

ASX ANNOUNCEMENT

27 April 2023

TRADING UPDATE FOR NINE MONTHS ENDED 31 MARCH 2023

Reliance Worldwide Corporation Limited (ASX: RWC) (“RWC” or “the Company”) has today provided a trading update for the nine months ended 31 March 2023¹.

Net sales for the nine-month period were \$932.2² million, up 10.3% on the prior corresponding period (“pcp”). Sales include a full nine-month contribution from EZ-Flo, while the pcp included only a partial contribution following completion of its acquisition by RWC in November 2021. US dollar strength against the British pound and Australian dollar adversely impacted reported sales. Sales growth in constant currency was 14.2%. Excluding EZ-Flo, constant currency sales growth for the period was 5.7%.

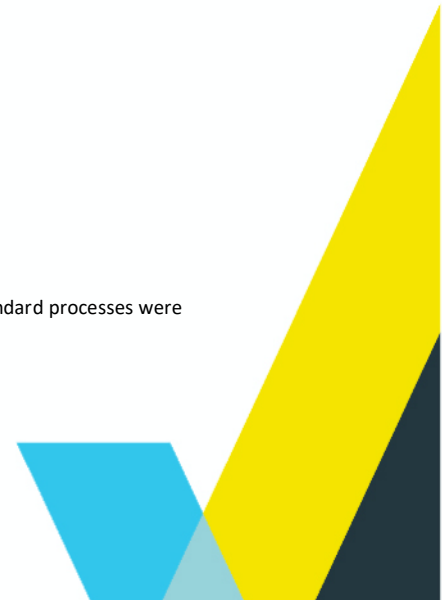
A summary of the regional growth rates in local currency is shown in the following table:

Nine Months FY23 Net Sales % change over pcp (local currency) ³	
Region:	% Change:
Americas (US\$)	
- including EZ-Flo	+18.5%
- excluding EZ-Flo	+5.7%
APAC (A\$)	+0.1%
EMEA (£)	+6.5%

¹ The financial results are extracted from the RWC group’s unaudited management accounts. RWC’s standard processes were followed to confirm the material accuracy of the results.

² All values are in US\$ unless otherwise specified.

³ Prior to elimination of inter-segment sales



COMMENTARY

Americas

Sales in the Americas were 18.5% higher than the prior nine-month period and included \$144.9 million in sales contribution from EZ-Flo. Sales growth excluding EZ-Flo was 5.7% and was driven by price increases. External volumes were 12% higher including EZ-Flo, and down 0.3% excluding EZ-Flo. Sales of all product categories were higher for the period except for water filtration and drinks dispense products, although positive sales growth for this product category was recorded in the third quarter.

External volumes excluding EZ-Flo for the third quarter were 1.8% higher versus pcp, partly as a result of increased winter demand in the US for repair-oriented products. EZ-Flo volumes benefited from market share gains and distribution expansion of its water and gas appliance connector product ranges throughout the period. However, volume growth was adversely impacted by lower large appliance sales in the second and third quarters.

Asia Pacific

APAC external sales were flat for the nine-month period, with lower volumes offset by price increases. Sales in the third quarter were lower than the pcp with volumes adversely impacted by a 20% reduction in new residential commencements in the 12 months ended 31 December 2022.⁴ Intercompany sales were stable in local currency terms.

EMEA

EMEA external sales growth of 8.7% for the nine-month period was driven by a strong performance in the UK. UK plumbing and heating sales were up 16.5% as a result of higher prices and low single digit volume growth, while UK sales were up 12.5% overall. Sales in the pcp were negatively impacted by the outsourcing of the UK's warehousing and logistics operations to a third-party provider which resulted in temporary disruption to delivery timeframes and order fulfilment.

Continental Europe sales were down slightly with higher prices not quite offsetting volume decline. Intercompany sales were 7.4% lower, mainly due to reduced exports of water filtration and drinks dispense products to the Americas. Total EMEA local currency sales growth for the period was 6.5%.

⁴ Australian Bureau of Statistics

Operating Margins

Input costs have eased since their peak in mid-2022 which has positively impacted operating margins progressively during the period. Adjusted EBITDA margin for the nine-month period was higher than that recorded for both the first quarter and six-month results for FY23. RWC continues to expect FY23 second half Adjusted EBITDA margin will be higher than for the first half of FY23.

Cash Flow

Operating cash flow conversion improved in the third quarter. RWC continues to expect that operating cash flow conversion in the second half of FY23 will meet the Company's target of above 90%, as forecast in the interim results announcement.

Cost Reduction Initiatives

As indicated at the FY23 interim results announcement, RWC expects to realise \$15.0 million in cost savings in FY24. Actions required to deliver these cost savings are on track to be completed by the end of FY23.

Outlook

Other than the additional information disclosed herein, there is no update to the outlook provided in the FY23 interim results announcement dated 20 February 2023.

CHIEF EXECUTIVE OFFICER'S COMMENTARY

RWC Chief Executive Officer Heath Sharp said that overall demand was continuing to be resilient in most markets.

"Our core business is oriented towards repair and remodel work, and this has continued to support volumes over the nine-month period. While volumes are down slightly in the Americas, this follows two years of exceptionally strong growth, and as such represents a slight moderation in demand from these very high activity levels.

"The UK market continued to perform strongly in the third quarter, although we expect this to moderate in the fourth quarter. Volumes in Continental Europe were lower following a very strong performance in the prior corresponding period. Australia is the one market where we have greater exposure to new residential construction activity compared with other regions. Volumes started to trend down in the third quarter, and we expect further volume reductions in the fourth quarter as a result of the decline in new housing starts in Australia."

ENDS

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This announcement has been authorised for release by the RWC Board.