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RWC RESULTS FOR FINANCIAL YEAR ENDED 30 JUNE 2022:

REPORTED NET PROFIT AFTER TAX US$137.4 MILLION, SALES 17% HIGHER[1]

Net sales of US$1,172.2 million, up 17% on the prior corresponding period ("pcp")

Net sales excluding EZ-Flo (acquired 17 November 2021) up 5% on pcp

Reported net profit after tax of US$137.4 million, down 3% on pcp

Adjusted net profit after tax[2] of US$161.4 million, up 2% on pcp

Adjusted EBITDA of US$268.7 million, up 3% on pcp

Cash flow from operating activities of US$139.6 million, down 44% on pcp due to high working capital investment

Net debt increased by US$420.6 million over pcp following debt-funded EZ-Flo and LCL acquisitions

Americas recorded 26% sales growth on pcp, 6% excluding EZ-Flo

Asia Pacific sales up 6% on pcp[3]

EMEA sales up 1% on pcp[3]

Final dividend of US5.0 cents per share, total dividends for FY22 of US9.5 cents per share

Reliance Worldwide Corporation Limited (ASX: RWC) ("RWC" or "the Company") has today announced its consolidated results for the financial year ended 30 June 2022.

KEY ITEMS

REVENUE

Net sales were $1,172.2 million, up 17% on the prior year. Sales include a partial contribution from EZ-Flo following completion of the acquisition in mid-November 2021. Excluding EZ-Flo, sales growth for the period was 5% on pcp.

Strong sales growth was recorded in the Americas and Asia Pacific regions, while EMEA experienced a slight increase in sales following strong activity levels in the pcp. Price increases were achieved in all regions to offset continued cost pressures, with average price rises of 9.5% realised over the period. Volume growth in the Americas and APAC and new product revenues also contributed to sales growth. Sales in the pcp included an estimated $42 million resulting from a winter freeze event in Texas and surrounding US states. Adjusting for this, and excluding EZ-Flo, group sales were 9% higher than pcp.

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[1] All figures are in US$ unless otherwise indicated
[2] EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, Adjusted NPAT and Adjusted EPS are non-IFRS measures used by RWC to assess operating performance. These measures have not been subject to audit or audit review.
[3] Constant currency sales growth

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- Sales in the Americas of $791.0 million were 26% higher than pcp, reflecting the inclusion of sales from EZ-Flo from November 2021 onwards and also the impact of price increases implemented during the year.
- Asia Pacific sales were 3% higher than pcp (6% on a constant currency basis) with external sales up 12% reflecting stronger Australian new residential construction and remodel markets. Intercompany sales were down 5%, with the prior year having been boosted by demand in the Americas as a result of a winter freeze.
- EMEA sales were in line with pcp (up 1% on a constant currency basis) with lower volumes in the UK following strong sales in the pcp after COVID lockdowns in the UK offset by increased sales in Continental Europe.

EARNINGS

- Reported net profit after tax (NPAT) of $137.4 million, down 3%.
- Adjusted NPAT of $161.4 million, up 2% on pcp. Adjusted net profit after tax reflects:
    - $14.3 million of adjustments made in respect of the amortisation of certain intangibles for taxation purposes under longstanding US tax rules that are not amortised for accounting purposes under accounting standards.
    - Net expense of $9.7 million reflecting one-off costs relating to the acquisition of LCL and EZ-Flo including the unwinding of an inventory fair value step up associated with those acquisitions, a one-off gain on the sale of StreamLabs, and expensing of certain costs associated with RWC's previous debt facilities.
- Reported earnings per share of 17.5 cents, down 3% on pcp.
- Adjusted earnings per share of 20.6 cents, up 1% on pcp.
- Reported EBITDA of $258.9 million, up 2% on pcp.
- Adjusted EBITDA of $268.7 million, up 3% on pcp.

OTHER HIGHLIGHTS

- Planned investment in inventories to maintain service levels, together with higher trade receivables, resulted in net cash flow from operations of $139.6 million, 44% lower than pcp, and operating cash flow conversion of 52% versus 98% pcp.
- Debt refinancing completed with new committed borrowing facilities totalling US$800 million established, in addition to US$250 million placement in the US private debt market, to replace A$750 million syndicated facility and provide additional capacity.
- Net debt of $551.1 million at 30 June 2022, an increase of $420.6 million since 30 June 2021 following completion of the LCL and EZ-Flo acquisitions.
- Increase in net leverage, with Net Debt to EBITDA ratio up from 0.51 times at 30 June 2021 to 2.10 times.[4]
- Final dividend of $39.5 million, being US5.0 cents per share. Total dividends declared for FY22 of $75.1 million, being US9.5 cents per share. (FY21: dividends were declared in Australian dollars. The estimated equivalent in US dollars for comparative purposes is $74.2 million, being US9.3 cents per share).

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[4] Net debt excludes lease liabilities

OPERATING AND FINANCIAL REVIEW

Review of results for the financial period

Year ended:	30-Jun-22 (US$ million)	30-Jun-21[5] (US$ million)	Variance
Net sales	**1,172.2**	**1,001.6**	**17%**
Reported EBITDA	**258.9**	**254.3**	**2%**
Adjusted for one-time items:			
-Net EZ-Flo and LCL acquisition costs, gain on sale of StreamLabs, debt financing costs expensed[6]	9.8	-	-
-Restructuring and asset impairment charges	-	6.4	-
Adjusted EBITDA	**268.7**	**260.7**	**3%**
Reported net profit before tax	**195.8**	**203.4**	**(4%)**
Tax Expense	(58.4)	(62.4)	(6%)
Reported net profit after tax	**137.4**	**141.0**	**(3%)**
Adjusted for:			
-Cash tax benefit of goodwill amortisation for tax purposes[7]	14.3	11.4	25%
-Net EZ-Flo and LCL acquisition costs, gain on sale of StreamLabs, debt financing costs expensed[8]	9.7	-	-
-Restructuring and asset impairment charges	-	6.4	-
Adjusted net profit after tax	**161.4**	**158.8**	**2%**
Basic earnings per share	**17.5 cents**	**18.0 cents**	**(3%)**
Adjusted earnings per share	**20.6 cents**	**20.3 cents**	**1%**
Declared dividend per share	**9.5 cents**	**9.3 cents**	**2%**

[5] US$ figures represent RWC management's translation from Australian $ of historical earnings. Non-IFRS measures have not been subject to audit or audit review.
[6] Adjustments comprise: (i) Acquisition and integration costs relating to LCL including inventory step up unwind ($2.0 million); (ii) Acquisition and integrations costs relating to EZ-Flo, including inventory step up unwind ($9.8 million); (iii) Gain on sale of StreamLabs $2.4 million; (iv) Expensing of costs relating to previous debt facility ($0.1 million); (v) Costs relating to EMEA distribution changes ($0.4 million).
[7] RWC is entitled to claim amortisation of certain intangibles for taxation purposes under longstanding tax concessions available in the USA. Goodwill is not amortised for accounting purposes under accounting standards.
[8] Adjustments comprise: (i) Acquisition and integration costs relating to LCL including inventory step up unwind ($2.0 million); (ii) Acquisition and integration costs relating to EZ-Flo including inventory step up unwind ($8.3 million); (iii) Gain on sale of StreamLabs $1.9 million; (iv) Expensing of costs relating to previous debt facility ($0.1 million); (v) Non-cash write-off of capitalised debt cost ($0.8 million); (vi) Costs relating to EMEA distribution changes ($0.4 million).

Net sales for the year ended 30 June 2022 of $1,172.2 million were 17% higher than the prior year. The main drivers of the increase were the inclusion of EZ-Flo from mid-November, with sales of $124.8 million for the period, together with price increases implemented during the year to offset cost inflation.

Sales in the pcp were positively impacted by the winter freeze in Texas and surrounding states in the US, which generated $42 million in additional revenue. Adjusting for the US freeze and excluding EZ-Flo's sales, like-for-like sales growth was approximately 9% for the year.

Repair and remodelling activity levels remained strong throughout the year. In the Americas, Asia Pacific and Continental Europe, revenue growth was achieved on top of the strong results recorded in FY21. The UK saw plumbing and heating demand revert to longer term trend after a period of heightened activity in FY21 following the COVID lockdowns, and volumes were lower than for the pcp.

Reported EBITDA for the period was $258.9 million, an increase of 2% on the prior year. Adjusted EBITDA of $268.7 million was 3% higher than pcp. Adjustments, as referenced earlier, include the one-off costs associated with the LCL and EZ-Flo acquisitions, expensing of costs relating to RWC's previous debt facilities which were refinanced during the period, and the gain on sale of RWC's StreamLabs business. Results included an initial EBITDA contribution of $15.6 million from EZ-Flo.

Rising costs associated with higher commodity prices for key materials including copper, zinc, resins, and steel, were experienced during the year together with higher costs for freight, packaging, energy and other cost inflation. Average price increases across the group of approximately 9.5% were achieved during the period, with price rises implemented in all key markets. While these substantially offset higher costs they were dilutive to operating margins.

Adjusted EBITDA margin declined from 26.0% to 22.9%. The inclusion of trading results from EZ-Flo since acquisition negatively impacted margins as EZ-Flo has typically generated lower margins than RWC. Excluding EZ-Flo, Adjusted EBITDA margin declined from 26.0% to 24.2%. The timing lag between higher input costs being incurred and offsetting price increases was a factor in compressing margins for the year. Additionally, in some markets price increases were sufficient only to cover higher input costs with no margin contribution. It is estimated that the Adjusted EBITDA margin was negatively impacted by 2% (200 basis points) due to this dilution effect.

Cost reduction initiatives generated $9 million in savings during the year with a full year exit run rate of $12 million. Measures to lower costs included procurement gains, supply chain efficiencies, and a reduction in the use of temporary labour. A further $8 million in cost reduction initiatives are planned for FY23. SG&A costs declined from 22.0% of revenues to 21.6% despite cost inflation pressures.

Reported NPAT of $137.4 million was 3% lower than pcp. Adjusting for the $14.3 million tax item and other one-off costs referenced earlier, NPAT was $161.4 million, 2% higher than pcp.

Sales in the fourth quarter were up 25%, and up 9% excluding EZ-Flo and sales in the pcp arising from the US freeze. Americas underlying sales were 8% higher due mainly to higher prices. APAC sales were negatively impacted by lower inter-company sales. EMEA sales were up 7% in constant currency and benefitted from a catch up of sales that were delayed in the previous quarter due to the transition of the UK warehousing and logistics operations to a third-party logistics provider. Fourth quarter EBITDA was up 25% on pcp, and up 10% excluding EZ-Flo.

Segment Review
Americas

Year ended: (US$ million)	30-Jun-22	30-Jun-21	1 Year Variance FY22 vs FY21	2 Year Variance FY22 vs FY20	2 Year CAGR FY22 vs FY20
Net sales[9]	**791.0**	**630.0**	**26%**	**60%**	**26%**
RWC	666.2	630.0	6%	34%	**16%**
EZ-Flo	124.8	-	-	-	**-**
Adjusted EBITDA	**133.8**	**121.3**	**10%**	**69%**	**30%**
RWC	118.2	121.3	(3%)	49%	22%
EZ-Flo	15.6	-	-	-	-
Adjusted EBITDA Margin	*16.9%*	*19.3%*	*(240bps)*	*+90bps*	-
Adjusted EBITDA Margin excl. EZ-Flo	*17.7%*	*19.3%*	*(160bps)*	*+170bps*	**-**
Adjusted EBIT	**111.5**	**104.7**	**7%**	**81%**	**34%**
Adjusted EBIT Margin	*14.1%*	*16.6%*	*(250bps)*	*+160bps*	-
Adjusted EBIT Margin excl. EZ-Flo	*14.7%*	*16.6%*	*(190bps)*	*+220bps*	-

Sales in the Americas of $791.0 million were 26% higher than pcp, reflecting the inclusion of sales from EZ-Flo from November 2021 onwards and also the impact of price increases implemented during the year. Excluding EZ-Flo, sales growth was 6% for the year.

The prior period included $42 million in sales arising from a winter freeze in Texas and surrounding states. In FY22 there was a one-off negative impact on volumes due to changes implemented by retail channel partner Lowe's to their distribution processes. Adjusting for these two items and excluding EZ-Flo's sales, the Americas like-for-like sales growth was 15% for the period. Sales growth was driven by the strength of the residential repair and remodelling markets, with continued underlying volume growth on top of the record volumes achieved in FY21.

EZ-Flo recorded sales of $124.8 million for the period from 17 November 2021 to 30 June 2022. This compares with sales for the 12 months ended 31 July 2021 of $169.0 million, prior to RWC ownership.

Adjusted EBITDA including EZ-Flo was 10% higher than pcp and was down 3% on pcp excluding EZ-Flo. Higher costs for copper, steel, resins, zinc, packaging and transportation were substantially offset by higher prices achieved in the period, and operating margins reduced with the price rises dilutive to overall margins. EBITDA margin was also impacted by the inclusion of EZ-Flo for the first time, with this business having lower operating margins than RWC.

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[9] Prior to elimination of inter-segment sales

EZ-Flo's margins for the period reflected higher input costs and increased transportation costs. Operating margins were also impacted by a government imposed two-week shutdown in Ningbo, China, where EZ-Flo's plant is located, in January due to an outbreak of COVID. Price increases implemented in the third quarter positively impacted margins in the fourth quarter. EZ-Flo's EBITDA margin for the post-acquisition period was 12.5%, and 16.8% in the fourth quarter.

During the year, a new purpose-built distribution centre in Alabama was commissioned which has significantly expanded capacity and enabled the consolidation of warehousing operations in Alabama onto one site.

The principal drivers of EBITDA performance are summarised in the following table:

AMERICAS			
Year ended: **(US$ million)**	**30 June 2022**	**$ Change over pcp**	**Commentary**
Gross Profit	252.9	26.7	$31.3 million contribution from EZ-Flo
Other Income	3.7	2.9	$2.4 million: gain on sale of StreamLabs
Selling and marketing expenses	(84.3)	(9.2)	Increase due to inclusion of EZ-Flo selling and marketing costs
Administration expenses	(61.7)	(21.4)	($7.8 million): EZ-Flo acquisition transaction costs Increase partly due to inclusion of EZ-Flo costs

Segment Review
Asia Pacific

Year ended: (US$ million)	30-Jun-22	30-Jun-21	1 Year Variance FY22 vs FY21	2 Year Variance FY22 vs FY20	2 Year CAGR FY22 vs FY20
Net sales[10]	**213.3**	**207.1**	**3%**	**30%**	**14%**
Adjusted EBITDA	**42.7**	**49.5**	**(14%)**	**44%**	**20%**
Adjusted EBITDA Margin	*20.0%*	*23.9%*	*(390bps)*	*190bps*	-
Adjusted EBIT	**32.5**	**39.9**	**(19%)**	**61%**	**27%**
Adjusted EBIT Margin	*15.2%*	*19.3%*	*(410bps)*	*290bps*	-

Asia Pacific sales were 3% higher for the year and up 6% on a constant currency basis. External sales were up 9% driven by increased new residential construction and remodelling activity. Intercompany sales were down 5% on pcp due to lower volumes, with FY21 benefitting from increased sales to the Americas as a result of the freeze in Texas and surrounding US states.

New housing approvals in Australia declined by 7% in the year to 30 June 2022 , with multi-family approvals up 4% while new detached dwellings were 13% lower[11]. However, the trend in housing commencements has lagged approvals, with total new dwelling units commenced in the year ended 31 March 2022 up 20% on pcp. A significant proportion of RWC's external net sales in Australia are made in the new residential construction market.

Asia Pacific Adjusted EBITDA for the year was $42.7 million, 14% lower than pcp. Despite higher sales in the Australian market, operating margins were adversely impacted by lower intercompany volumes along with a negative profit in stock movement. Inventory levels were replenished in the Americas following the FY21 freeze leading to an increase in profit in stock for APAC, compared with a release of profit in stock in the pcp. The profit in stock movement over pcp was $6.7 million.

The principal drivers of EBITDA performance are summarised in the following table:

ASIA PACIFIC			
Year ended: (US$ million)	**30 June 2022**	**$ Change over pcp**	**Commentary**
Gross Profit	59.0	(9.8)	($6.7 million): movement in profit in stock over pcp
Administration expenses	(12.4)	(1.8)	($1.7 million): LCL acquisition costs

[10] Prior to elimination of inter-segment sales

[11] Source: Australian Bureau of Statistics

Segment Review
Europe, Middle East and Africa (EMEA)

Year ended: (US$ million)	30-Jun-22	30-Jun-21	1 Year Variance FY22 vs FY21	2 Year Variance FY22 vs FY20	2 Year CAGR FY22 vs FY20
Net sales[12]	**291.3**	**292.0**	**(0.2%)**	**34%**	**16%**
Adjusted EBITDA	**98.7**	**96.4**	**2%**	**58%**	**26%**
Adjusted EBITDA Margin	*33.9%*	*33.0%*	*90bps*	*520bps*	-
Adjusted EBIT	**85.2**	**81.8**	**4%**	**74%**	**32%**
Adjusted EBIT Margin	*29.2%*	*28.0%*	*120bps*	*670bps*	-

Reported net sales in EMEA were 0.2% lower at $291.3 million, while sales in constant currency were up 1%.

Demand in Continental Europe remained strong throughout the year with sales up 17% for the year driven principally by growth in demand for water filtration and drinks dispense products. UK plumbing and heating volumes were down compared to pcp, as demand returned to more typical levels following the heightened activity in FY21 which benefitted from additional COVID-related demand.

Adjusted EBITDA was $98.7 million, up 2% on pcp. Adjusted EBITDA margin increased by 90 basis points to 33.9% for the year. The increase was due to inflationary cost pressures being fully offset with price increases and cost saving measures.

The outsourcing of the UK's warehousing and logistics operations to a third-party provider was completed in the second half of the year. The change caused a delay in order fulfilment in the third quarter, but arrears were successfully addressed in the fourth quarter and reduced to below the level prior to the warehouse outsourcing.

[12] Prior to elimination of inter-segment sales

GROUP PERFORMANCE REVIEW

DIVIDEND

A partially franked final dividend of US5.0 cents per share has been declared. Total dividends declared for the year ended 30 June 2022 are US9.5 cents per share totalling $75.1 million which represents 55% of Reported NPAT and 47% of Adjusted NPAT. The Company's intended pay-out range remains between 40% and 60% of annual NPAT.

The FY22 interim dividend was 20% franked and the FY22 final dividend will be 10% franked. As previously disclosed, future dividends are also likely to be only partially franked given changes in the company's geographic mix of earnings following acquisitions. It is currently expected that future dividends will be less than 20% franked.

The record date for entitlement to the final dividend is 9 September 2022. The payment date is 7 October 2022.

Year ended:	**30 June 2022**	**30 June 2021**[13]	**30 June 2022** ***% Franked***	**30 June 2021** ***% Franked***
Interim	US4.5cps	US4.3cps	20%	20%
Final	US5.0cps	US5.0cps	10%	20%
Amount payable or paid	US$75.1m	US$74.2m		

CAPITAL EXPENDITURE

Capital expenditure payments for property, plant and equipment investment during the year totalled $60.4 million compared with $35.8 million in the prior year. $37.4 million of capital expenditure for the period was focused on growth initiatives with key projects including expansion of production capacity for SharkBite and Speedfit fittings and PEX pipe.

WORKING CAPITAL AND CASH FLOW

Net cash inflow from operating activities for the period was $139.6 million, a decrease of 44% on pcp. Working capital increased by $173.5 million over pcp due mainly to an increase in inventories of $120.4 million and increased trade debtors of $46.3 million. The increase in trade debtors was due principally to the EZ-Flo acquisition together with the flow on effects of higher sales. The increase in inventories reflects:

- $57.7 million: planned inventory increase.
- $22.0 million: increase in the value of inventory due to inflation.
- $54.9 million: increase in inventory attributable to LCL and EZ-Flo acquisitions.
- ($14.2 million): foreign exchange impact on inventory movement versus pcp.

As a result of the increase in working capital, operating cash flow conversion[14] for the year was 52% of EBITDA versus 96% pcp. RWC expects that operating cash flow conversion in FY23 will improve with inventory levels expected to stabilise or reduce.

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[13] US$ figures represent RWC management's translation of the HY21 and FY21 dividend.
[14] FY22: Cash flow from operations to Adjusted EBITDA of $268.7 million.

BALANCE SHEET

Net debt[15] at 30 June 2022 was $551.1 million (30 June 2021- $130.4 million). Net debt to EBITDA was 2.1 times[16] at 30 June 2022 (based on historical EBITDA for a 12-month period ended 30 June 2022) compared with 0.51 times for the pcp.

The increase in net debt of $420.6 million was principally due to debt funding of two acquisitions in the period: LCL ($28 million) and EZ-Flo International ($332 million). Additionally, increased working capital described above added to the net debt position.

During the year, RWC established new committed borrowing facilities with a group of bank lenders totalling US$800 million, comprising:

- US$725 million syndicated multi-currency facility; and
- US$75 million bilateral US dollar facility.

Both facilities have maturity dates apportioned between 3 and 5 years, with:

- US$480 million to mature in November 2024; and
- US$320 million to mature in November 2026.

The facilities, which replaced a secured A$750 million syndicated facility agreement, are governed by a common terms deed and are unsecured.

RWC also completed a $250 million unsecured note issuance in the US private placement market during the year. The notes have fixed coupon rates and maturities between 7 and 15 years. The funds raised provide RWC with long term debt funding which supplements other borrowing facilities. RWC's weighted average debt maturity increased from 3.8 years to 5.5 years following the debt placement. The Company now has access to debt facilities totalling US$1,050 million, with unutilised facilities at year end of $481 million.

RWC continues to have a strong balance sheet and conservative financial position and remains well within its target leverage ratio of 1.5 times to 2.5 times Net Debt to EBITDA. RWC expects that it will remain in compliance with all borrowing facilities' financial covenants.

CAPITAL MANAGEMENT

The Company has assessed that its optimal capital structure will be achieved by maintaining its net debt levels to achieve a leverage ratio (net debt to EBITDA) in the range of 1.5 to 2.5 times. Sustaining a level of debt within this range will ensure the Company optimises its cost of capital whilst at the same time maintaining investment grade equivalent credit metrics, such that it will continue to be able to access long term debt markets and have acceptably low refinancing risk of its debt facilities.

To the extent that the Company is generating excess cash flows beyond what is required to fund maintenance and growth capital expenditure and pursue M&A and other inorganic growth opportunities, RWC's principal means of distributing cash to shareholders will be through dividends. The Company will continue to pursue its policy of distributing between 40% and 60% of annual NPAT by way of dividends each year. RWC is only able to pay partially franked dividends for Australian taxation purposes due to the geographic mix of its earnings.

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[15] Excludes leases
[16] Excludes leases

Beyond paying dividends to shareholders, the Company has determined that the purchase of RWC shares through an on-market share buyback would be the most effective means of distributing excess cash. The Company believes a share buyback would be value enhancing for shareholders as it would contribute to positive earnings accretion on an earnings per share (EPS) basis as well as improve return on equity. The Company will consider share buybacks in the future having regard to its level of earnings, operating performance, level of borrowings and leverage, economic outlook, and its capital requirements to support organic growth and other investment opportunities including M&A.

TAXATION

The accounting effective tax rate for the period was 29.8%. This rate excludes RWC's entitlement to claim amortisation of certain intangibles for taxation purposes under longstanding tax concessions available in the US. Goodwill is not amortised for accounting purposes under accounting standards. The benefit arising from the amortisation of goodwill for cash tax purposes in the period was $14.3 million.

Adjusting for this item, tax expense for the period was $45.3 million, representing an Adjusted effective tax rate of 21.9%. Adjusted effective tax rate best represents the rate of tax paid by the Group. RWC expects that the Adjusted effective rate will be in the range 22% to 25% in FY23.

HEALTH AND SAFETY

Health and Safety continued to be RWC's highest priority in FY22, with an ongoing focus on maintaining a physically and emotionally safe and healthy workplace for employees, contractors, visitors, and the community. While the effects of the COVID pandemic lessened towards the end of FY22, we continued to implement best practice for COVID infection mitigation including telecommuting, on-site social distancing, and distribution of hand sanitisers and personal protective equipment. We have encouraged employee vaccination by offering incentives to all employees to achieve and maintain a full-vaccination status.

All three regions improved their health and safety performance in FY22 as measured by the Reportable Injury Frequency Rate (RFIR). The RIFR measures the rate of all recorded lost time injuries, cases or alternate work, and other injuries requiring medical treatment, per one million hours worked. The Group RFIR reduced by 15%, from 6.08 at the end of FY21 to 5.17 at the end of FY22.

To further support the importance of Health and Safety at RWC, the Board established a Health and Safety Committee during the year. The Committee has initiated a best practice benchmark review of health and safety policies and procedures between each of RWC's three regions. The aim of the review is to help RWC further develop our health and safety systems and continue to achieve health and safety performance outcomes that are consistent with leading companies in comparable industries. In support of these efforts, RWC has engaged with a leading global health and safety consulting company.

In the Americas, a significant accomplishment was integrating EZ-Flo's health and safety systems following the acquisition of the business in November of 2021. A combined health and safety handbook was developed, and other relevant policies and procedures implemented at the legacy EZ-Flo locations.

Another milestone for the Americas Region was the implementation of a revised Employee Safety Engagement program. Health and safety "Kaizen" events were held in the second half of the year to further optimise current procedures, cultivate an employee driven safety culture and develop even more opportunities for employee engagement. The program was well received by employees and has significantly improved the involvement and engagement at all levels in the manufacturing areas. This program will be rolled out to all RWC locations in the Americas in FY23.

APAC's health and safety performance continued to improve in FY22 with total injuries continuing their downward trend, while hazard and near miss reporting increased by 59%.

In EMEA, a major initiative in FY22 has been the benchmarking of best practice internally and externally. Increased levels of employee engagement, training, and information sharing, with a more intense focus on closed loop corrective actions, specifically on any accidents or health and safety observations and near misses, helped to lift health and safety performance. This has been driven by an increase in driving a culture of empowerment to act, challenge and generate more passion for being proactively involved.

FY2023 OUTLOOK

The short-term outlook for RWC's key markets remains satisfactory from a demand perspective. A backlog of work in RWC's core repair and maintenance markets, along with committed new home construction activity in Australia, are expected to support volumes in the short term. RWC believes that its end market exposure, which is predominantly to repair and maintenance activity, provides greater resilience to economic shocks compared with the more cyclical new residential construction market.

Given weaker global economic conditions and the risk of recessions in RWC's key markets, however, the medium-term outlook is less certain. Potential macro-economic, geopolitical and COVID-related risks in the year ahead include:

- Slowing economic activity impacting consumer confidence and causing deferral of remodelling.
- Rising interest rates negatively impacting construction activity.
- Risk of declining home values adversely impacting home equity loan availability and confidence in reinvesting in the home.
- Inflationary pressures making home remodelling less affordable for some homeowners.
- Continued supply chain disruption impacting transportation schedules, energy costs and materials availability.

Further price increases were implemented in the second half of FY22 which will positively impact sales revenue in FY23 by approximately 2%. Continued cost inflation is expected to be an ongoing challenge in FY23 potentially requiring further price adjustments. Price increases may be margin dilutive where they are applied to offset equivalent cost increases with no net contribution to gross margins.

RWC believes it is well placed with its local manufacturing operations and strong track record of class-leading customer service to navigate these challenges and respond to customer needs. We also expect our ongoing new product introductions will enable us to continue our long-standing record of delivering above-market growth with quality margins.

AMERICAS

The US has experienced strong demand in residential remodelling activity over the past two years, driven by a change in consumer preferences as a result of COVID with more time spent at home. This trend has looked to be long term structural in nature reflecting a desire by homeowners to invest more in their houses. Supporting this trend has been the continued ageing of US housing stock and relative underinvestment in home repair, maintenance and remodelling since the global financial crisis.

These factors should remain supportive of activity levels over the medium to long term. Near term, however, demand may be adversely impacted by rising interest rates, declining consumer confidence and a weaker economic outlook compared with the start of 2022. The trend in existing home values will be a key factor in consumers continuing to spend on home remodelling projects. RWC's exposure to the repair and maintenance sector, primarily serviced by the professional plumber and augmented by DIY, should help to mitigate against a possible decline in remodel volumes.

Recent trading has shown a mixed trend. Commercial, multifamily, and mixed-use development construction activity remains strong. Single-family new construction activity appears to be slowing. While single-family finish-out work has not yet softened, new in-ground work is easing. Demand for water heaters has also softened recently, while at the same time manufactured volumes of water heaters have reduced following a period of heightened production by OEM's to meet strong demand through COVID and mitigate against supply chain disruption. For the month of June 2022, U.S. shipments of residential gas storage water heaters decreased 28% on pcp and residential electric storage water heater shipments were down 19%[17].

In terms of channel partner inventory levels, retail and hardware inventory appears to be in line with current unit sales activity, based on point-of-sale data. Recent improvements to supply chains have resulted in better lead times across the industry which has led to wholesalers reducing "safety stock" inventory levels across many plumbing product categories. Additionally, with a more subdued outlook, wholesalers are becoming more cautious and many are trying to bring inventory levels back in line with current demand.

ASIA PACIFIC

In Australia, increases in prior period residential dwelling approvals have now translated into higher new construction commencements, and this should underpin volumes for the first part of FY23. Declining house prices and rising interest rates are risks to repair and remodel activity, but a backlog of work should be supportive in the short term.

EMEA

In the UK, deteriorating economic conditions, rising costs and declining consumer sentiment suggest a subdued outlook for residential remodelling activity. In Continental Europe volumes are expected to be relatively stable, but macroeconomic headwinds together with geopolitical tensions and energy supply constraints represent potential downside risk factors.

[17] Source: Air Conditioning, Heating, & Refrigeration Institute

CHANGE IN REPORTING CURRENCY

RWC changed its reporting currency from Australian dollars to US dollars with effect from 1 July 2021. Consolidated financial results for the 2022 financial year, including half year earnings, are now reported in US dollars. This change better reflects RWC's business revenue, cost base and earnings mix, with the US market the largest in terms of sales revenue and operating earnings.

EARNINGS GUIDANCE

Due to the ongoing uncertainty surrounding market conditions RWC will not provide earnings guidance for FY23. We will continue to provide updates to investors each quarter on trading conditions in the three regions, including sales and operating earnings. The next scheduled update on trading conditions will be prior to the 27 October 2022 annual general meeting. In terms of specific items, the following key assumptions are provided for FY23:

- Capital expenditure is expected to be approximately US$60 million to US$70 million, including investment in manufacturing capability for new product initiatives.
- Further cost reduction initiatives are expected to deliver US$8 million in cost savings.
- Depreciation and amortisation expense is expected to be in the range of US$55 million to US$60 million.
- Net interest expense is expected to be in the range of US$23 million to US$27 million.
- The adjusted effective tax rate is expected to be in the range of 22% to 25%.
- Earnings sensitivity to changes in the cost of copper is such that a US$100 per tonne movement in the copper price would impact EBITDA by US$1.1 million p.a.
- Operating cash flow conversion is expected to improve from FY22 levels.
- The average Australian Dollar/US Dollar exchange rate in FY22 for earnings translation was US$0.7258.
- The average Pound Sterling/US Dollar rate in FY22 for earnings translation was GBP 1.3323.

Variations in economic conditions, trading conditions or other circumstances may cause these key assumptions to change.

COMMENTARY ON TRADING CONDITIONS SINCE 30 JUNE 2022

Net sales in July were 19% ahead of the pcp and 3% lower excluding EZ-Flo, with higher prices offset by lower volumes.

In the Americas, professional plumber volumes remained stable while DIY demand continued to soften. Sales of certain product lines were also impacted by OEM customers taking an additional vacation week during the month compared with July 2021.

In EMEA, UK plumbing and heating sales were up slightly on pcp, and sales in Continental Europe were also ahead of pcp.

Australia recorded strong external sales growth for the month, while intercompany sales were lower.

Trading results can vary month by month and care should be taken not to extrapolate one month's performance.

Additional information

Please refer to the Appendix 4E, 2022 Annual Report and presentation slides released today for additional information and analysis. These documents should be read in conjunction with each other document.

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Appendix 1: RWC Overview

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

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

RWC established the global market for brass PTC products and today is the largest manufacturer in the world of brass PTC products; SharkBite is the number one brass PTC brand. Since its introduction in the US in 2004, SharkBite has grown to approximately 15% of the USA fittings market by volume. PTC systems disrupt and replace the traditional labour-intensive crimp and expansion PEX systems and copper solder fittings, significantly increasing job throughput for contractors and satisfaction ratings from end users. The majority of SharkBite PTC sales are in the defensive repair, maintenance and renovation end markets.

RWC looks to achieve sales growth on top of broader market growth through a combination of end user conversion from more traditional methods to RWC's products and systems, market share gains, new products introduced to the market and acquisitions. RWC's distribution networks in each of its core markets provide a strong platform that can be leveraged to accelerate growth of new or newly acquired products.

Product development is central to RWC's longer-term strategic plan. Our objective is to positively disrupt sectors within which we operate through developing and launching innovative, differentiated solutions that improve the productivity of our professional trade customers and end users. With commercialisation of new products becoming increasingly costly, particularly for entirely new product categories, RWC has continued to explore M&A, focused on acquiring products that add to RWC's range and growth.

The acquisition of HoldRite in 2017 enabled RWC to broaden its offering to the commercial construction market. HoldRite products, including engineered plumbing support systems, fire stops, water heater accessories and acoustic pipe isolation solutions are complementary to RWC's traditional products. They are designed for both residential and commercial new construction market segments and generally sold and installed alongside RWC's traditional products.

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

EZ-Flo International was acquired by RWC in November 2021. EZ-Flo is a leading manufacturer and distributor of plumbing specialty products, appliance supply lines, flexible water connectors, gas connectors, and other accessories. The acquisition included EASTMAN, the leading brand in large appliance connectors in the US. With EASTMAN, RWC is positioned as a leader in supporting those who service major appliance installations including plumbed appliances, gas, hot water, and dryer venting.

The combined RWC business has an enlarged global footprint and manufacturing capabilities to reach more markets and customers with an enhanced portfolio of complementary products. RWC's footprint today includes 16 manufacturing facilities, 30 distribution centres and 5 R&D locations across its Americas, Asia Pacific and EMEA operating segments. The combined business employs approximately 2,800 people.

Appendix 2: Reconciliation of FY22 Reported and Adjusted Earnings

	FY22 EBITDA impact ($m)	FY22 EBIT impact ($m)	FY22 NPAT impact ($m)
Streamlabs sale – gain on disposal of assets	(2.4)	(2.4)	(1.9)
LCL acquisition			
Transaction costs	1.7	1.7	1.7
Inventory Step Up - unwound over 3 months	0.3	0.3	0.3
EZ-Flo acquisition			
Transaction costs	5.3	5.3	4.1
Inventory Step Up - unwound over 3 months	2.0	2.0	2.0
Integration costs	2.5	2.5	2.2
Debt refinancing	0.1	0.1	0.9
Europe Distribution restructuring	0.4	0.4	0.4
Goodwill tax amortisation	-	-	14.3
Total	**9.9**	**9.9**	**24.0**
	EBITDA ($m)	**EBIT ($m)**	**NPAT ($m)**
Reported	**258.8**	**211.6**	**137.4**
Adjusted	**268.7**	**221.5**	**161.4**

Appendix 3: FY22 Fourth Quarter Key Performance Data

Quarter ended:	30-Jun-22 (US$ million)	30-Jun-21[18] (US$ million)	Variance
Net sales[19]	**327.0**	**261.0**	**25%**
AMERICAS:	228.8	160.5	43%
RWC	173.8	160.5	8%
EZ-Flo	55.0	-	-
ASIA PACIFIC	52.0	57.2	(9%)
EMEA	75.8	78.5	(4%)
EBITDA[20]	**77.4**	**61.8**	**25%**
AMERICAS:	41.5	28.5	45%
RWC	32.3	28.5	13%
EZ-Flo	9.3	-	-
ASIA PACIFIC	9.3	13.3	(31%)
EMEA	28.6	24.0	19%
EBIT[21]	**64.5**	**51.3**	**26%**
AMERICAS:	34.9	24.3	44%
RWC	27.5	24.3	13%
EZ-Flo	7.4	-	-
ASIA PACIFIC	6.6	10.9	(40%)
EMEA	25.3	20.6	23%
CONSTANT CURRENCY	**(A$ million)**	**(A$ million)**	
ASIA PACIFIC:			
Net Sales[20]	*72.6*	*74.3*	(2%)
EBITDA	*12.9*	*17.4*	(26%)
EBIT	*9.1*	*14.1*	*(35%)*
CONSTANT CURRENCY	**(£ million)**	**(£ million)**	
EMEA:			
Net Sales[20]	*60.0*	*56.2*	7%
EBITDA	*22.7*	*17.2*	32%
EBIT	*20.1*	*14.8*	*36%*

[18] US$ figures represent RWC management's translation from Australian $ of historical earnings. Non-IFRS measures have not been subject to audit or audit review.
[19] Prior to elimination of inter-segment sales
[20] Excludes corporate costs

Appendix 4: Segment Reporting – Second Half FY22

Segment Reporting

US$	Americas		Asia Pacific		EMEA		Corporate/Other		Elimination		Total	
6 Months Ended 30 June	**30-Jun-22**	**30-Jun-21**	**30-Jun-22**	**30-Jun-21**	**30-Jun-22**	**30-Jun-21**	**30-Jun-22**	**30-Jun-21**	**30-Jun-22**	**30-Jun-21**	**30-Jun-22**	**30-Jun-21**
	US$000	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**
Revenue												
From external customers	455,790	338,705	64,560	63,823	129,975	134,839	-	-	-	-	650,325	537,367
From other segments	1,605	1,607	37,792	43,493	16,784	20,660	-	-	(56,181)	(65,760)	-	-
Segment revenues	**457,395**	**340,312**	**102,352**	**107,316**	**146,759**	**155,499**	**-**	**-**	**(56,181)**	**(65,760)**	**650,325**	**537,367**
Cost of sales	(313,069)	(219,928)	(75,160)	(71,486)	(71,125)	(76,750)	-	-	56,181	65,760	(403,173)	(302,404)
Gross Profit	**144,326**	**120,384**	**27,192**	**35,830**	**75,634**	**78,749**	**-**	**-**	**-**	**-**	**247,152**	**234,963**
	-		**-**		**-**		**-**		**-**		**-**	
Other income	315	559	174	200	1,042	446	-	-	-	-	1,531	1,117
Product development expenses	(3,079)	(3,475)	(1,098)	(1,187)	(1,426)	(1,358)	-	-	-	-	(5,603)	(6,020)
Selling and marketing expenses	(45,027)	(40,332)	(7,143)	(7,349)	(16,662)	(16,270)	(523)	(419)	-	-	(69,355)	(64,370)
Administration expenses	(36,427)	(19,067)	(5,380)	(4,496)	(14,631)	(17,037)	(3,641)	(4,967)	-	-	(60,079)	(45,567)
Other expenses	454	(4,460)	-	86	(109)	(2,228)	(257)	(389)	-	-	88	(6,991)
Segment operating profit/(loss)	**60,562**	**53,521**	**13,745**	**23,084**	**43,848**	**42,302**	**(4,421)**	**(5,775)**	**-**	**-**	**113,734**	**113,132**

	Americas		Asia Pacific		EMEA		Corporate/Other		Elimination		Total	
	30-Jun-22	**30-Jun-21**	**30-Jun-22**	**30-Jun-21**	**30-Jun-22**	**30-Jun-21**	**30-Jun-22**	**30-Jun-21**	**30-Jun-22**	**30-Jun-21**	**30-Jun-22**	**30-Jun-21**
	US$000	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**
EBITDA	73,421	61,875	18,983	28,005	50,719	49,582	(3,836)	(5,176)	-	-	**139,287**	**134,286**
Depreciation of property, plant and equipment	(10,275)	(7,073)	(4,890)	(4,539)	(6,158)	(6,557)	(88)	(93)	-	-	**(21,411)**	**(18,262)**
Amortisation of intangible assets	(2,587)	(1,282)	(346)	(382)	(714)	(719)	(496)	(508)	-	-	**(4,143)**	**(2,891)**
Impairment of assets	(36)	(4,834)	-	-	-	(1,671)	-	-	-	-	**(36)**	**(6,505)**
Finance income	15	26	4	4	2	13	-	1	-	-	**21**	**44**
Finance costs	(7,178)	(1,629)	(761)	(539)	(327)	(159)	(1,685)	(2,439)	-	-	**(9,951)**	**(4,766)**
Income tax expense	(21,158)	(19,189)	(2,299)	(4,551)	(5,795)	(8,301)	(845)	(1,311)	-	-	**(30,097)**	**(33,352)**
Adjusted EBITDA	76,920	66,565	19,053	28,005	51,078	51,326	(3,736)	(5,175)	-	-	**143,315**	**140,721**
Adjusted EBIT	64,036	58,210	13,794	23,084	44,210	44,050	(4,320)	(5,776)	-	-	**117,720**	**119,568**