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Operator: Thank you for standing by and welcome to the Reliance Worldwide Corporation Full Year Earnings Call. All participants are in a listen only mode. There will be a presentation followed by a question and answer session. If you wish to ask a question, you'll need to press the star key followed by the number one on your telephone keypad. I would now like to hand the conference over to Heath Sharp, CEO. Please go ahead.

Heath Sharp: Good morning everyone. Welcome to RWC's Financial Year 2026 Results Call. This is Heath Sharp and I'm joined here in Sydney by Andrew Johnson, our CFO. This morning we released our full year results material, but before we turn to the results, I want to deal with our second announcement this morning. So let's start on slide 3 of our presentation.

RWC has entered into a process deal with Brookfield Capital Partners on 17 August. This relates to Brookfield's unsolicited, non-binding, indicative proposal to acquire RWC for A$4.75 cash per share. The proposal follows earlier approaches from Brookfield at A$4.15, A$4.25 and A$4.50 per share, which the Board considered insufficient.

Following a period of engagement, including providing Brookfield with non-public information over an approximately eight week period, Brookfield submitted its current A$4.75 proposal. The proposal values RWC at an enterprise value of approximately A$4.1 billion. This represents an FY26 EV to EBITDA multiple of 12.9x on a pre-AASB16 basis. This is at the upper end of precedent transactions.

The Board has assessed the proposal on a fundamental valuation basis, taking into account RWC's strategic position, long term growth opportunities and cash generation. The Board also considered the FY27 outlook, including the execution risk to deliver future earnings growth and the broader macroeconomic and geopolitical environment.

While the Board remains confident in RWC's strategy and future prospects, this was weighed against the certainty of value offered by Brookfield's cash proposal. After careful consideration, the Board determined that the proposal of A$4.75 is attractive and warrants further evaluation.

To that end, RWC and Brookfield have entered into a process deed to enable Brookfield to complete a four week period of exclusivity to conduct confirmatory due diligence and work towards a binding offer. Based on the merits of the proposal, during the exclusivity period, RWC and Brookfield have agreed to work together in good faith towards entering into a Scheme Implementation Deed, a SID on terms consistent with the proposal.

Brookfield has agreed that any formal SID entered into will include a go-shop provision. This will allow RWC to solicit and engage with other potential bidders for a 30-day period from signing the SID. I would note that there is no binding offer today and no certainty that a transaction will proceed. Shareholders are not being asked to take any action at this time.

With that, let me turn to our FY26 results on slide 4 of the presentation. FY26 was undoubtedly a demanding year for RWC. We had to manage through weak end markets in the US and UK, the ever shifting impacts of US tariffs and significant cost inflation. While our results were impacted by those headwinds, we nonetheless delivered strong operating cash flow and we continued to advance our manufacturing footprint, product pipeline and service improvement initiatives.

In February, we discussed transitioning from copper-based alloys to other materials, and in particular, stainless steel. We made good progress on this major initiative during the period. We launched a broad range of accessory products in stainless steel in the Americas. The plan to transition from brass to stainless for core products such as control valves and SharkBite Max is underway. We expect to be in the market in the first quarter of calendar 2027 with the first of these fittings and valves.

Our manufacturing footprint optimisation has moved at pace. The new Poland facility ramped up strongly after commencing operations last November. As of June, the facility has over 110 people and is assembling 1.2 million fittings monthly. In North America, implementation of a new facility in Mexico is progressing well, and we expect it to be operational by the end of calendar 2026.

In AsiaPac, we announced a significant restructuring of our manufacturing operations. The largest move is the closure of brass forging and machining operations in Melbourne. We have also announced the closure of additional facilities within Australia.

Turning now to slide 5 and the financial overview for the year. Reported net sales were 0.7% lower than the prior year. There are several adjustments to reported revenue, which we have called out in the release materials. These relate to tariff refund provisions and changes in the accounting classification for some customer incentives. Adjusting for these, net sales were 3% higher.

That also adjusts for the exit from selected Canadian product lines, and it adjusts for the sale of our manufacturing operations in Spain last year. On the same basis, net sales were 1.5% higher in constant currency. Adjusted EBITDA was US$242.1 million. That is 12.8% lower than the PCP. Adjusted EBITDA margin was 18.5%. That compares to 21.1% in the PCP.

Operating earnings were adversely impacted by US tariffs, higher copper costs, lower volumes in the Americas and EMEA and general cost inflation. These impacts were partly offset by price mitigation actions and $10 million of cost savings achieved during the year.

Reported NPAT was US$6.3 million. That is net of $103.3 million post-tax of one-off charges. Those charges relate principally to the Asia Pacific restructuring. Adjusted NPAT was US$125.1 million. That is 15.3% lower than the PCP.

Adjusted earnings per share was US$0.165. The RWC Board has determined not to declare or pay a final distribution for FY26. This follows receipt of the Brookfield proposal. Under the proposal, the offer price is reduced by the cash amount of any dividends paid or payable. That applies to dividends after the date of the proposal, including any final dividend declared for FY26. We undertook two on-market share buybacks during the year.

In total, we repurchased 25.5 million shares at a total cost of A$85.7 million. The second buyback has not been completed and is now suspended following receipt of the proposal. The Board will reassess paying a dividend and resuming the on-market share buyback if the proposal does not proceed. I will now hand over to Andrew to take you through the results in more detail.

Andrew Johnson: Thank you, Heath, and good morning everyone. Moving to slide 6, FY26 was a challenging year from an earnings perspective, but the business remained operationally disciplined. The key financial themes were tariff related margin pressure, softer markets in the US and UK, input cost inflation, and that's essentially copper, and the benefits of strong cost and cash discipline.

As Heath referenced, underlying group sales were 1.5% higher versus the reported reduction of 0.7% and 3% higher before adjusting for currency movements. We delivered $10 million in cost reduction initiatives during the year, partly offsetting the external pressure on earnings. Importantly, the actions we are taking on sourcing, pricing, manufacturing footprint and operating efficiency are building momentum and will support improved performance over time.

On the adjustments, FY26 included one-off items principally related to the APAC manufacturing restructuring, as well as the closure of distribution centres in Sydney and Perth. We have set these out in the supplementary financial information.

Adjusted Group EBITDA margin was 18.5% lower than the 21.1% in the PCP. I'll discuss the reasons for the movement in each of the regional sections. Second half adjusted Group EBITDA margin was 19.8% versus 17.3% in the first half with the improvement driven by the Americas.

Turning now to slide 7 and the Americas segment. Reported sales were 4% lower than the PCP. Adjusting for the tariff rebate provision, the reclassification of customer incentive payments and the exit from selected low margin Canadian product lines, underlying American sales were 1.4% higher than the PCP.

New product initiatives and tariff related price increases helped offset weaker US residential remodelling and new construction markets, as well as around 10 million of customer inventory reductions that we saw and we spoke about in the first half. Channel inventories were broadly normalised by the fourth quarter.

In FY26, a change in accounting for customer incentive arrangements impacted reported sales, but had no impact on earnings. To briefly explain the reclassification, most customer sales incentives are treated as a deduction from gross sales. However, we have historically had some incentives which have been expensed through SG&A. The change we have made classifies sales incentives in the same way as a deduction from gross sales. Note that we have not adjusted prior period sales or SG&A.

America's sales performance was stronger in the second half, consistent with our guidance. Underlying sales were 8.3% higher, partly driven by price increases as the benefits of tariff-related price rises flowed through to results. Adjusted EBITDA was US$161.4 million, 11.5% lower than the PCP, with the adjusted EBITDA margin reducing to 19.6% from 21.2%.

Earnings were significantly impacted by US tariffs as well as higher input costs, including copper. The tariff cost impact was at the lower end of our guidance range of 25 million to 30 million. We also recorded a net tariff refund benefit of US$4.2 million as part of operating earnings. This was the difference between what we received in tariff refunds and a provision that was established for potential tariff rebates to customers.

Second half adjusted EBITDA margin was 22.2% compared with 16.9% in the first half. The uplift was partly due to the tariff refund, as mentioned earlier, and also driven by price increases and cost outs.

Operationally, we are on track to commence activities at our new facility in Mexico by the end of calendar year 2026. As a reminder, this new facility will augment current manufacturing operations in Alabama. It will be focused on lower volume, manually assembled products that complement our high volume, high technology US manufacturing capability.

Moving to APAC on slide 8, APAC sales were 5% higher in local currency. Sales growth was driven by broad-based growth in both RWC and Holman product categories. Intercompany sales were 7.4% higher due to stronger volumes ahead of the planned closure of APAC's brass manufacturing operations in Melbourne.

APAC adjusted EBITDA was A$21.1 million in local currency, 26.7% lower than the PCP with margin down 290 basis points to 6.6%. Operating margins were negatively impacted by higher raw material and freight cost and lower manufactured volumes, partly offset by price increases and cost reduction measures.

Stepping back from the financial performance aspect, it is useful to look at the broader context around the changes in APAC. The business is really undergoing a significant transformation from metals manufacturing to supply Americas to a business very much focused on its home market. This change is impacting short-term earnings performance.

The future APAC business model will be focused on product and brand stewardship, driving further product penetration, revenue growth with our channel partners and operational excellence around sourcing and fulfilment.

Turning to EMEA on slide 9, EMEA reported net sales were 3.4% lower in local currency. External sales were 0.8% lower after adjusting for the sale of our manufacturing operations in Spain in FY25.

UK external sales were down 3.6% with UK plumbing and heating sales down 4.7% while specialty and other product sales were 5.4% higher. Continental Europe performed well with external sales 6.8% higher after adjusting for the sale of Spain. Germany, France, and Italy all recorded sales growth supported by product launches across an expanded distribution network.

Adjusted EBITDA was 11.3% lower than PCP. Second half EBITDA margin was flat on the first half, and we had previously guided to higher operating margin in the second half. The UK service improvement program impacted margins and the Poland ramp up led to a short term increase in cost in the second half. The ramp up has gone well and as Heath mentioned, we have achieved a record output of 1.2 million fittings per month. We expect the lower cost base of the new Poland facility to support earnings growth in FY27.

On slide 10 you can see that cash generated from operations was $263.4 million and operating cash flow conversion was rather strong at 108.8% of adjusted EBITDA. This strong result was partly due to the receipt of the US tariff refund late in the financial year. As a result of this strong cash flow performance, we were able to repay $88.2 million in borrowings during the year and our leverage at year end was 1.11 times compared to 1.3 times in the PCP.

On slide 11 we have again demonstrated our tight management of working capital. Inventories were slightly higher than the PCP despite significant input cost inflation, particularly copper. Total net working capital was $35 million lower than the PCP. We continue to be very disciplined with capital expenditure while continuing to fund critical strategic projects, including Poland, Mexico, new product development and manufacturing optimisation. With that, let me now hand you back to Heath.

Heath Sharp: Thanks, Andrew. On slide 12 we have set out our guidance for FY27. This covers the full year. For FY27, we do not expect an improvement in economic conditions in our major end markets. As we referenced in our results materials, global geopolitical uncertainty is likely to be a headwind, so too are higher commodity inflation and interest rate pressures.

America's external sales are expected to be up by mid to high single digit percentage points, driven by new product revenue and pricing actions. We expect EBITDA margin to be broadly consistent with FY26, that is despite the significant rise in input costs, most notably copper. Price increases to offset cost inflation will assist us with this. We expect a net impact from US tariffs to be $5 million to $7 million in FY27. That is consistent with our previous guidance.

Asia-Pacific external sales are expected to be up by mid-single digit percentage points. Total sales are expected to be lower than the PCP due to the reduction in intercompany revenues of approximately A$50 million. This follows the closure of metals manufacturing in Australia. We expect EBITDA margin to be broadly consistent with FY26 despite the decline in intercompany revenues.

EMEA external sales are expected to be up by mid-single digit percentage points. EBITDA margin improvement is expected through a combination of pricing actions and ongoing cost reductions. At a Group level, we expect consolidated sales to be up by mid to high single digit percentage points relative to FY26. Adjusted EBITDA margin is expected to be broadly consistent with FY26. We are targeting further cost reductions to deliver approximately $10 million to $12 million in savings for the full year.

I will pause there and open the call to questions. We will take questions first from those on the conference call line, then Phil King will read any questions received via the webcast.

Operator: Thank you. If you wish to ask a question via the phones, please press star one your telephone and wait for your name to be announced. If you wish to cancel your request, please press star then two. If you're using a speakerphone, please pick up the handset to ask your question. The first question comes from Ramoun Lazar from Jefferies. Please go ahead.

Ramoun Lazar: (Jefferies, Analyst) Good morning, Heath and team. Just one for you, Heath, around the bid this morning, announced this morning. I'm just wondering, just the thinking around engaging with Brookfield at those prices. I mean, given the significant changes in the manufacturing network that the team has put into place over the last 12 months following the trade changes, the transition to stainless steel and the housing cycle, while bouncing around the bottom, not getting worse, I mean, is there a change, a structural change in the earnings power of this business going forward?

Maybe if you can shed some light there, particularly given, I mean, the share price was above that bid not that long ago and it looks like the worst is kind of behind you, given all those changes that the team's worked hard to put in place.

Heath Sharp: Ramoun, thanks for your question. Look, I would say that the Board assessed the proposal on the basis of fundamental valuation and we've taken into account our strategic position, all of our long-term growth plans and cash generation. I think it's fair to say the Board considered the outlook for FY27 and the near-term operating environment, which is clearly quite different to six months, 12 months ago, as well as the execution risk to deliver on the future earnings growth.

All of that, of course, in the context of the broader macroeconomic and geopolitical environment and weighing all of that up against the certainty of a cash proposal. So in that light, the Board considers the proposal to be credible and attractive and so in the best interests of shareholders to undertake further due diligence work towards a binding offer.

Ramoun Lazar: (Jefferies, Analyst) Right, okay, so there's nothing structurally different that you see with the business and the earnings power against what you've previously talked to the market about? I mean, you had an investor day not that long ago here in Sydney talking about the various businesses and the earnings power of those businesses. Has something changed in terms of getting back to that kind of run rate of earnings across the business or is it just about this near-term volatility uncertainty?

Heath Sharp: I think there's no structural change for our business. I think we weighed up all aspects of the environment we're in, taking into account all of our plans, whether it be stainless steel, Poland, Mexico, ongoing footprint. We worked, as you would expect, all of that into our model and all of that pointed to us considering it – or the Board considering it appropriate to engage at $4.75.

Ramoun Lazar: (Jefferies, Analyst) Okay, I'll leave it there, thanks.

Heath Sharp: Thanks Ramoun.

Operator: Thank you. The next question comes from Sam Seow from Citi. Please go ahead.

Sam Seow: (Citi Analyst) Morning guys, thanks for taking my question. Look, I just really wanted to follow on from Ramoun there. You had the four bids in eight weeks, but still, I guess, a lack of a recommendation. I just wanted to ask, to what you're allowed to say, how you're thinking about the valuation, where we are in the cycle and if there's a view on normalised earnings or normalised margins and just, high level, what that might look like?

Heath Sharp: So a couple of points in there, Sam. First of all, we're not holding a binding offer today and shareholders are not being asked to take action. What we've announced is the process deed, not a SID. As I said to Ramoun’s question, the Board believes the process announced is [appropriate], given the attractiveness of the proposal and the increases in proposed value over a few bumps over the last few months and the go-shop mechanism that we've announced.

So all that being considered, taking into account the outlook and acknowledging that it is quite a different world right now to 12 months, two years, three years ago, that's what has led us to the announcement today.

Sam Seow: (Citi Analyst) Got it. That's helpful. Then maybe on the outlook, I guess clearly conditions aren't expected to improve, but sales growth across most of your regions are looking quite healthy or expected to look quite healthy, maybe if you could just give us some colour on what's driving that and maybe the rough split between price and I guess share gains, or bottom-up initiatives. Thanks.

Andrew Johnson: Yes, thanks Sam. I think most of that uplift in revenue that you see in FY27, based on the guidance that we've given, most of that's going to be price. I'm not going to give you the split between price and what volume we would see based on our initiatives and NPD, but to the extent that we have volume, it would be based on those two factors. We really don't see a significant change in the macros in any of our regions through the course of FY27.

Sam Seow: (Citi Analyst) Thanks guys, that's helpful.

Heath Sharp: Thank you.

Operator: Thank you. The next question comes from Brook Campbell-Crawford from Barrenjoey. Please go ahead.

Brook Campbell-Crawford: (Barrenjoey, Analyst) Good evening, thanks for taking my questions. Health, just first for you, I guess while you and the Board were considering this offer, did you step back and consider alternative options to unlock value for shareholders, accelerate performance, things around the portfolio that you could do to try and deliver a better outcome for shareholders over a period of time?

Heath Sharp: Brook, thanks for the question. I think it's fair to say that the consideration undertaken by the Board was quite exhaustive, considering the proposal that we'd received, a number of other inbounds and specifically to your question, yes, we considered all manner of alternatives directly under our control as a standalone business. All of that was considered in forming the view.

Brook Campbell-Crawford: (Barrenjoey, Analyst) Okay, thanks. Just around the due diligence, can you just provide a bit of colour around the extent of due diligence already provided to Brookfield? Are they looking for a huge amount more information or have they largely completed their process and it's a bit more down to formalities now? I guess second question, it might be in the release so apologies if it is, but just do you have an estimated time to closure if this progresses with Brookfield? At what time would it close and shareholders get their funds? Thanks.

Heath Sharp: Thanks, Brook. So what I would say is over the last seven, eight, nine weeks, we have been engaged with Brookfield in discussions, primarily dealing with, if you like, the commercial aspects of the business and our positioning and relative strength and focuses and so on. On the basis of those discussions, Brookfield made their latest proposal, which is the one that we've presented today. The process now is a short four-week process that is confirmatory in nature to go through all of the normal things you go through in a due diligence wrap-up process. So that's the first element.

Timing, so we have essentially started today that four-week DD process. During that four-week period, we will work together with Brookfield with the aim of developing a SID along largely the same terms as the proposal. At that point, well that SID will include the 30-day go-shop mechanism that we've set out in the materials. So that 30-day starts at the point of signing a SID if that occurs and they're the main near-term milestones in the process.

Brook Campbell-Crawford: (Barrenjoey, Analyst) Okay, thank you.

Heath Sharp: Thanks, Brook.

Operator: Thank you. The next question comes from Peter Steyn from Macquarie. Please go ahead.

Peter Steyn: (Macquarie, Analyst) Hi, Heath and Andrew, thanks for your time. Andrew, if I may, could you help just bridge how you've accounted for what you've got refund-wise, the net $4.2 million and then the guidance for FY27 from a margin perspective in Americas at flat? I guess I'm coming back to some of the questions that have been posed before, but I'm just curious more specifically how you go about getting your margins back to where they were before, because that has been the ongoing intent to effectively reset those margins to pre-tariff levels, so just curious when that happens and how it happens.

Andrew Johnson: Thanks, Peter. I think to your first question, we did recognise a net tariff benefit of $4.2 million as I mentioned in the prepared remarks. That's the net number. Obviously there was a gross refund amount and then there was a reduction of that, which was essentially a provision that was an offset to sales. That's the provision that we put on the books.

First of all, it was a conservative accounting position as you would expect from the accounting team at RWC, but secondly, it will provide, I believe, a provision that will be useful over the course of FY27 as we discuss not only pricing, but also customer investments and strategic initiatives. I'm not going to give you the two pieces, but obviously we have disclosed that there is a $4.2 million net tariff benefit there.

In terms of the Americas guidance for FY27, we have said broadly consistent or flat. Look, I think that there are a couple of big moving parts there. The first one that you would more likely come to would be the reduction in the tariff cost benefit, so we've said that we were at the lower end of our range in '26, so $25 million to $30 million, back that down by the tariff refund and so you're in that low $20 million range and we expect that to go to $5 million to $7 million in FY27, so roughly a $15 million tariff benefit year-on-year.

I think the next thing we need to talk about, however, is inflation. As you guys know, copper has really made a run through the second half of FY26. We do expect that the year-on-year increase in the LME for our books would be roughly $3,000 per tonne. As we've said in the past, our sensitivity is $900,000 per $100 movement. So that's a significant impact. Partially offsetting that, of course, would be price and cost outs, but there's a lot of moving pieces, a lot of things to execute on and I think the team has done a good job to get us back to consistent or essentially flat year-on-year.

I will say that given the amount of inflation that we're covering with price, there is a dilution impact to margins that you don't see. I mean some of the other actions that we're taking are offsetting that, but that kind of furthers the headwinds that we're facing from a margin perspective in Americas.

Peter Steyn: (Macquarie, Analyst) Got you. So the rebuilding of margins is going to be a multi-year process, is that the read on that then, Andrew?

Andrew Johnson: For sure, Peter. I think that we are working on Mexico, we will see some benefits from the metals closure and moving to stainless steel, but we'll be well into FY28 before those really come through on the P&L.

Peter Steyn: (Macquarie, Analyst) Perfect. Thanks, Andrew. Heath, all the best, good luck for the next month.

Heath Sharp: Thanks, Peter.

Andrew Johnson: Thanks.

Operator: Thank you. The next question comes from Harry Saunders from E&P. Please go ahead.

Harry Saunders: (E&P, Analyst) Good morning, gents, thanks for taking my questions. Firstly, just on copper, can you talk us through any potential price increase to cover that in the interim with the transition to stainless steel and then how we should think about the earnings upside in '28 and '29 as you transition away from copper, please?

Andrew Johnson: So, Harry, we do have quite a bit of price coming through and FY27 to cover copper. You can see that in the revenue guide that we've stated. I don't want to talk too much about FY28 given the time and distance between now and then, but I will mention that we do expect to see savings related to the move to stainless steel and as we've called out in the past, we expect that to be roughly US$9 million, but that will be FY28.

Harry Saunders: (E&P, Analyst) Is that saving assuming you offset any copper movements on a go-forward basis?

Andrew Johnson: Yes.

Harry Saunders: (E&P, Analyst) Understood. I'm just wondering more broadly, if you could bridge '27 to last year, I appreciate you helpfully provided us with the net tariff benefit of $15 million, but the other benefits, could you just talk us through those, non-repeats of one-off costs perhaps, destocking or manufacturing changes, maybe if you could just give us the building blocks, that would be helpful. Thanks.

Andrew Johnson: Sure, so from FY25 to FY26 and I'll talk about the consolidated numbers, typically, there's two themes that we have to talk about. There's net tariff costs, which as I mentioned earlier, there's a couple of pieces in that and when I talk about net tariff cost, that's going to be inclusive of the tariff refund benefit, but net tariff cost roughly $21 million, copper through our P&L in FY26, we saw roughly $1,000 per tonne increase, so as we've said, that gets you close to $9 million to $10 million of copper, just copper inflation that we've had to deal with.

As you look through the rest of the moving pieces, you're going to find the volume was slightly down. We obviously have wage inflation like we do every year. We did see some unfavourability related to factory performance and that's specifically in the APAC as we've gone through the metals closure and the ramp down of that production. We've also talked about some investments in customer service deliveries in the UK, as well as the Poland ramp up, which caused some slight factory underperformance in FY26.

Now, those things are offset by roughly $10 million in cost savings that we've been able to bring to the bottom line. So those are the big moving pieces and it's essentially – and you'll hear this a lot in our Q&A, the big moving pieces are tariff costs, copper inflation and then what we've been able to do in terms of self-help with the cost outs.

Harry Saunders: (E&P, Analyst) Got it. Are you able to perhaps quantify those one-off impacts the APAC factory performance and UK and Poland impacts there as well?

Andrew Johnson: Harry, I'm not going to go into specifics on those. We're not talking huge numbers. We're talking low single-digit millions.

Harry Saunders: (E&P, Analyst) Thanks. Just one more follow-on from Sam's question earlier, can you just give a sense of the upside in the earnings base from macro recovery and also operationally?

Andrew Johnson: So we're not anticipating significant macro recovery in FY27. So from a macro perspective, that would just be very minimal. Some of the upsides that we’ve mentioned, as you see in our earnings guide, we do see a lot of price coming through in FY27 and we've called out cost savings between $10 million and $12 million. So those are some big moving pieces and I've talked about the tariff reversal. What's between those savings and favourability is a lot of inflation. We're talking not just copper, we're talking resins, freight and of course wages. So those are the things I would call out.

Harry Saunders: (E&P, Analyst) All right, thank you.

Heath Sharp: Thanks Harry.

Operator: Thank you. The next question comes from Lee Power from J.P. Morgan. Please go ahead.

Lee Power: (J.P. Morgan, Analyst) Morning guys, thanks for the call. Just, Andrew, on your comments around the stainless upside, I'm surprised it's not looking a lot more attractive now. You've got copper well above $14,000 a tonne, you're like a first mover, I would have thought everything would have probably looked more positive around the stainless rollout. So can you just maybe help me understand what else has changed there?

Andrew Johnson: Well, I don't think anything has changed. I think that, look, we're talking about FY28 and certainly a lot could change between now and then. We've talked about $9 million in savings and that's a number that we'll stick to. Obviously there's risk associated with achieving that $9 million. If we do better, I think there'll be some puts and takes obviously, but $9 million is the benefit that we see sitting here today.

Lee Power: (J.P. Morgan, Analyst) Okay, thanks for that. Then just the rollout piece, how quickly do you get this out there? I would have assumed likewise. The pressure on copper is clearly enormous on you at the moment, I'm assuming it's the same for everyone else, so how quickly can you actually get this product rolled out through the channel? Then maybe is anyone else doing something similar when you look across your peers who are not in stainless currently?

Heath Sharp: Look I think there's two streams here. I think to some extent releasing new products and new additions to our range, doing that in stainless and/or non-copper-based alloys is now business as usual. So our US team, during the course of the last six months, have launched a couple of hundred items in stainless steel.

So particularly across appliance connectors and so on. So that's now just a matter of course to use stainless as the material for new products. So that's rolling on quite nicely. As I said, a couple of hundred components and they've got line of sight to an additional sort of 300-odd end SKUs. So well underway.

The second stream though is more the one that Andrew was referring to there, which is the transition of existing products to stainless steel. The big volume items there in terms of copper consumption are the control valves, the safety valves and SharkBite Max. As you would imagine, we are moving at pace on those items, but also aware of the significance of those items in terms of quality and performance and so on. That underpins our brand and our reputation in the market, so we are being very thorough there.

The first of those products on the larger sized SharkBite items and some of the safety valves will be launched into the market at the start of next calendar year. So that is, to my mind, quite rapid for our industry, but also prudent given the nature of the product, where they're used and how they underpin our brand and reputation in the marketplace.

Lee Power: (J.P. Morgan, Analyst) Excellent, thank you. That's good colour, thanks.

Heath Sharp: Thanks, Lee.

Operator: Thank you. The next question comes from Keith Chau from MST Marquee. Please go ahead.

Keith Chau: (MST Marquee, Analyst) Good morning, Heath and Andrew. Maybe just a quick follow-up on Lee's question on stainless. Heath, instead of thinking about it as stainless steel-driven earnings upside, the shift to stainless steel, is it more about matching product economics, so, say, for control and safety valves and SharkBite Max? Is it more about matching those product economics to a, say, $10,000 copper price by shifting to stainless steel? So perhaps defending against product economics eroding? Is that a better way to think about it or is there genuine upside in shifting to the stainless steel relative to a $10,000 copper price?

Heath Sharp: I think, and you're going to hate this, but I think it's both. I think the initial thinking was that more conservative, how can we backstop the cost of our product to

US$12,500 a tonne for copper. That was sort of the initial drive. I think as we've gotten into it though, we do see a competitive advantage for us in the stainless steel product. It's regarded generally as a superior material yielding a superior product, which I think is in keeping with who we are, what we do, the brands that we have. So being able to frame the products as an improved superior product, I think is helpful.

Then look, over time, we will continue, as we always have, to seek ongoing processing improvements, continuous improvement to chip away at that cost basis. I think that's independent of the material we use. I think though, moving to stainless as a new material perhaps gives us a little more scope than brass, but it's going to be sort of an incremental, ongoing process, I think, Keith, and ultimately it leaves us, I think, with a really good product range and an offering to the marketplace that's in keeping with what we've created here.

Keith Chau: (MST Marquee, Analyst) Okay, thanks, Heath. I certainly don't hate that answer. I think that's a good response. Thank you. Then secondly, under your go-shop provisions, to the extent that you can provide us some colour, just keen to understand what it would take to progress discussions with another party. Is it simply a lift in the offer price and is there a certain range or magnitude of lift that would be required to progress something else? Or are there other key terms that RWC is looking for under that go-shop provision or the process of funding through the go-shop provision?

Heath Sharp: So what's probably worth doing is just talking briefly about the process over the next couple of stages is as you know, we're not holding a binding offer today. So there's, in our view, no recommendation to make and we're not asking anyone to take any action. We have, though, begun a four-week exclusivity period in order for Brookfield to undertake confirmatory due diligence.

During that four-week period, it is exclusive and everything that that entails. No shop, no talk, no DD with others. The aim of that, during that four-week period, we will aim to prepare, in conjunction with Brookfield, a SID along largely the same lines as the proposal. That SID will include the go-shop mechanism. Once a SID is signed, that begins a 30-day go-shop process or mechanism. During those 30 days, we are able to receive and able to solicit interest from other parties.

Should another offer emerge that is superior to the $4.75, then we are able to continue to work with that party and develop that proposal through or beyond the go-shop period, if we have received a superior offer during the 30-day period. We can extend that period to the extent which is necessary to fulfill our statutory and fiduciary obligations and then develop that and see where that lands. As you would expect, Brookfield has a matching right or will have a matching right as part of any SID that's signed.

Keith Chau: (MST Marquee, Analyst) Okay, thanks Heath. Just for clarity, when you go into that process, are you simply looking for a lift in the total offer price or are there going to be considerations around whether you might receive a bid in part cash, part shares? I mean, what's the trade-off there? Is that something you'll just go through with the Board if a bid does come to fruition or alternate bid?

Heath Sharp: Yes, look I guess I would say the potential certainty of an all-cash offer is part of why we've taken the action that we have today and engaged, or in the process, deal at $4.75. In the event there is a competing offer, then we simply will need to consider it on its merits. I don't want to pre-empt what is or isn't appropriate at this point in time.

Keith Chau: (MST Marquee, Analyst) Yeah, that's fair. Just going back to Ramoun's question earlier on, I think we're all sitting here looking at this bid going, okay, well the share price has been as high as $6 previously, the bid's at $4.75, clearly the world's changed. As you look at the business and maybe we're just requiring a broad comment here, but has the earnings power of the Group, do you think, perhaps deteriorated in the last five years? If so, is that principally driven by cost inflationary pressures?

I don't know if you can answer that in a very broad way, Heath, but maybe some views on maybe some reference points of the last five years might be an easier way to answer that question.

Heath Sharp: Sure, look I would say, look, it's even hard to pick a point in time over the last five years as the reference. I mean it's been quite a period and the world today feels different generally to how it felt five years ago. I guess all I can do to elaborate on the process we went through is we considered all of the things we're working on, whether it be stainless steel, Mexico, Poland, ongoing footprint activities in all of our regions around the world, the new product initiatives, the stainless steel, our view of what the market will do in the coming years as best as we're able to, factor all that in to develop our own valuation. I think it's fair to say that, on that basis, we thought it was appropriate to engage with Brookfield in this manner at $4.75.

Keith Chau: (MST Marquee, Analyst) Okay, thanks for the colour, Heath, appreciate it. Thanks Andrew.

Heath Sharp: Thanks, Keith.

Andrew Johnson: Thanks.

Operator: Thank you. The next question comes from Daniel Sykes from Jarden. Please go ahead.

Daniel Sykes: (Jarden, Analyst) Hi Andrew, thanks for taking my question. I was just wondering if you could just flesh out a bit of those comments around the resin impacts, just if you could help us understand, I guess, how that impacted top line and also below the line across the segments in FY26, then also what you'd expect in FY27, whether some of those are rolling off as well. Thanks.

Andrew Johnson: Yes, so we really did see, after the start of the Iran war, I think we started to see pretty significant resin inflation specifically in our APAC region. A lot of that goes into inventory towards the end of the year and then we'll push into FY27 as an impact and it will be significant. If you look on balance, the inflation that we will see related to resin, freight and wages and everything else, is really coming close to what we're going to see on the copper side running through the business. So it's significant.

Daniel Sykes: (Jarden, Analyst) Thanks. Are you able to give us an idea of how much that impacted the top line as well in terms of how much you're able to push through those costs in the second half particularly?

Andrew Johnson: Look I think we've mobilised pricing in all regions, probably multiple rounds, certainly in APAC and EMEA. I'm not going to call out specifically what those pricing actions were and the financial impact, but I will say that the majority of that top line increase that you'll see was price driven.

Daniel Sykes: (Jarden, Analyst) Okay, great, thanks guys. Appreciate the questions.

Heath Sharp: Thanks Daniel.

Operator: Thank you. The next question comes from Nathan Reilly from UBS. Please go ahead.

Nathan Reilly: (UBS, Analyst) Good morning, gents. First question, I'm just curious to get a bit of an understanding in terms of the level of shareholder engagement you've had through this process as you've been receiving the offers from Brookfield. I'm also just conscious just in terms of maybe how that's influenced your decision to put a pause or not declare that final dividend.

Heath Sharp: Look, we, during the course of this week, will undertake engagement with our shareholders. That's really the plan for today and the next few days.

Nathan Reilly: (UBS, Analyst) Okay, no worries. Also, just in terms of maybe from a historical perspective, just the level of engagement you've seen from either, I guess, what I would consider to be more traditional trade players, plumbing manufacturers, building materials manufacturers, just in terms of showing interest in the operations in the business?

Heath Sharp: You mean in the context of providing competing bids in the process?

Nathan Reilly: (UBS, Analyst) Just in terms of how you've got the go-shop option available to you, just trying to get a sense of whether you've had a high level or a moderate level of inbound interest, indicative or otherwise informal…

Heath Sharp: Look, I would say that, so first of all, the proposal from Brookfield was unsolicited, but over the course of a few months, we've gone through a process which has yielded increasing value proposals over three bumps. We have received multiple other inbounds over the last several months and held discussions with interested parties. None of those have progressed to the same level of engagement. We've received nothing in writing there.

Nonetheless, we thought it was in the best interest of shareholders to establish a process that provides a mechanism for anyone who does see value beyond $4.75 to participate, which is what we've announced today as part of that process.

Nathan Reilly: (UBS, Analyst) Great. Thanks for that colour. Final question, just in terms of the strategy to take copper out of your products, we've heard, Andrew, just in terms of the impact in terms of what you'd expect current copper price inflation to mean in terms of EBIT impact, but once you get through that process of fully implementing those changes from a stainless steel transition point of view, where do you expect that level of earnings sensitivity to ultimately end up when that process is fully completed?

Andrew Johnson: Look, I think we'll still have some exposure to copper, certainly. For example, we sell the electrical cords as part of the appliance connector business, there's a significant amount of copper in that, but it's really hard to say where that sensitivity will land. We haven't finalised those calculations.

Nathan Reilly: (UBS, Analyst) Okay, thanks gents.

Andrew Johnson: Thanks.

Heath Sharp: Thanks Nathan.

Operator: Thank you. The next question is a follow-up from Sam Seow from Citi. Please go ahead.

Sam Seow: (Citi, Analyst) Morning guys, thanks for letting me have a quick follow-up. I just wanted to pick up on your previous comments there where you said you look to enter into a SID on terms consistent with the proposal. I just wanted to clarify, is there any, I guess, other terms not price related with the proposal? Or do you just mean price?

Heath Sharp: As I've said a couple of times, Sam, we have no binding offer at this point in time. We will work over the next four weeks with Brookfield in a process that ideally turns an indicative proposal into a binding proposal along the same lines as the proposal. Really nothing else to add to that.

Sam Seow: (Citi, Analyst) Okay, thank you.

Heath Johnson: Thanks, Sam. I think we have time for one more question if there is one.

Operator: No, at this time we're showing no further questions.

Heath Johnson: Very good. Well with that, I will thank everyone for their time on the call today. Enjoy the rest of your day. Thank you.

End of Transcript