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ASX Announcement

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RWC REPORTS RESULTS FOR FINANCIAL YEAR ENDED 30 JUNE 2023

SALES RISE 6% TO US$1,243.8 MILLION

NET PROFIT AFTER TAX RISES 2% TO US$139.7 MILLION

Highlights:

- Net Sales growth of 6% to US$1,243.8 million over the prior corresponding period ("pcp")
    - **Americas** sales growth of 13% over pcp including full year contribution from EZ-Flo
    - **Asia Pacific** local currency sales down 4% on pcp, external sales down 1%
    - **EMEA** local currency sales up 3% overall, UK sales up 7%
- Adjusted EBITDA[1] of US$274.6 million, up 2% on pcp and up 5% in constant currency
- Adjusted Net Profit after Tax[1] of US$155.7 million, down 4% on pcp
- Cash Flow from Operations up 110% to US$292.7 million, net debt reduction of $116 million
- Final unfranked dividend of US5.0 cents per share resulting in full year dividend of US9.5 cents per share

Reliance Worldwide Corporation Limited (ASX: RWC) ("RWC" or "the Company") today announced Net Profit after Tax ("NPAT") of US$139.7 million for the financial year ended 30 June 2023 (up 2% on pcp) and Adjusted NPAT of US$155.7 million (down 4% on pcp).

Sales growth of 6% reflects a full year's contribution from EZ-Flo while the prior year only included a partial contribution from EZ-Flo which was acquired in November 2021. Constant currency sales were 9% higher than pcp. Sales growth was driven mainly by price increases introduced to offset higher costs, with average price increases of 6.5% achieved compared with the prior year.

Operating earnings (EBITDA) for the period were US$276.1 million, 7% higher than pcp. Results for the period included a US$15.0 million gain on sale of a surplus property in the UK, and costs of US$13.5 million incurred in the realisation of EZ-Flo cost synergies, restructuring and other one-off charges. Excluding these items, Adjusted EBITDA was US$274.6 million, 2% higher than pcp and up 5% on pcp in constant currency.

Operating (EBITDA) margins were impacted by lower volumes and higher costs. Second half margins were higher than for the first half of FY23 as the benefits of lower input costs and cost reduction measures positively impacted earnings. Cost savings of US$18.3 million were achieved in the year, driven by continuous improvement initiatives across all three regions, the realisation of EZ-Flo cost synergies, and initial savings from a US$15 million cost reduction program that commenced in the second half of FY23.

Cashflow from operating activities increased 110% to US$292.7 million, and operating cash flow conversion was 107% of EBITDA versus 52% in the pcp. The strong cash result was driven by an improved trading performance and a decrease in working capital mainly as a result of reductions in inventory.

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

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RWC Chief Executive Officer Heath Sharp said the company's performance had been resilient despite challenging economic conditions.

"Our core business is oriented towards the more defensive repair and remodel work, and so our volumes have held up well. While we have seen demand moderate in each of our markets following two exceptionally strong years, our strong brands and execution have allowed us to out-perform the broader market."

America's sales were up 13% reflecting a full year's contribution from EZ-Flo versus 7.5 month's contribution in FY22. Excluding EZ-Flo, sales were up 4%.

In EMEA, local currency sales were up 3%. The UK market held up well despite a subdued economic backdrop, with plumbing and heating sales up 12%, and 7% growth in overall UK sales. Continental Europe sales were 5% lower than the prior period.

Asia Pacific external sales were down 1%. The Australian market slowed in the second half, with a 21% decline in new home starts negatively impacting sales.

Heath Sharp said highlights of the year were how well sales held up across RWC's three regions, the exceptionally strong cash flow performance, and the launch of two new product ranges in the Americas.

"The sales results in each of our markets represented out-performance by RWC compared with end-markets more broadly. Our business has held up well in the face of significant changes in sentiment brought about by higher inflation and steep interest rate increases. This strong performance also was evident in cash generation, with operating cash flow more than doubling on last year.

"The launch of the SharkBite Max and PEXa pipe and expansion fitting ranges in the Americas was a key product development for us in FY23. These new products will help to drive further growth in the future.

"In FY24, we expect our core repair and remodel business to remain solid, but total demand to be lower due to a downturn in sentiment impacting larger remodel projects. Despite expecting lower sales, we are targeting to maintain operating margins through cost efficiencies and pricing actions. We are also focusing on maintaining strong cash flow. Our priority is to ensure RWC is strongly positioned for when markets start to recover," Mr Sharp said.

Additional information

Please refer to the Appendix 4E, 2023 Annual Report and presentation slides released today for additional information and analysis. These documents should be read in conjunction with this and each other document.

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This document was approved for release by the Board.