

Media Release

23 August 2021

RWC REPORTS RECORD RESULTS FOR YEAR ENDED 30 JUNE 2021:**REPORTED NET PROFIT AFTER TAX RISES 111% TO \$188 MILLION, SALES 15% HIGHER****Highlights:**

- 15% growth in reported Net Sales to \$1,341 million over the prior year, up 25% in constant currency
 - Strong Americas performance with 27% constant currency sales growth
 - Asia Pacific constant currency sales up 18% driven by strong Australian residential construction and remodel activity and higher export volumes
 - UK and Europe recovered strongly post-COVID with 25% constant currency sales growth
- Strong cash generation - cash flow from operating activities up 20% to \$334.3 million
- Net debt reduced by \$128.3million and leverage down to 0.51 times Net Debt to EBITDA¹ (from 1.39 times)
- Final dividend of 7.0 cents per share declared, total dividends for the year of 13.0 cents

Reliance Worldwide Corporation Limited (ASX: RWC) (“RWC” or “the Company”) today announced Reported Net Profit after Tax (“NPAT”) of \$188.2 million for the year ended 30 June 2021, 111% higher than the prior year, and Adjusted NPAT up 63% to \$211.9 million.

RWC will pay a final dividend of 7.0 cents per share making total dividends for the year of 13.0 cents per share, compared with 7.0 cents per share for FY2020.

In the Americas, sales on a constant currency basis were 27% higher for the year and 31% higher in the second half. Sales were driven by the strength of the residential repair and remodelling markets in the US and Canada. The trend for increased spending on home improvement continued throughout the year. A winter freeze event in February 2021 in Texas and surrounding states in the US also boosted sales significantly, with the freeze estimated to have driven an additional US\$42 million in sales.

Asia Pacific sales were up 18% on a constant currency basis. External sales were up 11% reflecting stronger Australian new housing construction and remodel markets, while inter-company export sales from RWC’s Australian facilities to the Americas were up 29% on a constant currency basis.

Reported net sales in EMEA were up 25% in constant currency. Sales volumes recovered following the easing of government COVID restrictions with growth initially driven by pent-up demand as channel partners rebuilt inventory levels. In the UK, the recovery in sales activity was sustained by the strength of the repair and remodel markets.

¹ EBITDA, EBIT, and Adjusted NPAT are non-IFRS measures used by RWC to assess operating performance. These measures have not been subject to audit or audit review.



RWC CEO Heath Sharp said the 2021 financial year had been a record one for the Company.

“Over the course of FY2021 we sold more products to more customers than ever before. Each of our regions recorded strong sales growth, and this translated into strong earnings growth. The trend behind this growth was common to all our key markets, and it was the increased spending by property owners on their homes. It was supported by strong new homebuilding activity particularly in Australia where our business has its highest exposure to new residential construction.

“Our results also reflect the cumulative efforts over many years to establish RWC’s brands as the product of choice and positioned us to take advantage of the unexpected rise in demand. On top of that, our execution capabilities allowed us to mobilise to capture that value.

“Cost inflation pressures were markedly higher in the second half of the year, with input costs such as copper, steel and resins all trending higher, and cost increases also experienced in freight and packaging. These higher costs were able to be mitigated by price increases,” Mr Sharp said.

Adjusted operating earnings, measured by earnings before interest, tax, depreciation and amortisation (“Adjusted EBITDA”), were up 39% to \$349.2 million. The increase was driven by strong growth in sales together with successful implementation of various cost reduction initiatives. RWC delivered \$22.3 million in cost savings and met its target of \$25 million in savings on a run rate basis by the end of the 2021 financial year.

Cash flow from operating activities was up 20% to \$334.3 million, and the Company’s balance sheet was further strengthened during the year with net debt reducing by \$128.3 million. RWC’s leverage ratio reduced during the year to 0.51 times net debt to EBITDA, from 1.39 times.

Outlook

Due to the considerable uncertainty surrounding market demand and the potential impacts of further COVID outbreaks, RWC has not provided earnings guidance for FY2022 at this time. The Company will update investors each quarter on trading conditions in its three regions, including sales and operating earnings.

Commenting on trading conditions since 30 June 2021, CEO Heath Sharp said:

“We experienced positive sales growth over the equivalent period in the prior year in all three regions with reported net sales in July up 9% overall and 6% on a constant currency basis. The rate of growth was lower than for FY2021, reflecting very strong sales growth in the Americas at the start of FY2021 and the strong recovery in volumes experienced in the UK from July 2021 onwards. Australian sales maintained their growth momentum supported by growth in residential construction activity.

“Underlying demand remains strong, but sales are being constrained by ongoing supply chain disruption including raw materials availability, shipping delays, and a shortage of labour in plumbing trades.”

Additional information

Please refer to the Appendix 4E, 2021 Annual Report, Results Announcement and presentation slides released today for additional information and analysis. These documents should be read in conjunction with this and each other document.

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This document was approved for release by the Board.