corporate governance policies and practices that it believes are appropriate for the Group's business and that are designed to promote responsible management and conduct of the Group.

This Corporate Governance Statement outlines the key aspects of the Company's governance framework and governance practices which are consistent with the 3rd edition of the Australian Securities Exchange ("ASX") Corporate Governance Council's Corporate Governance Principles and Recommendations ("ASX Recommendations") which were applicable for the reporting period. The Board continually reviews the Company's governance policies and practices to ensure that they remain appropriate in light of changes in corporate governance expectations and developments. As a result, many of the new suggestions contained in the 4th Edition of the ASX Recommendations are already embedded in the Company's existing governance arrangements, as outlined in this Statement.

Details of key policies, practices and the charters for the Board and each of its Committees are available on the Company's website at www.rwc.com.

This statement has been approved by the Board of Reliance Worldwide Corporation Limited and is current at 24 September 2020.

Board and management

The Board has adopted a written charter to provide a framework for its effective operation. The Board Charter sets out details of the Board's composition, its role and responsibilities, the expected relationship and interaction between the Board and management, details of the responsibilities and functions expressly reserved to the Board and those authorities which are delegated by the Board to management and Board Committees. The Board Charter review in FY2020 sought to reflect the new recommendations in the 4th edition of the ASX Recommendations. A copy of the charter can be viewed on the Company's website.

The Board's role is to demonstrate leadership and:

- represent and serve the interests of shareholders by overseeing and appraising the Group's strategies, policies and performance. This includes overseeing the financial and human resources the Group has in place to meet its strategic objectives and reviewing management performance;
- protect and optimise Group performance and build sustainable value for shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and monitor compliance with the Company's values and governance framework (including establishing and observing high ethical standards);
- keep shareholders informed of the Group's performance and major developments affecting its state of affairs;
- approve the Company's values and Code of Conduct; and
- monitoring corporate culture, as required under the 4th edition of the ASX Recommendations.

The management function is delegated by the Board to the CEO (and to other officers to whom the management function is properly delegated by the CEO). A delegation of authority document has been approved by the Board. Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time to assist in discharging their duties.

Appointment of Directors

The Company has a formal agreement in place with each Director setting out the terms of their appointment. Directors have rights of access to relevant Company documents, management and Company advisors to assist in the performance of their duties.

The process for selecting Directors for appointment to the Board is overseen by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee undertakes appropriate checks on any potential candidates before a person is appointed by the Board or put forward to shareholders as a candidate for election as a Director. The Company provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director.

CORPORATE GOVERNANCE STATEMENT

This information is provided in the notice for the Annual General Meeting. Once appointed, the Nomination and Remuneration Committee oversees processes to support a Director's induction and ongoing professional development and training opportunities. Ongoing professional development and training activities for Directors may include visits to operational facilities, new product demonstrations and management presentations.

The Board collectively and each Director individually has the right to seek independent professional advice at the Company's expense, subject to the approval of the Chairman or the Board as a whole.

Structure of the Board and Director Independence

The composition of the Board at the date of this report is:

Stuart Crosby, Independent, Non-executive Chairman
Heath Sharp, Managing Director and Group Chief Executive Officer
Christine Bartlett, Independent, Non-executive Director
Russell Chenu, Independent, Non-executive Director
Ross Dobinson, Independent, Non-executive Director
Sharon McCrohan, Independent, Non-executive Director
Ian Rowden, Independent, Non-executive Director

Details of the experience, qualifications and length of service of each current Director are set out in the annual Directors' Report.

The Board comprises a majority of independent Directors. The Board only considers a Director to be independent where he or she is free of any interest, position or relationship that might influence, or might reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company as a whole rather than in the interests of an individual shareholder or other party. The Board Charter sets out guidelines to assist in considering the independence of Directors. These guidelines are based on box 2.3 in the 4th edition of the ASX Recommendations. The Board will consider the materiality of any given relationship on a case-by-case basis. The Board reviews the independence of each Non-executive Director in light of information disclosed to it.

The Board considers that each Non-executive Director is independent in accordance with the definition adopted by the Board. Heath Sharp is not independent as he is an executive.

Board skills and experience

The Board seeks to have a mix of skills, personal attributes and experience amongst its members which is appropriate for the requirements of the Company and to maximise its effectiveness in meeting its responsibilities for corporate governance and oversight. The current Board composition provides the necessary experience and skills to meet the Company's current needs. This includes relevant business and industry experience, financial management experience and corporate governance knowledge. The skills matrix below sets out the mix of skills and diversity that the Board currently has and is looking to achieve in its membership.

Strategic priorities/areas	Skills matrix	
General industry and sector experience	▪ Business strategy ▪ Manufacturing and operations ▪ Building products and materials	▪ Understanding of manufacturing technology requirements, product development, emerging technologies and innovation
Customer and market insights	▪ Sales strategies, including identification of risks and opportunities ▪ International experience relevant to the Group's operations and expansion plans, with a focus on regions where the Group primarily operates (North America, Europe and Asia Pacific)	▪ Understanding of the Group's key distribution channels
Governance and Company oversight	▪ Board experience, including listed companies ▪ Corporate governance and regulatory compliance ▪ Stakeholder relations ▪ Workplace health and safety ▪ Understanding of capital and debt markets	▪ Social responsibility and sustainability ▪ Remuneration frameworks and human resources ▪ Succession planning ▪ Financial acumen and reporting

CORPORATE GOVERNANCE STATEMENT

The Board is committed to reviewing the performance of Non-executive Directors and the Board as a whole. Annually, the Board, with the assistance of the Nomination and Remuneration Committee, undertakes a performance evaluation of individual Directors, Board Committees, the CEO and the Board itself. A formal review was undertaken during the second half of FY2020 which involved an evaluation by an independent firm specialising in providing board assessment and review services. The evaluation included interviews with, and a survey of, Board members, officers and members of management. The report contained recommendations to enhance Board performance under three key topics: strategic engagement, evolving Board capability and succession planning. The Board has reviewed and commenced implementing the recommendations.

Committees of the Board

The Board has established the following Committees to assist in discharging its responsibilities:

- Audit and Risk Committee
- Nomination and Remuneration Committee

Each Committee is governed by a Board approved charter setting out its duties and responsibilities. The Committee charters were updated in FY2020 in light of the 4th edition of the ASX Recommendations and can be viewed on the Company's website.

Each Committee is chaired by an independent Director and comprises only independent Non-executive Directors. Details of the relevant qualifications and experience of the members of each Committee, the number of times each Committee met throughout the reporting period and the attendance of each Committee member at those meetings are set out in the annual Directors' Report.

The members of each Committee as at the date of this report are:

Audit and Risk Committee

Russell Chenu (chair)
Ross Dobinson
Sharon McCrohan
Ian Rowden

Nomination and Remuneration Committee

Christine Bartlett (chair)
Stuart Crosby
Ross Dobinson
Sharon McCrohan

All Directors have a standing invitation to attend each Committee meeting and do attend from time to time.

The Audit and Risk Committee's responsibilities include overseeing the Company's:

- financial and other periodic corporate reporting. This includes reviewing the processes for verifying the integrity of any periodic report the Company releases to the market, including reports that are not audited or reviewed by the external auditor;
- relationship with the external auditor and the external audit function generally;
- relationship with the internal audit function;
- processes for identifying, assessing and managing financial and non-financial risk, including matters relating to taxation risk;
- internal controls and systems; and
- processes for monitoring compliance with laws and regulations.

The responsibilities of the Nomination and Remuneration Committee include:

- regularly reviewing and monitoring implementation of the Company's remuneration framework;
- reviewing and recommending to the Board remuneration and employment arrangements for the CEO and the Non-executive Directors;
- reviewing and approving remuneration and employment arrangements for the CEO's direct reports;
- overseeing the operation of the Company's employee equity incentive plans and recommending to the Board whether offers are to be made under any or all the Company's employee equity incentive plans in respect of a financial year;
- approving the appointment of remuneration consultants for the purposes of the Corporations Act;
- reviewing and recommending to the Board the Remuneration Report prepared in accordance with the Corporations Act for inclusion in the annual Directors' Report;
- reviewing and facilitating shareholder and other stakeholder engagement in relation to the Company's remuneration policies and practices;
- assisting the Board in developing and reviewing the Board skills matrix;
- reviewing and recommending to the Board the size and composition of the Board including reviewing Board succession plans, including for the Chair and CEO;
- reviewing and recommending talent and succession plans to the Board more generally;
- reviewing and recommending to the Board the criteria for nomination as a Director and the membership of the Board more generally;
- assisting the Board in relation to the performance evaluation of the Board, its Committees and individual Directors;
- monitoring the processes in place to support Director induction and ongoing education and regularly reviewing the effectiveness of these processes;
- in accordance with the Diversity Policy, reviewing the measurable objectives for achieving gender diversity set by the Board on an annual basis, assessing progress and recommending any changes to the Board; and
- on an annual basis, reviewing the relative proportion of women and men on the Board, in senior executive positions and in the workforce at all levels of the Group.

Company Secretary

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for coordination of all Board and Committee business, including agendas, meeting papers, minutes, communication with regulatory bodies and the ASX, and all statutory and other filings. The Company Secretary also supports the Board and its Committees on governance matters in conjunction with senior executives. All Directors have direct access to the Company Secretary and vice versa.

Senior executives

The Board delegates the responsibility for the day-to-day management of the Company to the Managing Director, who is assisted by senior executives who report to him. The Company has a formal written agreement in place with each senior executive setting out the terms of their employment.

The performance of Key Management Personnel and other senior executives are assessed annually. The Group CEO's performance is assessed by the Board. The performance of other senior executives is assessed by the Group CEO and advised to the Board or the Nomination and Remuneration Committee. A performance evaluation for all senior executives, including the Group CEO, was undertaken in the reporting period in accordance with the process disclosed above.

CORPORATE GOVERNANCE STATEMENT

Diversity and Inclusion

The Company recognises that people are its most important asset and is committed to the maintenance and promotion of workplace diversity and inclusion. Diversity drives the Company's ability to attract, retain, motivate and develop the best talent, create an engaged workforce, deliver the highest quality services to its customers and continue to grow the business. The Board adopted a Diversity Policy in order to address the representation of women in senior management positions and on the Board, and to actively facilitate a more diverse and representative management and leadership structure. The Company's overall vision for diversity incorporates several different factors, including gender, ethnicity, disability, age and educational experience. The Diversity Policy includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. The policy sets out the manner in which the Company's diversity and inclusion strategies will aim to achieve the objectives of the policy. The policy can be viewed on the Company's website at www.rwc.com.

The Board, through the Nomination and Remuneration Committee, continues to have a focus on achieving a balanced representation of women in senior roles and on the Board. This includes a process of active assessment and recruitment of female representation on the Board. During the past year, the Company advanced these objectives by increasing the representation of women within senior management and on the Board. The Company has submitted its Workplace Gender Equality Public Report for its Australian operations in compliance with the Workplace Gender Equality Act 2012 (Cth). A copy can be viewed at www.wgea.gov.au. The Group's total number of employees at 30 June 2020 was 2,257 of which 37% were female. Women are represented across all departments. There are currently two female Board members representing one-third of Non-executive Directors. The Senior Leadership team comprises seven people reporting directly to the Group Chief Executive Officer and contains one female member. The Company is reviewing how it defines senior executive roles as part of its measurable diversity objectives. In addition to these efforts, the Company undertook specific plans and objectives to address its diversity and inclusion goals as summarised in the tables following.

Measurable diversity objectives

The following tables present:

1. approved diversity objectives for FY2020, key plans for achieving those objectives and progress to date towards implementing these plans as at the end of June 2020; and
2. objectives for FY2021 which expand on the depth and scope of our objectives.

Table 1: FY2020 review and status

Measurable objective	Key plans	Progress at 30 June 2020
Promote a culture of diversity, inclusion and opportunity	▪ Continuing focus on increasing female representation at Board and senior management level. ▪ Introduce an annual engagement survey to give all employees the opportunity to provide feedback on issues and potential barriers to a diverse and inclusive workplace. ▪ Consider documenting a formal workplace level inclusion and diversity policy. ▪ Consider establishing an inclusion and diversity council to focus on developing a strong pipeline of diverse talent. ▪ Introduce appropriate education and development programmes to raise knowledge and understanding of the benefits of diversity practices.	▪ Review of Board composition is a standing item for the Nomination and Remuneration Committee. Female representation at Board and senior leadership level was increased during FY2020. ▪ RWC engaged an external firm to develop an inclusion and diversity road map. Interviews with employees from all regions and levels of the organisation were held to gather input for consideration in building RWC's diversity and inclusion road map. The roadmap defines inclusion and diversity as being broader than only gender considerations and reflects the updated vison and values introduced in FY2019. Recommendations to be implemented are reflected in our plans for FY2021. ▪ Employee engagement surveys were undertaken in the Americas and APAC regions in September 2019. The surveys included inclusion and diversity questions. The results were reviewed to identify any variances between the regions. Actions to minimise differences form part of our FY2021 plans. ▪ Education programmes introduced in regions include training on diversity and inclusion practices. ▪ Creation of Global and Regional Diversity and Inclusion Councils and Employee Resource Groups are underway and are expected to be completed in FY2021.
Recruitment and selection processes to seek out candidates from diverse backgrounds	▪ Promote RWC as a diverse employer with an inclusive culture. ▪ Develop inclusive recruiting practices.	▪ Continuing to review our practices. ▪ Each region adopts local equal opportunity practices and aims for at least one diverse candidate to be included in the final candidate list.
Provide flexible work practices	▪ Review the paid parental leave policies for each country. ▪ Track the percentage of females taking parental leave that return to work. ▪ Continue developing policies supporting and implementing defined flexible working arrangements.	▪ Parental leave data is reviewed annually across all regions. During FY2020, 33 employees took maternal or paternal leave. To date, 18 employees have returned to work. ▪ Flexible work arrangements for all employees across all regions is approved on a case-by-case basis ▪ Workplace policies maintained which comply with local legislative requirements.

CORPORATE GOVERNANCE STATEMENT

Table 2: FY2021 key plans

Measurable objective	Key plans
Promote a culture of diversity, inclusion and opportunity	▪ Devise a general global plan to include a broadened definition of diversity for representation at Board and Senior Management level. ▪ Launch and message diversity and inclusion under our RWC "Values in Action". ▪ Expand the depth and scope of the 2021 Employee Engagement Survey to cover all regions and improve the depth of analysis and enquiry into diversity and inclusion. ▪ Document a revised and updated workplace level diversity and inclusion policy. ▪ Establish global and regional inclusion and diversity councils to guide the implementation and alignment of the diversity and inclusion strategy (carried over from FY2020. See Table 1). ▪ Formalise learning and development programmes and content for specific audiences and desired outcomes for awareness and action.
Recruitment and selection processes to seek out candidates from diverse backgrounds	▪ Introduce initiatives to drive measurable improvements in talent acquisition, management and retention strategy. ▪ Document a formal recruitment policy by region that includes targeted unconscious bias training to hiring managers. ▪ Analyse recruitment practice data through a diversity and inclusion lens.
Provide flexible work practices	▪ Review policies for global alignment as appropriate. ▪ Align Americas and APAC tracking and reporting processes, with expansion to include EMEA. ▪ Document a new formal flexible working policy, to include remote working policies following COVID-19.

Act ethically and responsibly

The Company is committed to a high level of integrity and ethical standards in all business practices. A formal Code of Conduct has been adopted which outlines how the Company expects its senior executives, employees and Directors to behave in the course of their employment and in dealings with employees, suppliers and customers. Business must be conducted honestly, fairly and ethically, applying best skills and judgment, and for the benefit of customers, employees, shareholders and the Company alike. People should be treated with dignity and respect as part of creating an inclusive and supportive workplace. The key objectives of the Code of Conduct are to:

- provide a benchmark for professional behaviour throughout the Company;
- support the Company's business reputation and corporate image within the community; and
- make Directors, senior executives and employees aware of the consequences if they breach the policy.

A copy of the Code of Conduct is available on the Company's website. The key aspects of this code are reflected in policy handbooks provided to employees. Material breaches of the Code of Conduct are reported to the Board, as required under the 4th edition of the ASX Recommendations.

The Group has a defined set of core values referred to as SPIRIT: simplicity, passion, innovation, reliability and integrity. Our commitment to upholding the Group's values is an enduring part of our culture. The Group maintains an absolute commitment to ensuring its people always act in a manner that is consistent with all relevant laws, rules and regulations governing the workplace. Together these are designed to guide the way the Group does business on a daily basis and also the way people treat each other in the workplace. We believe that living these values every day delivers a more productive and effective workplace which assists us to recruit the level of talent we continually strive to bring into the Group.

In addition to the Code of Conduct, the Board has approved governance policies to guide expectations for behaviour, actions and commercial relationships. These include a Continuous Disclosure Policy, External Audit Policy, Non-Audit Services Policy, Diversity Policy, Securities Dealing Policy, Anti-Bribery and Anti-Corruption Policy and a Whistleblowing Policy. Material breaches of the Anti-Bribery and Anti-Corruption Policy are reported to the Board and material incidents reported under the Whistleblowing Policy are reported to the Audit and Risk Committee, as required under the 4th edition of the ASX Recommendations The Board has also approved a Tax Governance Framework which sets out the Company's approach to tax risk management and governance, tax strategy and dealing with revenue authorities in jurisdictions in which the Group has operations. The Group is committed to paying the correct amount of tax in jurisdictions in which it operates.

External Auditor

KPMG was appointed as the Company's external auditor in 2016. KPMG representatives are invited to all meetings of the Audit and Risk Committee and receive the papers for each meeting. A KPMG representative attends the Company's Annual General Meeting and is available to answer questions from shareholders relevant to the conduct of the audit and the preparation and content of the auditor's report.

The Company has an approved External Audit Policy which governs the appointment and assessment of the external auditor, auditor independence and rotation of the audit partner. Lead audit partner rotation by KPMG occurred following completion of the FY2019 audit. The Company has also adopted a policy on non-audit services which may be provided by the external auditor. The external auditor is prohibited from providing services which would create a real or perceived threat to audit independence. The Audit and Risk Committee monitors compliance with the policy with delegated authority for approving certain non-audit services up to specified limits granted to the Group Chief Financial Officer.

KPMG provides an independence declaration which is included in the Directors' Report issued with each annual and half year financial report. The declaration states KPMG's view on whether or not it has contravened auditor independence requirements set out in the Corporations Act 2001 or any applicable professional code of conduct in relation to the audit. KPMG's declaration for the year ended 30 June 2020 states its view that there have not been any such contraventions.

Continuous Disclosure obligations

The Company has adopted a Continuous Disclosure Policy which sets out procedures aimed at ensuring the Company fulfils its obligations in relation to the timely disclosure of material price-sensitive information. The Company has an obligation to keep the market fully informed of any information it becomes aware of concerning the Company which may have a material effect on the price or value of the Company's securities, subject to certain exceptions. A copy of the Continuous Disclosure Policy is available on the Company's website.

A Disclosure Committee has been formed to oversee and monitor compliance with the Continuous Disclosure Policy. The Disclosure Committee comprises the Chairman, Group Chief Executive Officer, Group Chief Financial Officer, Company Secretary and Head of Investor Relations. Responsibilities of the Disclosure Committee include:

- ensuring the Company complies with its continuous disclosure requirements;
- reviewing information which is brought to its attention to determine if there is a disclosable matter and, if so, whether any Listing Rule non-disclosure exception applies;
- overseeing and coordinating disclosure of information to the ASX, analysts, brokers, shareholders, the media and the public;
- establishing and maintaining the Company's disclosure policies and procedures and ensuring that there is an adequate system in place for the disclosure of all material information to the ASX and other authorities in a timely fashion; and
- educating management and staff on the Company's disclosure policies and procedures.

The Board receives copies of all material market announcements promptly after they have been made.

Periodic reports

The Company has processes in place for reviewing the integrity of periodic reports which are released to the market. This includes periodic reports which are not audited or reviewed by the external auditor. These processes include presentations by persons responsible for drafting these reports to the Board or Audit and Risk Committee and seeking external advice where appropriate. This Corporate Governance Statement is an example of a periodic report which is not audited or reviewed by the external auditor.

CORPORATE GOVERNANCE STATEMENT

Communicating with shareholders

The Company aims to communicate all important information relating to its shareholders in a timely manner. The Company also recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. To achieve this, the Company communicates information through a range of forums and publications, including the Company's website, shareholder meetings, ASX announcements, annual reports and presentations. The Company lodges any new and substantive investor or analyst presentations with the ASX ahead of any presentation. The Company also has in place an investor relations programme to facilitate two-way communication with investors. The process for communicating with shareholders and other parties is documented in the Continuous Disclosure Policy. Shareholders have an option to receive communications electronically by providing relevant details to the Company's share registry. The website also contains a facility for shareholders to direct questions to the Company.

The Board encourages the attendance and participation of shareholders at general meetings. Notices of meetings, including proposed resolutions, are issued in advance of meetings in accordance with legal requirements and allow for shareholders to send written questions to the Company's external auditor where applicable. All resolutions at Annual General Meetings are decided by a poll rather than a show of hands.

Recognising and managing risk

The Audit and Risk Committee assists the Board with and makes recommendations on matters relating to risk management responsibilities. The Committee's responsibilities with respect to risk management and compliance include:

- overseeing and advising the Board on high-level risk related matters, including risk tolerance in determining strategy, as well as management of key financial and non-financial risks, including new and emerging risks;
- reviewing and making recommendations to the Board in relation to the risk appetite within which the Board expects management to operate, and whether any changes should be made;
- evaluating the adequacy and effectiveness of the Group's identification and management of economic, environmental and social sustainability risks; and
- reviewing and making recommendations to the Board on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies and the risk appetite that is appropriate for the Company.

The Company's risk management framework is reviewed at least annually by the Audit and Risk Committee to satisfy itself that the framework continues to be sound and that the Company is operating with due regard to the risk appetite set by the Board. The Audit and Risk Committee has undertaken a review of the risk management framework in FY2020.

The Company has adopted an enterprise risk management framework which covers financial and non-financial risks. The framework is overseen by a global management committee supported by regional committees. The role of these committees is to oversee and co-ordinate risk management activities. Management is responsible for the development and implementation of effective risk management and internal compliance and control systems based on the risk management policies adopted by the Board. This includes having robust processes in place to identify and then manage key business risks. Progress reports on the Enterprise Risk Framework are presented to the Audit and Risk Committee for consideration.

The Board receives a written declaration from the CEO and CFO prior to approving the Company's financial statements for a reporting period. The declaration includes statements from the CEO and the CFO that, in their opinion, the financial records have been properly maintained and the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects.

Internal Audit

An internal audit function has been established to evaluate and provide recommendations to improve the effectiveness of the Company's risk management, internal control and governance processes. Internal audit functions are provided by internal resources with assistance from an independent externally appointed provider where considered appropriate. The head of the internal audit function has direct access to the Chairman of the Audit and Risk Committee and provides reports to the Committee on progress and achievements against an approved internal audit work programme.

Economic, environmental and social sustainability risks

RWC issued its first social impact report in February 2020 ("Social Impact Report 2019"). The report can be viewed on the Company's website.

Running our business responsibly is vital to the Company's long-term future as decisions made can have important consequences for the economy, society and the environment. The Social Impact Report 2019 provides information on our approach to sustainability, identifies our material topics and how they are currently managed, our achievements and areas for improvement. The topics material to the Company are categorised into four groups: products, people, community & environment and governance.

Economic sustainability risks

The Group is exposed to economic sustainability risks associated with its business activities. Details of key economic sustainability risks and how these are managed are discussed in the Directors' Report for the year ended 30 June 2020.

Environmental and social sustainability risks

The Group has exposure to environmental and social sustainability risks. Manufacturing operations primarily involve brass forging and machining, PEX extrusion, plastic moulding and product assembly. The manufacture of the Group's products involves the use of heavy machinery and hazardous processes. There may be an incident or accident at a facility that results in serious injury or damage to property, which in turn may result in a penalty being imposed by a regulatory authority, an interruption of manufacturing operations, a worker's compensation claim, a work health and safety claim or a claim for damages. Such claims or events may not be covered by insurance or may exceed insured limits. They may also adversely impact business reputation. Any such occurrences could therefore adversely impact the Group's operations and profitability. The Group seeks to manage and minimise the impact of these risks through health and safety initiatives along with operational and product initiatives.

In terms of health and safety initiatives, the Group is committed to providing a safe and healthy workplace for all our employees and contractors. We aim for zero harm across the group. A robust health and safety management system is maintained which assists in the identification of potential issues and hazards and in the development of strategies and initiatives to mitigate the risk of harm. The Group's safety performance remains the highest priority and is regularly reviewed by management and the Board. Our Group Operations team has a clear remit on safety and we have dedicated safety personnel in each division. During FY2020 we increased safety leadership training, implemented near-miss and hazard reporting (an important leading indicator), developed higher standards for incident investigation and communication and established employee safety committees. We continue to work to improve our health and safety activities and our record in this area.

Historically, the environmental impact of our processes has been minimal and the Company believes it meets current environmental standards in all material respects.

The Group's operations and properties are subject to environmental protection laws and regulations, including those regulating air emissions, water discharges, waste management and disposal and workplace safety. If the Group were to breach or otherwise fail to comply with any such law or regulation, the cost of curing a breach or resolving associated enforcement actions initiated by government authorities could be substantial and may materially reduce the Group's profit in a given reporting period. The Group adopts appropriate risk management and internal control processes to minimise the risk of breaching these laws and regulations. The Company seeks to operate its business in compliance with all regulatory and government requirements including environmental, health and safety, workplace and related regulations. The Group carries out required procedures with the aim of ensuring compliance with all applicable safety and product performance regulations. Please refer to the Social Impact Report 2019 for details of operational initiatives undertaken in recent years.

From a product perspective, the Group continues to develop and refine products that aim to mitigate potential water damage and wasted water, improve safety, wellbeing and energy efficiency (thereby reducing energy costs) and enable more effective and efficient installation and product operation. Many of our products have a sustainability objective at their heart. These include solutions that optimise energy consumption and innovations which make the use of water more efficient and less wasteful. We continue to develop technologies which seek to make the lives of our end users easier while at the same time making a positive impact on the environment. The Group invests extensively in research and development at facilities in Australia, the UK and the USA to achieve these aims.

The Group also actively participates in local communities and aims to support social issues and causes identified by its employees. Community involvement occurs through corporate donations, sponsorships, fund raising and employee participation.

Further information on the Group's governance, operations, products, approach to social responsibility and involvement in communal activities can be found in the Social Impact Report 2019 which can be viewed on the Company's website.

CORPORATE GOVERNANCE STATEMENT

Remuneration

Details of the Company's remuneration framework, key policies and practices, Non-executive Director remuneration, senior executive remuneration and the employment terms of executive Key Management Personnel are discussed in the annual Remuneration Report. Details of the Company's long-term incentive plan, which provides for equity based remuneration, are also set out in the Remuneration Report.

Dealing in Securities

The Securities Dealing Policy is intended to explain the types of conduct in relation to dealings in securities that are prohibited by law and establish procedures for the buying and selling of securities that protect the Company, Directors and employees against the misuse of unpublished information, which could materially affect the price or value of the Company's securities. The policy sets out when and how dealing in the Company's securities may or may not occur. Hedging of equity received by senior executives under the long-term incentive plan is not permitted prior to vesting. A copy of the policy is available on the Company's website.

DIRECTORS' REPORT

For the year ended 30 June 2020

The Directors present their report together with the Financial Report comprising Reliance Worldwide Corporation Limited ("the Company") and its controlled entities (together "RWC" or "the Group") for the financial year ended 30 June 2020 ("reporting period") and the Auditor's report thereon.

The following sections, which are presented separately, form part of and are to be read in conjunction with this Directors' Report:

- Operating and Financial Review (page 22); and
- Remuneration Report (page 56)

Directors

The Directors of the Company at any time during or since the end of the reporting period were:

	Appointed
Stuart Crosby (Chairman)	11 April 2016
Heath Sharp (Group Chief Executive Officer and Managing Director)	19 February 2016
Christine Bartlett	6 November 2019
Russell Chenu	11 April 2016
Ross Dobinson	11 April 2016
Sharon McCrohan	27 February 2018
Ian Rowden	6 July 2020

Details of the experience and qualifications of Directors in office at the date of this report are:

Stuart Crosby

Independent Non-executive Chairman
Member of Nomination and Remuneration Committee

Mr. Crosby was appointed Chairman on 4 March 2019. Mr. Crosby was the Chief Executive Officer and President of Computershare Limited for nearly eight years until June 2014. Mr. Crosby previously held a number of senior executive positions across the Computershare business. Prior to joining Computershare, Mr. Crosby worked for the Australian National Companies and Securities Commission, the Hong Kong Securities and Futures Commission and at ASX Limited. Mr. Crosby is Chair of AMES Australia.

Other listed company directorships in the past 3 years: None

Heath Sharp

Group Chief Executive Officer and Managing Director

Mr. Sharp was appointed Group Chief Executive Officer in 2015. He joined RWC in 1990 as a Design Engineer in the Brisbane based Product Development team. He has worked in each international division of the business throughout his career, holding senior management positions in Engineering, Product Management, Sales and Operations. He was appointed General Manager of the Cash Acme facility in Alabama following its acquisition by RWC in 2002. He returned to lead the Australian division in late 2004, the largest operation at the time. Mr Sharp moved back to the USA in 2007 to re-join the US business and steer its rapid growth in RWC's largest market. Mr. Sharp held the roles of President of the USA business and Group Chief Operating Officer prior to his current role as Group Chief Executive Officer. Mr. Sharp holds a Bachelor of Mechanical Engineering degree from the University of Southern Queensland.

Other listed company directorships in the past 3 years: None

DIRECTORS' REPORT

For the year ended 30 June 2020

Christine Bartlett

Independent Non-executive Director
Chair of Nomination and Remuneration Committee

Ms. Bartlett is an experienced CEO and senior executive with extensive line management experience gained through roles with IBM, Jones Lang LaSalle and National Australia Bank Limited. Her executive career has included Australian, regional and global responsibilities based in Australia, the USA and Japan. She is currently a Non-executive Director of Mirvac Group, Sigma Healthcare Limited, TAL and icare; and was previously a director of GBST Holdings Limited, PropertyLook, National Nominees Ltd, the Australian Custodial Services Association and The Smith Family. She is a member of the UNSW Australian School of Business Advisory Council, Chief Executive Women and the Australian Institute of Company Directors. Ms. Bartlett holds a Bachelor of Science from the University of Sydney and has completed senior executive management programmes at INSEAD.

Other listed company directorships in the past 3 years:
Mirvac Group (since December 2014)
Sigma Healthcare Limited (since March 2016)
GBST Holdings Limited (July 2015 until November 2019)

Russell Chenu

Independent Non-executive Director
Chair of Audit and Risk Committee

Mr. Chenu is an experienced corporate and finance professional who held senior finance and management positions with a number of ASX listed companies. His last executive role was Chief Financial Officer of James Hardie Industries plc from 2004 to 2013. He is currently a Director of James Hardie Industries plc, CIMIC Group Limited and Metro Performance Glass Limited. Mr. Chenu holds a Bachelor of Commerce from University of Melbourne and an MBA from Macquarie Graduate School of Management, Australia.

Other listed company directorships in the past 3 years:
CIMIC Group Limited (since June 2014)
James Hardie Industries plc (since August 2014)
Metro Performance Glass Limited (since July 2014)

Ross Dobinson

Independent Non-executive Director
Member of Audit and Risk Committee
Member of Nomination and Remuneration Committee

Mr. Dobinson has a background in venture capital and investment banking and is currently the Managing Director of TSL Group Ltd. He is a founder, former CEO and current Non-executive Chairman of ASX listed Acrux Limited. Mr. Dobinson was previously a director of ASX listed companies Starpharma Holdings Limited and Roc Oil Company Limited, a former Chairman of ASX listed Palla Pharma Limited (formerly TPI Enterprises Limited) and a former Director of Racing Victoria Limited. Mr. Dobinson holds a Bachelor of Business (Accounting) from the Queensland University of Technology.

Other listed company directorships in the past 3 years:
Acrux Limited (since March 1998)

Sharon McCrohan

Independent Non-executive Director
Member of Audit and Risk Committee
Member of Nomination and Remuneration Committee

Ms. McCrohan is an experienced media and strategic communications consultant with a career spanning almost 30 years. Ms. McCrohan has been an advisor to Federal and State government leaders and cabinets, private sector boards, sporting bodies, statutory authorities, charities and government agencies. Ms. McCrohan has extensive experience in media and communications, policy development, government and stakeholder relations and executive team leadership. Ms. McCrohan is a Non-executive Director of Racing Victoria Limited, the Ovarian Cancer Research Foundation Board and the Transport Accident Commission (Victoria). Ms. McCrohan holds a Bachelor of Arts (Journalism) from Royal Melbourne Institute of Technology and is a Graduate member of The Australian Institute of Company Directors.

Other listed company directorships in the past 3 years: None

Ian Rowden

Independent Non-executive Director
Member of Audit and Risk Committee

Mr. Rowden's experience was gained in high profile global roles focused on commercial, marketing and operational activities with an emphasis on developing and executing strategic plans for business growth. Mr. Rowden worked for over 20 years with The Coca-Cola Company, including senior leadership roles based in Hong Kong and Atlanta, Georgia. This included roles as Worldwide Director of Consumer Communication, Region President for the China Division and Director of Marketing for South East Asia. He has also held roles as Chief Marketing Officer for The Callaway Golf Company and Wendy's International; and was a Partner at The Virgin Group. Mr. Rowden was Chairman and CEO, Asia Pacific of Saatchi and Saatchi from 2008 to 2011.

Mr. Rowden is currently a non-executive director of Enero Group Limited (ASX: EGG) and was formerly a director of QMS Media Limited (ASX listed until February 2020) and Virgin Galactic (NYSE: SPCE). He is a partner and investment advisory board member of Innovate Partners, a US based venture capital company. He is also Non-executive Chairman of Brightguard LLC., a director of The Miami Ad School, a non-profit organisation, and a senior advisor to Bowery Capital and DuluxGroup. Mr. Rowden is based in the USA.

Other listed company directorships in the past 3 years:
Enero Group Limited (since November 2018)
QMS Media Limited (February 2019 to February 2020)

Company Secretary
David Neufeld

Mr. Neufeld has been Company Secretary since April 2016. He has over 35 years' experience in chartered accounting and corporate organisations, including 15 years' experience as Chief Financial Officer and Company Secretary of ASX listed companies. Mr. Neufeld has extensive experience in financial and management reporting, corporate compliance, governance and risk management, audit and business acquisitions and divestments. Mr. Neufeld holds a Bachelor of Commerce (Honours) from University of Melbourne and is a member of Chartered Accountants – Australia & New Zealand and a Graduate member of The Australian Institute of Company Directors.

DIRECTORS' REPORT

For the year ended 30 June 2020

Director meetings

The number of Board meetings and meetings of Board Committees held and the number of meetings attended by each of the Directors of the Company during the reporting period are listed below.

Director	Board Meetings		Audit and Risk Committee Meetings		Nomination and Remuneration Committee Meetings	
	Held[1]	Attended[1]	Held[1]	Attended[1]	Held[1]	Attended[1]
Christine Bartlett[2]	6	6	–	–	4	4
Russell Chenu	10	10	9	9	–	–
Stuart Crosby	10	10	–	–	6	6
Ross Dobinson	10	10	9	9	6	6
Sharon McCrohan	10	10	9	9	6	6
Heath Sharp	10	10	–	–	–	–

Ian Rowden joined the Board after the reporting period covered by the above table.

Directors who are not members of Board Committees have a standing invitation to attend Committee meetings and do attend from time to time. The above table only reflects attendance at Committee meetings by members of the relevant Committees.

Environmental regulation and performance

RWC's manufacturing operations have to date not been adversely affected by environmental laws and regulations. Manufacturing operations primarily involve brass forging and machining, PEX extrusion, plastic moulding and product assembly. Historically, the environmental impact of these processes has been minimal and RWC believes it meets current environmental standards in all material respects.

Environmental and social sustainability are core to RWC's operations and important to its strategy. We understand that running our business responsibly is vital to our long-term sustainability and the decisions we make have consequences for the economy, society and the environment. RWC published its first Social Impact Report in February 2020. A copy can be viewed on the Company's website at www.rwc.com. That report provides information on our approach to sustainability, identifies our material topics and how they are currently managed, our achievements and areas for improvement. Global macro trends related to water are creating challenges for the built environment that RWC can help to solve. There are opportunities for RWC to make a positive contribution through the products we design and manufacture. We have existing solutions that we can provide and are also continually investing in new products and solutions. These may have different applications across the regions in which we operate. In particular, RWC has a clear role in the provision of clean water and sanitation and also in developing sustainable and resilient infrastructure, particularly in the context of cities. Since water and energy are closely connected, water efficiency also contributes to energy efficiency. As a manufacturer and distributor, we also recognise that our operations have an environmental footprint and that we need to manage the social and environmental impacts of our supply chain. We continue to assess our risks and opportunities arising from climate impacts.

Principal activities

The principal activities of RWC are the design, manufacture and supply of high quality, reliable and premium branded water flow, control and monitoring products and solutions for the plumbing and heating industry.

1 Number of meetings held and attended during the period the Director was a member of the Board or Committee.
2 Appointed 6 November 2019.

DIRECTORS' REPORT

For the year ended 30 June 2020

Significant changes in the state of affairs

The operations of the Group have been impacted, and continue to be impacted, by the COVID-19 pandemic. The COVID-19 outbreak was declared a pandemic by the 'World Health Organisation' in March 2020. The responses of governments across the world in dealing with the pandemic have impacted business activity levels in countries and markets where the Group operates. The Group took actions to minimise negative impacts on its operations and financial position. For the period to 30 June 2020, the most material impacts on the Group's operations, cash flows and financial position have been to the UK operations where the level of business activity was significantly reduced during the fourth quarter of FY2020 requiring the business to adapt to the reduced level of demand. Further details on the main impacts and mitigating actions taken are summarised in the Operating and Financial Review.

In preparing the consolidated financial statements in conformity with Australian Accounting Standards, due consideration has been given to the judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of the consolidated financial statements. At 30 June 2020, the Group has reassessed all significant judgements, assumptions and critical estimates included in the consolidated financial statements, including but not limited to, provisions against trade debtors and inventory and impairment of non-current assets. Actual results may differ from these estimates. Details of the main judgements, estimates and assumptions applied are set out in the notes to the consolidated financial statements.

There were no significant changes in the affairs of the Group during the reporting period other than as set out above.

Material business risks

Set out in the table below are:

- a summary of specific material business risks which could impact upon RWC's ability to achieve its business objectives and/or its financial results and position; and
- management plans to mitigate against each business risk listed.

The list is provided in no particular order and is not exhaustive.

Risk	Description	Management plans
RWC is exposed to changes in general economic conditions, legislation and regulation which may impact activity in RWC's end-markets.	▪ RWC's financial performance is largely dependent on activity in the residential and commercial repair and renovation and new construction end-markets in the North American, Asia Pacific and European regions. Activities in these end-markets are impacted by changes in general economic conditions; and to legislation and regulation (for example, changes to plumbing codes; tariff rates and import duties; and post Brexit trade and regulatory arrangements). Activities in the repair end-market may also be impacted by extreme weather events. ▪ A prolonged downturn in general economic conditions either globally or in any geographic region in which RWC operates may impact demand for plumbing services in RWC's end-markets, thereby decreasing demand for RWC's products and services. The COVID-19 pandemic is an example of an event which caused and continues to cause significant impact on general economic conditions. The impact and uncertainty caused by COVID-19 is expected to continue for some time into the future. ▪ Any such downturn may have a material adverse impact on RWC's operations and financial results.	▪ Processes in place to be able to respond to changes in conditions and adjust production, delivery and raw materials purchasing requirements as well as manage operating and overhead costs as considered necessary and appropriate. Key economic indicators are monitored for data which will assist the business in being proactive in its decision making. ▪ RWC's response to the COVID-19 pandemic is set out in the Operating and Financial Review.

DIRECTORS' REPORT

For the year ended 30 June 2020

Risk	Description	Management plans
Loss of customer risk	▪ There can be no guarantee that key customers will continue to purchase the same or similar quantities of RWC's products as they have historically. Competition, including the price of competing products relative to RWC's products, could impact upon demand for RWC's products. ▪ The loss of any of RWC's key customers or a significant reduction in the volume of products purchased by one or more key customers may adversely impact RWC's financial performance.	▪ Continuing focus on differentiated products and solutions as well as customer service. ▪ Investment in research and development to provide innovative products and remain the supplier of choice. ▪ Continue business expansion and sales activity to diversify the customer base.
Foreign currency risk	▪ RWC's results are impacted by exchange rate movements. In particular, exposure to USD, GBP, Euro and Yuan. ▪ Furthermore, as RWC expands globally, it becomes exposed to additional currencies and a higher proportion of its net sales, profitability, cash flows and financial position will be affected by exchange rate movements.	▪ RWC does not typically hedge its foreign exchange exposures. RWC currently benefits from a partial "natural hedge" against key currency movements as RWC Australia's sales to RWC USA are denominated in US dollars and the majority of raw materials and components purchased by Australia for use in production for the USA are denominated in US dollars. ▪ Consideration is given to alternative strategies to manage foreign exchange risk as the business expands and exposure to other currencies increases.
Events affecting manufacturing or delivery capability	▪ The equipment and management systems necessary for the operation of RWC's manufacturing facilities may break down, perform poorly, fail or be impacted by a fire or major weather event (such as a snow storm, tornado, cyclone or flood) resulting in manufacturing delays, increased manufacturing costs or an inability to meet customer demand. ▪ Events could also arise which impact upon RWC's ability to ship and deliver product from its facilities in a timely manner. ▪ Any significant or sustained interruption to RWC's manufacturing or delivery processes may adversely impact RWC's net sales and profitability.	▪ RWC has manufacturing facilities located in five countries. This geographic dispersion reduces the impact on total production output if an adverse event occurs at one or more of the sites. ▪ RWC has established long-term machine maintenance support programmes with key suppliers. ▪ RWC carries stores of key maintenance spare parts to support timely repairs and maintenance to its production equipment and facilities. ▪ Investment in high quality machinery and extensive operator training to enable machine/operator substitution in the event of machinery breakdown. ▪ Safety hazard training undertaken and appropriate onsite procedures in place. ▪ Business interruption insurance in place.

Risk	Description	Management plans
Materials supply and price risk	▪ Any adverse change in RWC's ability to procure raw materials, a material increase in the cost of raw materials or any increase in indirect production costs would result in an increase in RWC's overall costs. RWC's profitability could be adversely impacted if it is unable to pass on such cost increases to its customers.	▪ RWC aims to have appropriate agreements in place with major suppliers. ▪ Active management of procurement processes. ▪ Continuing programme to "dual source" key materials and components to enable price verification, quality control management and reduce risk of supplier concentration. ▪ RWC periodically benchmarks prices for key material/product supply.
Impact of product recalls, product liability claims or claims against RWC where a product has not been correctly installed by a third party.	▪ RWC is exposed to the risk of product recalls and product liability claims where a defect in a product sold or supplied by RWC or incorrectly installed by a third-party contractor could result in, results in or is alleged to have resulted in, personal injury or property damage. ▪ RWC may suffer loss as a result of claims for which it is not insured or if cover is denied or exceeds available limits.	▪ Continuing investment in production technology and quality control processes to minimise the risk of product defects. ▪ RWC maintains rigorous quality assurance accreditation in all its manufacturing/ distribution locations. These quality systems are regularly audited by external third parties. ▪ Investment in training of professional contractors on correct installation and use of products. ▪ Maintain appropriate insurance policies.
Key personnel risk	▪ RWC's success depends on the continued active participation of its key personnel. ▪ If RWC were to lose any of its key personnel or if it were unable to employ additional or replacement personnel, its operations and financial results could be adversely affected.	▪ RWC seeks to employ high quality personnel who are remunerated by market competitive arrangements. ▪ Historically, there is a good record of retaining key staff. ▪ Succession planning is a focus of the Board and managed on its behalf by the Nomination and Remuneration Committee.
Cyber security	▪ Technological advancements and risks of cyber-crime can impact the integrity of RWC's IT systems and make them vulnerable to attack if appropriate security measures are not in place.	▪ IT security policies and recovery plans in place. ▪ Ongoing system monitoring and testing, including review of security protocols. ▪ Appropriate insurance policies. ▪ Alerts and reminders sent to employees.

DIRECTORS' REPORT

For the year ended 30 June 2020

Dividends

A fully franked final dividend of 5.0 cents per share for the financial year ended 30 June 2019 was paid to eligible shareholders on 11 October 2019.

An interim dividend for the financial year ended 30 June 2020 of 4.5 cents per share, franked to 20%, was declared by the Directors on 24 February 2020 with an expected payment date of 9 April 2020. On 25 March 2020, the Company announced that, in view of the need to prudently manage cash resources during a period of uncertainty caused by the COVID-19 pandemic, payment of this interim dividend would be deferred. The interim dividend will now be paid to eligible shareholders on 9 October 2020. The Record Date for entitlement to receive this interim dividend remains 11 March 2020.

Since the end of the reporting period, the Directors have resolved to declare a final dividend for the financial year ended 30 June 2020 of 2.5 cents per share. The dividend will be franked to 20%. The record date for entitlement to the dividend is 11 September 2020. The dividend is payable to eligible shareholders on 9 October 2020.

The aggregate dividends paid or payable for the financial year ended 30 June 2020 total $55.3 million (2019 - $71.1 million).

The Company does not have a dividend reinvestment plan.

Events subsequent to reporting date

The Directors are not aware of any matter or circumstance that has occurred since the end of the reporting period that has significantly affected or may significantly affect the operations of RWC, the results of those operations or the state of affairs of RWC in subsequent financial reporting periods which has not been covered in this report or the financial statements.

Likely developments and prospects

Details of likely developments for RWC and prospects for future financial reporting periods are contained in the Operating and Financial Review.

Share options

Details of options granted under the Company's Equity Incentive Plan are set out in the Remuneration Report. No other share options have been granted by the Company at the date of this report.

Directors' interests

Details of Directors' interests in the Company's issued securities are set out in the Remuneration Report.

Indemnification and insurance of officers

The Company's Constitution provides that the Company may indemnify any current or former Director, Secretary or executive officer of the Company or of a subsidiary of the Company out of the property of the Company against every liability incurred by a person in that capacity whether civil or criminal or of an administrative or investigatory nature in which the person becomes involved because of that capacity.

In accordance with the provisions of the Corporations Act 2001, the Company has a Directors' and Officers' Liability policy which covers all past, present or future Directors, Secretaries and executive officers of the Company and its controlled entities. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

The indemnification and insurances are limited to the extent permitted by law.

DIRECTORS' REPORT

For the year ended 30 June 2020

Audit and Non-Audit Services

Fees paid or payable by RWC for services provided by KPMG, the Company's auditor, during the reporting period were:

	2020 $
KPMG Australia	
Audit services	623,500
Other assurance and non-audit services	
▪ Tax services	35,000
Total fees paid or payable to KPMG Australia	658,500
Overseas KPMG offices	
Audit services	404,914
Other assurance and non-audit services	
▪ Tax services	249,100
Total fees paid or payable to overseas KPMG offices	654,014
Total fees paid or payable to KPMG	**1,312,514**

The Directors, in accordance with advice from the Audit and Risk Committee which has considered the non-audit services provided by KPMG during the financial year ended 30 June 2020, are satisfied that the provision of those non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and did not compromise the auditor independence requirements of the Corporations Act 2001, for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor's independence as set out in APES110 – Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration set out on page 73 forms part of this Directors' Report.

Rounding off

In accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 values are rounded to the nearest thousand dollars, unless otherwise stated. Where an amount is $500 or less the amount is rounded to zero, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.

Stuart Crosby
Chairman

Melbourne
24 August 2020

Heath Sharp
Group Chief Executive Officer
and Managing Director

REMUNERATION REPORT

For the year ended 30 June 2020 (audited)

(a) Introduction

The Directors present the Remuneration Report for Reliance Worldwide Corporation Limited ("the Company") and its controlled entities (together "RWC" or "the Group") for the financial year ended 30 June 2020 ("FY2020" or "the reporting period"). This Remuneration Report forms part of the Directors' Report and has been audited in accordance with the requirements of the Corporations Act 2001 (Cth).

The Remuneration Report sets out remuneration arrangements for the Key Management Personnel ("KMP") of RWC for the reporting period. Under Australian Accounting Standards, the term KMP refers to directors (both non-executive directors and executive directors) and those persons having the authority and responsibility for planning, directing and controlling the activities of RWC, directly or indirectly. Details of KMP for the reporting period are shown in section (c) below.

(b) Governance

The Board believes that the Company's success depends upon the performance of all employees and that remuneration policies should be structured to deliver positive benefits for the Company, shareholders and employees.

The Nomination and Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration arrangements for the CEO, the CEO's direct reports, the Chairman and Non-executive Directors. The Committee also oversees the operation of the Company's Equity Incentive Plan ("Plan") and makes recommendations to the Board about whether or not offers are to be made under the Plan.

In discharging its responsibilities, the Nomination and Remuneration Committee must have regard to the following policy objectives:

- remuneration structures are to be equitable and aligned with the long-term interests of the Company and its shareholders;
- attract and retain skilled executives, especially in the main markets where RWC operates (North America, Asia Pacific and Europe); and
- structure short-term and long-term incentives that are challenging and linked to the creation of sustainable shareholder returns.

The Nomination and Remuneration Committee comprises only Non-executive Directors and is chaired by an independent Director. The Committee's Charter is available on the Company's website at www.rwc.com and further information regarding the Committee is set out in the Company's Corporate Governance Statement.

Remuneration consultants and other advisors

The Nomination and Remuneration Committee may seek independent advice from remuneration consultants and other advisors on various remuneration related matters to assist it in performing its duties and in making recommendations to the Board. Remuneration consultants and other advisors are required to engage directly with the Chair of the Nomination and Remuneration Committee as the first point of contact. During FY2020, consultants were engaged to review the remuneration framework adopted by the Group. The project remains ongoing. Refer section (d) below. No final remuneration recommendations were received from remuneration consultants or other advisors during the reporting period.

(c) Key Management Personnel ("KMP") and senior leadership team

KMP for the year ended 30 June 2020 are listed below. KMP are determined in accordance with accounting standard AASB 124: Related Party Disclosures ("AASB 124"). All KMP held their positions for the entire reporting period unless otherwise stated.

Name	Executive Position
Non-executive Directors	
Christine Bartlett[1]	
Russell Chenu	
Stuart Crosby	
Ross Dobinson	
Sharon McCrohan	
Senior Executives	
Heath Sharp	Managing Director and Group Chief Executive Officer
Gerry Bollman[2]	Group Chief Financial Officer
Andrew Johnson[3]	Group Chief Financial Officer

Ian Rowden was appointed a Non-executive Director on 6 July 2020 and became a member of KMP from that date.

Andrew Johnson was appointed Interim Group Chief Financial Officer on 11 March 2020 and was confirmed as Group Chief Financial Officer on 6 July 2020.

For the remainder of this Remuneration Report, KMP are referred to as either Non-executive Directors or Senior Executives as set out above.

Only the Group Chief Executive Officer ("CEO") and Group Chief Financial Officer ("CFO") are considered to be executive KMP having regard to the Group's management structure and the criteria in AASB 124. This assessment is consistent with prior years.

(d) Review of remuneration framework and strategy

The Nomination and Remuneration Committee and the Board believe that the remuneration framework should adequately balance the need to attract and retain the best people to run our business while ensuring that remuneration is linked clearly to shareholder returns and remains comparable with appropriate industry and geographical peer groups.

During FY2020, the Nomination and Remuneration Committee focused on reviewing the overall remuneration framework applied by the Group. This included reviewing remuneration arrangements of executives, including Senior Executives, with a focus on the balance of fixed and variable components, with the aim of providing competitive remuneration packages to attract and retain high calibre executives. The review remains ongoing. The purpose of the review is to implement a remuneration framework programme more closely aligned with current market practices. External consultants have been engaged to assess the current remuneration framework, including the short-term and long-term incentive plans, and to provide insights on potential changes to align the framework with current market practices. The process includes competitive benchmarking, peer group analysis and identifying any gaps with prevalent market practice. It is intended that 'at risk' variable remuneration arrangements be appropriately aligned with business strategies and outcomes.

The Nomination and Remuneration Committee intends to maintain its focus on the remuneration framework and expects to recommend to the Board that a revised framework be adopted by the Group.

1 From 6 November 2019.
2 Until 11 March 2020.
3 From 11 March 2020.

REMUNERATION REPORT

For the year ended 30 June 2020 (audited)

(e) Principles used to determine the nature and amount of remuneration

Non-executive Director remuneration

In order to maintain director independence, the remuneration of Non-executive Directors is not linked to Company performance and is currently comprised solely of cash fees (including applicable superannuation). This allows the Board to focus on governance and both short and long-term strategy. Refer section (g) for further details.

The Company's remuneration policy for Non-executive Directors aims to ensure that the Company can attract and retain suitably qualified and experienced Non-executive Directors having regard to:

- the level of fees paid to non-executive directors of other major Australian companies;
- the size and complexity of RWC's multi-national operations; and
- the responsibilities and work requirements of Board members.

Senior Executive remuneration

The Board, through the Nomination and Remuneration Committee, is responsible for designing and reviewing remuneration policies which align the remuneration of executives with the long-term interests of shareholders. Remuneration packages for Senior Executives are set to properly reflect a Senior Executive's duties and responsibilities and to be competitive in attracting, retaining and motivating appropriately qualified and experienced people capable of managing the Group's operations and achieving its business objectives. Remuneration arrangements are regularly reviewed with regard to various factors, including key performance objectives, an appraisal process and relevant comparable information.

Senior Executive remuneration packages comprise:

- fixed remuneration, represented by a base salary and contributions to superannuation or pension funds, as applicable;
- eligibility for short-term incentive ("STI") awards subject to approved criteria being met with the Board retaining a discretion to adjust the award outcome based on achievements during a reporting period; and
- 'at risk' long-term incentives ("LTI").

Refer section (h) for further details.

(f) Company performance

The following table shows the financial performance of the Group during the financial periods ended 30 June 2016 to 30 June 2020.

Key performance indicators	FY2020	FY2019	FY2018	FY2017	FY2016[1]
Sales revenue ($m)	1,162.4	1,104.0	769.4	601.7	98.3
Reported EBITDA ($m)[2]	217.9	242.5	135.4	120.7	17.3
Adjusted EBITDA ($m)[3]	251.3	277.0[10]	150.9	120.7	17.3
Net profit before tax ($m)	135.9	176.7	99.3	96.3	0.8
Net profit (loss) after tax ("NPAT") ($m)	89.4	133.0	66.0	65.6	(1.6)
Adjusted net profit (loss) after tax ($m)[4]	130.3	158.3[10]	78.6	65.6	(1.6)
Share price at beginning of year ($)	3.52[5]	5.36[5]	3.34[6]	3.09[6]	2.87[6,7]
Share price at end of year ($)	2.94[5]	3.52[5]	5.36[5]	3.34[6]	3.09[6]
Financial year interim and final dividends declared ($m)	55.3	71.1	42.1	31.5	–
Total dividends declared / NPAT ratio (%)	61.9	53.5	63.8	48.0	–
Basic earnings (loss) per share (cents)[8]	11.4	17.0	12.3	12.5	(0.30)
Adjusted earnings (loss) per share (cents)[8,9]	16.6	20.2	15.8	12.4	(0.30)

Results for the year were significantly impacted by the events in the second half arising from the COVID-19 global pandemic, although these impacts varied by region as explained in the Operating and Financial Review. The Group's focus during this period has been on employee health and safety, managing the operational, manufacturing and supply chain impacts on the business and preserving the Group's liquidity position. The Board considers that these challenges have been very well managed by the leadership team and employees.

Net sales for the year ended 30 June 2020 of $1,162.4 million were 5% higher than the prior year. On a constant currency basis, sales were up by 0.3%, with 6% growth in the Americas offset by declines of 2% and 13% in APAC and EMEA sales respectively.

Adjusted EBITDA for FY2020 was 9% lower than for the prior year. The most significant contributor to the reduction in operating earnings was the decline in sales in EMEA in the second half which, in constant currency, were 24% lower than the prior year as a result of the COVID-19 pandemic. Other significant impacts on the Adjusted EBITDA result are summarised in the Operating and Financial Review.

Total dividends declared for the year ended 30 June 2020 are 7.0 cents per share ($55.3 million) which represents 62% of Reported NPAT and 42% of Adjusted NPAT. The Company's intended payout range remains between 40% and 60% of annual NPAT. The dividend declared for the year is lower than that paid in respect of FY2019 reflecting lower earnings and the considerable economic uncertainty caused by COVID-19.

Senior Executives received an STI award for FY2020 based on achievement of personal objectives only. No STI award was made based on financial criteria as targets were not met. Refer section (h) below.

1 FY2016 information covers the period from the Company's IPO on 29 April 2016 through to 30 June 2016.
2 EBITDA means earnings before interest, tax, depreciation and amortisation. For FY2020 it reconciles as earnings ($89.4m) before interest ($20.0m), tax ($46.4m) depreciation and amortisation ($62.1m). EBITDA is a non-IFRS measure.
3 Adjusted EBITDA for FY2020 is Reported EBITDA ($217.9m) before restructuring and asset impairment charges ($33.4m). Adjusted EBITDA for FY2019 is Reported EBITDA before John Guest one-time integration/synergies costs incurred, final unwinding of a fair value adjustment made at acquisition date to John Guest inventory and the impact in connection with adopting AASB 16 Leases; Adjusted EBITDA for FY2018 is Reported EBITDA before John Guest contribution and transaction costs expensed. Adjusted EBITDA is a non-IFRS measure used by RWC in order to enhance comparability from period to period and to assess operating performance. Adjusted EBITDA has not been subject to audit or review.
4 Adjusted Net profit (loss) after tax reflects the reconciliation items (tax effected) which determine Adjusted EBITDA for each reporting period as applicable. Adjusted NPAT for FY2020 is NPAT ($89.4m) adjusted for the reconciliation items (tax effected) which determine Adjusted EBITDA ($25.7m) and other specific tax related adjustments ($15.2m). Adjusted NPAT is a non-IFRS measure used by RWC in order to enhance comparability from period to period and to assess operating performance. Adjusted Net profit (loss) after tax has not been subject to audit or review.
5 790,094,765 issued ordinary shares.
6 525,000,000 issued ordinary shares.
7 The share price disclosed as being at the beginning of the year in FY2016 was the share price on listing (29 April 2016).
8 Based on weighted average number of shares for the reporting period.
9 Adjusted earnings per share is a non-IFRS measure used by RWC in order to enhance comparability from period to period and to assess operating performance. Adjusted earnings per share has not been subject to audit or review.
10 Numbers restated for comparative purposes.

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(g) Non-executive Directors' fees and arrangements

The Board, in accordance with the terms of the Company's Constitution, has determined the remuneration to which each Non-executive Director is entitled for services as a Director. The total aggregate amount provided to all Non-executive Directors for their services as Directors in any financial year must not exceed the amount fixed by the Company at a general meeting of shareholders. This maximum aggregate amount is presently fixed at $1.5 million as approved by shareholders at the 2018 Annual General Meeting.

Non-executive Directors' fees for FY2020 were:

Chairman – $300,000

Base Non-executive Director's Fee – $130,000

Chair of Audit and Risk Committee – additional $50,000 (total $180,000)

Chair of Nomination and Remuneration Committee – additional $25,000 (total $155,000)

All fees include applicable superannuation.

The Non-executive Directors agreed to a temporary 20 per cent reduction in fees for the period 1 May 2020 to 30 June 2020. The temporary reduction was agreed in response to the impact on the Group's operations from the COVID-19 pandemic.

The fees set out above will continue to apply in FY2021, subject to any further review and recommendation to the Board by the Nomination and Remuneration Committee.

No additional fees are payable to committee members other than to the Chairs of those committees as set out above.

Mr. Crosby waived his entitlement to the additional fee for chairing the Nomination and Remuneration Committee following his appointment as Chairman of the Company on 4 March 2019. Mr. Crosby stood down as chair of the Nomination and Remuneration Committee on 1 April 2020.

Any Non-executive Director who performs extra services, makes any special exertions for the benefit of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the ordinary duties of a Non-executive Director, may, as determined by the Board, be remunerated for those services out of funds of the Company. No such fees were paid or are payable for FY2020. Non-executive Directors may also be reimbursed for travel and other expenses incurred in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or committees of the Board.

There are no retirement benefit schemes for Non-executive Directors other than applicable statutory superannuation contributions.

(h) Senior Executive remuneration structure in FY2020

Fixed Remuneration

The terms of employment for the Senior Executives contain:

- a fixed annual remuneration component comprising base salary and applicable superannuation or pension fund contributions; and
- other approved benefits (which may include items such as motor vehicles or vehicle allowances, mobile phone, travel allowances and health cover).

Senior Executives are offered competitive fixed remuneration which seeks to ensure that RWC can both attract and retain a leadership team capable of managing the complex issues facing the Group, whilst still ensuring parity with market levels. The Board considers the USA to be the most comparable market for benchmarking remuneration arrangements for Senior Executives as the Group's operational headquarters are in the USA and Senior Executives are based there. Consideration is also given to the multinational nature of RWC's operations, the industry in which RWC operates and the size of the business.

Short-term incentive

STI is designed to be evaluated based on the achievement of agreed key performance conditions by Senior Executives. The key performance conditions are outlined below and relate to the overall performance of the Group and relevant individual performance. Following the end of the financial year, the Nomination and Remuneration Committee reviews and makes recommendations to the Board as to whether or not STI awards should be made to eligible Senior Executives. For FY2020, these criteria applied for Mr. Sharp and Mr. Bollman. They will apply for Mr. Johnson from FY2021 following his appointment to the Group CFO role being confirmed on 6 July 2020.

The following criteria were applied by the Nomination and Remuneration Committee in determining if a STI award should be made to Mr. Sharp and Mr. Bollman for FY2020:

Objective	STI awards are determined by the Board following satisfaction of specific performance conditions.
Nature	50% payable in cash after release of the audited annual results and 50% deferred into shares in the Company where the Senior Executive continues to be employed by the Group. Shares will be acquired on-market after release of the audited annual results and will be subject to a holding lock for 12 months, with dividends accruing to the employee.
On Target Entitlement	CEO: 60% of base fixed remuneration (40.0% measured against RWC financial performance and 20.0% measured against personal Key Performance Indicators ("KPIs"), both as described below) CFO: 25% of base fixed remuneration (17.5% measured against RWC financial performance and 7.5% measured against personal KPIs, both as described below)
Maximum Entitlement	CEO: 120% of base fixed remuneration (80.0% measured against RWC financial performance and 40.0% measured against personal KPIs, both as described below) CFO: 50% of base fixed remuneration (35.0% measured against RWC financial performance and 15.0% measured against personal KPIs, both as described below) Scaling criteria apply to move from On Target to Maximum entitlements.
Performance criteria	**Budgeted EBITDA** The relevant portion of the STI award subject to financial performance will be measured by reference to constant dollar performance against budgeted EBITDA (adjusted to exclude non-budgeted material changes (for example, acquisitions) (**"Budget"**). The following vesting scale applies:

% of Budget achieved	% of STI to be granted
0-95% of Budget	Nil
Between 95% and 100% of Budget	Straight line pro-rating from Nil to On Target Entitlement
100% of Budget	100% of On Target Entitlement
Between 100% and 120% of Budget	Straight line pro-rating from On Target Entitlement to Maximum Entitlement
120% of Budget	100% of Maximum Entitlement

The Board considers the disclosure of the Budget set for the STI grant to be commercially sensitive information and that disclosure of this Budget would not be in the Company's and shareholders' best interests. EBITDA was chosen as the financial performance condition as it is monitored by the Board to measure the operating performance of the business as well as being clearly defined and measurable. EBITDA and Budgeted EBITDA are compared on a like for like basis.

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	Personal KPIs The relevant portion of the STI award subject to personal KPIs will be measured by scorecard performance against role specific objectives to be settled with each Senior Executive annually. Non-financial objectives are set to measure Senior Executive performance against RWC's business strategies and core values. Examples of role specific objectives which may apply are team development, business development, product development, risk management, cost control, culture, safety and diversity. Non-financial KPIs are chosen to encourage the achievement of personal business goals consistent with the Group's overall objectives including succession planning and management bench strength, ensuring a safe working environment with a diverse workforce, strategic growth and the expansion of RWC's business activities and product development. A combination of financial and non-financial performance criteria were chosen because the Board believes that there should be a balance between short-term financial measures and more strategic non-financial measures which, in the medium to longer term, will ultimately drive future growth and returns for shareholders.
Assessment of performance	Following the end of the financial year, performance against the budgeted EBITDA measure is assessed by the Nomination and Remuneration Committee based on the Company's audited financial results. Performance against personal KPIs is assessed annually as part of the broader performance review process for Senior Executives. These KPIs are assessed quantitatively against pre-determined benchmarks, where appropriate. These methods of assessing performance are chosen as they are, as far as practicable, objective, measurable and capable of being independently audited.
Clawback	Defined criteria are in place to prevent inappropriate benefits being paid. In such circumstances, the Board may determine that allocated shares may be forfeited and/or require the Senior Executive to pay as a debt any part of the net proceeds of a sale of awarded shares, cash payment or dividends provided in respect of an STI award.

The Group's Adjusted EBITDA for FY2020 was less than 95% of Budget meaning the financial criteria component for Senior Executives to receive an STI award was not satisfied. Following a recommendation from the Nomination and Remuneration Committee, the Board approved an STI award to Mr. Sharp for achievement of personal KPIs with emphasis on leadership and representing RWC's vision and values. The assessment ranked achievement at a factor 1.33 times On Target Entitlement resulting in a scaled STI award of 26.67% of fixed remuneration (50% payable in cash and 50% deferred into shares and subject to a holding lock for 12 months). A pro rata cash STI award was also made to Mr. Bollman based on achievement of personal KPIs measured against the above criteria. Mr. Johnson received an STI award based on achievement of personal KPIs. Details of the STI award amounts are provided in section (q).

Long-term incentive

The Company established the Equity Incentive Plan to assist in the motivation, retention and reward of eligible employees. The Plan is designed to align the interests of employees with the interests of shareholders by providing an opportunity for eligible employees to receive an equity interest in the Company. The Plan provides flexibility for the Company to grant rights, options and/or restricted shares as incentives, subject to the terms of individual offers and the satisfaction of performance conditions approved by the Board from time to time.

A summary of the terms of Options granted to Senior Executives are set out in section (i). Details of Restricted Shares and Share Rights which have or had been granted to Senior Executives are summarised in section (j).

(i) LTI Options grants

The following table summarises details of the Options grant to Heath Sharp, Group Chief Executive Officer ("CEO") in FY2016

Type of award

4,000,000 options ("CEO Options").

Each of the CEO Options entitles the holder to acquire an ordinary share in the Company subject to meeting specific vesting conditions and payment of the exercise price. The CEO Options were granted for nil consideration as they form part of the CEO's remuneration.

Performance period

From the date of the listing (29 April 2016) until 30 June 2022.

Vesting conditions

The CEO Options will vest and become exercisable subject to the satisfaction of a gateway hurdle and two performance conditions. The Board considers these vesting conditions to be an appropriate combination of stretch financial hurdles directly linked to the Group's performance and reflecting shareholder interests; and as a mechanism which assists in the retention of the Senior Executives.

1. Gateway hurdle

None of the CEO Options will vest unless the CEO remains employed by the Group until 30 June 2022, subject to the terms and conditions of the grant.

2. Performance conditions

In addition to the gateway hurdle, the CEO Options are subject to two performance conditions as follows:

- 30% of the CEO Options ("NPAT Options") were subject to a net profit after tax ("NPAT") performance condition, which was based on the Company meeting or exceeding its pro forma NPAT forecast for the year ended 30 June 2017 of $62.6 million, as stated in the Prospectus dated 18 April 2016 ("NPAT Hurdle"). This condition has been satisfied; and
- 70% of the CEO Options ("CEO TSR Options") will be subject to a relative total shareholder return ("TSR") performance condition, which compares the TSR performance of the Company since listing with the TSR performance of each of the entities in a comparator group over the period from 29 April 2016 to 30 June 2021 ("TSR Hurdle").

The percentage of CEO TSR Options that vest in relation to the TSR Hurdle, if any, will be determined by reference to the following vesting schedule:

Relative TSR Ranking	% of options that vest subject to the TSR Hurdle
Below 50th percentile	Nil
50th percentile	50%
Between 50th and 75th percentile	Pro rata straight line vesting between 50% to 100%
75th percentile or above	100%

The number of CEO TSR Options that vest and become exercisable, if any, will be determined shortly after the end of the Performance Period. Any options that remain unvested will lapse immediately.

NPAT was chosen as a performance condition for the NPAT Options as it measures the net profit of the business and is used to determine the earnings per share achieved for the relevant reporting period.

TSR measures the growth in the Company's share price together with the value of dividends over the period from the date of listing to 30 June 2021 (assuming that all those dividends are reinvested into new shares) against the Company's chosen comparator group, being companies comprising the ASX200 index, excluding mining and energy companies. The comparator group may be adjusted by the Board or Nomination and Remuneration Committee in their reasonable discretion to take into account corporate actions, including but not limited to takeovers, mergers, de-mergers or de-listings.

Relative TSR has been chosen because, in the opinion of the Board, it provides the most direct link to shareholder return. No reward is achieved unless the Company's TSR is higher than the median of this comparator group. The starting point for measuring the Company's TSR performance is the $2.50 issue price for the shares issued under the Prospectus for the IPO in 2016.

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Process for assessing the vesting conditions	Calculation of NPAT and achievement against the NPAT Hurdle was determined based on the audited FY2017 financial results. Relative TSR performance will be independently assessed against a peer group comprising constituents of the S&P ASX200 Index (excluding mining and energy companies) in accordance with pre-determined TSR methodology. No retesting is permitted. The gateway hurdle will be satisfied if the CEO remains employed by the Group at the relevant date.
Exercise of Options	Options will vest and become exercisable if the relevant vesting conditions have been met. The CEO may exercise any vested CEO Options by 30 June 2031. After 30 June 2031, any unexercised CEO Options will lapse.
Voting and dividend rights	Options do not carry any voting or dividend rights prior to vesting and exercise.
Cessation of employment	If the CEO ceases to be employed by the Group, any unvested CEO Options will lapse unless the Board determines otherwise in its absolute discretion. If CEO Options have vested but are unexercised: ▪ Where the CEO is terminated for cause, the vested CEO Options will lapse unless the Board determines otherwise; and ▪ Where the CEO ceases employment for any other reason, the vested CEO Options will remain on foot for the original exercise period.
Change of control	Where there is likely to be a change of control, the Board has the discretion to accelerate vesting of some or all of the CEO Options. If a change of control occurs before the Board exercises its discretion, a pro-rata portion of the options (equal to the portion of the relevant Performance Period that has elapsed up to the change of control) will vest. The Board retains a discretion to determine whether the remaining unvested options will vest or lapse.
Clawback	Defined criteria are in place to prevent inappropriate benefits being paid. In such circumstances, the Board may determine that unvested, and/or vested but unexercised, options will lapse; shares allocated upon exercise of options will be forfeited; and/or require the CEO to pay as a debt any part of the net proceeds of a sale of awarded shares, cash payment or dividends provided in respect of an award made under the Plan.

Exercise price for Options granted

Option holder	Original Exercise Price per Option	Adjusted Exercise Price per Option[1]
Heath Sharp	$2.50	$2.32

Movements in Options held by Senior Executives

The following table sets out the movement during the reporting period of Options held by each Senior Executive (including their related parties). No Options were granted to Senior Executives during FY2020. None of the Options granted to Mr. Sharp are presently capable of being exercised.

Name	Balance at 1 July 2019	Granted during the year number	Granted during the year $ value	Vested number	Vested $ value[2]	Exercised number	Exercised $ value	Lapsed Forfeited number	Lapsed Forfeited $ value[2]	Lapsed Forfeited %	Balance at 30 June 2020
Heath Sharp	4,000,000	–	–	–	–	–	–	–	–	–	4,000,000
Gerry Bollman	1,307,190	–	–	567,320	1,724,653	–	–	739,870	2,249,205	–	0

Refer section (o) for details of Options previously granted to Mr. Bollman. No Options have been granted to Mr. Johnson.

1 Exercise price adjusted in accordance with ASX Listing Rule 6.22 and the terms of issue of the Options following the 1 for 1.98 pro rata Entitlement Offer which completed in June 2018. The calculations were independently verified.

2 Value at 11 June 2020 based on closing RWC share price at that date.

(j) Share Rights and Employee Share Plan

Rights to Shares

The Board has approved that nominated, eligible executives and employees, including Senior Executives, be invited to participate in the Plan as a means of attracting, retaining and motivating key employees in the Group. Participants are granted rights to be awarded fully paid ordinary shares in the Company ("Rights") in accordance with the rules of the Plan and subject to the offer terms ("Offer"). Each Right entitles the participant to one ordinary share in the Company on vesting. An Offer constitutes a long-term incentive component of the participant's remuneration from the grant date until the end of the vesting period. Rights are granted at no cost and there will be no amount payable on vesting. There are no voting or dividend rights attaching to Rights prior to vesting.

The number of unvested Rights which had been granted by the Company to all participants at 30 June 2020 was 6,394,624 (30 June 2019 – 6,276,939). Details of Rights granted to Senior Executives are set out below.

The opening and closing balances of all unvested Rights granted are reconciled for the reporting period as follows:

	Number of Rights
Granted and unvested at 30 June 2019	**6,276,939**
Granted during FY2020 with the following vesting dates:	
8 July 2024	130,700
1 August 2024	73,000
26 August 2024	134,700
1 October 2024	50,000
21 October 2024	104,800
16 March 2025	185,000
Total granted during FY2020	678,200
Forfeited, cancelled or lapsed during FY2020	(560,515)
Unvested at 30 June 2020	**6,394,624**

No Rights vested during the reporting period or have subsequently vested. A further 576,843 Rights lapsed or have been forfeited or cancelled subsequent to 30 June 2020 (including 409,558 Rights granted to current and former Senior Executives as explained below). A further 150,000 Rights have been granted subsequent to 30 June 2020.

Vesting conditions for all grants of Rights include a continuous service period. In addition, 1,810,200 Rights ("Performance Rights") were granted in 2018 which were also subject to performance conditions to be eligible to vest. The number of Performance Rights eligible to vest was determined at the end of a two-year performance period on the Performance Period Measurement Date (30 June 2020) by reference to the performance conditions set out below. The number of Performance Rights to be retained by eligible participants following assessment of the performance conditions at the Performance Period Measurement Date was determined. The number of Performance Rights retained is 1,088,007. The total number of Performance Rights which have lapsed or been forfeited is 722,193 (which also reflects pro rating for eligible departed employees). Details in respect of Senior Executives are set out below. Any Performance Rights which do not vest will automatically lapse. The retained Performance Rights will vest at the end of the continuous service period and subject to the terms of the award.

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For the year ended 30 June 2020 (audited)

Details of performance conditions for Performance Rights

Objective

The Company announced the acquisition of the issued shares of John Guest Holdings Limited in May 2018. The acquisition completed in June 2018. To ensure alignment, and to reward certain participants in relation to the integration of the John Guest business, the performance conditions set out below have been approved by the Board to determine the number of Performance Rights which are eligible to vest.

Performance period measurement date

30 June 2020

Performance conditions

50% of the Performance Rights granted under the LTI offer are subject to financial performance conditions. The remaining 50% of Performance Rights are subject to non-financial performance conditions. Each are described below.

Financial conditions

Financial performance conditions are based on achieving financial targets in the base case model for the John Guest acquisition (which was independently reviewed as part of the due diligence process). These performance conditions and the Maximum Opportunity attributable to each condition are:

Financial performance condition	Maximum Opportunity
FY2019 EBITDA of the John Guest group (excluding synergies)	12.5%
FY2020 EBITDA of the John Guest group (excluding synergies)	12.5%
Run rate synergies achieved by the end of FY2020	25.0%

The Board considers the disclosure of the EBITDA targets to be commercially sensitive information and that disclosure of these amounts would not be in the Company's and shareholders' best interests. The following scale applies:

FY2019 John Guest EBITDA and FY2020 John Guest EBITDA (both excluding synergies) % achieved	% of Performance Rights eligible to vest
0 to 95% of target	Nil
Between 95% and 100% of target	Straight line pro-rating from Nil to Maximum Opportunity
100% or greater of target	Maximum Opportunity

Run rate synergies achieved by the end of FY2020 % achieved	% of Performance Rights eligible to vest
0 to 90% of target	Nil
Between 90% and 100% of target	Straight line pro-rating from Nil to Maximum Opportunity
100% or greater of target	Maximum Opportunity

Non-financial performance conditions

The relevant portion of the Performance Rights subject to non-financial criteria will be assessed by the Board by reference to the following:

- Cultural integration
- European market penetration
- Integrated business strength
- Cost of integration, both financial and organisational

Each of the criteria will be weighted equally.

Clawback	Defined criteria are in place to prevent inappropriate benefits being paid. In such circumstances, the Board may determine that allocated shares may be forfeited and/or require the participant to pay as a debt any part of the net proceeds of a sale of awarded shares, cash payment or dividends provided in respect of an LTI offer.

Other key terms of the Rights grants

Cessation of employment

Unless the Board determines otherwise, if a participant ceases employment with the Group prior to the Vesting Date and any of the following has occurred, then a pro rata portion of the unvested Rights may remain on foot and vest in the ordinary course as though the participant had not ceased employment:

- The participant's employment is terminated by RWC without cause; or
- The participant terminates employment for good reason.

The remainder of the Rights will lapse.

Change of control

In summary, in the event of a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company or should otherwise be treated as a change of control event in accordance with rule 9 of the Company's Equity Incentive Plan Rules, the Board has a discretion to determine how the Rights should be treated for the purpose of vesting.

Rights granted to Senior Executives

Senior Executives have been granted Rights. These Rights were granted subject to a 5 year continuous service period vesting condition. Rights granted to Mr. Sharp and Mr. Bollman were also subject to the Performance Conditions set out above.

Subsequent to 30 June 2020, the number of Rights to be retained by Mr. Sharp and Mr. Bollman following assessment of the performance conditions at the Performance Period Measurement Date has been determined.

In relation to the financial conditions:

- FY2019 EBITDA of the John Guest group excluding synergies – below 95% of target – all 12.5% of the opportunity lapses;
- FY2020 EBITDA of the John Guest group excluding synergies – below 95% of target – all 12.5% of the opportunity lapses; and
- Run rate synergies achieved by the end of FY2020 – target: $24.3 million; actual run rate achieved $31.3 million – all 25% of the opportunity is retained.

In relation to the non-financial conditions, the Board took the view that the adverse financial impacts of Brexit (materially greater than anticipated at the time of the acquisition) and COVID-19 were already reflected in the outcome for the financial conditions and should therefore carry less weight than might otherwise have been the case.

The Board assessed each of the four factors on a scale of 1 to 10 as follows:

Non-Financial Metric	Rating	Score (1–10)
Cultural integration	Exceptionally strong	9.0
European market penetration	An early assessment was made that this should be a lower priority than originally envisaged – neutral	5.0
Integrated business strength	Strong	7.5
Cost to achieve synergies, financial and organisational	Strong	8.0

This assessment produced a total rating of 29.5/40, meaning 36.875% out of the maximum 50% opportunity which related to non-financial conditions is retained.

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The overall outcome achieved was 61.875% of Rights retained prior to any pro rating for the service condition. The movement in the number of Rights granted to Senior Executives is shown in the following table.

	Grant Date	Vesting Date	Number of Rights Granted	Number of Rights Lapsed	Number of Rights Retained[2]	Fair value per Right at Grant Date[3]
Heath Sharp	30 October 2018	30 October 2023	987,800	376,599	611,201	$4.29
Gerry Bollman[1]	27 August 2018	27 August 2023	247,000	193,509	53,491	$5.17
Andrew Johnson	1 July 2017	1 July 2022	165,000	–	165,000	$3.00
Andrew Johnson	27 August 2018	27 August 2023	86,400	–	86,400	$5.17
			1,486,200	570,108	916,092	

No other Rights granted to Senior Executives were forfeited, cancelled or lapsed during FY2020 or subsequently to the date of this report.

Shares purchased to meet vesting obligations

The Company has established a subsidiary, Reliance Employee Share Investments Pty Ltd ("Trustee"), to act as trustee of the Reliance Employee Share Investments Trust. The Trustee will acquire RWC shares on-market on behalf of the Trust to meet any obligations to deliver shares to a participant who satisfies the vesting conditions. The Trustee is also entitled to participate on behalf of the Trust in certain equity raisings undertaken by the Company. The Trustee, on behalf of the Trust did not acquire any additional shares in the Company during FY2020. The total number of shares held in the Trust at 30 June 2020 was 6,913,644 (30 June 2019 – 7,389,834). The decrease reflects the sale of 476,190 shares.

Vesting obligations will be met in accordance with the terms of the Plan rules.

Share Match Plan

Subsequent to 30 June 2020, the Company has introduced a share matching plan. Eligible employees can acquire up to $5,000 of shares in RWC from post tax income, The Company will match the shares acquired on a 1:2 basis up to a cap $2,500 of purchased shares. There is a minimum holding period of 2 years to receive the Matching Shares and a continuous service obligation.

(k) Remuneration mix of Senior Executives and reconciliation of CEO total remuneration

During FY2020, the STI and LTI remuneration mix for Senior Executives, based on statutory remuneration as set out in section (q), was:

Senior Executive	STI (%)	LTI (%)
Heath Sharp	15.6	20.5
Andrew Johnson	11.5	14.7

The movement in the CEO's FY2020 total remuneration from FY2019 total remuneration is reconciled below:

	$000
FY2019 total remuneration	3,005
FY2020 STI award (no award in FY2019)	532
Change in share-based payments expense (FY2020 – 12 months, FY2019 – 8 months; adjusted for performance conditions assessment)	(258)
Foreign exchange impact[4]	136
Approved increase to fixed remuneration for FY2020	59
Temporary reduction in fixed remuneration	(66)
FY2020 total remuneration	**3,408**

1 Refer section (o). Number of Rights shown as lapsed includes pro rating for the service period condition.
2 These Rights will vest at the end of the continuous service period subject to the terms of the award. Refer section (o) for comments on Mr. Bollman's retained Rights.
3 Based on an independent valuation which used the Black Scholes model.
4 Remuneration package is set in US dollars.

Mr. Sharp agreed to a temporary 20 per cent reduction in fixed remuneration for the period 1 May 2020 to 30 June 2020. The temporary reduction was agreed in response to the impact on the Group's operations from the COVID-19 pandemic.

Mr. Johnson agreed to a similar temporary reduction in fixed remuneration for the same time period.

(l) Senior Executive remuneration structure for FY2021

The remuneration packages for Senior Executives are expected to be adjusted during FY2021 after recommendations from the remuneration framework project are finalised and approved. Fixed remuneration for Senior Executives for FY2021 is currently set at:

CEO: US$ 1,339,000, representing no change from FY2020; and

CFO: US$ 659,633.

There are no changes to the STI award structure of Senior Executives for FY2021 pending the remuneration framework project being finalised.

The Company intends to offer LTI awards to Senior Executives after the remuneration framework project is finalised. The awards are expected to contain service and performance vesting conditions. Any award to the CEO will be subject to shareholder approval.

(m) Service agreements of Senior Executives

Employment and remuneration arrangements of the Senior Executives are formalised in written service agreements between the Senior Executive and a member of the Group. The key terms and conditions of the employment contracts of current Senior Executives are set out below, excluding remuneration arrangements which are presented in other sections of this report. Remuneration arrangements were set after having regard to arrangements for comparable companies considered by size, industry and geography.

Heath Sharp, Managing Director and Group Chief Executive Officer

Term	Mr. Sharp is employed by Reliance Worldwide Corporation (a company in the Group which carries on operations in the USA) for an initial period of four years from the date of listing (29 April 2016). Thereafter, one year rolling periods unless either party provides 90 days' notice of non-renewal.
Notice	*Termination by the employer* ▪ Mr. Sharp's employment may be terminated by the employer without cause (excluding due to death or disability) upon giving 90 days' written notice; and ▪ may be terminated by the employer for cause at any time. *Termination by Heath Sharp* ▪ Mr. Sharp may terminate his employment with good reason upon giving 90 days written notice and allowing a subsequent cure period. ▪ Where he terminates without good reason, 12 months written notice is required to be provided.
Termination payments[1]	▪ Where Mr. Sharp's employment is terminated by the employer without cause, he is entitled to 24 months' severance pay (inclusive of any notice period) plus accrued entitlements. This entitlement period was set to take into account Mr. Sharp's long standing continuous service with RWC at the time of the IPO (and now in excess of 30 years continuous service). He is also eligible for a pro rata bonus for the days he was employed during the fiscal year and payment of health insurance premiums. ▪ Where the employer provides notice of non-renewal, he is entitled to his accrued entitlements and 12 months' severance pay. He is also eligible for a pro rata bonus for the days he was employed during the fiscal year and payment of health insurance premiums during the period of severance pay. ▪ Where Mr. Sharp provides notice of non-renewal, he is entitled to receive his accrued entitlements (excluding any earned but unpaid performance bonus) and continuation of applicable welfare and health benefits entitlements.
Restraint	Mr. Sharp's employment agreement contains a restraint of trade, which operates for a maximum period of 24 months following cessation of employment.

1 The Corporations Act restricts the termination benefits that can be provided to KMP on cessation of their employment, unless shareholder approval is obtained. The shareholders of the Company and of Reliance Worldwide Corporation, as applicable, have approved the giving of benefits to all current and future members of KMP in connection with that person ceasing to hold a managerial or executive office (as defined in section 200AA of the Corporations Act) in the Company or a related body corporate.

REMUNERATION REPORT

For the year ended 30 June 2020 (audited)

Andrew Johnson, Group Chief Financial Officer

Andrew Johnson was appointed Interim Group Chief Financial Officer on 11 March 2020 and was confirmed as Group Chief Financial Officer on 6 July 2020. Mr. Johnson's terms of employment will be finalised after the remuneration framework project is completed. Currently, he remains on a standard RWC employment arrangement which includes no fixed term, appropriate benefits and statutory entitlements upon termination.

(n) KMP shareholdings

Movements in the number of shares held by Non-executive Directors and Senior Executives directly, indirectly (through personally related entities) or nominally during FY2020 are set out below.

Name	Held at 1 July 2019	Net change[1]	Held at 30 June 2020
Christine Bartlett	–	20,000	20,000
Russell Chenu	155,217	–	155,217[2]
Stuart Crosby	150,506	–	150,506[2]
Ross Dobinson	32,457	–	32,457[2]
Sharon McCrohan	–	–	–
Heath Sharp	1,204,041	–	1,204,041
Gerry Bollman[3]	–	–	–
Andrew Johnson	–	–	–

Ian Rowden was appointed a Non-executive Director and became a member of KMP on 6 July 2020. Mr. Rowden has an interest in 3,000 RWC shares.

(o) Former Group Chief Financial Officer, Gerry Bollman

Mr. Bollman ceased to be a member of KMP on 11 March 2020 and finished his employment with the Group on 11 June 2020. Mr. Bollman's contractual entitlements upon his employment ending included a 6 months' severance payment (payable over 6 months from 11 June 2020), pro rata STI (awarded based on achievement of personal KPIs), statutory entitlements and entitlements to certain options, shares and share rights as set out below. Mr. Bollman's statutory remuneration is presented in section (q). The pro rata STI award represents 2% and the LTI award 24% of Mr. Bollman's statutory remuneration for the reporting period.

Restricted Shares

Upon commencement of his employment with the Group, Mr. Bollman was offered 680,272 restricted shares under the Plan which were subject to a 5 year service period vesting condition. Mr. Bollman retained a pro rata entitlement of 476,190 shares at the conclusion of his employment with RWC on 11 June 2020. These shares have vested. No amount was payable on vesting. The remaining 204,082 restricted shares were forfeited.

Options

The Company granted 1,307,190 Options to Mr. Bollman upon commencement of his employment with the Group. The key terms and conditions of this grant are set out in the FY2019 Remuneration Report and are consistent with the terms of the CEO's grant summarised in section (i) other than for vesting conditions. The vesting conditions of Mr. Bollman's grant included a 5 year service period and a relative TSR condition (as for the CEO Options in section (i)). The terms also included a pro rata entitlement upon cessation of employment after 12 months and subject to the reason for employment ceasing. Based on assessment of the vesting conditions, including relative TSR assessment, the number of Options which vested at Mr Bollman's final date of employment with RWC (11 June 2020) was 567,320. The remaining Options were forfeited. The vested Options held by Mr. Bollman are capable of being exercised until 5 December 2024. The Adjusted Exercise Price per Option is $2.88.

1. Includes the purchase (sale) of shares during the reporting period and transfers in (out) upon becoming or ceasing to be a member of KMP.
2. Includes 20,000 shares received in April 2016 under specific arrangements for Non-executive Directors in connection with the IPO, as stated in the Prospectus.
3. Mr. Bollman ceased to be a member of KMP on 11 March 2020.

REMUNERATION REPORT

For the year ended 30 June 2020 (audited)

Share Rights

Mr. Bollman was granted Share Rights on terms as set out in section (j). Mr. Bollman has retained 53,491 Rights following assessment of the performance conditions at the Performance Period Measurement Date and pro rata entitlement for service with all remaining Rights lapsing. The Rights retained will vest in the ordinary course as though Mr. Bollman had not ceased employment with RWC.

(p) Other statutory disclosures

Material contracts with related parties

There were no material contracts between a KMP or a related party and the Company or any of its subsidiaries entered into during the reporting period.

Loans with KMP

No KMP has entered into a loan made, guaranteed or secured, directly or indirectly, with or by the Company or any of its subsidiaries during the reporting period.

(q) KMP remuneration

Details of the remuneration of each member of KMP are set out below. The table includes the statutory disclosures required under the Corporations Act and is in accordance with Australian Accounting Standards. All figures are in Australian dollars and relate to the period of the year in which the person was a KMP.

For the year ended 30 June 2020 (audited)

		Short-term				Post-employment			Other long-term statutory benefits	Share-based payments[7]		
		Cash salary & fees $	Cash STI award[6] $	Non-monetary benefits $	Other short-term benefits $	Superannuation or pension plan benefits $	Other Post employment $	Termination benefits $	Long service leave $	Shares and Share Rights $	Options $	Total $
Non-executive Directors												
Christine Bartlett[1]	**FY2020**	**78,767**	**–**	**–**	**–**	**7,483**	**–**	**–**	**–**	**–**	**–**	**86,250**
	FY2019	–	–	–	–	–	–	–	–	–	–	–
Russell Chenu	**FY2020**	**158,904**	**–**	**–**	**–**	**15,096**	**–**	**–**	**–**	**–**	**–**	**174,000**
	FY2019	164,384	–	–	–	15,616	–	–	–	–	–	180,000
Stuart Crosby[2]	**FY2020**	**268,619**	**–**	**–**	**–**	**21,381**	**–**	**–**	**–**	**–**	**–**	**290,000**
	FY2019	188,272	–	–	–	15,809	–	–	–	–	–	204,081
Ross Dobinson	**FY2020**	**125,667**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**125,667**
	FY2019	130,000	–	–	–	–	–	–	–	–	–	130,000
Sharon McCrohan	**FY2020**	**114,764**	**–**	**–**	**–**	10,903	**–**	**–**	**–**	**–**	**–**	**125,667**
	FY2019	118,721	–	–	–	11,279	–	–	–	–	–	130,000
Senior Executives												
Heath Sharp[3]	**FY2020**	**1,929,587**	**266,150**	**199,668**	**13,967**	**33,691**	**–**	**–**	**–**	**575,146**	**390,168**	**3,408,377**
	FY2019	1,817,165	–	187,194	13,235	31,032	–	–	–	566,572	390,168	3,005,366
Gerry Bollman[4]	**FY2020**	**1,206,958**	**58,223**	**37,077**	**7,982**	33,691	**–**	**614,192**	**–**	**428,843**	**183,253**	**2,570,219**
	FY2019	1,118,256	–	59,075	7,216	31,032	–	–	–	589,660	193,464	1,998,703
Andrew Johnson[5]	**FY2020**	**276,787**	**45,286**	**–**	**5,690**	**8,719**	**–**	**–**	**–**	**57,792**	**–**	**394,274**
	FY2019	–	–	–	–	–	–	–	–	–	–	–
Total	**FY2020**	**4,160,053**	**369,659**	**236,745**	**27,639**	**130,964**	**–**	**614,192**	**–**	**1,061,781**	**573,421**	**7,174,454**
	FY2019	3,536,798	–	246,269	20,451	104,768	–	–	–	1,156,232	583,632	5,648,150

1 From 6 November 2019; Additional fee for chairing the Nomination and Remuneration Committee from 1 April 2020.
2 Mr. Crosby waived his entitlement to the additional fee for chairing the Nomination and Remuneration Committee (1 July 2019 to 1 April 2020).
3 Annual fixed remuneration of US$1,339,000 plus benefits, including pension plan contributions. A reconciliation of the movement in Mr. Sharp's total remuneration is provided in section (k).
4 Mr. Bollman ceased to be a member of KMP on 11 March 2020 and finished his employment with the Group on 11 June 2020. Mr. Bollman's contractual entitlements upon his employment ending included a 6 months' severance payment (payable over 6 months from 11 June 2020), pro rata STI award, statutory entitlements and entitlements to certain options, shares and share rights as summarised in section (o). The accounting expenses associated with these entitlements are reported in this table.
5 From 11 March 2020. Remuneration is denominated in US dollars.
6 For Mr. Sharp – total STI award is $532,300 comprising 50% cash and 50% deferred into shares with a 12 months' holding lock (accounted for as a share-based payments expense in accordance with AASB2); All cash for Mr. Johnson and for Mr. Bollman, as he is no longer a KMP.
7 Reflects the accounting expense for the reporting period based on the fair value at grant date of rights and options granted.

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Reliance Worldwide Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Reliance Worldwide Corporation Limited for the financial year ended 30 June 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Tony Romeo

Partner

Melbourne

24 August 2020

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020 $000	2019 $000
Revenue from sale of goods	3	1,162,411	1,103,957
Cost of sales		(685,140)	(638,518)
Gross profit		**477,271**	**465,439**
Other income		1,464	7,103
Product development expenses		(25,916)	(18,943)
Selling, warehousing and marketing expenses		(161,285)	(148,364)
Administration expenses		(114,313)	(104,856)
Other expenses	6	(21,324)	(1,217)
Operating profit		**155,897**	**199,162**
Finance income	5	645	337
Finance costs	5	(20,675)	(22,761)
Net finance costs		**(20,030)**	**(22,424)**
Profit before tax		**135,867**	**176,738**
Income tax expense	7	(46,426)	(43,721)
Profit for the period attributable to the Owners of the Company		**89,441**	**133,017**
Other comprehensive profit			
Items that may be classified to profit or loss:			
Foreign currency translation differences		(7,397)	6,627
Total comprehensive profit for the period attributable to the Owners of the Company		**82,044**	**139,644**
		Cents	Cents
Earnings per share			
Basic earnings per share attributable to ordinary equity holders	4	11.4	17.0
Diluted earnings per share attributable to ordinary equity holders	4	11.4	16.8

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020

	Note	2020 $000	2019[1] $000
Assets			
Current Assets			
Cash and cash equivalents	12	82,166	69,279
Trade and other receivables	8	263,205	232,256
Inventories	8	215,450	229,090
Current tax assets		9,671	–
Other current assets		16,066	12,184
Total Current Assets		**586,558**	**542,809**
Non-current Assets			
Property, plant and equipment[2]	9	364,934	289,489
Deferred tax assets	7	36,973	15,378
Goodwill	11	897,350	901,428
Other intangible assets	11	325,660	327,256
Other non-current assets		2,052	–
Total Non-current Assets		**1,626,969**	**1,533,551**
Total Assets		**2,213,527**	**2,076,360**
Liabilities			
Current Liabilities			
Trade and other payables	8	168,426	131,973
Current tax liabilities		5,256	4,147
Employee benefits	16	16,665	7,468
Dividend payable	24	35,554	–
Other current liabilities[3]	10	15,335	–
Total Current Liabilities		**241,236**	**143,588**
Non-current Liabilities			
Borrowings	12	384,377	495,886
Deferred tax liabilities	7	68,184	24,993
Employee benefits	16	6,693	5,394
Other non-current liabilities[3]	10	93,546	–
Total Non-current Liabilities		**552,800**	**526,273**
Total Liabilities		**794,036**	**669,861**
Net Assets		**1,419,491**	**1,406,499**
Equity			
Share capital	14	2,330,533	2,329,126
Reserves	15	(1,084,228)	(1,081,061)
Retained earnings		173,186	158,434
Total Equity		**1,419,491**	**1,406,499**

1 The Group initially applied AASB 16 Leases on 1 July 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. Refer to Note 10.

2 Following the adoption of AASB 16, the Group has presented right-of-use assets within property, plant and equipment in the same line item in which it presents underlying assets of the same nature that it owns.

3 Following the adoption of AASB 16, the Group has presented lease liabilities within other current liabilities and other non-current liabilities.

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	Note	Share Capital $000	Foreign Currency Translation Reserve $000	Merger Reserve $000	Share-based Payment Reserve $000	Hedging Reserve $000	Retained Profits $000	Total Equity $000
Balance at 30 June 2018		2,336,618	15,099	(1,100,943)	3,666	(10,767)	80,346	1,324,019
Profit for the period		–	–	–	–	–	133,017	133,017
Foreign currency translation reserve	15	–	6,627	–	–	–	–	6,627
Total comprehensive income		**–**	**6,627**	**–**	**–**	**–**	**133,017**	**139,644**
Transactions with owners of the Company								
Purchase of treasury shares	14	(7,444)	–	–	–	–	–	(7,444)
Share-based payments	17	–	–	–	5,257	–	–	5,257
Capital raising costs		(48)	–	–	–	–	–	(48)
Dividends paid		–	–	–	–	–	(54,929)	(54,929)
Total transactions with owners of the Company		**(7,492)**	**–**	**–**	**5,257**	**–**	**(54,929)**	**(57,164)**
Balance at 30 June 2019		**2,329,126**	**21,726**	**(1,100,943)**	**8,923**	**(10,767)**	**158,434**	**1,406,499**
Balance at 30 June 2019		**2,329,126**	**21,726**	**(1,100,943)**	**8,923**	**(10,767)**	**158,434**	**1,406,499**
Profit for the period		–	–	–	–	–	89,441	89,441
Foreign currency translation reserve	15	–	(7,397)	–	–	–	–	(7,397)
Total comprehensive income		**–**	**(7,397)**	**–**	**–**	**–**	**89,441**	**82,044**
Transactions with owners of the Company								
Treasury shares	14	1,407	–	–	–	–	–	1,407
Share-based payments	17	–	–	–	4,230	–	–	4,230
Dividends paid or provided		–	–	–	–	–	(74,689)	(74,689)
Total transactions with owners of the Company		**1,407**	**–**	**–**	**4,230**	**–**	**(74,689)**	**(69,052)**
Balance at 30 June 2020		**2,330,533**	**14,329**	**(1,100,943)**	**13,153**	**(10,767)**	**173,186**	**1,419,491**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Note	2020 $000	2019 $000
Cash flows from operating activities			
Receipts from customers		1,134,085	1,083,709
Payments to suppliers and employees and for customer rebates		(855,747)	(922,306)
Income tax payments		(37,493)	(25,377)
Net cash from operating activities		**240,845**	**136,026**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(28,048)	(52,198)
Proceeds from sale of property, plant and equipment		4,940	258
Purchase of intangibles	11	(15,384)	(17,379)
Net cash used in investing activities		**(38,492)**	**(69,319)**
Cash flows from financing activities			
Purchase of treasury shares		–	(7,444)
Proceeds from borrowings	12	59,000	95,392
Repayment of borrowings	12	(179,612)	(281,722)
Dividends paid		(39,135)	(54,929)
Interest received		645	337
Interest paid		(14,705)	(22,761)
Capital raising costs paid		–	(48)
Lease payments	10	(16,390)	–
Net cash from financing activities		**(190,197)**	**(271,175)**
Net change in cash and cash equivalents		12,156	(204,468)
Cash at the start of the year		69,279	274,331
Effect of movements in exchange rates		731	(584)
Cash and cash equivalents at the end of the year		**82,166**	**69,279**
Represented by:			
Cash at bank		82,166	69,279
Cash and cash equivalents at the end of the year	12	**82,166**	**69,279**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

1. Basis of preparation

(a) Reporting entity

Reliance Worldwide Corporation Limited (the "Company" or "Reliance") is a limited liability company which was incorporated on 19 February 2016 and is domiciled in Australia. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group"). The Company's registered office is at 28 Chapman Place, Eagle Farm, Queensland 4009, Australia.

The principal activities of the Group are the design, manufacture and supply of high quality, reliable and premium branded water flow, control and monitoring products and solutions for the plumbing and heating industry.

(b) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The Company is a for-profit entity. The consolidated financial statements were authorised for issue by the Board of Directors on 24 August 2020.

(c) Basis of preparation

These consolidated financial statements:

- comprise the Company and its subsidiaries, together referred to as the "Group", for the reporting period ended 30 June 2020;
- have been prepared on a going concern basis using historical cost conventions;
- are presented in Australian dollars and in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, values are rounded to the nearest thousand dollars, unless otherwise stated;
- adopt all new and amended AASBs and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or before 1 July 2019; and
- do not early adopt any AASBs and Interpretations that have been issued or amended but are not yet effective.

Financial statements of subsidiaries are prepared using consistent accounting policies. This note and Note 25 set out details of accounting policies which aid the understanding of the financial statements as a whole.

The content and structure of the financial report has been reviewed and modified this year with the aim of making it less complex and more relevant to shareholders. This review has resulted in a number of changes to the report including:

- Reorganisation of disclosures into themed sections;
- Immaterial disclosures being removed; and
- Critical estimates/judgements and relevant accounting policies being included within disclosures.

(d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

1. Basis of preparation (continued)

Information about judgements and estimates made in applying accounting policies that may have a significant effect on amounts recognised in the consolidated financial statements is included in the following notes:

- Recognition of deferred tax assets and availability of future taxable profits against which carry forward tax losses and timing differences can be used (Note 7);
- Recoverability of trade and other receivables (Note 8);
- Estimation of net realisable value and possible obsolescence of inventories (Note 8);
- Recoverability of goodwill and other indefinite life intangible assets (Note 11); and
- Assessment of lease term extension options to be taken into account in the present value of the remaining lease payments (Note 10).

(e) New accounting standards, interpretations and amendments adopted by the Group

The Group has adopted all amendments to Australian Accounting Standards which became applicable from 1 July 2019, including AASB 16 Leases and IFRIC 23 Uncertainty over Income Tax Treatments. Further information on the impact of adopting AASB 16 Leases is contained in Note 10.

(f) New accounting standards, interpretations and amendments not yet applicable to the Group

AASB standards not yet applicable are not expected to have a material impact on the RWC Group.

(g) COVID-19 Impacts

The COVID-19 outbreak was declared a pandemic by the 'World Health Organization' in March 2020. The responses of governments across the world in dealing with the pandemic have impacted business activity levels in countries and markets where the Group operates. For the period to 30 June 2020, the most material impacts on the Group's operations, cash flows and financial position were on the UK operations where the level of business activity was significantly reduced during the fourth quarter of FY2020 and resulted in 40% of the Group's UK workforce being placed on furlough enabling those employees to receive the salary support being offered by the UK Government and the business to adapt to the reduced level of demand.

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these financial statements. At 30 June 2020, the Group has reassessed all significant judgements, assumptions and critical estimates included in the consolidated financial statements, including but not limited to, provisions against trade debtors and inventory and impairment of non-current assets.

These financial statements have been prepared on a going concern basis. In the context of the COVID-19 pandemic, scenario modelling and analysis has also been undertaken based on events currently known and current expectations, including the preparation of Base, Upside and Downside case scenarios for each business segment. All scenarios modelled support the conclusion on-going concern, including that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

2. Segment reporting

Segment information is presented in a manner which is consistent with the internal reporting to the Group Chief Executive Officer, who is the chief operating decision maker in the allocation of resources and assessing the performance of the operating segments of the Group.

The Group's regionally based segments are based on geographic operation of the business and comprise:

- Asia Pacific, including Australia and New Zealand, Korea and China
- Americas, including the United States of America and Canada
- EMEA, including the United Kingdom, Spain, Italy, Germany, France, Czech Republic and Poland

Segment revenues, expenses, assets and liabilities are reported on a gross basis.

2. Segment reporting (continued)

	Asia Pacific		Americas		EMEA		Corporate /Other		Elimination		Total	
	2020 $000	2019 $000	2020 $000	2019 $000	2020 $000	2019 $000	2020 $000	2019 $000	2020 $000	2019 $000	2020 $000	2019 $000
Revenue												
From external customers	145,536	142,607	736,481	650,788	280,394	310,562	–	–	–	–	1,162,411	1,103,957
From other segments	99,220	106,512	2,636	3,107	43,905	50,373	–	–	(145,761)	(159,992)	–	–
Segment revenues	**244,756**	**249,119**	**739,117**	**653,895**	**324,299**	**360,935**	**–**	**–**	**(145,761)**	**(159,992)**	**1,162,411**	**1,103,957**
Cost of sales	(176,361)	(176,560)	(479,087)	(420,212)	(175,453)	(201,738)	–	–	145,761	159,992	(685,140)	(638,518)
Gross profit	**68,395**	**72,559**	**260,030**	**233,683**	**148,846**	**159,197**	**–**	**–**	**–**	**–**	**477,271**	**465,439**
Other income	3,599	4,116	44	83	–	88	–	2,816	(2,179)	–	1,464	7,103
Product development expenses	(4,552)	(4,750)	(19,053)	(12,433)	(4,490)	(1,760)	–	–	2,179	–	(25,916)	(18,943)
Selling and marketing expenses	(19,313)	(18,489)	(103,698)	(89,544)	(36,813)	(39,983)	(1,461)	(348)	–	–	(161,285)	(148,364)
Administration expenses	(18,068)	(13,954)	(52,564)	(43,816)	(39,931)	(40,010)	(3,750)	(7,076)	–	–	(114,313)	(104,856)
Other expenses	–	(651)	(14,124)	(24)	(6,660)	(547)	(540)	5	–	–	(21,324)	(1,217)
Segment operating profit/(loss)	**30,061**	**38,831**	**70,635**	**87,949**	**60,952**	**76,985**	**(5,751)**	**(4,603)**	**–**	**–**	**155,897**	**199,162**
Segment assets	**362,981**	**318,381**	**715,204**	**720,906**	**1,143,996**	**1,112,727**	**1,430,140**	**1,329,122**	**(1,438,794)**	**(1,404,776)**	**2,213,527**	**2,076,360**
Segment liabilities	**167,300**	**108,639**	**248,229**	**90,810**	**74,381**	**57,906**	**1,742,920**	**1,817,282**	**(1,438,794)**	**(1,404,776)**	**794,036**	**669,861**
EBITDA[1]	44,263	48,134	96,787	102,472	81,066	95,824	(4,191)	(3,903)	–	–	217,925	242,527
Depreciation of property plant and equipment	(13,180)	(8,799)	(21,183)	(10,077)	(19,017)	(18,187)	(202)	(39)	–	–	(53,582)	(37,102)
Amortisation of intangible assets	(1,022)	(505)	(4,969)	(4,445)	(1,097)	(654)	(1,358)	(659)	–	–	(8,446)	(6,263)
Impairment of assets	–	–	(12,997)	–	(5,871)	–	–	–	–	–	(18,868)	–
Finance income	1	8	574	–	3	25	67	304	–	–	645	337
Finance costs	(1,554)	(5)	(11,337)	(11,114)	(404)	(148)	(7,380)	(11,494)	–	–	(20,675)	(22,761)
Income tax expense	(8,495)	(11,409)	(12,594)	583	(10,068)	(23,330)	(15,269)	(9,565)	–	–	(46,426)	(43,721)
Additions to property plant and equipment[2]	4,711	4,438	19,275	23,248	4,062	21,820	–	2,692	–	–	28,048	52,198
Non-current assets excluding other financial assets and deferred tax assets	170,278	127,552	426,207	416,231	987,130	969,501	6,381	4,889	–	–	1,589,996	1,518,173

1 EBITDA is operating profit before interest, tax, depreciation and amortisation.
2 Excludes the addition of Right of Use lease assets.

3. Revenue

Accounting Policy

Revenue is recognised when a customer obtains control of the goods or services. Group revenue is derived from the sale of products. Under the terms of sale, the Group generally transfers control when the goods leave a distribution centre. In some cases, control does not pass until the goods are received by the customer or delivered to the agreed point of delivery. For sales made with a right of return, the amount of revenue recognised is adjusted for an estimate of the expected returns based on historical experience.

From time to time the Group may provide rebates to customers in certain geographies, which gives rise to variable consideration. Where rebates are based on the quantity or value of products sold, the Group uses historical data to estimate the rebate accrual, which is classified as "contract liabilities" and presented within trade and other payables.

The major products from which the aforementioned segments derive revenue are:

- Fittings and pipe – including plumbing fittings, piping, pipe support systems and related products for the installation and repair of water reticulation systems for domestic and commercial applications;
- Control valves – including temperature and pressure relief valves for domestic and commercial storage hot water systems, non-return isolating valves, pressure regulation valves, backflow prevention devices and specialist water safety valves;
- Thermostatics – including thermostatic mixing valves, tempering valves and thermostatic cartridges for domestic and commercial applications; and
- Other products – including underfloor heating components and kit systems, water meters, industrial pneumatic and hydraulic fittings, water mains connection fittings and repair sleeves, fire safety system products and firestop solutions.

Revenue by product group for the year ended 30 June 2020 is:

	2020 $000	2019 $000
Fittings and pipe	865,525	812,110
Control valves	109,030	115,336
Thermostatics	32,089	30,806
Other products	155,767	145,705
	1,162,411	**1,103,957**

The Group had two significant customers each representing greater than 10% of the Group's revenue in the 2020 financial year. Both customers are in the Americas segment and contributed a combined $370.5 million of the Group's revenue in the financial year.

Revenue by geography	2020 $000	2019 $000
Australia	127,752	120,197
United States of America	691,645	609,772
United Kingdom	205,807	254,254
Other	137,207	119,734
	1,162,411	**1,103,957**

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For the year ended 30 June 2020

4. Earnings per share

Accounting Policy

Earnings Per Share (EPS) is the amount of profit/(loss) attributable to each share. Basic EPS is calculated on the Group's profit/(loss) for the reporting period attributable to ordinary shareholders divided by the weighted average number of shares on issue during the year. Diluted EPS reflects any commitments the Group has to issue shares in the future.

(a) Basic earnings per share

	2020 $000	2019 $000
Profit attributable to ordinary shareholders	89,441	133,017
	Number of shares 2020	**Number of shares 2019**
Weighted average number of ordinary shares at 30 June (basic)		
– Issued ordinary shares (weighted average)	790,094,765	790,094,765
– Treasury shares (weighted average)	(7,366,351)	(5,563,944)
	782,728,414	784,530,821
	Cents	**Cents**
Basic earnings per share	**11.4**	**17.0**

(b) Diluted earnings per share

	2020 $000	2019 $000
Profit attributable to ordinary shareholders	89,441	133,017
	Number of shares 2020	**Number of shares 2019**
Weighted average number of ordinary shares at 30 June (diluted)		
– Issued ordinary shares (weighted average)	790,094,765	790,094,765
– Effect of share options on issue	4,000,000	5,307,190
– Treasury shares (weighted average)	(7,366,351)	(5,563,944)
	786,728,414	789,838,011
	Cents	**Cents**
Diluted earnings per share	**11.4**	**16.8**

5. Net finance costs

The Group's finance income and finance costs include:

- Interest income
- Interest expense

The Group records interest income and accrues interest expense for amounts receivable and payable at reporting date. Interest income is recognised in the income statement on an accrual basis, using the effective interest method.

	2020 $000	2019 $000
Interest income from cash and cash equivalents	**645**	**337**
Interest and borrowing expenses	(16,360)	(22,761)
Interest expense on lease liabilities	(4,315)	–
Total Finance costs	**(20,675)**	**(22,761)**

The Group adopted AASB 16 on 1 July 2019 using the modified retrospective method, in which leases are recognised as a right-of-use asset and a corresponding liability at the date of adoption. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of financial performance over the lease period (refer to Note 10).

6. Other expenses

	2020 $000	2019 $000
Impairment expenses on specific property, plant and equipment assets (Note 9)	(6,952)	–
Impairment expenses on specific intangible assets (Note 11)	(11,916)	–
Other	(2,456)	(1,217)
Total Other Expenses	**(21,324)**	**(1,217)**

Impairment expenses of $6.9 million were recorded during the year as a result of a review of carrying values of property, plant and equipment related to the decision to cease investment in selected non-core products in the US and a review of RWC's Spanish manufacturing operations. In addition, impairment expenses of $11.9 million were recorded against intangible assets as a result of the review of carrying values of Intellectual Property and Product Technology following the decision to cease investment in selected non-core products in the US.

Restructuring and severance costs of $9.8 million relating to the US and the UK operations have been reported in Cost of sales ($4.4m), Administration expenses ($4.2m) and Product Development expenses ($1.2m) in the Consolidated Statement of Profit or Loss and Other Comprehensive Income (Refer to Note 16). Other restructuring costs of $1.1 million relating to the consolidation of manufacturing facilities in the US have also been reported in Administration expenses.

The write-down of inventory items of $3.6m related to the decision to cease investment in selected non-core products in the US has been reported in Cost of sales within the Consolidated Statement of Profit or Loss and Other Comprehensive Income (Refer to Note 8b).

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7. Income tax expense

Accounting Policy

Income tax expense comprises current and deferred tax. It is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to a business combination or items recognised directly in equity.

(i) Current tax

The tax currently payable is based on taxable profit for the reporting period. Taxable profit differs from profit before tax as reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and tax liabilities on a net basis.

(iii) Australian tax consolidated group

The Company and its Australian incorporated wholly owned subsidiaries have formed a tax consolidated group with effect from 3 May 2016 whereby the members of that group are taxed as a single entity. The head entity of the tax consolidated group is Reliance Worldwide Corporation Limited. The head entity and each subsidiary member of the tax consolidated group is party to a Tax Sharing Agreement and a Tax Funding Agreement whereby each member of that group is only liable for its contribution amount calculated in accordance with the Agreement rather than being jointly and severally liable for group tax liabilities. At 30 June 2020, the Australian tax consolidated group has $2.6 million (2019: $5.8 million) franking credits available for subsequent reporting periods.

Critical accounting estimates and assumptions

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the Group's provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded such differences will impact the current and deferred tax provisions in the period in which such determination is made.

7. Income tax expense (continued)

(a) Reconciliation of prima facie tax expense to income tax expense recognised in the consolidated income statement

The major components that reconcile the expected income tax expense based on the Australian statutory rate of tax of the Group at 30% to the reported actual income tax expense in the consolidated profit or loss statement are as follows:

	2020 $000	2019 $000
Profit before income tax	135,867	176,738
Prima facie income tax expense at 30%	(40,760)	(53,021)
Tax effect of items which (increase)/decrease tax expense:		
Effect of tax rates in foreign jurisdictions	3,777	9,734
Benefits arising from US tax concessions[1]	6,631	–
Non-deductible expenses	(5,139)	(1,669)
Net (under)/over provision from prior years[2]	(5,892)	–
Foreign income subject to US tax	(7,482)	–
Other	2,439	1,234
Actual income tax expense reported in the consolidated statement of profit or loss	**(46,426)**	**(43,721)**

(b) Components of income tax:

	2020 $000	2019 $000
Current tax	(24,328)	(41,832)
Deferred tax	(22,098)	(1,889)
	(46,426)	**(43,721)**

(c) Deferred tax balances

2020	Opening Balance $000	Recognised in Profit or loss $000	Foreign Exchange $000	Closing Balance $000
Deferred tax assets				
Employee benefits	3,215	1,690	(49)	4,856
Other provisions and accruals	5,865	4,396	9	10,270
IPO costs deductible in future periods	1,208	(1,208)	–	–
Other items giving rise to deferred tax assets	5,090	16,704	53	21,847
Total	**15,378**	**21,582**	**13**	**36,973**
Deferred tax liabilities				
Property, plant and equipment	(11,558)	(6,047)	195	(17,410)
Unrealised foreign exchange movements	(3,323)	(11,521)	(92)	(14,936)
Other items giving rise to a deferred tax liability	(10,112)	(26,112)	386	(35,838)
Total	**(24,993)**	**(43,680)**	**489**	**(68,184)**

1 US tax concessions available in FY2020 under the Coronavirus Aid, Relief, and Economic Securities Act (the "CARES" Act)
2 Primarily relates to the derecognition of foreign tax credits offset by the recognition of R&D credits and US state tax credits

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

7. Income tax expense (continued)

2019	Opening Balance $000	Recognised in Profit or loss $000	Foreign Exchange $000	Closing Balance $000
Deferred tax assets				
Employee benefits	2,888	271	56	3,215
Other provisions and accruals	5,561	65	239	5,865
IPO costs deductible in future periods	2,416	(1,208)	–	1,208
Other items giving rise to deferred tax assets	7,145	(2,524)	469	5,090
Total	**18,010**	**(3,396)**	**764**	**15,378**
Deferred tax liabilities				
Property, plant and equipment	(10,092)	(1,136)	(330)	(11,558)
Unrealised foreign exchange movements	(5,913)	11,849	(9,259)	(3,323)
Other items giving rise to a deferred tax liability	(605)	(9,206)	(301)	(10,112)
Total	**(16,610)**	**1,507**	**(9,890)**	**(24,993)**

8. Working Capital

(a) Trade and other receivables

Accounting Policy

Trade and other receivables are initially recognised at fair value and subsequently at cost less any provision for doubtful debts. Trade receivables are generally due for settlement within 30 days, depending on the nature of the transaction and in line with industry practice. Collectability of trade receivables is reviewed on an ongoing basis. The carrying amount of trade receivables is reduced through the use of an allowance account and the amount of the loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The Group has adopted the Expected Credit Loss ('ECL') model under AASB 9 Financial Instruments to determine its allowance for doubtful debts calculation. This takes into consideration management's assessment of the likely level of bad debts (based on historical experience and forward-looking information) as well as any known 'at risk' receivables. The recoverability of debtors at 30 June 2020 has been assessed to consider the impact of the COVID-19 pandemic and, although the Group has increased its baseline provisions, no material recoverability issues have been identified.

	2020 $000	2019 $000
Trade debtors	229,927	222,395
Less: provision for doubtful debts	(2,236)	(103)
	227,691	222,292
Other debtors	18,255	9,964
Tax receivable	17,259	–
	263,205	**232,256**

8. Working Capital (continued)

At 30 June, the ageing of trade and other receivables that were not impaired is as follows:

	2020 $000	2019 $000
Neither past due nor impaired	245,179	197,534
Past due 1 to 30 days	14,086	22,119
Past due 31 to 60 days	1,483	9,281
Over 60 days	2,457	3,322
Total	**263,205**	**232,256**

(b) Inventories

Accounting Policy

Inventories are measured at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as an appropriate portion of related fixed and variable production overheads, based on normal operating capacity. Costs are assigned on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and any applicable selling expenses.

	2020 $000	2019 $000
At cost		
Raw materials and stores	98,241	96,153
Work in progress	21,860	25,540
Finished goods	113,110	117,355
	233,211	239,048
Less: provision for diminution[1]	(17,761)	(9,958)
	215,450	**229,090**

(c) Trade and other payables

	2020 $000	2019 $000
Current:		
Trade payables	75,711	63,179
Other creditors, accruals and provision for employee bonuses	92,715	68,794
	168,426	**131,973**

1 Includes the write-down of inventory items for an amount of $3.6m related to the decision to cease investment in selected non-core products in the US.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

9. Property, plant and equipment

Accounting Policy

Recognition and measurement

Each class of property, plant and equipment is measured at cost less, where applicable, accumulated depreciation and impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Subsequent expenditure

Subsequent expenditure is only capitalised when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is recognised so as to write off the cost of property, plant and equipment (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of property, plant and equipment are as follows:

- Buildings 20-40 years
- Leasehold improvements 5-40 years
- Plant and equipment 3-20 years

Property, plant and equipment are tested for impairment. Any impairment losses are recognised in the statement of profit or loss and other comprehensive income.

	2020 $000	2019 $000
Carrying amounts of:		
Freehold land	19,128	215
Buildings	162,744	97,111
Leasehold improvements	8,451	5,255
Plant and equipment	174,611	186,908
	364,934	**289,489**
Of which 'Leases – Right of Use lease assets' (Note 10)	99,969	–

9. Property, plant and equipment (continued)

	Freehold Land		Buildings		Leasehold Improvements		Plant and Equipment [1]		Total	
	2020 $000	2019 $000	2020 $000	2019 $000	2020 $000	2019 $000	2020 $000	2019 $000	2020 $000	2019 $000
Cost										
Opening balance	215	204	108,104	99,723	8,768	6,200	325,404	285,873	442,491	392,000
Transfers/ reclassifications[2]	19,620	–	(28,514)	(3,192)	4,031	3,192	2,619	–	(2,244)	–
Additions	–	–	–	8,914	257	4	27,791	43,280	28,048	52,198
Right of Use lease assets	–	–	111,073	–	–	–	5,741	–	116,814	–
Disposals	–	–	(235)	(272)	(625)	(909)	(24,994)	(12,791)	(25,854)	(13,972)
Net effect of change in exchange rates	(707)	11	(1,514)	2,931	40	281	(1,356)	9,042	(3,537)	12,265
Closing balance at 30 June	19,128	215	188,914	108,104	12,471	8,768	335,205	325,404	555,718	442,491
Accumulated depreciation and impairment										
Opening balance	–	–	(10,993)	(7,962)	(3,513)	(3,426)	(138,496)	(112,095)	(153,002)	(123,483)
Depreciation expense	–	–	(15,564)	(2,163)	(1,118)	(832)	(36,900)	(34,107)	(53,582)	(37,102)
Impairment[3]	–	–	–	–	–	–	(6,952)	–	(6,952)	–
Disposals	–	–	23	21	621	899	21,569	11,495	22,213	12,415
Net effect of change in exchange rates	–	–	364	(889)	(10)	(154)	185	(3,789)	539	(4,832)
Closing balance at 30 June	–	–	(26,170)	(10,993)	(4,020)	(3,513)	(160,594)	(138,496)	(190,784)	(153,002)
Net carrying value at 30 June	**19,128**	**215**	**162,744**	**97,111**	**8,451**	**5,255**	**174,611**	**186,908**	**364,934**	**289,489**

1 The asset category includes capitalised amounts for assets which are under construction or not installed ready for use and are not depreciated. At 30 June 2020, this amount was $17.2 million (2019: $26.4 million).

2 Assets reclassified within property, plant and equipment and transferred to intangible assets to more accurately reflect the nature of the assets.

3 Impairment charges of $6.9 million were incurred during the year as a result of the review of carrying values of property, plant and equipment related to the decision to cease investment in selected non-core products in the US and a review of RWC's Spanish manufacturing operations.

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10. Leases

The Group leases various properties, equipment and vehicles. Property leases typically are for a period of 5 to 10 years and often have extension options. Equipment and vehicle leases are typically for a period of 3 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

AASB 16 Leases removes the previous distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts.

The Group adopted AASB 16 on 1 July 2019 using the modified retrospective method, in which leases are recognised as a right-of-use asset and a corresponding liability at the date of adoption. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of financial performance over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured at present value. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. The Group has elected not to recognise right of use assets or lease liabilities for payments associated with short-term leases (with a term of 12 months or less) and leases of low-value assets. Payments relating to these items are recognised on a straight-line basis as an expense in the statement of financial performance.

Critical accounting estimates and assumptions

Extension options are included in most property leases across the Group. These options are included to maximise operational flexibility in terms of managing lease contracts. Extension options are only included in the assessed lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or change in circumstance occurs which affects this assessment and that is within the control of the lessee.

Impact of adoption of AASB 16 on 1 July 2019

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 3.5%. The Group's right of use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases.

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet at 30 June 2019. In accordance with AASB 16, the Group has not restated comparatives as permitted under the specific transition provisions in the standard. Following the implementation of the standard on 1 July 2019:

- Property, plant and equipment increased by $116.8m to recognise the net right-of-use assets;
- Lease liabilities increased by $120.9m;
- Initial recognition of a Net Investment in a sub-lease for $4.1m.

Information about leases for which the Group is a lessee is presented below.

10. Leases (continued)

The recognition of the lease liability can be reconciled to the operating lease commitments disclosed at 30 June 2019 as follows:

	$000
Operating lease commitments disclosed at 30 June 2019	**123,309**
Discounted using RWC's incremental borrowing rate of 3.5%	(16,534)
(Less): short-term leases and low value leases recognised on a straight-line basis as expense	(2,739)
Add: adjustments as a result of different treatment of extension and termination options	16,920
Lease liability recognised at 1 July 2019	**120,956**
Interest expense on lease liabilities during the period	4,315
Lease payments during the period	(16,390)
Lease liability as at 30 June 2020	**108,881**
Current	15,335
Non-current	93,546

Right-of-use assets

Right-of-use assets related to properties, equipment and vehicles are presented as property, plant and equipment (refer to Note 9).

	Properties $000	Equipment $000	Vehicles $000	Total $000
Additions at 1 July 2019 on transition to AASB16	**111,073**	**4,065**	**1,676**	**116,814**
Depreciation charge for the year	(13,029)	(1,137)	(639)	(14,805)
Foreign exchange impact	(1,927)	(74)	(39)	(2,040)
Balance at 30 June 2020	**96,117**	**2,854**	**998**	**99,969**

Amounts recognised in the statement of financial performance

	2020 $000
Depreciation charge for right-of-use assets	
Properties	13,029
Equipment	1,137
Vehicles	639
Total depreciation charge for right-of-use assets	**14,805**
Expense relating to short-term and low value leases	2,739
Interest expense on lease liabilities	4,315
Finance income on a property sub-lease	(321)

The statement of cash flows for 30 June 2020 includes cash outflows for lease payments of $16.4 million within 'Cash flows from financing activities'. The cash flows for the year ended 30 June 2019 have not been restated, with the cash outflow associated with lease payments included in 'Payments to suppliers and employees' within 'Cash flows from operating activities'.

Some property leases contain extension options exercisable by the Group up to the end of the non-cancellable contract period. The Group has estimated that the potential future lease payments, should it exercise all available extension options, would result in an increased lease liability of $39.3 million.

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11. Goodwill and other intangible assets

Accounting Policy

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, it is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

	2020 $000	2019 $000
Opening balance	901,428	888,016
Foreign currency exchange differences	(4,078)	13,412
Carrying value	**897,350**	**901,428**

For the purpose of undertaking impairment testing, the Group has identified its cash generating units (CGUs). These are the smallest groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This assessment has been determined by considering operating segments and areas of operation.

The total carrying value of goodwill at balance sheet date was $897.4 million. This was allocated to the Asia Pacific, Americas and EMEA operating segments based on which CGUs were expected to benefit from the relevant business combinations at the time of acquisition. The total carrying value of indefinite life intangible assets at balance sheet date was $220.0 million.

Goodwill	Asia Pacific $000	Americas $000	EMEA $000	Total $000
John Guest acquisition (2018)	40,322	161,289	604,833	806,444
Holdrite acquisition (2017)	–	46,446	–	46,446
Pre IPO-acquisitions	44,460	–	–	44,460
Total	**84,782**	**207,735**	**604,833**	**897,350**
Indefinite life intangible assets	**–**	**–**	**219,547**	**219,547**

Goodwill and other intangible assets in respect of the Asia Pacific, Americas and EMEA CGUs have been tested for impairment at period end. The recoverable amount of the Group's CGUs has been assessed utilising value in use methodologies, which is determined by discounting the future cash flows expected to be generated from the continuing use of the CGUs. The value in use assessment at 30 June 2020 was established using a discounted cash flow model which included a 5 year forecast period with cash flow projections based on internal forecasts.

Given the high degree of uncertainty due to the COVID-19 pandemic, a best estimate of the period of downturn for the Company, subsequent period of recovery and the pace of that recovery, was made based on information available at period end. In that context of forecasting uncertainty, management prepared Base, Upside and Downside case scenarios for each CGU. The Base case scenario corresponds to management's assessment of the set of 'Most Likely' cashflows (60% probability of occurrence) and is derived from detailed FY2021 internal forecast submissions from each region. It assumes a 'Muted Recovery' scenario with a return to near pre-COVID-19 conditions, sales and profitability levels by late FY2021. The Upside scenario (20% probability of occurrence) takes into consideration a 'Quick Recovery' scenario with a return to pre-COVID-19 conditions, sales and profitability levels by early FY2021 and the Downside scenario (20% probability of occurrence) assumes a more prolonged recession with a return to pre-COVID-19 conditions, sales and profitability levels by late FY2022. Management considers the upside and downside scenarios to be equally likely to deviate from the base case.

11. Goodwill and other intangible assets (continued)

The following nominal discount rates have been used in discounting the projected cash flows:

	Pre-tax discount rates	Post-tax discount rates
Americas	11.50%	8.75%
Asia Pacific	12.75%	9.50%
EMEA	9.40%	8.00%

The discount rates represent the current market assessment of the risks specific to each CGU and are derived from its weighted average cost of capital (WACC). The discount rates applied to each impairment model falls within a reasonable range supported by market observed data.

The terminal value of the CGUs has been forecast using the following nominal long-term growth rates:

- Americas: 2.0%
- Asia Pacific: 2.5%
- EMEA: 2.0%

Terminal growth rates were revised downwards compared to the prior year to reflect the expectation of more subdued future economic conditions and are considered by management to be an appropriate estimate of the long-term average growth rates achievable in the industries and geographies in which the Group participates.

Americas Cash Generating Unit

The carrying value of the Americas CGU includes goodwill of $208 million. Following a detailed impairment review of future cash flow projections consistent with the Group assumptions detailed above, the recoverable amount of the Americas CGU is estimated to exceed the carrying amount at 30 June 2020 in all three scenarios modelled.

There are no reasonably possible changes to key assumptions used in the determination of the CGU recoverable amounts that would result in a material impairment to the CGU or Group.

Asia Pacific Cash Generating Unit

The carrying value of the Asia Pacific CGU includes goodwill of $85 million. Following a detailed impairment review of future cash flow projections consistent with the Group assumptions detailed above, the recoverable amount of the APAC CGU is estimated to exceed the carrying amount at 30 June 2020 in all three scenarios modelled.

There are no reasonably possible changes to key assumptions used in the determination of the CGU recoverable amounts that would result in a material impairment to the CGU or Group.

EMEA Cash Generating Unit

The carrying value of the EMEA CGU includes goodwill of $604.8 million and other indefinite life intangible assets (brand names) for an amount of $219.5 million. The UK and European economies are experiencing a severe contraction expected to result in calendar year 2020 annual GDP declines of 8-11% in RWC's markets. Governments are reopening economies but analysts do not expect a return to pre-crisis output levels before the end of calendar year 2022.

Following a detailed impairment review of future cash flow projections consistent with the Group assumptions detailed above, the recoverable amount of the EMEA CGU is estimated to exceed the carrying amount at 30 June 2020 for the Base case and the upside scenarios. The value in use calculations are sensitive to revenue and earnings forecasts, changes in discount rates and terminal growth rates. The Base case scenario EBITDA forecast for FY2021 assumes a decline of 26% vs. pre-COVID-19 levels and a compound annual growth rate of 5% from FY2022 to FY2025 in line with management's assessment of future trends based on past experience and market forecasts.

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For the year ended 30 June 2020

11. Goodwill and other intangible assets (continued)

The results of the assessment of impairment testing calculations for the EMEA CGU are most sensitive to the assumed timing of the recovery of the UK economy to pre-COVID-19 levels and the potential impact of the finalisation of the basis of trade arrangements between the UK and EU member nations following Brexit. These are likely to have a significant impact on the EMEA CGU revenue growth and earnings profiles. The current macro-economic environment in Europe is also likely to have an impact on discount rates and long-term growth rates.

The EMEA CGU valuation indicated by the cash flow modelling of the Downside case scenario would be approximately equal to the carrying value of the CGU should a reasonably possible change in any of the Group's key assumptions occur:

1. Revenue growth profile and earnings forecast: UK's economic recovery is delayed by an additional two years, and therefore the resulting revenue growth and earnings profile would not return to pre-crisis level until FY2024 (with potential impacts from a 'second wave' of COVID-19 slowdown or of any Brexit related tariffs on RWC's products assuming the Company is not able to pass these on to end customers)
2. Terminal growth rate: a decrease from 2% to 0.75%
3. Post-tax discount rate: an increase from 8.0% to 9.25% (pre-tax discount rate increase from 9.40% to 10.85%)

(b) Other intangible assets

Critical accounting estimates and assumptions

At the time of acquisition, management determined that some of the intangible assets (brand names, trade names and trademarks) recognised as part of business combinations had indefinite useful lives. This means that the value of these assets does not reduce over time and therefore they are not amortised. These assets have no legal or contractual expiry date and are integral to future revenue generation. Management intends to continue to promote, maintain and defend the brands, trade names and trademarks to the extent necessary to maintain their values for the foreseeable future. Management assesses the useful lives of the Group's intangible assets at the end of each reporting period. If an intangible asset is no longer considered to have an indefinite useful life, this change is accounted for prospectively.

Accounting Policy

Other intangible assets are non-physical assets held by the Group in order to generate revenue and profit. These assets include brand names, trade names, trademarks, intellectual property and licences, software and website development and work in progress. They are recognised either at the cost the Group has paid for them or at their fair value if they are acquired as part of a business combination. They are amortised over their expected useful life unless they are considered to have an indefinite useful life.

Type of intangible asset	Valuation method	Amortisation method	Estimated useful life
Brand and trade names	Initially at cost, or fair value if acquired as part of a business combination	Indefinite life brands not amortised, reviewed for impairment at least annually	n/a
Intellectual property and licence fees	Initially at cost and subsequently at cost less accumulated amortisation	Straight-line	Up to 10 years
Product technology	Initially at cost and subsequently at cost less accumulated amortisation	Straight-line	Up to 20 years
Customer relationship and distribution agreements	Initially at fair value at date of business combination	Straight-line	Up to 20 years

11. Goodwill and other intangible assets (continued)

(i) Brand names, trade names and trademarks

Brand names, trade names and trademarks are registered names, symbols, words or other devices used in trade to indicate the source of a product and distinguish it from other products.

(ii) Intellectual property and licence fees

Intellectual property consists of technical drawings and certifications. Licence fees mainly relate to the accounting and reporting platform being implemented throughout the Group.

(iii) Product technology

Technology based intangible assets relate to innovations or technological advances, such as patented technology.

(iv) Customer relationships and distribution agreements

Customer relationship-based intangibles assets relate to established customer relationships and distribution agreements for the supply of product.

(v) Research and development

Research costs are charged to the profit or loss account as incurred. Development expenditure is only capitalised if it can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the profit and loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. The amortisation of development expenditure is allocated to other expenses as inventory is sold.

	Intellectual Property, Trade Names, Brand Names and Trademarks		Product Technology		Customer Relationships		Licence Fees, Software and Other		Total	
	2020 $000	2019 $000	2020 $000	2019 $000	2020 $000	2019 $000	2020 $000	2019 $000	2020 $000	2019 $000
Cost										
Opening balance	257,560	248,211	30,862	29,286	29,420	28,694	24,408	11,038	342,250	317,229
Additions	–	4,216	–	–	–	–	15,384	13,163	15,384	17,379
Disposals	–	–	–	–	–	–	(8)	(287)	(8)	(287)
Transfers from PP&E	–	–	2,244	–	–	–	–	–	2,244	–
Foreign exchange	(554)	5,133	505	1,576	106	726	827	494	884	7,929
Closing balance	257,006	257,560	33,611	30,862	29,526	29,420	40,611	24,408	360,754	342,250
Accumulated amortisation										
Opening balance	(1,675)	(728)	(3,489)	(1,684)	(2,119)	(636)	(7,711)	(5,374)	(14,994)	(8,422)
Amortisation	(948)	(892)	(1,906)	(1,684)	(1,428)	(1,450)	(4,164)	(2,237)	(8,446)	(6,263)
Impairment[1]	(6,321)	–	(2,886)	–	–	–	(2,709)	–	(11,916)	–
Disposals	–	–	–	–	–	–	7	183	7	183
Foreign exchange	170	(55)	69	(121)	(73)	(33)	89	(283)	255	(492)
Closing balance	(8,774)	(1,675)	(8,212)	(3,489)	(3,620)	(2,119)	(14,488)	(7,711)	(35,094)	(14,994)
Carrying Value	**248,232**	**255,885**	**25,399**	**27,373**	**25,906**	**27,301**	**26,123**	**16,697**	**325,660**	**327,256**

1 Impairment charges of $11.9 million were incurred during the year as a result of the review of carrying values of Intellectual Property and Product Technology following the decision to cease investment in selected non-core products in the US

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

12. Net debt

Accounting Policy

Borrowings are initially recognised net of transaction costs incurred. Fees paid on the establishment of loan facilities are recognised as transaction costs where it is probable that some or all of the facility will be drawn down. The fee is deferred until the drawdown occurs and is amortised on a straight-line basis over the entire life of the facility. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

At 30 June 2020	Facility Limit $000	Borrowings $000	Cash $000	Net cash/(debt) Balance $000
Syndicated Facility – Tranche A	(250,000)	(207,247)	–	(207,247)
Syndicated Facility – Tranche B	(250,000)	(177,130)	–	(177,130)
Syndicated Facility – Tranche C	(250,000)	–	–	–
Cash and cash equivalent	–	–	82,166	82,166
Total RWC Group	**(750,000)**	**(384,377)**	**82,166**	**(302,211)**

At 30 June 2019	Facility Limit $000	Borrowings $000	Cash $000	Net cash/(debt) Balance $000
Syndicated Facility – Tranche A	(250,000)	(241,924)	–	(241,924)
Syndicated Facility – Tranche B	(250,000)	(243,962)	–	(243,962)
Syndicated Facility – Tranche C	(250,000)	(10,000)		(10,000)
Cash and cash equivalent	–	–	69,279	69,279
Total RWC Group	**(750,000)**	**(495,886)**	69,279	**(426,607)**

(a) Borrowings

	Current		Non-current		Total	
	2020 $000	2019 $000	2020 $000	2019 $000	2020 $000	2019 $000
Secured:						
Borrowings	–	–	384,377	495,886	384,377	495,886
Total secured borrowings	–	–	**384,377**	**495,886**	**384,377**	**495,886**

The Company and certain of its subsidiaries are parties to a $750 million syndicated facility agreement (30 June 2019 – $750 million) which is available for drawing by way of cash advances ("Facility").

The Facility will mature as follows:

- Tranche A: $250m maturing 30 September 2021
- Tranche B: $250m maturing 30 September 2022
- Tranche C: $250m maturing 30 September 2023

The Facility contains financial covenants which the Company is in compliance with.

12. Net debt (continued)

The security provided to support the Facility is:

- Unlimited cross guarantees from each entity that comprises the Group, other than Reliance Worldwide Corporation (Europe) S.L.U, subsidiaries of Reliance Worldwide Corporation Holdings (UK) Limited which are not incorporated in the United Kingdom (refer Note 18) and other non-operating entities (Reliance Manufacturing Company (NZ) Limited, Titon Limited (both of which are incorporated under the laws of New Zealand), Reliance Water Controls Limited (an entity incorporated under the laws of England and Wales) and Reliance Employee Share Investments Pty Ltd ("Guarantors");
- General security over all assets (or a specified list of assets) from each of the Guarantors, other than Reliance Worldwide Corporation Underfloor Heating Limited and certain of the intermediate holding companies;
- Specific share security from Reliance Worldwide Holdings (USA) Corporation over its shares in Reliance Worldwide Corporation (which carries on the Group's operations in the USA);
- Specific share security from Reliance Worldwide Holdings (International) LLC over its shares in Reliance Worldwide Corporation Holdings (UK) Limited and its rights under the acquisition agreement entered into in connection with the acquisition of Reliance Worldwide Corporation Holdings (UK) Limited; and
- A real property mortgage from Reliance Worldwide Corporation over a property in Cullman, Alabama, USA.

The Facility has a variable interest rate which is based on a variable base rate plus a margin.

During the period, Reliance Worldwide Corporation, a subsidiary company incorporated in the USA, has entered into a US$15 million overdraft facility which is secured under the syndicated facility agreement. The facility was not drawn at 30 June 2020.

(b) Changes in liabilities arising from financing activities

The table below shows cash and non-cash changes in borrowings for which cash flows were, or will be, classified as financing activities in the Consolidated Statement of Cash Flows.

	Current		Non-current		Total	
	2020 $000	2019 $000	2020 $000	2019 $000	2020 $000	2019 $000
Opening Balance	**–**	**2,675**	**495,886**	**659,670**	**495,886**	**662,345**
Changes from financing cash flows						
Proceeds from drawdowns on Facility	–	–	59,000	95,392	59,000	95,392
Repayments of Facility	–	(2,704)	(179,612)	(279,018)	(179,612)	(281,722)
Interest paid	(14,705)	(22,761)	–	–	(14,705)	(22,761)
Total changes from financing cash flows	**(14,705)**	**(25,465)**	**(120,612)**	**(183,626)**	**(135,317)**	**(209,091)**
Other non-cash changes						
Transfers	–	–	–	–	–	–
Interest expense	14,705	22,761	–	–	14,705	22,761
Other including foreign exchange movement	–	29	9,103	19,842	9,103	19,871
Closing balance	**–**	**–**	**384,377**	**495,886**	**384,377**	**495,886**

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For the year ended 30 June 2020

12. Net debt (continued)

(c) Cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the Consolidated Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

Cash on hand and at bank comprises:		2020 $000	2019 $000
AUD	Australian dollar	12,056	16,043
USD	United States dollar	44,247	21,913
GBP	Pound Sterling	7,954	15,922
EUR	Euro	11,464	10,034
NZD	New Zealand dollar	839	1,679
CAD	Canadian dollar	2,889	2,050
KRW	South Korean Won	1,280	726
PLN	Polish Zloty	541	19
CZK	Czech Koruna	630	706
CNY	Chinese Yuan	266	–
ILS	Israeli Shekel	–	187
		82,166	69,279
Cash and cash equivalents in the Consolidated Statement of Cash Flows		**82,166**	**69,279**

12. Net debt (continued)

(d) Reconciliation of cash flow from operations with profit from operations after income tax

	2020 $000	2019 $000
Profit/(loss) from operations after income tax	**89,441**	**133,017**
Depreciation expense	53,582	37,102
Amortisation expense	8,446	6,263
(Profit)/loss on disposal of non-current assets	(1,299)	1,403
Impairment expense	18,868	–
Share-based payments	4,229	5,257
Provision for impairment – trade debtors	2,133	11
Provision for obsolescence – inventory	7,803	2,472
Interest expense accounted for as financing cash flows	14,705	22,761
Interest income accounted for as financing cash flows	(645)	(337)
Other finance costs	5,970	–
Changes in operating assets and liabilities:		
Trade and other receivables	(28,980)	(27,351)
Inventories	5,837	(28,922)
Prepayments	(3,882)	1,685
Trade and other payables	38,023	(36,905)
Tax balances	8,933	18,344
Employee entitlements	10,497	1,226
Other assets & liabilities	7,184	–
Net cash from operating activities	**240,845**	**136,026**

13. Financial risk management

The Group is exposed to a range of financial risks, including market risk (which includes foreign currency risk, interest rate risk and commodity price risk), liquidity risk and credit risk arising from its operating activities. The carrying amounts and estimated fair values of the Group's financial instruments recognised in the financial statements are materially the same.

The Audit and Risk Committee has the primary responsibility of overseeing and reporting to the Board on the Group's risk management systems and strategies. Various strategies and methods are used to manage different types of market risks that the Group is exposed to, including:

Market risk

Group financial performance is largely dependent on activity in the residential and commercial repair and renovation and new construction end-markets. Activities in these end-markets are impacted by changes in general economic conditions such as movements in inflation and interest rates, the level of business spending and consumer confidence and changes to fiscal or monetary policies, legislation and regulation (including plumbing codes). Activities in the repair end-market are also impacted by extreme weather events.

The Group operates in different global regions which diversifies these risks.

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For the year ended 30 June 2020

13. Financial risk management (continued)

Foreign exchange risk

Foreign exchange risk relates to the risk that the fair value of future cash flows of a financial instrument or a highly probable transaction will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk through operating activities (sales and purchases made or derived in currencies other than the functional currency), intercompany financing activities and investment in foreign subsidiaries (which transact in the local currency). The Group does not typically hedge its foreign exchange exposures but may selectively utilise foreign exchange forward contracts to mitigate fluctuations in foreign exchange rates.

The Group's balance sheet exposures of cash, external receivables and payables balances for the major currency exposures at 30 June 2020 are set out below in Australian dollar equivalents.

	USD		GBP		EUR	
	2020 $000	2019 $000	2020 $000	2019 $000	2020 $000	2019 $000
Spot exchange rate	0.6900	0.7027	0.5566	0.5533	0.6144	0.6181
Cash	43,989	4,218	7,953	33	11,466	1,176
Trade and other receivables	3,789	3,808	–	–	332	625
Trade and other payables	(6,424)	(3,964)	(137)	(10)	(2,790)	(3,501)
Net external exposure	**41,354**	**4,062**	**7,816**	**23**	**9,008**	**(1,700)**

The table below shows the effect on profit after income tax expense and total equity from major currency exposures, had the exchange rates been 5% higher or lower than the year end rate.

	Increase/(decrease) in profit after income tax		Increase/(decrease) in equity	
	2020 $000	2019 $000	2020 $000	2019 $000
At relevant 30 June 2020 rates				
If foreign exchange rate +5%	2,770	114	2,770	114
If foreign exchange rate - 5%	(3,062)	(125)	(3,062)	(125)

Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at floating rates and interest is received on cash deposits at floating rates. Interest rate risk is the risk that the Group will be adversely affected by movements in floating interest rates that will increase the cost of floating rate debt. If the current interest rate was 100 basis points higher the interest expense for the year would have increased by $4.4 million.

The Group's exposure to interest rate risk on the cash and cash equivalents listed in the Consolidated Statement of Financial Position and the interest bearing borrowings is disclosed in Note 12.

The Group has determined that if interest rates were to increase or decrease by 50 basis points it would have an immaterial impact on the Group's interest income on cash deposits.

Commodity price risk

Commodity price risk is the risk the cost of some key raw material inputs required for the Group's products are correlated with the underlying commodity price and, as such, fluctuates over time. The most material exposures for the Group are to the market price of copper, which is used in the production of brass and to the cost of resins used in the production of plastics. The Group seeks to manage changing input prices through price negotiations with customers following changes in the underlying commodity.

13. Financial risk management (continued)

Liquidity risk

Liquidity risk arises from the ability of the Group to meet its financial liabilities and obligations as and when they fall due. The Group monitors future financial commitments and intends to maintain sufficient cash reserves and headroom in its banking facilities to meet these objectives on an on-going basis.

The Group prepares regular cash flow forecasts and monitors its liquidity to ensure it will always have sufficient cash to allow it to meet liabilities as they fall due.

The Group had cash and cash equivalents of $82.2m at 30 June 2020 (30 June 2019 – $69.3m). In addition to its operating cash at bank the Group has undrawn borrowing facilities available. Details of the borrowing facilities in place and their terms are disclosed at Note 12.

	2020 $000	2019 $000
Total facilities available	750,000	750,000
Amount drawn at 30 June	384,377	495,886
Available at 30 June	**365,623**	**254,114**

In the context of the COVID-19 pandemic, scenario modelling and analysis has been undertaken based on events currently known and current expectations, which support that business operations are expected to generate positive cash flows in future periods, including maintaining headroom for financial covenants compliance.

The contractual maturity of the Group's financial liabilities based on the financing arrangements in place at period end date are shown in the table below:

2020 Financial liabilities	Carrying amount $000	Less than 1 year $000	1 to 2 years $000	2 to 5 years $000	More than 5 years $000	Total $000
Trade and other payables	168,426	168,426	–	–	–	168,426
Lease liabilities	108,881	15,335	14,226	38,169	55,830	123,560
Bank borrowings	384,377	–	207,247	177,130	–	384,377
Total	**661,684**	**183,761**	**221,473**	**215,299**	**55,830**	**676,363**

2019 Financial liabilities	Carrying amount $000	Less than 1 year $000	1 to 2 years $000	2 to 5 years $000	More than 5 years $000	Total $000
Trade and other payables	131,973	131,973	–	–	–	131,973
Bank borrowings	495,886	–	–	495,886	–	495,886
Total	**627,859**	**131,973**	**–**	**495,886**	**–**	**627,859**

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For the year ended 30 June 2020

13. Financial risk management (continued)

Credit risk

Credit risk relates to the potential failure of the Group's counterparties (such as customers or financial institutions) to meet their obligations at the appropriate time. The maximum exposure at any time is equal to the carrying value of the financial assets. The business seeks to monitor and manage counterparty risk through internal controls and protocols, including customer credit policies and performing banking and financial activities with financial institutions. As such the Group does not seek collateral in respect of its trade and other receivables.

At 30 June, the maximum exposure to credit risk for trade and other receivables by geographic region is as follows:

	2020 Carrying amount $000	2019 Carrying amount $000
Americas	183,177	133,296
Asia Pacific	33,614	37,475
EMEA	46,414	61,485
Total	**263,205**	**232,256**

At 30 June 2020, the Group's most significant customer accounted for $65.9 million of the trade debtors and receivables amount. Further details of the Group's trade receivables are included in Note 8.

14. Share Capital

Share Capital

	Number of shares		Company	
	2020 Number	2019 Number	2020 $	2019 $
Ordinary shares				
Opening balance	790,094,765	790,094,765	2,329,126,597	2,336,617,934
Capital raising costs incurred net of recognised tax benefit	–	–	–	(47,604)
Treasury shares (Note 17)	–	–	1,406,522	(7,443,733)
Total	**790,094,765**	**790,094,765**	**2,330,533,119**	**2,329,126,597**

The total value of treasury shares held at 30 June 2020 was $25,982,795 (30 June 2019 – $27,389,317). Other than the vesting of Restricted shares described in Note 17, there has been no other movement in treasury shares.

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

15. Reserves

	2020 $000	2019 $000
Foreign currency translation reserve:		
Opening balance	21,726	15,099
Movement resulting from translation of financial statements of foreign subsidiaries net of tax impacts	(7,397)	6,627
	14,329	21,726
Merger reserve:		
Opening balance	(1,100,943)	(1,100,943)
	(1,100,943)	(1,100,943)
Share-based payments reserve:		
Opening balance	8,923	3,666
Share-based payments expense	4,230	5,257
	13,153	8,923
Hedging reserve:		
Opening balance	(10,767)	(10,767)
Hedging loss during the year	–	–
	(10,767)	(10,767)
Total reserves	**(1,084,228)**	**(1,081,061)**

Nature and purpose of reserves

(a) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations and the translation of foreign currency monetary items forming part of a net investment in a foreign operation.

(b) Merger reserve

The Company, through a wholly owned subsidiary, acquired the entities that carry on the operations of Reliance Worldwide Corporation in April and May 2016 ("Restructure"). The Directors elected to account for the effect of the Restructure as a common control transaction in accordance with the provisions of AASB 3: Business Combinations. Consequently, the net assets acquired were recorded at the carrying values that existed at the time of the transaction. The excess consideration over book value at acquisition date is recorded in the Merger reserve.

(c) Share-based payments reserve

The share-based payments reserve is used to record the value of share-based payments provided to employees, including Key Management Personnel, as part of their remuneration.

(d) Hedging reserve

The hedging reserve records the effective portion of the cumulative change in the fair value of the hedging instruments used in cash flow hedges.

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16. Employee benefits

Accounting Policy

Retirement benefits costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees render the service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Restructuring provisions

A provision is made for restructuring where the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Share-based payments

The fair value of equity settled share-based payment awards granted to employees is recognised as an expense with a corresponding increase in equity over the vesting period of the grant.

Short and long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of leave entitlements in the period the related service is rendered. Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Current:

Current employee entitlements include benefits for wages, salaries and annual leave that are expected to be settled within twelve months of the reporting date. The amounts represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted rates based on current remuneration and wage rates including related on-costs such as workers compensation, insurance and payroll tax.

Non-current:

Non-current employee entitlements include leave benefits that employees have earned in return for their continued service, pursuant to the Legislation and Regulations in the relevant jurisdictions. The entitlement is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates and is discounted back to present value.

16. Employee benefits (continued)

(a) Employee benefits expenses

Employee benefits expenses recognised in the profit or loss account are:

	2020 $000	2019 $000
Wages and salaries	186,459	197,738
Severance and restructuring costs	9,799	2,443
Employee leave entitlements	5,310	5,762
Workers compensation premiums	811	791
Superannuation contributions	9,319	10,055
Payroll related taxes	14,959	7,518
Contract labour	11,790	10,715
Share-based payment expense	5,636	5,257
Other payroll related expenses	498	331
	244,581	**240,610**
Recovered in costs of goods sold	(48,953)	(64,950)
	195,628	**175,660**

The Group applied for the UK Government wage subsidy in April 2020 under the Coronavirus Job Retention Scheme where 80% of wages were subsidised for the Group's UK furloughed employees. These support payments are presented as offsets of the related wage expenses in the consolidated profit or loss statement, in line with AASB 120 Accounting for Government Grants and Disclosure of Government Assistance. A total of $3.7million has been recognised in the consolidated statement of profit or loss as the amount offsetting wages paid from the date of lockdown to balance date (April to June 2020).

(b) Employee benefits provisions

	Current		Non-current		Total	
	2020 $000	2019 $000	2020 $000	2019 $000	2020 $000	2019 $000
Employee entitlements						
Opening balance	7,468	6,657	5,394	4,979	12,862	11,636
Acquired	–	36	–	–	–	36
Charged to profit or loss[1]	14,519	4,994	590	768	15,109	5,762
Paid during the period	(4,229)	(4,396)	(648)	(326)	(4,877)	(4,722)
Foreign currency exchange differences	(63)	150	327	–	264	150
Reclassification	(1,030)	27	1,030	(27)	–	–
Closing balance	**16,665**	**7,468**	**6,693**	**5,394**	**23,358**	**12,862**

1 Includes severance and restructuring costs of $9,799,069 incurred during the year ended 30 June 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

17. Share-based payments

Accounting Policy

The cost of share-based payments is recognised by expensing the fair value of the options or rights granted, over the period during which the employees become unconditionally entitled to these benefits. Where the plan will be settled by issuing equity, the corresponding entry is an increase in the share-based payments reserve.

The Company has established an Equity Incentive Plan ("Plan") to assist in the motivation, retention and reward of eligible executives. The Plan is designed to align the interests of employees with the interests of shareholders by providing an opportunity for eligible employees to receive an equity interest in the Company. The Plan provides flexibility for the Company to grant rights, options and/or restricted shares as incentives, subject to the terms of individual offers and the satisfaction of performance conditions determined by the Board from time to time.

Options

The Company has granted 4,000,000 (30 June 2019 – 5,307,190) unvested Options under the Plan. The Company had previously granted 1,307,190 Options to Mr. Gerry Bollman, former Group Chief Financial Officer. Based on assessment of the vesting criteria, the number of Options which vested at Mr Bollman's final date of employment with RWC (11 June 2020) was 567,320. The remaining Options were forfeited. Further details on the terms and conditions of the Options granted are provided in the Remuneration Report. Each Option provides an entitlement to acquire an ordinary share in Reliance Worldwide Corporation Limited upon payment of the exercise price and meeting certain vesting criteria. These Options are equity settled. The Company has not granted any other Options.

Rights to shares

The Board has approved that nominated, eligible executives and employees be invited to participate in the Plan. Participants are granted rights to be awarded fully paid ordinary shares in the Company ("Rights") in accordance with the rules of the Plan and subject to the offer terms ("Offer"). An Offer constitutes a long-term incentive component of the participant's remuneration from the grant date until the end of the vesting period.

At 30 June 2020, the number of unvested Rights which had been granted by the Company to all participants was 6,394,624 (30 June 2019 – 6,276,939). The opening and closing balances of all unvested Rights granted are reconciled as follows:

	Number of Rights
Granted and unvested at 30 June 2019	**6,276,939**
Granted during FY2020 with the following vesting dates:	
8 July 2024	130,700
1 August 2024	73,000
26 August 2024	134,700
1 October 2024	50,000
21 October 2024	104,800
16 March 2025	185,000
Total granted during FY2020	**678,200**
Forfeited or Cancelled	(560,515)
Unvested at 30 June 2020	**6,394,624**

No Rights vested during the reporting period or have subsequently vested. A further 576,843 Rights lapsed or have been forfeited or cancelled subsequent to 30 June 2020 (including 409,558 Rights granted to current and former Senior Executives). A further 150,000 Rights have been granted subsequent to 30 June 2020.

17. Share-based payments (continued)

Vesting conditions for all grants of Rights include a continuous service period. In addition, 1,810,220 Rights were granted in 2018 ("Performance Rights") and were also subject to Performance Conditions to be eligible to vest. Details of these conditions are contained in the Remuneration Report. The number of Performance Rights retained after assessment of the Performance Conditions is 1,088,007. The total number of Performance Rights which have lapsed or been forfeited is 722,193 (which also reflects pro rating for eligible departed employees). Any Performance Rights which do not vest will automatically lapse.

Unless the Board determines otherwise, if a participant ceases employment with the Group prior to the vesting date and any of the following has occurred then a pro rata portion of unvested Rights will remain on foot and vest in the ordinary course as though the participant had not ceased employment:

- the participant's employment is terminated by the Company without cause; or
- the participant terminates employment for good reason.

The remainder of the Rights will lapse.

The Company has established a subsidiary, Reliance Employee Share Investments Pty Ltd ("Trustee") to act as trustee of the Reliance Employee Share Investments Trust. The Trustee will acquire Reliance shares on-market on behalf of the Trust to meet any obligations to deliver shares to a participant who satisfies the vesting conditions. The Trustee, on behalf of the Trust did not acquire any additional shares in the Company during FY2020. The total number of shares held in the Trust at 30 June 2020 was 6,913,644 (30 June 2019 – 7,389,834). The decrease reflects the sale of 476,190 shares as referred below.

Restricted shares

The Company offered 680,272 restricted shares to Gerry Bollman, Group Chief Financial Officer, upon commencement of his employment with the Group, which were subject to a 5 year service period vesting condition. Mr. Bollman retained a pro rata entitlement of 476,190 shares at the conclusion of his employment with RWC on 11 June 2020. These shares have vested. No amount was payable on vesting (the market value of the shares on vesting was $1,406,522). The remaining 204,082 restricted shares were forfeited. There are no current grants of restricted shares.

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18. Group entities

Reliance Worldwide Corporation Limited was incorporated on 19 February 2016 and is the parent, and ultimate controlling entity of the Group. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 1 and 25.

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2020	Equity Holding 2019	Functional Currency
Reliance Worldwide Group Holdings Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Worldwide Corporation (Aust.) Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Worldwide Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Employee Share Investments Pty Ltd	Australia	Ordinary	100%	100%	AUD
Reliance Worldwide Holdings (NZ) Limited	New Zealand	Ordinary	100%	100%	NZD
Reliance Worldwide Corporation (NZ) Limited	New Zealand	Ordinary	100%	100%	NZD
Reliance Manufacturing Company (NZ) Limited	New Zealand	Ordinary	100%	100%	NZD
Titon Limited	New Zealand	Ordinary	100%	100%	NZD
Reliance Worldwide Corporation (Canada) Inc	Canada	Ordinary	100%	100%	CAD
Reliance Worldwide Holdings (USA) Corporation	America	Ordinary	100%	100%	USD
Reliance Worldwide International Group Holdings Corporation	America	Ordinary	100%	–	USD
Reliance Worldwide Corporation	America	Ordinary	100%	100%	USD
Streamlabs Inc	America	Ordinary	100%	100%	USD
Reliance Worldwide Corporation (Europe) S.L.U.	Spain	Ordinary	100%	100%	Euro
Reliance Worldwide Holdings (UK) Limited	United Kingdom	Ordinary	100%	100%	GBP
Reliance Worldwide Corporation Underfloor Heating Limited	United Kingdom	Ordinary	100%	100%	GBP
Reliance Water Controls Limited [1]	United Kingdom	Ordinary	–	100%	GBP
Reliance Worldwide Corporation (R.W.C Israel) Ltd	Israel	Ordinary	100%	100%	ILS
Reliance Worldwide Finance Limited	United Kingdom	Ordinary	100%	100%	USD
Reliance Worldwide Holdings (International) LLC	America	Ordinary	100%	100%	USD
Reliance Worldwide Corporation Holdings (UK) Limited	United Kingdom	Ordinary	100%	100%	GBP
John Guest International Ltd	United Kingdom	Ordinary	100%	100%	GBP
John Guest Speedfit Ltd	United Kingdom	Ordinary	100%	100%	GBP
John Guest Engineering Ltd	United Kingdom	Ordinary	100%	100%	GBP
Reliance Worldwide Corporation (UK) Limited	United Kingdom	Ordinary	100%	100%	GBP
John Guest Automotive GmbH	Germany	Ordinary	100%	100%	Euro
John Guest Connectors Ltd[1]	United Kingdom	Ordinary	–	100%	GBP
John Guest Automotive Ltd[2]	United Kingdom	Ordinary	–	100%	GBP
John Guest GmbH	Germany	Ordinary	100%	100%	Euro
Reliance Worldwide Corporation France SAS[3]	France	Ordinary	100%	100%	Euro
John Guest SRL	Italy	Ordinary	100%	100%	Euro
John Guest Pacific Ltd	New Zealand	Ordinary	100%	100%	NZD
John Guest Korea Ltd	Korea	Ordinary	100%	100%	KRW
John Guest (Shanghai) Trading Co. Ltd	China	Ordinary	100%	100%	CNY
John Guest S.L.[4]	Spain	Ordinary	–	100%	Euro
John Guest Czech S.R.O	Czech Republic	Ordinary	100%	100%	CZK
John Guest Sp zoo	Poland	Ordinary	100%	100%	PLN
John Guest Automotive SRL[5]	Italy	Ordinary	–	100%	Euro

1 Liquidated on 31 December 2019.
2 Liquidated on 3 December 2019.
3 Formerly John Guest SA.
4 Merged with Reliance Worldwide Corporation (Europe) S.L.U. on 1 August 2019.
5 Merged with John Guest SRL on 9 April 2020..

19. Commitments and contingencies

(a) Expenditure commitments

Non-cancellable operating lease commitments contracted for at balance date:

From 1 July 2019, the RWC Group has recognised right-of-use assets and lease liabilities for these operating leases, except for short-term and low value leases. Details of the Group's lease commitments are captured in lease liabilities in Note 10.

Capital expenditure commitments contracted for at balance date but not provided for in respect of plant and equipment:

	2020 $000	2019 $000
Payable not later than one year	3,694	13,512
Payable later than one year and not later than five years	–	–
	3,694	**13,512**

(b) Contingencies

Financial guarantees

The Company has agreed to provide guarantees to third parties for certain commitments made or entered into by subsidiary entities in the ordinary course of business. The Company does not consider these guarantees to be material in the context of the Group's business.

The Group has provided bank guarantees totalling $1,233,733 (2019: $727,870).

General contingencies

The Group may be involved in legal claims, administrative actions and proceedings related to the normal conduct of its business including, among other things, general liability, commercial, employment, intellectual property, and products liability matters such as the proceeding listed below. Based upon existing information, it is not possible to predict with certainty the outcome or cost of current legal claims, actions and proceedings. The Directors believe that current matters of which they are aware should not significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

The Company is aware of a legal proceeding filed in the United States federal district court in Atlanta, Georgia, purporting to join Reliance Worldwide Corporation, a member of the Group, ("RWC USA") to a putative class action in connection with alleged product liability claims. RWC USA has appeared in that action. On August 3, 2020, Plaintiffs filed an amended complaint in this action. At this stage, it is not possible to provide a reasonable or accurate assessment of RWC USA's potential exposure, if any. In any event, RWC USA does not accept any liability and intends to vigorously defend this matter.

The Directors are not aware of any other material contingent liabilities at balance date or arising since the end of the financial period.

20. Key Management Personnel and related party transactions

Under Australian Accounting Standards, the term Key Management Personnel refers to directors (both non-executive directors and executive directors) and those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Key Management Personnel of the Group during the reporting period until the date of this report are set out below. All Key Management Personnel held their positions for the entire reporting period unless otherwise noted.

Stuart Crosby	Independent Non-executive Chairman
Russell Chenu	Independent Non-executive Director
Ross Dobinson	Independent Non-executive Director
Sharon McCrohan	Independent Non-executive Director
Christine Bartlett	Independent Non-executive Director (appointed 6 November 2019)
Ian Rowden	Independent Non-executive Director (appointed 6 July 2020)
Heath Sharp	Managing Director and Group Chief Executive Officer
Gerry Bollman	Group Chief Financial Officer (until 11 March 2020)
Andrew Johnson	Group Chief Financial Officer (from 11 March 2020)

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20. Key Management Personnel and related party transactions (continued)

(a) Key Management Personnel compensation

Details of the total remuneration of Key Management Personnel of the Group during the reporting period are:

	2020 $	2019 $
Short-term employee benefits	4,794,096	3,803,518
Post-employment benefits	130,964	104,768
Termination benefits	614,192	–
Share-based payments	1,635,202	1,739,864
Total	**7,174,454**	**5,648,150**

(b) Key Management Personnel transactions in shares and options

The total direct and indirect interests of Key Management Personnel, including their related parties, in the share capital and options of the Company at 30 June 2020 are:

	Shares		Options[1]		Rights[1]	
	2020 Number	2019 Number	2020 Number	2019 Number	2020 Number	2019 Number
Russell Chenu	155,217	155,217	–	–	–	–
Stuart Crosby	150,506	150,506	–	–	–	–
Ross Dobinson	32,457	32,457	–	–	–	–
Sharon McCrohan	–	–	–	–	–	–
Christine Bartlett	20,000	–	–	–	–	–
Heath Sharp	1,204,041	1,204,041	4,000,000	4,000,000	611,201	987,800
Gerry Bollman[2]	–	–	–	1,307,190	–	247,000
Andrew Johnson	–	–	–	–	251,400	–
Total	**1,562,221**	**1,542,221**	**4,000,000**	**5,307,190**	**862,201**	**1,234,800**

At 30 June 2020, no Key Management Personnel had been offered or held any rights to be awarded shares other than as disclosed above.

Details of movements in holdings during the period are disclosed in the Remuneration Report.

(c) Transactions with other related parties

There were no material contracts between a KMP or a related party and the Company or any of its subsidiaries entered into during the reporting period.

No KMP has entered into a loan made, guaranteed or secured, directly or indirectly, with or by the Company or any of its subsidiaries during the reporting period.

1 Details of Options and Rights granted to Key Management Personnel are disclosed in the Remuneration Report.

2 Ceased to be a member of KMP on 11 March 2020.

21. Auditor's remuneration

KPMG are the auditors of the Company. The total remuneration received, or due and receivable by KPMG from the Group is:

	2020 $	2019 $
KPMG Australia		
Audit services	623,500	398,600
Other assurance and non-audit services		
▪ Tax services	35,000	99,300
▪ Other services	–	30,000
Total remuneration paid to KPMG Australia	658,500	527,900
Overseas KPMG offices		
Audit services	404,914	398,100
Tax services	249,100	217,600
Total remuneration paid to KPMG overseas	654,014	615,700
Total remuneration to KPMG	**1,312,514**	**1,143,600**
Total remuneration for audit services	**1,028,414**	**796,700**
Total remuneration for non-audit services	**284,100**	**346,900**

22. Deed of cross guarantee

The wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors' reports following the execution of a Deed of Cross Guarantee ("Deed") on 29 June 2016. The Deed complies with the relevant ASIC instrument/class order.

The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event the Company is wound up.

The holding entity for the purpose of the Deed is Reliance Worldwide Corporation Limited.

The subsidiaries who are parties to the Deed are:

- Reliance Worldwide Group Holdings Pty Ltd; and
- Reliance Worldwide Corporation (Aust.) Pty Ltd.

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For the year ended 30 June 2020

22. Deed of cross guarantee (continued)

A consolidated statement of comprehensive income, comprising the Company and controlled entities which are party to the Deed and after eliminating all transactions between those entities, for the year ended 30 June 2020 and a Statement of Financial Position for the same group for entities at balance date are set out below.

Statement of profit or loss and other comprehensive income

	2020 $000	2019 $000
Revenue from sale of goods	227,788	229,791
Cost of sales	(162,773)	(163,000)
Gross profit	**65,015**	**66,791**
Other income	249	4,386
Product development expenses	(3,800)	(4,044)
Selling, warehousing and marketing expense	(18,543)	(15,777)
Administration expense	(19,103)	(16,384)
Other expenses	(1,284)	(318)
Operating profit	**22,534**	**34,654**
Finance income	44,218	44,533
Finance costs	(8,916)	(11,493)
Net finance costs	**35,302**	**33,040**
Dividend income	–	–
Profit before tax	**57,874**	**67,694**
Income tax expense	(17,162)	(20,933)
Profit for the period attributable to the Owners of the Company	**40,712**	**46,761**
Other comprehensive profit	**–**	**–**
Total comprehensive profit for the period attributable to the Owners of the Company	**40,712**	**46,761**

22. Deed of cross guarantee (continued)

Statement of financial position at 30 June 2020

	2020 $000	2019 $000
Assets		
Current Assets		
Cash and cash equivalents	32,652	15,222
Trade and other receivables	49,486	32,767
Inventories	59,365	56,561
Other current assets	8,763	7,849
Total Current Assets	**150,266**	**112,399**
Non-current Assets		
Property, plant and equipment	73,792	35,802
Intercompany loans receivable	42,945	719,616
Deferred tax assets	5,989	5,403
Goodwill	39,825	39,825
Investment in subsidiaries	2,098,099	1,429,145
Other intangible assets	10,665	11,576
Total Non-current Assets	**2,271,315**	**2,241,367**
Total Assets	**2,421,581**	**2,353,766**
Liabilities		
Current Liabilities		
Trade and other payables	34,027	45,102
Current tax liabilities	2,956	2,860
Employee benefits	3,131	3,095
Dividend payable	35,554	–
Other current liabilities	5,518	–
Total Current Liabilities	**81,186**	**51,057**
Non-current Liabilities		
Borrowings	38,000	96,000
Deferred tax liabilities	2,132	2,194
Employee benefits	5,120	5,394
Other non-current liabilities	69,095	–
Total Non-current Liabilities	**114,347**	**103,588**
Total Liabilities	**195,533**	**154,645**
Net Assets	**2,226,048**	**2,199,121**
Equity		
Share capital	2,330,533	2,329,127
Reserves	(148,224)	(166,053)
Retained profits	43,739	36,047
Total Equity	**2,226,048**	**2,199,121**

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23. Parent entity disclosure

As at, and throughout, the financial year ended 30 June 2020, the parent entity of the Group was Reliance Worldwide Corporation Limited.

(a) Result of the parent entity

	2020 $000	2019 $000
Profit/(Loss) for the period	115,758	37,293
Other comprehensive income	–	–
Total comprehensive profit/(loss) for the period	**115,758**	**37,293**

(b) Statement of financial position of the parent entity at 30 June

	2020 $000	2019 $000
Assets		
Current Assets	156,024	162,687
Non-current Assets	2,318,391	2,318,102
Total Assets	**2,474,415**	**2,480,789**
Liabilities		
Current Liabilities	54,287	50,466
Non-current Liabilities	39,122	96,021
Total Liabilities	**93,409**	**146,487**
Net Assets	**2,381,006**	**2,334,302**
Equity		
Share-capital	2,318,449	2,329,127
Reserves	13,153	8,924
Retained Profits/(Accumulated Losses)	49,404	(3,749)
Total Equity	**2,381,006**	**2,334,302**

(c) Parent entity contingent liabilities

The Company has agreed to provide guarantees for certain commitments made or entered into by subsidiary entities in the ordinary course of business. The Company does not consider these guarantees to be material in the context of the Group's business. Refer to Note 19.

(d) Parent entity capital commitments for acquisition of property plant and equipment

The Company did not enter into any material contracts to purchase plant and equipment during the year.

(e) Parent entity guarantees in respect of the debts to its subsidiaries

The Company has entered into a Deed of Cross Guarantee with the effect that it guarantees liabilities and obligations in respect of some Australian subsidiaries in certain circumstances. Refer to Note 22.

24. Subsequent events

On 24 August 2020, the Directors resolved to declare a final dividend for the 2020 financial year of 2.5 cents per share franked to 20%. The aggregate dividend payment amount is $19.8 million. The dividend will be paid to eligible shareholders on 9 October 2020. The Company does not have a dividend reinvestment plan.

As announced on 25 March 2020, the Directors had resolved to defer payment of the interim dividend, originally scheduled to be paid on 9 April 2020. The interim dividend (4.5 cents per share and for an aggregate amount of $35.5 million) will now be paid to eligible shareholders on 9 October 2020 in conjunction with the payment of the final dividend as described above.

The Directors are not aware of any other matters or circumstances that have occurred since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

25. Other accounting policies

(a) Basis of consolidation

This note sets out details of accounting policies which aid the understanding of the financial statements as a whole. Accounting policies which are specific to a particular income, expense or account balance are described in the note to which that policy relates.

(i) Principles of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(b) Foreign currency

The individual financial statements of each entity comprising the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of these consolidated financial statements, Australian dollars is the presentation currency, which is also the functional currency of the Company. The functional currency of each subsidiary is provided in Note 18.

(i) Foreign currency transactions

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the transaction.

(ii) Foreign operations

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at average exchange rates. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in Net Investment within Foreign Currency Translation Reserve ("FCTR"). The FCTR comprises all foreign currency differences arising from the translation of the financial statements of the foreign operations.

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25. Other accounting policies (continued)

(c) Financial instruments

(i) Non-derivative financial instruments: Recognition, Measurement, Classification and Derecognition

Non-derivative financial assets are classified into the following categories: (a) cash and cash equivalents and (b) trade and other receivables. Non-derivative financial liabilities are classified into the following categories: (a) trade and other payables and (b) borrowings.

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through the profit and loss (FVTPL), transaction costs attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

On initial recognition a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group classifies and measures financial assets it has recognised at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial assets are derecognised when the contractual rights to cash flows from the financial asset expire or when the financial asset and all the substantial risks and benefits are transferred. Financial liabilities are derecognised when they are extinguished, discharged cancelled or they expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

(ii) Derivative financial instruments

The Group may hold derivative instruments to hedge its foreign currency risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, any changes therein are generally recognised in profit or loss.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss.

(d) Goods and services tax (GST) – Australia

Revenues, expenses and assets are recognised net of the amount of GST except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented on a gross basis. The GST components arising from investing and financing activities are presented as operating activities. Any commitments are disclosed net of GST.

DIRECTORS' DECLARATION

For the year ended 30 June 2020

In the opinion of the Directors of the Reliance Worldwide Corporation Limited ("the Company"):

1. the consolidated financial statements and notes set out on pages 74 to 116, are in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
   (ii) complying with Australian Accounting Standards, other mandatory professional reporting requirements and the Corporations Regulations 2001.
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. there are reasonable grounds to believe that the Company and the Group entities identified in Note 22 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee described in Note 22.

The Directors draw attention to Note 1 to the consolidated financial statements which includes a statement of compliance with International Financial Reporting Standards.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by Section 295A of the Corporations Act 2001.

Signed in accordance with resolution of the Directors.

Stuart Crosby
Chairman

Melbourne
24 August 2020

Heath Sharp
Group Chief Executive Officer
and Managing Director

Independent Auditor's Report

To the shareholders of Reliance Worldwide Corporation Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Reliance Worldwide Corporation Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2020;
- Consolidated Statement of profit or loss and other comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of Reliance Worldwide Corporation Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Valuation of goodwill and indefinite life intangible assets
- Valuation of inventory

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Valuation of goodwill and indefinite life intangible assets ($1,117 million)	
Refer to Note 11 *Goodwill and other intangible assets* in the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
A key audit matter for us was the Group's annual testing of goodwill and indefinite life intangible assets for impairment, given the size of the balance (being 51% of total assets), and the significantly higher estimation uncertainty continuing from the business disruption impact of the COVID-19 global pandemic. We exercised significant judgement in evaluating the evidence available. We focussed on the significant forward-looking assumptions the Group applied in their value in use model, including: • Forecast operating cash flows – the Group has experienced business disruption in the current year, as a result of COVID-19. This included reduced business activity during the fourth quarter of FY20 and a temporary stand down of employees in the Group's UK operations. These conditions and the uncertainty of their continuation increase the possibility of goodwill and indefinite life intangible assets being impaired, plus the risk of inaccurate forecasts or a significantly wider range of possible outcomes, for us to consider. We focused on the expected rate of recovery for the Group and what the Group considers as its future business plans when assessing the feasibility of the Group's forecast cashflows. • Terminal growth rates – In addition to the uncertainties described above, the Group's models are highly sensitive to changes in terminal growth rates. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy. • Discount rate - these are complicated in nature and vary according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time, and the models approach to incorporating risks into the cash flows or discount rates. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	Our procedures included: • Considering the appropriateness of the value in use method applied by the Group to perform the annual impairment test against the requirements of the accounting standards. • Testing key controls in the Group's valuation process including Board approval of budgets and review and approval of the impairment assessment, including cash flow forecasts, by examining information reviewed and approved by the Board. • Comparing the forecast cash flows contained in the value in use model to revised forecasts reflecting the expected rate of recovery for the Group from the impacts of COVID-19 and the future business plans approved by the Board. • Assessing the integrity of the value in use model used, including the accuracy of the underlying calculation formulas. • Assessing the accuracy of previous Group forecasts for the CGUs cash flows to inform our evaluation of forecasts incorporated in the models. • Considering the sensitivity of the models by varying key assumptions such as forecast operating cash flows in light of the impacts of COVID-19 on the expected rate of recovery for the Group and its future business plans, terminal growth rates and discount rates, within a reasonably possible range, to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures. • We challenged the Group's significant forecast cash flow and terminal growth rate assumptions in light of the impacts of COVID-19 on the Group's expected rate of recovery and business plans. We used our knowledge of the Group's operations, their past performance and our industry experience to evaluate the feasibility of these plans. We also compared forecast growth rates to authoritative published studies of industry trends and expectations, and considered differences for the Group's operations. • Working with our valuation specialists, we independently developed a discount rate range for each CGU, using publically available market data for comparable entities, adjusted for risk factors specific to the group and the industry it operates in. We compared the discount rates applied by the Group for each CGU to our acceptable range. • Assessing the disclosures in the financial report using our understanding of the matter obtained from our testing and against the requirements of the Accounting Standards.

Valuation of inventory ($215 million)	
Refer to Note 8 *Working Capital* in the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The valuation of inventory is a key audit matter as a result of: • The extent of audit effort applied to address the Group's inventory volumes held across multiple product categories in multiple manufacturing sites. The high volume of manufactured products across multiple regions leads to greater audit effort, as inventory is tested at a regional level. • The extent of judgement involved in determining the recoverable value, particularly in relation to slow moving or obsolete inventory. • The inherent complexities in applying a standard cost of manufacturing to inventories requires additional audit effort.	Our audit procedures included: • Testing of costing methodology and computations, by significant product category, in key regions. This includes checking inputs into the costing computation, on a sample basis, to external documentation such as supplier invoices. • Challenging the Group's approach for allocation of overheads within the costing computation on a sample basis by: ➢ examining the construct of the standard cost; ➢ evaluating the underlying documentation of the Group's methodology and inquiring with finance and operational personnel in the Group about the allocation methodology applied; and ➢ comparing the allocation methodology to our understanding of the business and the criteria in the accounting standards. • Understanding the processes the Group undertakes to assess the slow moving and obsolete inventory, including the Group's consideration of changes in market conditions, and its implications to the valuation of inventory. • Testing the Group's slow moving and obsolete inventory assessment at year end by: ➢ assessing its integrity by performing computation checks; ➢ identifying key data, such as the number of items on hand, the number of units sold during the year and recent selling prices, and compared to a sample of sales invoices; ➢ considering its sensitivity by varying key assumptions, such as the allowance percentages applied by product category; and ➢ challenging the Group's assumptions, such as the allowance percentages applied by product category, with reference to our understanding of the Group's business, the markets for the products and the nature of items sold. • Observing the condition of a sample of inventory at physical inventory counts. We traced the identification from the count to the accounting records as they enter into the inventory valuation. • Testing the Group's value ascribed to inventory, across various product and site categories, where net realisable value is lower than cost. This was performed on a sample basis by comparing the cost per unit in the general ledger with the latest selling price per unit obtained from the: ➢ approved pricing list; or ➢ recent selling prices from transactions subsequent to year end. • Assessing the appropriateness of the Group's policies for the valuation of inventory against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Reliance Worldwide Corporation Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors Report, Remuneration Report and Operating and Financial Review. The Chairman's Report and Chief Executive Officer's Report are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Reliance Worldwide Corporation Limited for the year ended 30 June 2020, complies with *Section 300A of the Corporations Act 2001.*

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001.*

Our responsibilities

We have audited the Remuneration Report included in the Directors' report exclusively within the section labelled "Remuneration Report", for the year ended 30 June 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards.*

KPMG

KPMG

Tony Romeo

Partner

Melbourne

24 August 2020

SHAREHOLDER INFORMATION

The information set out below was applicable at 25 August 2020.

Distribution of Equities – Ordinary Shares

Range	Total holders	Number of shares	% of issued shares
1 – 1,000	2,991	1,592,038	0.20
1,001 – 5,000	6,280	17,221,202	2.18
5,001 – 10,000	2,570	18,852,166	2.39
10,001 – 100,000	2,144	46,897,411	5.93
100,001 and over	99	705,531,948	89.30
Total	**14,084**	**790,094,765**	**100.00**

The number of shareholders holding less than a marketable parcel of shares was 282.

Largest Shareholders

The names of the 20 largest registered holders of ordinary shares are listed below.

Name	Number of shares held	% of issued shares
HSBC Custody Nominees (Australia) Limited	213,242,935	26.99
J P Morgan Nominees Australia Pty Limited	212,790,352	26.93
Citicorp Nominees Pty Limited	67,462,176	8.54
Bnp Paribas Nominees Pty Ltd	60,505,946	7.66
National Nominees Limited	55,254,577	6.99
BNP Paribas Noms Pty Ltd	25,910,519	3.28
Australian Foundation Investment Company Limited	12,613,279	1.60
Reliance Employee Share Investments Pty Limited	6,913,644	0.88
HSBC Custody Nominees (Australia) Limited	5,939,937	0.75
HSBC Custody Nominees (Australia) Limited	3,466,485	0.44
Netwealth Investments Limited	3,217,081	0.41
Sandhurst Trustees Ltd	3,071,760	0.39
Amp Life Limited	2,152,090	0.27
Citicorp Nominees Pty Limited	2,092,557	0.26
Peplon Nominees Pty Ltd	1,662,756	0.21
Mirrabooka Investments Limited	1,500,000	0.19
UBS Nominees Pty Ltd	1,480,380	0.19
BNP Paribas Nominees Pty Ltd	1,414,834	0.18
Mr Heath Sharp	1,204,041	0.15
HSBC Custody Nominees (Australia) Limited	1,186,201	0.15

Substantial Shareholders

The number of shares held by substantial shareholders at 25 August 2020 was:

Name	Number of shares held	%
Australian Super	86,100,059	10.90
Paradice Investment Management Pty Limited	55,258,706	6.99
BNP Paribas Nominees Pty Limited (as custodian for UniSuper Limited)	55,130,743	6.98
The Vanguard Group, Inc.	39,565,578	5.01

SHAREHOLDER INFORMATION

Buy-back

The Company does not have a current on-market buy-back.

Voting rights

Every shareholder present at a general meeting has one vote on a show of hands and one vote for every fully paid share held if a poll is conducted. Shareholders entitled to cast two or more votes may appoint up to two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific number or proportion of the shareholder's votes. If the appointment does not specify the proportion or number of votes that each proxy may exercise, each proxy may exercise half of the shareholder's votes.

Shareholder enquiries

Shareholders with enquiries about their shareholding should contact the Company's share registry:

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnson Street
Abbotsford Vic 3067

T: 1300 850 505 (within Australia)
T: +61 3 9415 4000 (international)

Please mail all share registry correspondence to:

Computershare Investor Services Pty Ltd
GPO Box 2975 Melbourne VIC 3001

Please include your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) in all correspondence to the share registry.

Change of address

It is important for shareholders to notify the share registry in writing promptly of any change of address. As an added security measure, please quote your Shareholder Reference Number and your old address.

Investor information

The Company maintains a website at www.rwc.com where company information is available and a service for any queries is provided. For further queries, please email the Company at investorrelations@rwc.com or call +61 3 8352 1400.

Stock Exchange listing

Reliance Worldwide Corporation Limited's ordinary shares are quoted on the Australian Securities Exchange under the code "RWC".

Annual General Meeting

Details of the Annual General Meeting of Reliance Worldwide Corporation Limited will be advised in the Notice of Meeting which will be despatched to shareholders.

CORPORATE DIRECTORY

Board of Directors

Stuart Crosby (Chairman)
Heath Sharp
Christine Bartlett
Russell Chenu
Ross Dobinson
Sharon McCrohan
Ian Rowden

Company Secretary

David Neufeld

Registered Office

28 Chapman Place
Eagle Farm, QLD 4009

T: +61 7 3018 3400
F: +61 7 3105 8130

Principal Place of Business

Level 26, 140 William Street
Melbourne, VIC 3000

T: +61 3 8352 1400
F: +61 3 8080 9128

Auditor

KPMG
Tower Two
Collins Square
727 Collins Street
Melbourne Vic 3008

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnson Street
Abbotsford Vic 3067

T: 1300 850 505 (within Australia)
T: +61 3 9415 4000 (international)

Please mail all share registry correspondence to:
Computershare Investor Services Pty Ltd
GPO Box 2975 Melbourne VIC 3001

Stock Exchange Listing

Reliance Worldwide Corporation Limited's shares are quoted on the Australian Securities Exchange.

Website address

www.rwc.com

Reliance Worldwide Corporation Limited
28 Chapman Place
Eagle Farm, QLD 4009

ACN 610 855 877