ASX Announcement

27 August 2019

RWC ANNOUNCES RECORD REVENUE AND EARNINGS FOR FY2019

Results in line with guidance provided in May 2019
Reported net profit after tax up 102% to $133 million
Results reflect first full year contribution from John Guest and continued growth in the Americas 1
Successful integration of John Guest with expected first year earnings and synergy benefits achieved
Strong earnings accretion with Adjusted EPS growth of 23% following John Guest acquisition
Fully franked final dividend of 5.0 cents per share, total dividends for FY2019 of 9.0 cents per share, up 38%
Continued investment in new product development and commercialisation

Reliance Worldwide Corporation Limited (ASX: RWC) ("RWC" or "the Company") has today announced its consolidated results for the financial year ended 30 June 2019. The results delivered record revenue and earnings and include the first full year contribution from the John Guest business following the acquisition which completed in June 2018.

KEY HIGHLIGHTS

REVENUE

- Reported net sales were $1,104.0 million, up 43% on the year ended 30 June 2018 ("prior year") and include the first full year contribution from the John Guest business.
- Core RWC net sales (excluding John Guest) were $782.9 million, up 5% on the prior year. Underlying growth on a constant currency basis after adjusting for one-off items in both years was 5%. The increase was driven by underlying sales growth in the Americas of 8%.

1 The Group completed the acquisition of John Guest on 13 June 2018. The acquisition date for accounting purposes is taken to be 23 May 2018 and financial results for FY2018 include a contribution from the John Guest business from that date.
- John Guest net sales for the year were $321.1 million, up 8% on the prior year. Excluding the impact of foreign exchange rate movements and the planned lower sales to the automotive sector, John Guest net sales were up 6% on the prior year.
- Second half trading performance was in line with guidance provided in May 2019.

**EARNINGS**
- Reported net profit before tax of $176.7 million, up 78% on the prior year.
- Adjusted net profit before tax of $201.2 million, up 63% on the prior year.
- Reported net profit after tax of $133.0 million, up 102% on the prior year.
- Adjusted net profit after tax of $152.0 million, up 80% on the prior year.
- Reported earnings per share of 17.0 cents, up 38% on the prior year.
- Adjusted earnings per share of 19.4 cents, up 23% on the prior year.
- Reported EBITDA of $242.5 million, up 79% on the prior year.
- Adjusted EBITDA (as defined below) of $263.2 million, up 66% on the prior year.

**OTHER HIGHLIGHTS**
- Fully franked final dividend of $39.5 million, being 5.0 cents per share. Total dividends for FY2019 of $71.1 million, being 9.0 cents per share (FY2018: $42.1 million, being 6.5 cents per share).
- Successful integration of John Guest with synergies realised in the year of $14.2 million, ahead of the $10 million target (prior to one-off integration costs incurred). Synergies achieved by the end of FY2019 exceeded $20 million per annum on a run rate basis (excluding one-off integration costs). Total annual synergies realisation still expected to exceed $30 million on a run rate basis by the end of FY2020.
- Strong earnings accretion with Adjusted EPS growth of 23% following the John Guest acquisition.

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2 For John Guest, the prior year results are pro forma for the year ended 30 June 2018 and substantially for an 11-month period prior to RWC’s ownership.
3 As previously signalled, John Guest is no longer pursuing growth in the Automotive sector following structural changes in that industry. This was a decision taken under John Guest’s previous ownership and is supported by RWC.
4 Comparative numbers reflect that FY2018 post acquisition contribution from John Guest ($7.8 million) is no longer reported as a reconciling item between Reported EBITDA and Adjusted EBITDA or Reported NPAT and Adjusted NPAT.
5 Adjusted NPAT and Adjusted EBITDA are non-IFRS measures used by the Company to assess operating performance.
6 EBITDA means Earnings before interest, tax, depreciation and amortisation.
## OPERATING AND FINANCIAL REVIEW

An overview of RWC’s business activities is provided in Appendix 1.

### Review of results for the financial year

<table>
<thead>
<tr>
<th>Year ended:</th>
<th>30 June 2019 ($ million)</th>
<th>30 June 2018 ($ million)</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>1,104.0</td>
<td>769.4</td>
<td>43%</td>
</tr>
<tr>
<td>Net sales – excluding John Guest</td>
<td>782.9</td>
<td>744.6</td>
<td>5%</td>
</tr>
<tr>
<td>Net sales – John Guest</td>
<td>321.1</td>
<td>24.8</td>
<td>n/m</td>
</tr>
<tr>
<td><strong>Reported EBITDA</strong></td>
<td>242.5</td>
<td>135.4</td>
<td>79%</td>
</tr>
<tr>
<td>Adjusted for one-time items:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>John Guest integration/synergies costs expensed</td>
<td>17.4</td>
<td>-</td>
<td>n/m</td>
</tr>
<tr>
<td>John Guest transaction costs expensed</td>
<td>-</td>
<td>20.5</td>
<td>n/m</td>
</tr>
<tr>
<td>John Guest fair value inventory unwind</td>
<td>2.4</td>
<td>2.8</td>
<td>n/m</td>
</tr>
<tr>
<td>Impact of adopting new revenue accounting standard AASB 15</td>
<td>0.9</td>
<td>-</td>
<td>n/m</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>263.2</td>
<td>158.7</td>
<td>66%</td>
</tr>
<tr>
<td>Adjusted EBITDA – excluding John Guest</td>
<td>143.9</td>
<td>150.9</td>
<td>(5%)</td>
</tr>
<tr>
<td>Adjusted EBITDA – John Guest</td>
<td>119.3</td>
<td>7.8</td>
<td>n/m</td>
</tr>
<tr>
<td><strong>Reported net profit after tax</strong></td>
<td>133.0</td>
<td>66.0</td>
<td>102%</td>
</tr>
<tr>
<td>Adjusted net profit after tax</td>
<td>152.0</td>
<td>84.6</td>
<td>80%</td>
</tr>
<tr>
<td>Basic earnings per share</td>
<td>17.0 cents</td>
<td>12.3 cents</td>
<td>38%</td>
</tr>
<tr>
<td>Adjusted earnings per share</td>
<td>19.4 cents</td>
<td>15.8 cents</td>
<td>23%</td>
</tr>
</tbody>
</table>

*n / m = not meaningful

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7 The Operating and Financial Review forms part of and should be read in conjunction with, the statutory Directors’ Report for the financial year ended 30 June 2019.

8 The Group completed the acquisition of John Guest on 13 June 2018. The acquisition date for accounting purposes is taken to be 23 May 2018 and financial results for FY2018 included a contribution from the John Guest business from that date.

9 Refer to Appendix 2 for a reconciliation of Reported Net Profit after Tax to Adjusted Net Profit after Tax.
Net sales for the year ended 30 June 2019 of $1,104.0 million were 43.5% higher than the prior year. Reported EBITDA for the year was $242.5 million, an increase of 79.1% on the prior year. These increases reflect the first full year contribution from John Guest.

Core RWC net sales (excluding John Guest) were $782.9 million, 5.1% higher than for the prior year, driven by 8.6% growth in net sales in the Americas segment. Net sales of John Guest products were $321.1 million, up 8.2% on the prior year.

Results for the year were also impacted by favourable foreign exchange movements for translation purposes, primarily a weaker Australian dollar versus the US dollar. Excluding the impact of the favourable translational foreign exchange movement during the year, prior year one-off items (particularly Lowe’s inventory load-in and USA freeze impacts) and John Guest sales, underlying net sales growth in the core RWC business was 5.4%. Underlying sales for John Guest, excluding the impact of foreign currency movements and the planned wind down of the automotive business, grew 6.2% year on year.

The John Guest business has been successfully integrated with RWC’s operations. The strength of the John Guest business in terms of end-user connections, distribution partner relationships and engineering capabilities was demonstrated throughout its first year of RWC ownership and reflected in its performance. The long-term growth potential of the business and the revenue synergy opportunities continue to support the strategic rationale for the acquisition.

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10 Volume one-offs in FY2018 included Lowe’s load in, USA freeze impacts, sales to John Guest prior to RWC ownership and discontinued product lines in the UK; in FY2019 the volume one-offs were discontinued product lines in the UK.
EBITDA for the year, adjusted for the following items, was $263.2 million ("Adjusted EBITDA"), an increase of 65.8% on the prior year. Adjusted EBITDA includes John Guest related synergies of $14.2 million achieved during the period and excludes the following items: $17.4 million of one-time integration costs incurred, a $2.4 million expense related to finalising the unwinding of a fair value adjustment made at acquisition date to John Guest inventory and a $0.9 million EBITDA impact resulting from the timing of revenue recognition following adoption of new accounting standard AASB 15.

Adjusted EBITDA of $263.2 million reflects primarily:

- Growth in net sales as described above ($94 million).
- A positive impact from John Guest related synergies achieved ($14 million).
- A net favourable impact from currency movements ($9 million).
- A negative impact on Cost of Goods Sold from net higher input costs, principally driven by higher copper costs (in the form of brass bar) which flowed through the supply chain to production and wage inflation ($7 million).
- A negative impact from one-off supplier issues experienced in the Americas in the first half; these were resolved in the first half with no material second half impact ($3 million).
- A net favourable impact from the absence of a one-time charge incurred in FY2018 resulting from reclassification of categories for products imported to the USA in FY2018 and prior years, partly offset by higher tariff costs in FY2019 on products imported from China to the USA that were not fully offset during the year ($2 million).
- The cost of continuing investment into research, development and commercialisation of new products (including Streamlabs and associated Smart Plumbing products, water quality products and core plumbing and heating products of RWC, Holdrite and John Guest) and general management depth and capability ($5 million).

Reported net profit after tax ("NPAT") was $133.0 million, an increase of 102% on the prior year. The result was driven by:

- The impacts on Reported EBITDA described above.
- A higher net interest expense principally as a result of increased borrowings which partially funded the acquisition of John Guest in June 2018.
- A lower effective income tax rate which reflects the changed geographic mix of earnings following recent acquisitions with a higher proportion of earnings now achieved in countries with lower taxation rates than Australia.

Adjusted net profit after tax ("Adjusted NPAT") was $152.0 million, an increase of 80% on the prior year. Adjusted NPAT reflects the effect of the Adjusted EBITDA (which, in FY2019, adjusts Reported EBITDA for one-time John Guest integration costs, fair value inventory unwind and the impact of the new AASB15 revenue accounting standard).
The Americas segment recorded continued sales growth. Reported net sales for the year were $653.9 million, an increase of 16.8% on the prior year. Excluding John Guest, net sales were $604.2 million, an increase of 8.6% on the comparative period.

Reported net sales in the year also included the positive foreign exchange translation impacts of the lower Australian dollar relative to the US dollar. The prior year included the positive impact of the one-time rollout of stock to the second half of the Lowe’s stores as well as a freeze event. Adjusting for these items and movements in foreign exchange rates, underlying net sales growth in the Americas was 8.3%.

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**Segement Review**

**America**

<table>
<thead>
<tr>
<th>Year ended:</th>
<th>30 June 2019 (A$ million)</th>
<th>30 June 2018&lt;sup&gt;11&lt;/sup&gt; (A$ million)</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales&lt;sup&gt;12&lt;/sup&gt;</td>
<td>653.9</td>
<td>559.7</td>
<td>17%</td>
</tr>
<tr>
<td>Net sales – excluding John Guest</td>
<td>604.2</td>
<td>556.2</td>
<td>9%</td>
</tr>
<tr>
<td>Net sales - John Guest</td>
<td>49.7</td>
<td>3.5</td>
<td>n/m</td>
</tr>
<tr>
<td>Reported Segment EBITDA</td>
<td>102.5</td>
<td>95.4</td>
<td>7%</td>
</tr>
<tr>
<td>Margin</td>
<td>15.7%</td>
<td>17.1%</td>
<td>(140bps)</td>
</tr>
<tr>
<td>Adjusted Segment EBITDA</td>
<td>105.3</td>
<td>96.0</td>
<td>10%</td>
</tr>
<tr>
<td>Adjusted Margin</td>
<td>16.1%</td>
<td>17.2%</td>
<td>(110bps)</td>
</tr>
<tr>
<td>Adjusted Segment EBITDA – excluding John Guest</td>
<td>96.5</td>
<td>96.0</td>
<td>1%</td>
</tr>
<tr>
<td>Adjusted Segment EBITDA - John Guest</td>
<td>8.8</td>
<td>0</td>
<td>n/m</td>
</tr>
</tbody>
</table>

<sup>11</sup> The Group completed the acquisition of John Guest on 13 June 2018. The acquisition date for accounting purposes is taken to be 23 May 2018 and financial results for FY2018 include a contribution from the John Guest business from that date.

<sup>12</sup> Prior to elimination of inter-segment sales.
Growth in net sales in the Americas segment was driven by continued end user demand for RWC’s products including core SharkBite brass PTC fittings and accessories which continue to benefit from ongoing conversion of plumbers away from using traditional fittings systems. Growth was also supported by an expanded range of products sold to The Home Depot in Canada, including PEX pipe and crimp fittings, ensuring these outlets now offer the full SharkBite solution. Continued penetration into the residential new construction and remodel markets through Holdrite, EvoPEX and other RWC residential plumbing products also contributed to growth.

Holdrite products continued to perform well within the commercial new construction market with revenue synergies achieved through leveraging RWC distribution relationships to expand Holdrite’s product offering. Holdrite’s well-established position with end users in the commercial sector is allowing RWC to sell additional products into that market with considerable further potential.

John Guest sales on a pro forma basis rose 9.2% after adjusting for sales to the automotive sector which declined in accordance with the planned withdrawal from this market.

Three issues negatively impacted net sales in the second half of FY2019. The first was that a freeze event was not experienced in the southern parts of the USA. It is estimated that the lack of a freeze event reduced net sales by between $12 million and $15 million in FY2019.

13 Volume one-offs in FY2018 included Lowe’s load in and USA freeze impacts.
Additionally, the second half was impacted by distributors working through the overstock of inventory from the first half, which had been built up in anticipation of a freeze event with a pull-forward of orders into the first half. Third, growth in the remodel and new housing construction markets also slowed in the second half with market conditions generally softer in the April to June quarter.

Reported EBITDA for the Americas segment was $102.5 million, 7.4% above the prior year, while Adjusted EBITDA was $105.3 million, excluding $2.8 million of integration costs and purchase price accounting impacts, which was 9.7% ahead of the prior year.

Adjusted EBITDA margin was 16.1%, compared with 17.2% in the previous year. The result reflects the net impact of:

- Growth in net sales as described above, including John Guest net sales for the entire year.
- Favourable impact of foreign exchange rates on translation of revenues and earnings.
- Positive impact of John Guest related synergies.
- Net negative raw material inflation primarily related to higher copper costs in the year partly offset by lower resin costs.
- Increased investment in the long-term growth of the business, primarily new product development and commercialisation costs.
- A net favourable impact from the absence of a one-time charge incurred in FY2018 resulting from reclassification of categories for products imported to the USA in FY2018 and prior years, partly offset by higher tariff costs in FY2019 on products imported from China to the USA that were not fully offset during the year.
Asia Pacific recorded net sales of $249.1 million, an increase of 7.4% on the prior year, reflecting the first full year contribution from John Guest product sales partially offset by weakness in the Australian new residential construction markets.

Sales to the Americas segment grew by 2.0%, a lower growth rate than in previous years due to the expansion of production capacity in the USA.

External sales were down 3.3%, having been negatively affected by weaker sales into the new housing construction market in Australia partly offset by modest growth in the rest of the Asia Pacific region. Reported sales also reflect the timing impact from a change in revenue recognition that reduced sales by $1.8 million following adoption of the new accounting standard for revenue recognition (AASB 15).

New housing commencements in Australia declined 7% in the twelve months ended 31 March 2019 and, for the quarter ended 31 March 2019, were 26% below the prior corresponding period overall with the multi-family sector down 42%.16 While Asia Pacific accounts for only 13% of external net sales, approximately half of these external net sales are made in the more cyclical new residential construction market. Moreover, most of those sales are to the multi-family segment of the market. As a result, external net sales in Australia for FY2019 were $4.7 million lower than prior year.

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14 The Group completed the acquisition of John Guest on 13 June 2018. The acquisition date for accounting purposes is taken to be 23 May 2018 and financial results for FY2018 include a contribution from the John Guest business from that date.

15 Prior to elimination of inter-segment sales.

16 Source: Australian Bureau of Statistics.
The full year results for Asia Pacific were also impacted by delays in the release of two new product ranges which had been scheduled to be launched into the Australian market in the first half of FY2019. While the issues related to the release of those new products were resolved and the products have now been launched, the lack of revenue from this source meant that the headwinds from lower new construction activity could not be fully offset.

John Guest sales in Asia Pacific performed well and were in line with expectations for the year. Asia Pacific reported EBITDA contribution for the year was $48.1 million, a decrease of 8% on the prior year, while Adjusted EBITDA was $50.0 million or 5% below the prior year, reflecting lower external sales. Segment EBITDA was also impacted by higher input costs, including wage and energy inflation, partly offset by lower SG&A expense.

The ERP rollout was completed in March, with Asia Pacific now on the same platform as the Americas segment.

**EUROPE, MIDDLE EAST AND AFRICA (“EMEA”)**

<table>
<thead>
<tr>
<th>Year ended:</th>
<th>30 June 2019 (A$ million)</th>
<th>30 June 2018(^{17}) (A$ million)</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong>(^{18})</td>
<td>360.9</td>
<td>81.1</td>
<td>345%</td>
</tr>
<tr>
<td>Net sales – excluding John Guest</td>
<td>60.1</td>
<td>60.9</td>
<td>(1%)</td>
</tr>
<tr>
<td>Net sales - John Guest</td>
<td>300.8</td>
<td>20.2</td>
<td>n/m</td>
</tr>
<tr>
<td><strong>Reported Segment EBITDA</strong></td>
<td>95.8</td>
<td>8.3</td>
<td>n/m</td>
</tr>
<tr>
<td><strong>Margin</strong></td>
<td>26.5%</td>
<td>10.2%</td>
<td>n/m</td>
</tr>
<tr>
<td><strong>Adjusted Segment EBITDA</strong></td>
<td>109.4</td>
<td>10.1</td>
<td>n/m</td>
</tr>
<tr>
<td><strong>Adjusted Margin</strong></td>
<td>30.3%</td>
<td>12.4%</td>
<td>n/m</td>
</tr>
<tr>
<td>Adjusted Segment EBITDA – excluding John Guest</td>
<td>1.8</td>
<td>2.6</td>
<td>(31%)</td>
</tr>
<tr>
<td>Adjusted Segment EBITDA - John Guest</td>
<td>107.6</td>
<td>7.5</td>
<td>n/m</td>
</tr>
</tbody>
</table>

EMEA delivered strong growth led by the first full year inclusion of John Guest. The John Guest business achieved annual net sales growth in FY2019 anticipated at the time of acquisition.

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\(^{17}\) The Group completed the acquisition of John Guest on 13 June 2018. The acquisition date for accounting purposes is taken to be 23 May 2018 and financial results for FY2018 include a contribution from the John Guest business from that date.

\(^{18}\) Prior to elimination of inter-segment sales.
Net sales in EMEA were $360.9 million, including $300.8 million from John Guest products. Sales growth was driven by increases in core UK plumbing and heating volumes, price rises and stronger Fluid Technology PTC (“FluidTech”) sales in Continental Europe. Overall John Guest sales in EMEA grew 13.4%, including the impact of favourable foreign currency translation. On a constant currency basis and excluding the impact of planned lower sales to the automotive sector, external sales grew 6.9%.

Net sales of core RWC products in the UK grew by 3.0% after normalising both FY2018 and FY2019 sales for discontinued product lines. Reported net sales from core RWC products were $60.1 million, down 1.3% on the prior year. Sales of these products in the UK were negatively impacted by a decision to exit certain product lines previously sold by the core RWC business, in particular thermal interface units, in order to focus resources on more attractive growth opportunities identified for the expanded RWC/John Guest combined group.

The RWC Spain business, which supplies PEXa pipe and related plastic fittings, increased sales but did not achieve the growth anticipated for FY2019, reflecting lower than expected levels of demand across continental Europe as well as intense competition from larger players.

Adjusted EBITDA contribution was $109.4 million, with the contribution from John Guest ahead of expectations. Realised synergies achieved in the period following the John Guest acquisition totalled $14.2 million, of which $11.4 million were attributable to EMEA.

John Guest Integration

The integration of the John Guest business was substantially completed during the year. From an organisational perspective, a critical undertaking has been the cultural integration of John Guest and RWC, with the two organisations having previously had different approaches and ways of working. A range of initiatives to drive a shared culture built around collaboration and accountability were successfully introduced during the year with a high level of engagement from John Guest employees.

Beyond this, our focus was on delivering on four priorities:

- Improved delivery performance and reduced back orders for John Guest.
- Completion of the integration of RWC UK into John Guest UK and John Guest USA into RWC USA.
- Achieving near term synergies and pursuing general cost savings.
- Setting up for longer term revenue synergies.

Details of those four priorities and their implementation are described as follows:
Improve delivery performance and reduce back orders

A key opportunity identified at the time of due diligence was to lift customer service and bring down arrears in delivery of orders. We approached this proactively and have seen significant progress with order arrears down 75% from a year ago. Progress was achieved through the addition of new management personnel coupled with resources from the broader RWC business and higher stock levels. These actions have been well received by our distribution partners. There remains further opportunity to improve performance in this area to make John Guest easier to do business with and achieve RWC benchmark performance levels. This includes enhancing sales and operations planning processes, articulating and delivering against a clear customer service proposition and lifting total output from the existing manufacturing footprint.

Complete the integration of RWC UK into John Guest UK and John Guest USA into RWC USA

Integration of the RWC and John Guest UK businesses was essentially completed during the year. Management of RWC branded product sales through the John Guest UK operations and sales teams went live in the first half as did the management of all back office and support activities. Over the same time, the integration of the RWC and John Guest USA businesses was completed, including the merger of all selling and marketing activities and the move into a new warehouse in New Jersey. John Guest USA was successfully transitioned to RWC’s ERP platform. A project to migrate John Guest UK onto this platform has commenced with completion targeted for the second half of FY2020.

Achieve near term synergies and pursue general cost savings

Synergies realised for the year were $14.2 million, ahead of the initial target of $10.0 million. Synergies achieved by the end of FY2019 exceeded $20 million per annum on a run rate basis (excluding one-off integration costs). The most significant of these has been the savings achieved both in the UK and in the USA by combining administrative and support activities and driving greater efficiencies in the John Guest operations and support functions. The cost of achieving these synergies was $17.4 million, higher than the previously forecast level of $10.0 million as a result of a decision to accelerate the achievement of additional synergies. The focus going forward continues to be on activities to achieve synergies, cost savings and customer service improvement. Further opportunities around procurement and leveraging combined operational expertise are being pursued. Total annual synergies realisation is still expected to exceed $30 million on a run rate basis by the end of FY2020.

Set-up for longer term revenue synergies

Revenue synergies remain a key part of the opportunity from the John Guest acquisition. The John Guest sales team in the UK has begun to gain additional sales from the RWC catalogue. A new product range which integrates RWC valves with John Guest’s Speedfit connections is scheduled to launch in the first half of calendar 2020. The FluidTech fittings will continue to drive growth in Continental Europe in the water quality and beverage dispense markets and are also an important growth opportunity in the USA and Canada where we can leverage the Americas strong distribution network. In addition, John Guest’s ProLock plastic PTC fittings will be launched into the Mexico market in coming months.
Potential Impacts of Brexit

An updated assessment of the potential consequences that Brexit could have upon RWC’s EMEA business is set out in Appendix 3.

GROUP PERFORMANCE REVIEW

DIVIDEND

A fully franked final dividend of 5.0 cents per share has been declared. Total dividends declared for the year ended 30 June 2019 are 9.0 cents per share totalling $71.1 million which represents 53.5% of NPAT. This is within the targeted pay-out range of 40% to 60% of annual NPAT. Total dividends declared for FY2019 of 9.0 cents per share are 38.5% higher than the 6.5 cents per share declared in FY2018.

<table>
<thead>
<tr>
<th></th>
<th>Year ended 30 June 2019</th>
<th>Year ended 30 June 2018</th>
<th>Year ended 30 June 2019 Franked amount</th>
<th>Year ended 30 June 2018 Franked amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim(^{19})</td>
<td>4.0cps</td>
<td>3.5cps</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Final(^{19})</td>
<td>5.0cps</td>
<td>3.0cps</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Amount payable or paid</td>
<td>$71.1m</td>
<td>$42.1m</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The record date for entitlement to the final dividend is 11 September 2019. The payment date is 11 October 2019.

Future dividends are likely to be only partly franked given the change in the geographic mix of earnings following recent acquisitions. It is currently expected that future dividends will be less than 50% franked.

HEALTH AND SAFETY

RWC 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 company’s safety performance remains the highest priority and is regularly reviewed by management and the Board.

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\(^{19}\) Dividend per share calculated on 790,094,765 issued ordinary shares except for FY2018 interim dividend which is calculated on 525,000,000 issued ordinary shares.
During FY2019, we augmented the strength of our Group Operations team, with a clear remit on safety. We also added dedicated safety personnel in each division, significantly increasing our experience and expertise in this critical area. Further enhancements were made to our health and safety management approach with a priority being to bring John Guest on to the same reporting platform as RWC. This is allowing safety monitoring to be done in a uniform manner across the group.

Actions to further deliver improvements in health and safety performance in FY2020 include increased safety leadership training, the implementation of near-miss and hazard reporting (an important leading indicator), development of higher standards for incident investigation and communication and the establishment of employee safety committees.

For the year ended 30 June 2019, RWC had a reportable incident rate of 1.17 per 100 employees compared with 2.4 in the prior year.

**CAPITAL EXPENDITURE**

Capital expenditure payments on property, plant, equipment, intellectual property and other intangibles acquired during the year totalled $69.6 million, including $8.2 million to repair the roof of a manufacturing facility in Cullman, Alabama that received severe hail damage in FY2018 and for which we previously received insurance proceeds. Excluding that amount, capital expenditure in the period was $61.5 million, representing 5.6% of net sales, compared with $38.5 million in the prior year (5.0% of net sales). Of this amount, $45.3 million was growth expenditure (including $4.3 million on intellectual property acquired during the year) and $4.8 million for equipment maintenance expenditure. In addition, $11.4 million was spent on long term IT projects with the most significant of these being the replacement ERP system in Asia Pacific.

**CASH FLOW**

Reported net cash inflow from operating activities for the year was $136.0 million ($80.1 million in the prior year). Cash flow from operations, before John Guest-related non-recurring integration payments and tax paid, was $178.9 million, an increase of 43% on the prior year. Working capital growth impacted operating cash flow conversion\(^{20}\) for the year (73.8% versus 92.2% in the prior year, with 90% conversion in the second half of FY2019). Working capital movements reflect:

- Inventory increases to support growth.
- Planned inventory adjustments to improve service levels to John Guest customers.
- Additional inventory levels to mitigate potential Brexit risks.
- The expiry of a one-off payment terms incentive which impacted accounts receivable.
- Changes in payment terms to a supplier in exchange for a price reduction which impacted accounts payable.

\(^{20}\) FY19: Cash flow from operations to Reported EBITDA of $242.5 million.
**BALANCE SHEET**

RWC continues to maintain a sound balance sheet and conservative financial position. Net debt at 30 June 2019 was $426.6 million (30 June 2018 - $388.0 million). The dollar increase over 30 June 2018 mainly reflects net additional borrowings to fund growth in business activities, including the capital expenditure and working capital changes referred to above. Net debt to EBITDA excluding acquisition transaction costs and costs to achieve synergies was 1.67 times at 30 June 2019.

**STRATEGY**

*RWC’s business fundamentals are stronger than ever*

The fundamentals of RWC’s business are sound. Today we have solid core businesses in our two most important sales markets of the USA and UK. Compared with three years ago, we also have 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 core businesses continue to have significant potential*

The core revenue driver of the RWC business continues to be the repair, maintenance and remodel sectors in North America and the UK. More than 85% of core SharkBite fittings and accessories sales in the USA are in the repair and maintenance segment. This has been successfully augmented in the UK with the JG Speedfit plastic PTC fittings which are also primarily directed to the repair and maintenance market. About 65% of John Guest sales are into that market segment. These fittings are supported by a range of accessories and complementary pipe, valve and control products.

SharkBite brass PTC products, especially in North America, are still a leading opportunity. While SharkBite in North America now represents a smaller proportion of our business as RWC has expanded, it nonetheless remains core and provides a solid foundation for ongoing above market growth at attractive margins. With SharkBite’s market strength, scale and value proposition, there continues to be a long runway of opportunity to achieve above market growth.

This has been reinforced by the experience of John Guest’s Speedfit product in the UK where users continue to be converted from metal fittings to plastic PTC. Despite launching the Speedfit fitting 25 years ago, metal fittings still outsell plastic PTC on a unit basis. We continue to augment the growth of our business through conversion from these traditional fittings methods. This bodes well for the Speedfit business in the UK, but also confirms our positive outlook in North America for SharkBite PTC.
In Europe, we now have a business with the critical mass to deliver strong earnings and a platform for growth. Growing the FluidTech business is an immediate revenue opportunity while in the medium term developing the appropriate strategy for plumbing and heating, based on RWC’s products and experience and relationships from RWC will be a priority. Longer term, we will look to fully leverage relationships with end users in the UK. We have real opportunities to expand further into residential new construction, commercial pipe fittings and commercial valves.

**We are excited by the future potential we see in product extensions and new product areas**

We continue to be optimistic about the future of our core businesses, while at the same time excited by the growth opportunities we see beyond these. In North America, Holdrite’s product suite is taking us into residential and commercial new construction. Through John Guest FluidTech fittings we have gained access to new channels and new OEM opportunities, with the ability to leverage volume through our existing distribution base from new product development and M&A. The network we now have across the UK makes any future bolt‐on acquisitions more attractive and more strongly accretive.

Looking even further into the future, we are very excited about the smart plumbing opportunities with Streamlabs. We firmly believe that plumbing systems will be fully connected in the next several years. We are at the forefront of this led by the Streamlabs leak detection and usage‐monitoring products, which are gaining traction. Perhaps, more importantly, we have developed the platform for a smart plumbing system that will ultimately lay across our full product offering, from meter to fixture, and floor to ceiling.

**We are investing in new product development and commercialisation to realise the potential from these new growth areas**

In order to realise the potential of new products and product extensions, we are increasing our investment in new product development and commercialisation. Research and development has been central to RWC’s success and this is continuing. As we penetrate new markets – commercial construction, residential new construction, smart plumbing solutions – we are needing to invest in sales and marketing capability and in new areas such as application development. With commercialisation of new products becoming increasingly costly, particularly for entirely new product categories, we will also look to invest through M&A where we can acquire products that add to RWC’s range.

**We are also investing in organisational capability to deliver on this potential**

Delivering on these opportunities will only be achieved through the strength of our team. We are making a deliberate investment in people and capability in order to realise the potential from our existing business and future product development. This investment is being made across three broad areas:

- We have invested in organisational capability around new product development and commercialisation, which are critical skill sets required for our future growth.
• We have invested in capability to drive operational performance improvements across the business, with senior people recruited to lead disciplines around procurement, manufacturing operations efficiency, supply chain and distribution logistics. We see continuing opportunity to lower operating and manufacturing costs to ensure we remain cost competitive. This will be an area of focus in FY2020.

• We have recently invested resources in core capabilities including operational improvement, legal, finance, technology, commercialisation and business intelligence. The investment we have made has resulted in a step change in the level of group cost but has provided RWC with the right level of support in these areas for a public company of our size and breadth. We do not foresee any significant further cost growth in this area beyond FY2020.

FY2020 OUTLOOK

For FY2020, we expect to achieve sales growth above that of the broader markets in which we operate. Historically, RWC has achieved sales growth in excess of market growth through a combination of acquisitions, market share gains, conversion of end users from traditional methods to RWC’s products and systems, distribution expansion, price and commercialisation of new products.

RWC will continue to pursue above market growth through all of these means where applicable, understanding that not each growth lever is available in all markets every year. Commentary on the outlook for each of RWC’s regions is provided below with specific reference to those levers expected to be of most significance in delivering FY2020 performance.

With respect to operating margins, RWC aims to use continuous improvement in its operations to offset cost inflation, with price gains, where and when achievable, expected to contribute to EBITDA margin enhancement. We expect EBITDA margin expansion to be achieved over time through fixed cost leverage.

Realised margin expansion in FY2020 will be partly offset by investment in new product development and commercialisation. This investment supports RWC’s longer term strategy, which is centred on growth through product innovation and leveraging its powerful distribution networks and strong brands to drive conversion and share gains in targeted product categories.

AMERICAS

• **Macro-economic outlook:** conditions in the Americas are expected to be generally positive across RWC’s key segments, with modest growth in residential new construction and continued growth in remodel activity levels, albeit at slightly lower levels than in recent years. Ageing housing stock and the rising value of homes along with increasing frequency of bath and kitchen renovations driven by fashion and design changes should continue to underpin volume growth.
• **Conversion**: the long-term growth potential of SharkBite PTC through the conversion of plumbers from more traditional fittings systems to RWC’s more efficient, time saving methods remains sound. The demographic trend towards fewer skilled plumbers also supports this view. We believe increased conversion applies not just to SharkBite but to a broad range of RWC products including Holdrite installation systems and John Guest FluidTech.

• **Product**: we will continue to optimise and leverage new and previously acquired product lines through RWC’s distribution network and will prioritise extending the market penetration of recently launched products including: StreamLabs, ProLock (John Guest), Firestop, Holdrite’s pipe support products and EvoPEX.

• **Distribution**: RWC products are available at more than 23,000 outlets across North America. Beyond supporting our existing customers and pursuing additional opportunities with expanded product ranges and new product categories, two market segments will be more directly targeted in FY2020 through investment in sales force and marketing: commercial new construction and residential remodelling. New distributor arrangements in Mexico will also be leveraged in FY2020 particularly for ProLock and EvoPEX pipe and fittings.

• One of RWC’s USA wholesale distributors is expanding its own-brand or private-label strategy. RWC understands that this move will include certain RWC SharkBite branded items. While affected stores cannot obtain SharkBite through their distribution centres, they are able to purchase those items directly from RWC and we will continue to actively support those stores with their existing SharkBite business. In addition, RWC expects that over time much of the revenue will shift to other distributors as end-use professional plumbers look specifically for SharkBite when they purchase push-to-connect fittings. Consequently, the net impact of this move is expected to be significantly less than one per cent of total group sales revenue.

**ASIA PACIFIC**

• **Macro-economic / market conditions**: Australian new housing construction is expected to continue at lower levels than in recent years with the risk of further decline, particularly in the multi-family segment.

• **Conversion**: Asia Pacific’s primary focus will be on maintaining key supplier status for Control Valves and PEX systems, maintaining market leading customer and end user support and continuing customer conversion to PTC.

• **Product**: Asia Pacific’s longer-term goal remains to grow above market by commercialising select new products and systems to support our expansive customer base. New product opportunities include the continued development of PEX piping systems and expanded distribution of the Release Control Valve range.

• **Distribution**: the focus will be on providing world class execution and support in order to retain share in what is expected to be a very competitive, challenging market place. Selective growth opportunities within the broader Asia Pacific region will continue to be pursued.
EMEA

- **Macro-economic / market conditions:** Brexit uncertainty clouds the short-term outlook for the UK. Trading conditions at the end of FY2019 were noticeably softer than earlier in the year and this trend has continued in the first two months of FY2020. The longer term outlook for repair and remodelling activity is seen as positive, with little sensitivity to the overall construction cycle. Continental European GDP growth rates are expected to remain low, although RWC sales growth is not tied directly to overall economic activity.

- **Conversion:** FY2020 is expected to deliver growth in core plumbing volumes despite a weak UK market with share gains via push-to-connect conversion and through driving under-floor heating and extended product ranges.

- **Product:** continued product development and innovation will help drive conversion from traditional systems to PTC in the plumbing and heating markets in the UK and to further grow John Guest’s position in the drinks and water dispense markets. Additionally, we will continue to work with OEM customers and innovate within the UK cylinders, boiler and water heater segment.

- **Distribution:** Further improving UK customer service through supplying on time and in full should help to increase market share and revenue. Within the UK, there will continue to be a focus on growing exposure to the commercial new construction market and new residential construction. Revenue synergy opportunities include selling traditional RWC products through John Guest channels and utilising RWC’s distribution channels to drive sales of John Guest product. Within Continental Europe, the priority is on both continuing to grow the FluidTech business while also pursuing selected plumbing product and OEM opportunities.

**FY2020 EARNINGS GUIDANCE**

RWC earnings guidance will now be provided on a Net Profit after Tax (“NPAT”) basis, rather than EBITDA. We believe that NPAT is a more complete measure of performance than EBITDA as it reflects the cost and efficiency of capital invested in the business as well as operating performance. The use of NPAT will also facilitate comparison of year-over-year performance following the introduction of the new accounting standard AASB 16 Leases. This standard removes the classification of leases as either operating leases or finance leases and introduces a single, on-balance sheet accounting model for leases.

Application of AASB 16 will apply to RWC with effect from 1 July 2019. The estimated impact on FY2020 EBITDA from applying AASB 16 will be an increase of approximately $15 million. There is expected to be no material impact on NPAT from the adoption of AASB 16 as there will be substantially offsetting increases to depreciation and interest expense.

RWC currently expects NPAT for FY2020 to be in the range of $150 million to $165 million. This corresponds to an EBITDA range of $280 million to $305 million, inclusive of the effect of AASB16 referred to above. Performance within this range will be contingent on the following factors:
REVENUE

- No material deterioration in economic activity levels from current conditions in key markets.
- Broadly stable repair and remodel activity in the USA, together with a broadly neutral new residential construction.
- In Australia, new housing construction to continue at lower levels than in recent years.
- In the UK, short term disruption from Brexit but with the market otherwise flat to slightly positive.

COSTS

- Stable input costs, with the average copper cost expected to be no higher than US$6,200 per tonne over the full year.
- Increased SG&A reflecting the investment in new product development and organisation capability referred to previously.
- No further increases in tariffs or import duties in the USA.
- Delivery of John Guest synergies, which are expected to exceed $30 million on a run rate basis by the end of FY2020.

FINANCIAL

- No significant changes to prevailing foreign exchange rates.

The most significant external determinants of performance in FY2020 are expected to be the extent of Brexit disruption in the UK, economic and construction market conditions in other key markets, raw material costs, and foreign currency impacts on translation of foreign currency earnings into Australian dollars.

Capital expenditure is expected to be in the range of $65 million to $75 million. Approximately half of this will be in growth initiatives including production expansion in the USA and UK and new product development globally, with the balance predominantly split between maintenance capital and IT investment including a new ERP system for EMEA.

Working capital as a percentage of sales is expected to be slightly lower than for FY2019.

In terms of earnings phasing, RWC expects first half earnings to represent around 45% and second half earnings to be around 55% of full year NPAT. The phasing reflects key budget assumptions, including seasonality of the John Guest business and the timing of John Guest synergies delivery.
Additional information

Please refer to the Appendix 4E, 30 June 2019 Financial Report and presentation slides released today for additional information and analysis. These documents should be read in conjunction with each other document.

For further enquiries, please contact:
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Appendix 1

About RWC

RWC is a global market leader and manufacturer of water delivery, control and optimisation systems for the modern built environment. Established as a small private tooling and manufacturing shop in Brisbane, Australia in 1949, today RWC continues to pioneer and innovate plumbing products for residential, commercial and industrial plumbing applications. Its unique end-to-end meter to fixture and floor to ceiling plumbing solutions target the repair and re-model, renovation service and new construction markets.

RWC is a preferred supplier of high-quality products, including its brass and plastic Push-to-Connect (“PTC”) fittings, PEX pipes, valves, manifolds, underfloor heating components and various accessories to the plumbing and heating, ventilation and air conditioning (HVAC) industry globally. RWC markets its products under industry-trusted brands such as SharkBite, Cash Acme, Reliance Water Controls, RMC Water Valves, StreamLabs, Holdrite, JG Speedfit, Polar Clean and ProLock to the wholesale, OEM and retail channels via well-established partner companies.

RWC established the global market for brass PTC products and today is the largest manufacturer in the world of brass PTC products; SharkBite is the number one brass PTC brand. The SharkBite PTC business in North America has been at the core of the RWC growth story. Since its introduction in 2004, SharkBite has grown to in excess of 10% of the USA fittings market by volume. PTC systems disrupt and replace the traditional labour-intensive crimp and expansion PEX systems and copper solder fittings, significantly increasing job throughput for contractors and satisfaction ratings from end users. The majority of SharkBite PTC sales are in the defensive repair, maintenance and renovation end markets.

Historically, RWC has achieved sales growth on top of broader market growth through a combination of selected price increases, end user conversion from more traditional methods to RWC’s products and systems, market share gains, distribution expansion, new products introduced to the market and acquisitions. While distribution expansion opportunities in the core USA, UK and Australian markets are more limited now given the strength of the distribution networks that have been developed in each of these markets, these gains in distribution have created a strong platform that can be leveraged to accelerate growth of new or newly acquired products.

RWC continues to focus on product development as a central part of its longer-term strategic plan. Our objective is to positively disrupt sectors within which we operate through developing and launching innovative, differentiated solutions that improve the productivity of our professional trade customers and end users. With commercialisation of new products becoming increasingly costly, particularly for entirely new product categories, RWC has continued to explore M&A focused on acquiring products that add to RWC’s range and growth.
The acquisition of Holdrite in 2017 provided RWC with an expanded product portfolio and enabled it to broaden its offering to the commercial construction market. Holdrite products, including engineered plumbing support systems, fire stops, water heater accessories and acoustic pipe isolation solutions are complementary to RWC’s traditional products. They are designed for both residential and commercial new construction market segments and generally sold and installed alongside RWC’s traditional products.

The John Guest group is the largest manufacturer in the world of plastic PTC products. RWC acquired John Guest in June 2018, to become the global leader in plastic as well as brass PTC fittings technology. Based in the UK, John Guest is a leading manufacturer of plastic PTC fittings and pipe for a diverse range of industries, including plumbing and heating, water quality and fluid dispense and other PTC applications. John Guest is a clear market leader in the UK and has a solid European distribution platform together with operations in the USA and Asia Pacific.

The acquisition of John Guest represented a strong strategic fit that brought diversification of RWC’s geographic, product and channel exposure. RWC and John Guest are in the same business and operate in similar markets. Both businesses share similar values and recognise that people are their number one asset. We are committed to ongoing product development as a central part of our longer-term strategic plan. Our objective is to disrupt sectors within which we operate through developing and launching innovative, differentiated solutions. We continue to convert end-users to our products and away from inefficient traditional methods, thereby improving the productivity of our professional trade customers.

The combined business has a greater global footprint and manufacturing capabilities to reach more markets and customers with an enhanced portfolio of complementary products. RWC, following the acquisition of John Guest, has 15 manufacturing facilities, 24 distribution centres and 5 R&D locations across its Americas, Asia Pacific and EMEA operating segments. The combined business employs over 2,000 people.
Appendix 2

Reconciliation of FY2019 Reported Net Profit after Tax and EPS to Adjusted Net Profit after Tax and EPS

<table>
<thead>
<tr>
<th></th>
<th>A$000</th>
<th>EPS (basic)</th>
<th>EPS (diluted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported NPAT</td>
<td>133,017</td>
<td>0.1700</td>
<td>0.1680</td>
</tr>
<tr>
<td>Adjustments - Pre Tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA Items:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs to Achieve Synergies</td>
<td>17,290</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Accounting (unwind of inventory uplift)</td>
<td>2,426</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue Recognition Adjustment (non-cash)</td>
<td>935</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>20,651</td>
<td>0.0260</td>
<td>0.0260</td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment uplift from Purchase Accounting</td>
<td>2,962</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortisation of Intangible uplift from Purchase Accounting</td>
<td>871</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,833</td>
<td>0.0050</td>
<td>0.0050</td>
</tr>
<tr>
<td>Tax Effect on Adjustments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA Items</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(4,708)</td>
<td>(0.0060)</td>
<td>(0.0060)</td>
</tr>
<tr>
<td>Depreciation/Amortisation</td>
<td>(745)</td>
<td>(0.0010)</td>
<td>(0.0010)</td>
</tr>
<tr>
<td><strong>Adjusted NPAT</strong></td>
<td>152,048</td>
<td>0.1940</td>
<td>0.1930</td>
</tr>
</tbody>
</table>

All adjustments detailed above arise from the acquisition and subsequent integration of John Guest. The acquisition completed in June 2018.
Appendix 3

Potential Impacts of Brexit

We continue to actively monitor the potential outcomes of Brexit, using RWC’s Brexit Steering Committee established earlier in the year. The committee is comprised of relevant senior managers and has engaged with a third-party advisor to ensure we have a clear view of where the Brexit related impacts could occur, quantify those impacts where possible and develop appropriate mitigation plans.

Currently, the UK Government’s position on Brexit is that the country will leave the European Union (EU) on 31 October 2019. There remains considerable uncertainty as to whether this will occur with or without a comprehensive negotiation having been completed between the EU and Britain. As such, there are three scenarios we have contemplated as part of our contingency planning:

- Scenario 1: the date for Britain to leave the EU is delayed. This scenario would simply delay the choice between the other two scenarios.
- Scenario 2: there is an agreement between the UK and the EU, or Brexit is stopped. In this case, it is assumed that current trading arrangements between the UK and EU would continue without any material change or impact on RWC, particularly around tariffs.
- Scenario 3: the UK will leave on 31st October 2019 without concluding negotiations for ongoing trade terms. Under this “no deal” Brexit scenario, it is assumed that trade between the UK and the EU would revert immediately to WTO rules and the associated tariffs.

At the present time the potential impacts arising from Brexit are assessed as follows:

(i) Impact on Demand

According to economic commentators, the current uncertainty around the timing and the final terms of the UK exit from the EU is having a negative impact on overall economic activity in the UK, including slower growth in the construction sector. We believe that this is impacting current demand for that segment of the RWC UK business that is exposed to new construction and remodel activity, although it is noted that the majority of RWC sales in the UK are into the defensive repair and maintenance sector.

(ii) Impact on Supply Chain

Impacts on our supply chain could include delays or disruptions to the flow of raw materials from the EU into the UK or finished goods from the UK into the EU or the imposition of additional tariffs on such goods.
We do not currently anticipate a scenario under which we would need to make significant capital expenditures to fundamentally alter our current supply chain by building new manufacturing or distribution facilities. However, given the potential for disruptions to the flow of goods, particularly in the early days following Brexit, RWC has maintained incremental 2-4 weeks of raw materials in the UK and we have also produced an incremental 2-4 weeks of finished good stock which is being held in RWC’s warehouse in Germany.

(iii) **Tariffs**

In the event of a “no deal” Brexit, it is expected that the UK Government will continue its current approach whereby a wide range of imports into the UK are subject to a 0% tariff, including the plastics John Guest uses in manufacturing. Therefore, no material change is expected in the cost of plastic imports.

For exports from John Guest to the EU, tariffs are likely to be applied by the EU if there is no deal, with the tariff rate set at 6.5% of the value. It is estimated that this tariff would have a negative EBITDA impact of approximately GBP 1.9 million per annum, assuming that the tariff impost cannot be offset by commensurate pricing changes.

(iv) **Impact on Foreign Exchange Rates**

The fourth major area for potential impact is on foreign exchange rates and specifically the potential for volatility in the British Pound that could impact the translation of net sales and EBITDA to Australian dollars. For FY 2019 RWC had about GBP denominated sales of approximately GBP 125 million to external customers in the UK (in the order of 20.5% of RWC’s total sales based on the average exchange rate for FY2019 of GBP0.5527 per A$1.00) and GBP denominated EBITDA of approximately GBP 49.2 million (A$89 million). Adverse movement in the exchange rate of say 15% would therefore impact EBITDA by approximately A$11.6 million, being less than 5% impact on total EBITDA.

The potential risks arising from Brexit continue to be monitored and evaluated. Plans and assessments will be adjusted accordingly as more information becomes known.