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Operator: Thank you for standing by and welcome to the Reliance Worldwide Corporation Half 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 will 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 Mr Heath Sharp, CEO. Please go ahead.

Heath Sharp: Good morning, everyone. Welcome to RWC'S Financial Year 2026 half Year Earnings call. This is Heath Sharp. I'm joined here in Atlanta by Andrew Johnson, our CFO. Today, we'll cover our results for the six months ended 31 December 2025. Then we'll move to Q&A. Before I get into the numbers, I want to recognise the effort behind this half. This has been a demanding period. The results are in line with the tariff impact we forecast, but they're not at the level we aspire to deliver.

Notwithstanding, they required tremendous execution to achieve. Our teams have worked incredibly hard. I'm very proud of their efforts. They have navigated an ever-changing tariff environment with discipline and speed, and they've continued to progress major strategic initiatives at the same time. That combination matters and it positions us very well as markets recover. With that, let's get started on slide 3 with some details on the first half.

We continued to face headwinds during the period. US tariffs impacted earnings and margins and markets in the US and UK remain soft. As we've previously guided, the FY26 tariff impact on operating earnings is expected to be US\$25million to US\$30million. That impact was weighted to the first half, and that is reflected in today's results. Even in this environment, we delivered strong cash generation. Cashflow remained a key strength of the business. I want to recognise our finance teams across all three regions. Their discipline on working capital enabled a further reduction in net debt.

Operationally, we made strong progress on major projects and we executed well across multiple product initiatives at the same time. In EMEA, our new Poland assembly plant was commissioned and began production during the half. That was a major achievement delivered at pace.

In the UK, customer service performance improved meaningfully. Order lead times reduced and fulfilment rates lifted. In the Americas, we finalised plans to augment US manufacturing with a new facility in Mexico. The team did a comprehensive job in

evaluating options and selecting the best path forward, and we are now actioning that plan.

In Australia, we launched SharkBite Max across our customer base. It was a substantial rollout and implementation was excellent. Finally, our tariff mitigation actions remain on track. Diversification of sourcing away from China continues and pricing actions have now been completed and will flow through the second half.

Turning now to slide 4 and the financial overview for the half. Reported net sales were down 4.6% versus the prior corresponding period. Underlying sales were down 1.9% after adjusting for several items. Those adjustments include demand pull forward in the Americas in the prior first half, the exit of selected product lines in the Canadian market and the sale of our manufacturing operations in Spain. For the balance of this presentation, we will refer to underlying sales. This is consistent with the guidance we provided in August.

Adjusted EBITDA was down 22.5% to US\$111.4 million. This reflects tariffs and lower volumes. Adjusted NPAT was US\$52.2 million. Adjusted EPS was US\$0.067 per share. The distribution declared for the half totals US\$0.04 per share. That is evenly split between a US\$0.02 interim dividend and an on market buyback equivalent to US\$0.02.

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 5. Let me start by saying this was a tough half. Although we are not satisfied with the financial results, we did perform in line with our top line guidance. We maintained strong cash discipline and have positioned the business for materially better performance in the second half.

Underlying net sales were down 1.9% versus the first half of FY25, which is in line with our guidance in August. Underlying net sales adjust for items we have called out in prior periods. Number 1, the demand pull forward in the first half last year in the Americas. Number 2, the exit of low margin product in Canada and number 3, the sale of our manufacturing operations in Spain.

The real story of the half is in the margin compression driven by tariffs and weaker end markets. Adjusted EBITDA of US\$111.4 million was down 22.5% on PCP with our margin falling from 21.3% in the first half last year to 17.3% this year. The 400 basis point margin hit breaks down into three pieces. First of all, roughly 250 basis points is derived from the tariff impact, about 100 basis points from lower volumes in operational de-leverage and

the balance from the EMEA investment and service capabilities and the competitive pressures on the DWV market in Australia.

I'll walk you through the regional details in the following slides. Despite the earnings pressure, we delivered US\$4.4 million in cost savings during the period through procurement, manufacturing efficiencies, and distribution optimisation. These actions combined with our tariff mitigation measures will deliver improved margins as we move through the second half.

On a housekeeping note, we had two non-recurring items during the period. These were a profit on sale of our warehouse in France and final Holman restructuring and integration costs. The net effect of these two at the EBITDA line was US\$0.3 million.

Before I move on to the regions, I just want to reiterate that the first half absorbed the worst of the tariff impact, approximately two thirds of the FY26 annual impact of US\$25 million to US\$30 million. Our mitigation actions are working and we expect improvement in margins across every region in the second half.

Turning to slide 6, and the performance of the Americas segment. Americas, as you know, is ground zero for the tariff story. Underlying sales were 3.4% lower than the PCP, but more significantly, EBITDA margins compressed 410 basis points to 16.9%. Adjusted EBITDA was down 25.4% on PCP to US\$69.1 million.

In the US, we continue to experience weak markets and are not assuming a significant improvement in FY26. US existing home sales remain near multi-decade lows. While long-term mortgage rates have eased, we believe long-term rates need to decline materially further before we see sustained turnover improvement. However, we remain confident that we are well positioned to benefit when the recovery does come.

Also negatively impacting revenues by approximately US\$7 million was the movement and inventory weeks on hand by some of our major customers versus the PCP. Channel inventory appears broadly normalised now and we are not expecting further material reduction, but we're also not assuming weeks of stock to increase in half two.

On a positive note on tariff mitigation, we are executing well across a very complex set of initiatives despite what has been at times a moving goalpost on tariffs. We've made good progress on three critical work streams.

First, we've diversified sourcing away from China to lower tariff countries. This is well underway and accelerating. Second, we've implemented pricing adjustments across the

entire US customer base. Those are now in place and flowing through. Third, we're executing on cost reduction initiatives that will build momentum in H2. As Heath has referenced, we intend to augment our US manufacturing operations with a new facility in Mexico. This new facility is about manufacturing flexibility, cost optimisation, and of course tariff mitigation.

The Mexican operation will be focused on lower volume, manually assembled products that will complement our high tech, high volume Holman facility. We are partnering with a local operator to de-risk execution, keeping capital requirements modest and within our existing guidance. We expect to be operational in 2027.

Looking at the results for the Asia Pacific region, on slide 7, APAC delivered 0.6% sales growth in local currency, but margins were under significant pressure. EBITDA margins fell 340 basis points to 8.6%. Two factors drove this. First competitive intensity in PVC pipes and fittings impacted both volumes and margins. We addressed pricing discipline aggressively during the period and we're already seeing sequential improvement in PVC margins in Q3.

Second, we had lower manufacturing overhead recoveries as we sourced more from third parties, which impacted manufacturing volumes. Also impacting earnings in the half was wetter than usual weather in some of the states in Australia, which meant a delay in the spring selling season for watering products. On the positive side, SharkBite Max launch across the Australia market has performed well.

Looking forward, we expect APAC margins in the second half to be higher than both prior year and the first half. So the PVC market has stabilised. We're recapturing overhead efficiencies. Pricing continues to move through, and SharkBite Max momentum continues.

Moving on to slide 8, in EMEA. EMEA showed resilience with underlying sales down just 1.3% in local currency, but we made deliberate investments that compressed margins. In the UK, sales were down 1.6% with plumbing and heating down 1.3% on weak remodelled demand.

Our focus for the half was on fixing service levels. We've achieved substantial reductions in order lead times and meaningful improvements in fill rates. These improvements came at a cost. We incurred incremental expenses that we view as short-term investments. As we optimise these processes and commission our new Poland facility, we expect to manage out these excess costs.

Continental Europe was the bright spot with underlying sales up 5.7% after adjusting for the Spain disposal in the previous year. We saw growth in Germany, France, and Italy, driven by new product launches with key distributors. These are early stage wins that should build momentum. UK minimum wage increases also pressured margins. This is exactly why the Poland plant is strategic. It gives us competitive cost structure flexibility as UK labour cost rise. For H2, we expect EMEA margins to be higher than H1 as service delivery costs normalise and Poland ramps up.

On slide 9, despite earnings headwinds, we delivered good cash performance. Cash generated from operations was US\$102.6 million, down 19% on lower earnings, but operating cashflow conversion was 92.1%, beating both PCP and our 90% target. This is a testament to disciplined working capital management. We reduced net debt by US\$21.2 million in the half and US\$70.2 million over the past 12 months. Net leverage declined to 1.39 times maintaining strong covenant headroom and financial flexibility.

Turning to slide 10 on working capital, the story is really about inventory. The balance increased US\$33 million during the half, predominantly from tariff impacts on inventory values, strategic positioning ahead of sourcing transitions and inventory build to support customer initiatives. Importantly, this was largely offset by working capital management elsewhere. Receivables were down through tighter collections and payables were up through improved supplier terms.

Networking capital as a percentage of sales was 29%, up only modestly from 27.4% in the PCP. Capital expenditure continues to trend down, US\$12.6 million or just 2% of sales. We're maintaining discipline here while funding critical projects like Poland and Mexico within existing guidance. Looking ahead to H2, we expect inventory levels to normalise as tariff transitions complete and we optimise stocking positions. Cash generation should remain strong. With that, let me now hand back to Heath.

Heath Sharp: Thanks Andrew. Turning to slide 11, this is our tariff update. The key message is clear. We are executing strongly across the full set of mitigation actions. We continue to make robust progress reducing purchases from China, and we are shifting sourcing to lower tariff countries, largely in line with plan.

Pricing actions have now been completed and those increases are flowing through the current half. We have delivered this progress despite shifting tariff conditions over the past year. While the goalposts have continued to move, our approach has remained disciplined.

For FY26, there is no change to our expected tariff impact. We still anticipate a net EBITDA impact of US\$25million to US\$30 million.

Looking to FY27, there is a small change. We now expect a residual net EBITDA impact of US\$5 million US\$7 million. Our previous target was zero FY27 impact. This reflects changes in country and material tariffs and points to our decision to invest in manufacturing in Mexico. Importantly, the Mexico facility strengthens the business. It improves manufacturing flexibility and it supports our long-term tariff mitigation strategy. Over time, the Mexico plant and final sourcing changes will deliver a full tariff offset.

On slide 12, we set out our assumptions and outlook for the remainder of FY26. As Andrew said, we are not assuming a material improvement in end market demand in the second half. However, we are targeting improved operating margins in each region.

In the Americas, we expect second half underlying sales to be up mid to high single digits on the PCP. That is partly driven by pricing flowing through, and it also reflects a softer comp due to last year's pull forward. We also expect Americas' EBITDA margin to improve in the second half versus the first. Margins will still be lower than FY25 due to tariffs, but the trajectory improves as mitigation actions take hold.

In Asia-Pac, we expect second half sales to be broadly flat to up low single digits. We expect operating margins to improve meaningfully. This reflects stabilisation of our PVC fitting segment and it reflects the actions we have already executed. In EMEA, we expect broadly flat underlying sales. We expect EBITDA margin to improve in the second half. We are now betting in the customer service improvements, and we expect some of the incremental first half costs to unwind.

We will also begin to see benefits from the Poland assembly plant. At a consolidated level, we expect second half external sales to be up mid-single digits. We expect full year FY26 external sales to be broadly flat on the PCP.

We expect second half EBITDA margin to improve versus the first half. Full year EBITDA margin will be lower than FY25. This sequential improvement reflects tariff mitigation and operational actions.

Slide 13 sets out our priorities for the second half and beyond. A major focus, of course, is copper. Copper volatility is an industry-wide issue and it is one we are tackling directly. In the near term, we will execute the traditional offsets. That includes supply chain optimisation, tight cost and overhead control, and pricing actions into the market.

We expect these actions to largely offset the copper impact for FY27. At the same time, we are accelerating longer-term actions. These actions will structurally reshape the cost base. We are progressing material substitution that includes polymers and alternative metals. We are also progressing product and component redesign, and we are assessing alternative manufacturing processes.

Internally, we have set a clear goal. By FY29, we aim for copper to no longer be a material part of the RWC P&L. This will influence our manufacturing footprint over time, and it will strengthen our long-term competitiveness. The investments we have already made in automation and assembly create flexibility, and it will be augmented by our new plants in Poland and Mexico.

On slide 14, let's take a step back for just a moment. As we look beyond this half, it's worth coming back to what RWC is built to do. Our strategy is unchanged. We are executing against a clear vision to be the complete plumbing global leader across repair and remodel, new construction and commercial plumbing, serving both residential and commercial buildings distributed through wholesale, retail and OEM channels.

Now, I'll wrap up on slide 15 before we open to Q&A. The core message is simple. RWC is well positioned for long-term growth. We have a strong leadership team and we are aligned on global priorities.

Across the organisation, execution remains strong, and collaboration across regions continues to strengthen. Our differentiated position is a real advantage. We have strong channel partnerships built on value creation.

We bring products that earn their place on the shelf. We also have industry-leading brands. They are recognised for innovation and service. We have a clear strategy. We will grow through product innovation, we will grow through customer experience and service levels, and we will grow through industry-leading execution.

We also remain well positioned from a manufacturing capacity perspective. We have invested significantly since 2021. As volumes recover, we will see meaningful operating leverage.

We continue to see strong long-term macro drivers. Ageing housing stock supports repair and remodel. Under-building supports new construction over time and labour shortages continue to favour smart product solutions.

Finally, RWC has a strong balance sheet that gives us flexibility. It supports organic growth, it supports M&A and it supports ongoing shareholder returns. With that, I'd like to open up the call to questions. We will take questions first from those on the conference call line. Then Phil will read any questions received via the webcast.

Operator: Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two.

If you are on a speakerphone, please pick up the handset to ask your question. The first question comes from Niraj Shah with Goldman Sachs. Please go ahead.

Niraj Shah: (Goldman Sachs, Analyst) Good morning, guys. Just a couple on copper from me. Firstly, can you remind us of what the process is with your customers in terms of taking the price action, how that might vary by channel?

Then secondly, where you have of copper intensity in the portfolio, like SharkBite or [valves], can you talk about how this might compare with competitor or alternative products? Just thinking about the risk of substitution as the copper price is reflected in product price.

Heath Sharp: Sure. So we've talked a little bit over the years of the mechanism for pushing through pricing. Ultimately, it's just a little bit different by channel. But fundamentally, in the case of copper, where it's a clear index and that information's available to everyone, that's the foundation of the submission and you provide the information in the standard format that that particular customer wants.

It's a process we're pretty familiar with. We've gone through it now all too many times, so pretty comfortable that we know what to do there and can run through that process. The question on alternatives in the marketplace, I think we've got a good idea of what our end users need. I think that's absolutely a differentiator for us.

You know, Niraj, you've been to our training centre here in Atlanta and we talk a lot about spending time in the field. So any changes we make to our products will be based on knowledge of the market, what our end-users value, what's important for them.

We're also not going to make any changes without having undertaken the appropriate trials and focus groups and field tests and whatever else. Obviously right now with copper, we're in the same position as everyone else. So it's not a commercial disadvantage for us, it's just time and effort to handle that.

I actually see the project to move to alternative materials as a real opportunity for us. It's the sort of project I think we do very well. It's the sort of project that energises our people. I think it's an opportunity for us to show that innovation and disruption that we're known for and to solidify the strength of our brand.

So it's clearly going to be our number one priority for the next few years, and I think that's entirely appropriate. Thank you.

Operator: The next question is from Ramoun Lazar with Jefferies. Please go ahead.

[Over speaking]

Heath Sharp: Gary, I think we lost Ramoun.

Operator: The next question comes from Lee Power with JP Morgan. Please go ahead.

Lee Power: (JP Morgan, Analyst) Morning. Can you maybe talk to the level of pricing that you actually got? So how much does it contribute in that second half mid to high single-digit growth, Heath?

Then I get the kind of the weaker PCP in Americas and a few other moving parts, but maybe just your view on how the core US market is actually tracking. Are things stable or are we still seeing declines? Thanks.

Heath Sharp: So I think on the market generally, I think it declined just a little bit further in the last period. It's a little tricky at the moment to look through pricing moves in the market to determine exactly what's happening with volumes.

I think pricing is only just starting to move through now. So overall the market feels like it was off by another few points at least over the last six months. Look, in terms of the pricing action we've taken, I think as we set out in August and then earlier last year, we've got a very comprehensive model of all our cost imports, literally by SKU.

We then cross-reference that to the particular channels and the particular markets and we'll take the pricing action that we feel is appropriate based on the nature of the product, our position in the market, and a whole host of other factors.

So I don't want to point to any specific numbers on pricing, I don't think we've called that out anywhere and that's quite a sensitive issue. So I think we revert to, again, what we've talked about a few times, is all those combined activities with sourcing, cost saving, pricing, has yielded the result in line with what we guided to in August.

Lee Power: (JP Morgan, Analyst) Okay. Thank you. Then just on the EMEA outlook, can you confirm that that's constant currency? Because I guess the currency has moved a lot and it would seem very conservative if it was in constant currency.

Andrew Johnson: It is in constant currency.

Lee Power: (JP Morgan, Analyst) Okay, thank you. And then just a final one. Your point, Heath, that you were chatting about, material substitution and alternative metals. Like SharkBite's obviously very well known as a brass fitting brand and there's a lot of other products out there where they're plastics resins based.

So how do you think you actually go? Like how do you manage what has been core for SharkBite for a long period of time and then you try and strip out what customers know the product as, if you look to polymers or some material?

Heath Sharp: I think carefully. But I also would point to the tremendous amount of work we did during the SharkBite Max transition. We learned a lot there and I would say the heart of that project was to disconnect assembly from the body manufacturing and that's what allowed us to bring assembly to the US, as you know, Lee.

But if you think that through to the next level, disconnecting the body from the assembly process also disconnected the choice of material for the body from that assembly process. So that was in our mind all along, so has been part of what we've tested.

So we've got a range of options there. I think we've got a pretty good handle on the right direction to go. I don't really want to provide any more information on that at this point, but we'll be making those trials and taking the right action, we believe, over the coming months.

Lee Power: (JP Morgan, Analyst) Excellent. I appreciate the answers and time today. Thank you.

Heath Sharp: Thanks, Lee.

Operator: The next question is from Harry Saunders with E&P. Please go ahead.

Harry Saunders: (E&P, Analyst) Morning, guys. Thanks for taking my questions. Firstly, just wondering, with about two thirds of the tariff impact being in the first half or sort of US\$18 million roughly, it therefore sort of implies a US\$9 million to US\$10 million step up in the second half, all else equal, before other factors.

Should we then be factoring in some other positive or negative factors in the second half, such as seasonality and maybe some of those one-off factors you discussed in some of the

regions rolling off? I mean could we maybe just step through a bridge to the second half given more complex than most second half movements, please?

Andrew Johnson: Hey, thanks, Harry, this is Andrew. I'm not going to bridge it but let's just kind of talk through it. You are absolutely right, we will see a reduced impact in the second half in terms of the tariff impact. We're still sticking to the US\$25 million to US\$30 million and so roughly one third of that would hit in the second half. So that will certainly be an improvement over the first half.

Some of the other items that we've called out, APAC PVC margins are already recovering. We expect that to continue. In EMEA, we're working really hard to optimise those service costs that that flowed through. Of course, we'll have more of an impact of Poland as those volumes ramp up.

I think lastly, we are executing well on cost savings. We've called out US\$8 million to US\$10 million. So you could take another round of cost savings in the second half very similar to what we achieved in the first half.

So overall, we think that's going to support the margin improvement in the second half and that's a pretty clear line of sight, at least on those four things that I mentioned.

Harry Saunders: (E&P, Analyst) That's helpful. Thank you. Maybe asking another way, appreciate you may not be able to answer, but the second half margin clearly should be up on the first half but lower than PCP. I mean is there any indication at all of which one we're closer to in the second half? Just given a lot of movements today.

Andrew Johnson: Yes, look, I think volume is going to be the wild card. I think if we can see a good volume uptick, although we're not planning on it, volume is going to move that needle either closer to last year or closer to the first half. So it's really hard to say, Harry.

Harry Saunders: (E&P, Analyst) Thanks, and maybe just that comment on the cost out measures, just to be clear, are you indicating there's some incremental cost out versus the first half run rate in the second half potentially?

Andrew Johnson: No, what I'm saying is that run rate will continue. So we'll see another roughly US\$4 million or US\$5 million in the second half to get you that US\$8 million to US\$10 million for the for the full year.

Harry Saunders: (E&P, Analyst) Got it. Thank you. Just lastly, can you just talk through I guess in that Americas guidance for sales versus volumes, I know you've touched on this, given the tariff pricing impact or is that something you can't answer?

Andrew Johnson: No, we're not going to talk specifically about the tariff pricing actions and the impact. But that certainly drives a significant part of that guidance we've given in Americas for the top line.

Harry Saunders: (E&P, Analyst) Got it. I'll leave it there. Thank you.

Heath Sharp: Thanks, Harry.

Operator: The next question is from Brook Campbell-Crawford with Barrenjoey. Please go ahead.

Brook Campbell-Crawford: (Barrenjoey, Analyst) Yes, good evening. Thanks for taking my question. I just had one on volume in the second half. Andrew, as you noted that's the key swing factor in the second half in Americas.

I'd love just to hear your thoughts around elasticity and relating to all these prices that have gone through for I presume tariffs and copper. What's your assumptions there around impacts to demand from prices going up and how have you thought through that when providing the second half guidance? Thanks.

Andrew Johnson: Yes, it's really hard to say, Brook. I think that certainly there is some point where pricing will impact demand. I'm not sure we're seeing it at this point. Because you have to remember that the whole industry has had to push price related to either tariffs or copper tariffs, so we're kind of all in the same boat.

Not saying it won't impact demand at some point, but it's just not something we're really seeing at this point.

Heath Sharp: Look, I'd also, Brook, point you to the fact that a really good chunk of what we do, particularly here in the US, is absolutely repair and maintenance. So far less discretionary, which helps.

I think the bit of the market that's more susceptible, of course, is that remodel, and particularly the larger remodel. The other issue that works in our favour to a degree is the fact that our products, particularly in that repair and maintenance area, are a pretty small percentage of the overall cost of the project.

So I'm not sure where we're at and what our pricing is dramatically moves the needle on demand.

Brook Campbell-Crawford: (Barrenjoey, Analyst) That's helpful. Thanks for that. Just one on the Mexico facility. How should we think about the cost reduction from that relative to, I presume, things being done in Cullman at the moment that will get shifted across?

Then just bigger picture, how did you get comfort that there won't be further changes in tariffs that would impact Mexico and, I guess, become a complicating factor when planning this new project? Thanks.

Heath Sharp: Yes, look, I'm not sure we have any comfort whatsoever with regards to tariffs being stable. It's an ever-moving target. But we took this action with that in mind. We've been considering a facility in Mexico for a while now, and the opportunity from tariffs was, I guess, the last catalyst to get us over the line to make that move.

But our view is solidly that having a flexible, lower labour cost production facility pretty close to our markets is going to be a useful thing for the fullness of time, irrespective of tariffs.

So I'm very comfortable with where we're headed. We've also taken, and we talked about this in Sydney at the Investor Day last October, we've taken a no regrets approach, if you like. So low CapEx, fast and reversible. So this is not a hundred million dollar project, we're talking about a couple of million dollars, a few million dollars' worth of OpEx, CapEx. That's the order of magnitude. But I think the optionality it gives us is pretty significant.

So, yes, at the moment there would also be some additional tariff benefit and that's great, but long-term we think it's a pretty useful facility to have regardless.

Brook Campbell-Crawford: (Barrenjoey, Analyst) That's great. I'll pass it on. Thank you.

Heath Sharp: Thanks, Brooke.

Operator: The next question is from Peter Stein with Macquarie. Please go ahead.

Peter Stein: (Macquarie, Analyst) Good evening, Heath and Andrew. Thanks for your time. Perhaps just furthering that line of questioning briefly, Heath. The US\$5 million to US\$7 million impact that you called out in '27, you suggested that that is a consequence of moving gold posts in tariffs more so than perhaps as a consequence of you not taking price associated potentially with some of the production that you moved to Mexico.

Is there an impact like that? So very much like what we've just seen over the last six months?

Heath Sharp: I think there's a few factors that converge there, Peter. Look, we were looking at the history of tariffs last week as we were getting our head around this call. Even though we've lived it, we were surprised when we put it down on a sheet of paper just how much has changed.

I think there was, of the top 12 countries we sourced from, it was nine or 10 of them, the number had changed from the original number. Perhaps more significantly, some of the material tariffs have changed, whether that be steel or copper.

Then even beyond that, once you get into the detail of what defines locally manufactured, whether it's melt and pour or whether it's subsequently processed, also changed during the period.

So you put all that together, is there were a handful of items in our original plan where moving them was not going to yield as much of a benefit as we first thought. It was going to take some effort and there's risk in all of that.

So we simply decided to look closer to home for a longer term solution as opposed to moving, only to have to move it again. I think there are some things we've moved that we will subsequently move again and perhaps bring to Mexico.

I think the final point I'd make there is there's some low-volume production we will ultimately take out of Cullman and move to Mexico, but only some. We're definitely eyeing some other things we're now doing in other parts of the world, whether that be Southeast Asia or even the UK and Europe, that we may ultimately bring to Mexico.

So there's a lot of factors at play there, and in the end, we thought it was prudent to reduce risk just a little bit and make that not have a secondary move but only have an initial move. That's really what's led us to that change in the FY27 guide.

Peter Stein: (Macquarie, Analyst) Got you. Thanks, Heath. That's useful. Then I'm just curious, obviously, around the inflationary pass-on perspective. If you could just give us a sense of how customers are reacting?

You're obviously – or maybe channel partners are reacting. You're obviously moving things around a fair amount. How are you managing that process, and how are they responding?

Heath Sharp: Peter, I'd say no one's real happy right now. Us, our peers, our customers, our vendors, our end users. I mean everyone along the way is absorbing just a little bit, everyone's passing on as much as they can. It is having somewhat of an inflationary impact on the very final product.

Ultimately, we all do what we have to do. I mean, this has got complete visibility. It's not a thing that's unique to us or unique to our product or our category, so that helps. I think everyone's just frustrated that it's taking a whole lot of time and effort that ultimately we'd all prefer to be putting into something else.

So there's nothing specific I'd call out there in terms of big over-the-odds wins or big problems. We're just working through it.

Peter Stein: (Macquarie, Analyst) Yes. Very good. Thanks, Heath. I appreciate that colour.

Heath Sharp: Thanks, Peter.

Operator: The next question is from Daniel Sykes with Jarden. Please go ahead.

Daniel Sykes: (Jarden, Analyst) Hi, guys. Yes, thank you for taking my question. I just wanted to touch on APAC and the EBITDA margin there. Whether you could provide some colour on what drove the decision to source more externally versus manufacture?

It seems from the guidance around look forward EBITDA margin for APAC, it seems transitory. But I'm just wondering if you could help us understand why it was so acute this half?

Heath Sharp: Look, ultimately, it's a cost-driven decision. Volumes in the Aussie market are really quite low relative to the rest of the world. You'll recall that back when we were doing all of the US manufacturing and assembly in Australia, we were able to do the volume for Australia as well within that context.

But now we've taken that assembly volume out of Australia, it makes it very hard to justify that level of cost and overhead to an Australian-only product. Hence we've outsourced it. It was an approach similar to what I just mentioned for Mexico.

So low capital, fast, and ultimately just gave us flexibility, and that's the direction we've gone in, and obviously a unit cost advantage as well.

Daniel Sykes: (Jarden, Analyst) Okay. Great. Just in terms of the comments around inventory levels in Americas, obviously the US\$7 million hit from customer de-stocking is that something that's finished now, or how does it look forward through to H2? Are you expecting some kind of inventory drop again through H2 in the guidance?

Andrew Johnson: We are not expecting further reduction. I think I mentioned that in my prepared comments. But at the same time, we're not expecting those weeks of stop to increase either. From where we sit today, we feel like it's normalised and we should be fairly stable from here forward.

Daniel Sykes: (Jarden, Analyst): Okay, great. Thanks.

Operator: The next question is from Keith Chau with MST Marquee. Please go ahead.

Keith Chau: (MST Marquee, Analyst) Hi, Heath. Hi, Andrew. First question, Heath, just going back to the point around elasticity, it certainly seems to me that at least part of the answer to demand elasticity due to cost and [POS] is answered by the actions taken by Reliance, with substitute materials in terms of manufacturing, change of product design. I think you made the point in the presentation that the goal is to make copper a non-material part of the P&L by FY29.

These actions actually seem a lot more significant than the changes that have been made to the core product set over the course of history. Is it as extreme as substituting a metallic fitting with a plastic fitting, or is it more about changing the alloys in the production process and [sharper] push to connect products?

Heath Sharp: It's going to vary by product. In some cases, a polymer solution will be the answer. I think in many cases, we'll probably end up with a stainless steel solution. I think the bigger question is how you actually go about processing that metal and which particular version of stainless you choose. There's a little bit in it, but I think it's all handleable.

That page, I think it was page 13, the copper page in the deck, is, there's really two parts of that slide. There's the near-term on the left-hand side and then the long-term. Near-term, as we put there, it's the same levers we've had at our disposal previously.

When copper's at where it is today, plus or minus a little bit, I think those mechanisms are fine. We just have the view that - look, it's volatile right now, and we're a little bit tired of dealing with that. That makes it hard. But we also have the view that data centres, electrification of vehicles and whatever else is not going to make it any easier for us to source copper at sensible prices going forward.

We really have put a stake in the ground and then pivoted to the right-hand side of that page, is how do we remove the volatility? How do we protect ourselves from that long-term impact? That's the approach we're taking.

To some extent, someone on the Americas team made this comment the other day, is, copper's the new China. We took action over the last 12 months or so to decouple ourselves from China. We're taking a similar approach to copper right now. It will take longer, it's a multi-year project, it's got some challenges in it, but I think we can pull those off, and I think it actually helps us in the marketplace. We'll have to do it carefully, at pace, but carefully.

Of course, none of that, though - in the event, heaven forbid, copper precipitously dropped in price, we can always go back to making these products in copper. So, it is reversible, although I don't expect that will be an issue for us. I very much don't want to be sitting here in a few years' time and talking about copper at US\$18,000 or US\$20,000 or US\$21,000, because elasticity, all those conversations are gone by that point.

Keith Chau: (MST Marquee, Analyst) Yes, indeed. Heath, just thinking about this on the longer term, because I guess when you're talking about product substitution or material substitution, there's always a discussion to be raised around the earnings power of the business and what it means if you do move to polymer for some products from metal, because, effectively, the embedded value in the product - sorry, the embedded cost in a metallic product is higher than a plastic product. But Reliance has always been a business that sells value, and I think in the past you've talked about putting labour on the shelf.

Maybe simplistically, the question is, can you retain the current earnings throughout the business, all else being equal - if there are changes to the product design and material substitution, are you confident that you can still generate the same dollar, the same unit dollar of profit per product sold?

Heath Sharp: Keith, we're acutely aware of that model. We live it every day and have for years. We're not about to make decisions that upend that. I would also say, and you've seen this first-hand over many years, this is a super conservative market in the US [People] don't like changing, full stop, and they certainly don't like changing to a material that's perceived as a less robust material.

All of those things will factor into our consideration as we make these changes. I'm pretty comfortable that we can make the appropriate moves here. Your question is absolutely valid and one that we're absolutely all over, I believe.

Keith Chau: (MST Marquee, Analyst) Thanks, Heath. Maybe, if I can, a couple of quick ones for Andrew, just to cover them off. Andrew, I think it was asked before around some of the costs that will come out of the P&L for EMEA as those investments to improve service levels and establishment of the Poland facility come to an end.

If we just isolate it to those two factors, is the quantum of cost reversal in the second half or FY20 somewhere in the range of low-single-digit millions, in pounds?

Andrew Johnson: We think so. If you look at that 270 basis point drop that we saw in the first half, the majority of that margin drop, you can tie back to those production inefficiencies. I'm not saying we're going to get - we'll be completely clear of those in the

second half, but the team's making really good progress to get the overhead recoveries and the labour recoveries back to where they were. So, that's going to get most of that back that you just mentioned.

Inflation is still an issue in the UK, and it has been for years now of course, but gosh, when you take a step back and look at it, we've seen significant increases in the national minimum wage, and it has impacted our business.

We do push through price. We'll push through price again in this second half, which will certainly help. So, we're on our way back to getting towards 30%. I'm not saying we'll get to 30% in the second half. I think we'll need volume to get all the way there. But at least covering off on those two things that hit us in the first half, you should see a significant improvement in the second half.

Keith Chau: (MST Marquee, Analyst) Thank you. Then, the final couple is, one whether you can update us on the copper sensitivity for the business, and secondly, again, a small point, but any freeze benefits factored into the second half of the FY26 guidance? Thank you.

Andrew Johnson: From a copper standpoint, we're at US\$900,000, and that's the EBITDA impact for every US\$100 movement in the LME. That's pretty consistent with where we were last year. I think you also have to factor in that there's a tariff cost, a copper tariff cost, that's not in that number, and that's probably another 25% on the number that I just gave you. So, that's what we're looking at.

Because of the lag, we can tell you what copper will be in the second half. Copper, on average, will be about US\$10,600 a tonne in the second half. It was about US\$9,600 last year. That gives you the relative movement in copper. We'll see US\$4 million, US\$4.5 million in additional copper costs in the second half.

Keith, what was the second part of that question?

Keith Chau: (MST Marquee, Analyst) Just whether there were any freeze benefits factored in for the second half of FY26 guidance.

Andrew Johnson: It did get quite cold. I don't think it was any more significant than some of the colder weather we had last year. We're tracking the impact. We always have more clarity the further we get through the second half and look back, because obviously, customers have inventory levels that have to be drawn down and then you see reorder. It tends to flow through later than you would think.

Sitting here today, I don't have perfect visibility on what any freeze impact may have been, so we'll just have to see how the half progresses. Right now, it would be very marginal in terms of the difference this year versus last year.

Keith Chau: (MST Marquee, Analyst) Okay, that's great. Thanks very much, Heath and Andrew.

Operator: The next question is from Ramoun Lazar with Jefferies. Please go ahead.

Ramoun Lazar: (Jefferies, Analyst) G'day, guys. Just a couple of follow-ons from me. Just on the APAC, maybe Andrew can answer this, just with the changes in the manufacturing and sourcing, where can we expect those margins to get to now that you've made those operational changes, Andrew?

Andrew Johnson: We're working through those. I think that the team has done a really good job of getting their hands around price, and that's started to flow through on DWV in the first half, and then we've got other pricing initiatives that we'll see come through in the second half.

From a volume standpoint, you've been following our business for a while now, and as you can imagine, intercompany volumes in terms of the product being shipped to the US, I don't expect that to increase year over year. That's always a big variable in that APAC P&L, because essentially, it's a manufacturing business, when it comes to that copper production and the [short by bodies] that are provided to the US.

Where this goes from here, I think volume, and I always have to go back to that, volume is always a big driver. Our target for that region, we haven't lost sight of the mid-single-digit EBITDA margin target, but I do think it's going to take us a couple years to get there.

Ramoun Lazar: (Jefferies, Analyst) Yes, okay. That's helpful. Then, just a follow-on from Keith's question just around the US growth in the second half. To get to that high single digit, are you assuming for that to happen, you need to see some benefit from the freeze, or is that just predicated on potentially a broader volume recovery gets you to that high single-digit top-line growth number in the Americas?

Andrew Johnson: No, we're not really banking any big benefit from the freeze in the second half. As I mentioned earlier, the majority of that's going to come from pricing.

Ramoun Lazar: (Jefferies, Analyst) Okay, so no major volume recovery expected in that mid-single to high-single-digit top-line growth in the second half for Americas?

Andrew Johnson: Not really. The team's doing some good things. Nothing I really would call out. There's some business on the OEM side that we've been able to move forward with that's going to help out. Heath mentioned the softer comp last year because you recall revenue was pulled ahead to the first half last year, so that's going to create a little favourable comp. Those are the primary things that I would call out in terms of what's going to get us to that top line guidance that we provided.

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

Heath Sharp: Thanks Ramoun.

Operator: The next question is from Shaurya Visen with Bank of America. Please go ahead.

Shaurya Visen: (Bank of America) Thank you for taking my question. Just a quick follow up on copper for Andrew perhaps. Andrew look very detailed in terms of the steps you have taken to reduce the impact of copper. I was just curious to understand whether hedging is something you've looked at and if yes, could you help us with some numbers on what's hedged and at what price? Thank you.

Andrew Johnson: Yes, we have looked at hedging and actually we we're going through a very small hedging trial as we speak. It's something we want to have potentially as a tool in the future, but it's not something that we're currently doing.

Again, if we do decide to hedge, it's really just not going to be opportunistic. It's really just going to be to take some of the commodity volatility out of the P&L. We haven't made a decision on how we're going to move forward, but it is something we've considered and actually conducted a small trial and currently doing that as we speak.

Shaurya Visen: (Bank of America) Thanks, Andrew. Very helpful.

Operator: The next question is from Daniel Kang with CLSA Australia. Please go ahead.

Daniel Kang: (CLSA Australia, Analyst) Good morning, Heath. Good morning, Andrew. Andrew, just probably a housekeeping question here. Just wanted to clarify your guidance for Americas and EMEA. You called out some adjustments to the exit of low margin products in Canada, and then I guess the sale of the manufacturing plants in Spain. Can you just quantify for us these two adjustment factors?

Andrew Johnson: Sure, I think - so, let's walk through those. Last year we had an S/4 HANA implementation. As would typically happen, some customers bought inventory ahead of that, and then we had a load in of some appliance connectors into one of our customers. If you take those two together, it's low double digit millions. Then if you take the low

margin product that we exited, that's mid-single digits. Hopefully that gives you enough information to get you where you need to be. I'm not going to give you exact numbers, but that'll get you really close.

Daniel Kang: (CLSA Australia, Analyst) That's great. Andrew, and just in terms of APAC Holman, can you help us with the level of contribution Holman provided in the period and the level of synergies that you've been able to extract?

Andrew Johnson: Sure. I'm not going to - look Holman, we've had the business now and this is our second financial year. We've done a lot to integrate those two businesses. So pulling out profit and EBITDA margins, it's pretty difficult. Nicole and her team are managing as one business today, and the accounting obviously follows that. Revenue was down slightly versus the prior year and as we've mentioned, there was a really slow start in the watering season.

It started to pick up late in half, but it still left us with slightly lower volumes than we had in the first half last year. Overall, we're still excited about the business. It's really driven revenue opportunities and synergies on both sides. So that's not only RWC selling more products into Bunnings, but of course selling some of that Holman product through some traditional RWC customers.

Daniel Kang: (CLSA Australia, Analyst) Thanks, Andrew. Just last one if I may; realise market conditions are obviously fairly tough at the moment and it is for the entire industry. Wondering, Heath, if you can talk about the M&A outlook and are you actually seeing more opportunities come about because of the current conditions?

Heath Sharp: No, I'd say it's the opposite. Everyone over here is positioning, taking the view that it's better to be early than late. So valuations are pretty spicy, unfortunately.

Daniel Kang: (CLSA Australia, Analyst) Got it. Thank you guys.

Heath Sharp: Thanks.

Andrew Johnson: Thanks Daniel.

Operator: The next question is from Sam Seow with Citi. Please go ahead.

Sam Seow: (Citi, Analyst) Morning guys. Thanks for taking the question. Just one on material substitution. I think that's obviously a great initiative, but in terms of the profile, could you perhaps outline the rough shape of when you expect that sensitivity to copper to start really dropping away the most? Maybe make reference to that US\$900,000 you've

given us, but yes, just any rough approximation on the shape of that sensitivity and when you think it will start to materially drop away.

Heath Sharp: So look, it's no small thing we're jumping into here. I would like to think - look, I'm not sure we'll catch anything in '26. We certainly will start catching some things in '27, but Sam, there's a reason we pegged it as a '27/'28/'29 project because there's some work in it, but we think during the course of those three years, it'll sort of incrementally yield benefits.

Sam Seow: (Citi, Analyst) Got it. So, just back in weighted '28/'29, you suspect?

Heath Sharp: I think that's the goal we've set for ourselves, yes.

Sam Seow: (Citi, Analyst) Okay, that's helpful. Then I'm going to try a question then on FY27. I know in a normal year we wouldn't talk about it, but given it's not really a normal year and the copper price we're seeing now is likely to hit your P&L in first half '27, just wondering if there's any reason your bigger customers reopen contract out of cycle or if the percentage of copper in your fitting is just too low of a percentage, or just anything to consider for that first half of '27? Thanks.

Heath Sharp: So, look, there's not a whole lot else to - there's no magic answer here, there's no silver bullet. We're pretty comfortable we can offset the copper impact in '27 based on our estimations for copper for the '27 year. All I can really say, absolutely it's in focus for us and we believe the whole industry. The good question you asked, the volatility at the moment makes aggressive moves a little bit difficult, but there must be pricing. There's no question there has to be pricing here and we believe, as in the past, it'll be an industry-wide move and we'll move as part of that.

So, very attuned to that, spending some good time and effort on it, but at the same time working really hard on the cost-saving side of things and the supply chain side of things and continuing to pull those levers that are absolutely at our disposal today.

Sam Seow: (Citi, Analyst) Thanks. That's helpful. Then on the cost side of things, maybe a more holistic question but there's plenty of things going on at the moment, the tariff mitigation, et cetera, is there any kind of cost that might reverse when things settle down or anything you can kind of help us or point to? I mean, there's obviously a lot of non-BAE work happening within your business. Just, you know, if there's anything you can kind of point to or quantify that might reverse as we go to in the next couple years? Thanks.

Andrew Johnson: Look I mean it's hard to point out anything specifically. Costs are really only going in one direction these days at least from what we can see. But I just want to remind you that we've done fairly well over the last few years on cost reduction initiatives and we've got our US\$8 million to US\$ million pretty much in hand for this year, we're working on more for the following year, and that's outside of Poland and Mexico, and those will certainly bring cost savings for the business.

We don't expect it to be easy. In fact, we expect it to be hard, and we're going to have to work on cost every day, and we have, and we'll continue to do that. I just want to look at – if you look at our SG&A for the first half, which really as the CFO is something, it's pleasing to see, and that I think we've kept a really tight grip on our SG&A cost, and they've been flat to down in the regions, even more so than the cost savings that we've called out, and that's just indicative of us controlling those discretionary costs and keeping things really tight, and we'll continue to do that.

Sam Seow: (Citi, Analyst) Got it. That's helpful. Thanks guys. Appreciate the call.

Heath Sharp: Thanks, Sam.

Operator: The next question is from Nathan Reilly with UBS. Please go ahead.

Nathan Reilly: (UBS, Analyst) Thanks, gents. Zeroing in on your decopperization project. I'm just trying to get a sense of the scale of the task at hand here. So maybe just help me just in terms of what proportion of your SKUs might be subject to that redesign and material substitution project. I'm also curious to understand what level of sort of step-up in R&D or other costs just you might be looking at just to test and implement that project?

Heath Sharp: Thanks, Nathan. Look, I must admit as I sit here, I haven't got an exact number in terms of a number of SKUs or a percentage. There's a pretty decent chunk of our business that – or a large number of our products that have copper in them, so it's not an insignificant thing. I mean, there's PEX Pipe, a lot of polymer fittings, all the John Guest business is polymer, so there's also, I guess, a chunk that isn't. I mean, it's a US story here, by and large, isn't it? So not insignificant, it's not the entire business by any stretch.

We will have to invest a little bit, but we're talking about low single-digit millions of investment we'll have to put in this. This is not a whole new office and a whole new raft of engineers or so on. We're pretty comfortable. We can handle it by and large with the people and the teams we have, it just means that becomes the priority, doesn't it?

Honestly, as we sit here, it's difficult to think of something that's potentially more valuable to us, not just from a cost point of view, but from a market leadership and innovation disruption point of view. So, we're pretty positive that it's a project that can serve us on multiple fronts, so we'll put the effort in.

Nathan Reilly: (UBS, Analyst) Would you anticipate you'd be running kind of parallel SKUs, one sort of non-proper?

Heath Sharp: No.

Nathan Reilly: (UBS, Analyst) Okay. That was it. Thanks for taking my question.

Heath Sharp: Okay. Thanks, Nathan.

Operator: The next question is from James Casey with Ord Minnett. Please go ahead.

James Casey: (Ord Minnett, Analyst) Hi, gents. It's been a long call, so I'll keep this brief. Just in terms of the CapEx profile, CapEx to sales looks to be a tad over 2% this year. Kind of peaked in FY22 at around 5%, I think.

Are you underinvesting at the low point in the cycle, and would you flex that up as the cycle improves? Or am I reading that incorrectly?

Heath Sharp: Look, I think we invested a significant amount back in 2021 and '22. I think we're very well placed. If we hadn't, then we would need to be – or the question of being concerned would be valid. I think we're in a really comfortable position at the moment, James.

James Casey: (Ord Minnett, Analyst) Okay. Then I understand your comments around the second half '26 looking the same as the first half '26 just in terms of outlook. Just in trading for the first seven-odd weeks this year, with interest rates heading lower, albeit slowly, have you seen any improvement in the US?

Heath Sharp: No, not really.

James Casey: (Ord Minnett, Analyst) Okay. I'll leave it there, thank you.

Heath Sharp: Okay. Thanks, James.

Operator: There are no further questions at this time. I'll now hand back to Mr Sharp for any closing remarks.

Heath Sharp: PK, do we have any questions online?

Moderator: They've all been answered, Heath, with the extensive Q&A we've already had.

Heath Sharp: Okay. Very good. Look, I'd like to thank everyone. It was a long call, as someone mentioned, but I thank you all for your interest this morning. It's certainly been an interesting half for us, but as we sit here, we're actually really quite optimistic and energised as we head into the second half.

I think a whole lot of externalities which have impacted us over the last little bit and a whole lot of direct action that we have taken and are taking that's going to set us up really quite well to do better in the second half and beyond. So, with that, we will get back to it. Appreciate everyone's time. Thank you.

Operator: That does conclude our conference for today. Thank you for participating. You may now disconnect.

**End of Transcript**