

ASX Announcement

25 March 2020

RWC TRADING, OPERATIONS AND GUIDANCE UPDATE

Reliance Worldwide Corporation Limited (ASX: RWC) (“RWC” or “the Company”) has today provided a trading and operations update, including the impact of COVID-19 on its global operations.

Trading Update

Sales for January and February of 2020 were in line with expectations. Customer orders in March have, to date, been strong. RWC continues to monitor demand closely so that manufacturing volumes remain appropriate to meet sales demand.

Currently, RWC manufacturing facilities and distribution centres in Australia, USA and the UK remain fully staffed and operational. RWC’s channel partners in Australia and USA are continuing to trade and serve end-use customers. Government restrictions in the UK and New Zealand appear to be limiting sales to products used for essential repair and maintenance works and for critical infrastructure. Similar restrictions in parts of Canada, however, have now been relaxed and in all markets the situation remains fluid and subject to changing government requirements.

Operations Update

RWC’s top priority is to protect everyone’s health and safety. We have assembled a COVID-19 response task force and are continually monitoring the situation. Changes have been made to operating procedures at all our plants and distribution centres to minimise potential exposure to COVID-19 and, where possible and appropriate, employees are working remotely from home. Employee travel has been curtailed, including travel between RWC facilities. Given the rapidly changing COVID-19 situation, we are communicating with our customers periodically about any operational changes that may be required. With our in-house manufacturing capabilities, global supply chain and robust inventory positions, we currently remain confident in our ability to service customer needs.

Funding and Cash Flow

RWC continues to have significant funding lines available to assist with working capital and cash flow requirements. As outlined in RWC’s 31 December 2019 Interim Financial Report, the Company and certain of its subsidiaries are parties to a \$750 million syndicated facility agreement which is available for drawing by way of cash advances (“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 respectively. The Facility was drawn to \$410.1 million at 31 December 2019.

Subsidiary companies in the UK, USA and Australia also have access to available overdraft facilities of GBP15 million, US\$15 million and A\$15 million respectively.



RWC expects that it will remain comfortably in compliance with all financial covenants in the Facility Agreement.

In order to optimise cash flow during this time of significant uncertainty, all non-essential capital expenditure has been halted. RWC will consider increasing finished goods inventories to ensure we can continue to meet customer demand in the event that one or more plant closures are required. This will be carefully managed to ensure cash impacts are minimised.

Interim Dividend Payment

Notwithstanding the above, in view of the need to prudently manage cash resources in this current period of uncertainty, the Board of RWC has resolved to defer payment of the FY2020 interim dividend until later in the year. The interim dividend was scheduled to be paid on 9 April 2020. It is the present intention to pay the interim dividend on 9 October 2020 in conjunction with the payment of any final dividend for FY2020.

Earnings Guidance for FY2020

On 24 February 2020, RWC provided earnings guidance for FY2020 of an Adjusted Net Profit after Tax in the range of \$140 million to \$150 million. As stated above, performance in the first two months of this half has been in line with expectations and orders remain strong. Nonetheless, given the considerable uncertainty surrounding the potential effects of COVID-19 on future operations and financial performance, the Company believes that it is prudent at this time to withdraw formal earnings guidance for FY2020.

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This document was approved for release by the RWC Board.



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