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Operator: Thank you for standing by and welcome to the Reliance Worldwide Corporation Full Year Earnings Call. All participants are in 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 number one on your telephone keypad. I would now like to turn the conference over to Mr Heath Sharp. Please go ahead.

Heath Sharp: Good morning, everyone. Welcome to RWC FY25 full year earnings call. This is Heath Sharp, and I'm joined here in Sydney this morning by Andrew Johnson, our CFO. We will provide an overview of our results for the financial year ended 30 June 2025, followed by Q&A. Just before we get underway, I'd like to highlight that this year we have incorporated our sustainability report within our annual report. This provides a combined view of our performance across financial, operating and sustainability metrics.

Now, moving on to our results, let's start with an overview of the year on slide three. Certainly, this has been a challenging year from a macroeconomic perspective in all of our key markets. At the start of the year, we were anticipating interest rate reductions leading to a gradual increase in new home construction and remodel activity. This has ultimately proven to not be the case.

In the US, long-term mortgage rates have remained stubbornly high. We have not seen any improvement in existing home turnover. This has been a headwind for discretionary remodel activity. In the UK, the green shoots of economic recovery have not been sustained. New home construction activity continues to be subdued along with remodel activity.

In Australia, we have seen a modest improvement in new home commencements, nonetheless, activity levels are well below long-run averages and more recent peaks. Against this challenging economic backdrop, RWC has performed solidly. This is testament to the resilience of our business and our execution focus. Underlying revenues were only slightly down on the PCP while operating earnings were slightly higher. Pleasingly, we've continued to generate strong cash flows. We continue to be very pleased with the Holman acquisition. From an execution perspective, we fully consolidated Holman's operations with the legacy RWC business in Australia.

We've seen good momentum with respect to revenue synergies and also the cost-out opportunities we identified at the time of the acquisition.

During the year, we made incremental progress on our manufacturing and operational footprint program. Unfortunately, the introduction of tariffs on imports into the US disrupted our plan. Mitigating these tariffs has diverted a considerable amount of resource that would otherwise have been deployed on strategic footprint work. Further, the volatility of the tariff situation has us wary of significant investment or infrastructure moves.

Nonetheless, we have made progress. In the EMEA region, we divested our manufacturing operations in Spain and consolidated an engineering facility in the UK. This is a meaningful rationalisation of our operational footprint in that region. In Australia, we have closed three distribution centres as we have consolidated the warehouse network of Holman and legacy RWC.

Managing US tariffs has been our number one priority since the start of calendar 2025. We have provided an update today based on the latest tariff rates and our progress in mitigating their impact. I must say, I am tremendously proud of how our teams have responded. It is a very dynamic and challenging environment. We have had to be agile in developing our mitigation plan. I am pleased that we are now well underway on executing those plans.

Turning to slide 4, I will briefly note some of the year's financial highlights. We recorded net sales growth of 5.5% over FY24. This year included a first full year's contribution from Holman versus the previous year's eight months. Excluding Holman, net sales were down 0.5% versus the PCP. This reflects the weak underlying [environment].

Operating earnings, as measured by adjusted EBITDA, were up 1.1% on the PCP. Looking at our underlying operating margins excluding Holman, adjusted EBITDA margin was steady at 22.3%. Adjusted net profit after tax was up 0.6% on the PCP at \$147.7 million. Adjusted earnings per share were up 1.6% on the PCP.

FY25 was another strong year for cash flow. Cash generated from operations was \$271 million, representing a cash conversion rate of 97.6%. This cash flow enabled us to further repay borrowings, and we finished the year with a net leverage ratio 1.3 times net debt to EBITDA.

We've declared a final distribution of \$0.05 per share, bringing total distributions for the year to \$0.10 per share. This is up 5% from the \$0.095 per share in FY2014. In line with our revised distribution policy, we will be paying half of this via dividends and the other half through an on-market share buyback.

I will now hand over to Andrew to step through our financial results in more detail.

Andrew Johnson: Thank you, Heath. On slide 5 we have set out key performance metrics. Net sales were up 5.5%. The sales performance was driven by a full-year contribution from Holman. Excluding Holman, net sales were 0.5 point lower than PCP, due to lower volumes in the Americas and EMEA. Adjusted EBITDA was up 1.1% to \$277.7 million, including a contribution from Holman. Adjusted EBITDA margin for the period was 21.1% compared with 22% in the previous year.

As Heath had noted, the adjusted EBITDA margin, excluding Holman, was 22.3%. This was in line with FY24 and slightly ahead of the guidance we gave in May. We're pleased that we were able to maintain our margin despite lower volumes. Contributing to the margin performance were the cost savings of \$19.7 million we achieved in the year, driven by procurement savings, the benefit of the EMEA restructuring in the prior year and the realisation of Holman cost synergies.

We incurred one-off costs totalling \$7.9 million in the period. The two major components were in EMEA and APAC. In EMEA, we incurred costs associated with the sale of our manufacturing operations in Spain. In APAC, we incurred costs associated with integrating Holman with RWC in synergy realisation costs. Adjusted earnings per share were up 1.6% to \$0.19 cents, from \$0.187 cents in FY24.

Turning now to slide 6 and looking at the Americas result in a little more detail, Americas recorded a 2.1% decline in sales due to weaker demand, primarily in the residential remodel market. Excluding Supply Smart, which we exited during the course of FY24, America's sales were down 0.6% versus PCP. The success we have had in rolling out new products has helped offset lower volumes driven by weaker market activity.

As we mentioned in February at our half-year results, we did see a pull forward of demand from the second half to the first half of FY25. This was driven by some customers ordering ahead of the SAP upgrade to S4/HANA and a customer-led sales initiative switching from the second half to the first half. We also anchored in certain low-margin product lines in Canada during the year, which impacted sales.

FY25 EBITDA was impacted in the second half by additional US tariff costs of \$3.3 million. Despite the tariff impact and the 0.6% reduction in underlying sales, we were able to improve our EBITDA margin from 21% to 21.2%. This was a result of the cost reduction

measures we undertook during the year, and we think the team in Americas has executed really well.

Now on to slide 7 and the Asia Pacific region. The biggest impact on performance in FY25 was the inclusion of a full year of Holman versus the eight months we owned the business in FY24. This resulted in a 44.6% increase in net sales in the Asia Pacific region in local currency. Full year external sales, excluding Holman, were up 2.4%, while second half sales were 4.7% higher. Intercompany sales were down 16% due to the transfer of SharkBite manufacturing to the US in prior periods.

Adjusted EBITDA was up 19.3% to \$39.7 million. Adjusted EBITDA margin declined from 11.5% to 9.5% due to several items across the second half. First of all, the lower intercompany volumes I just mentioned, which resulted in a lower manufacturing overhead recoveries. We also had higher input costs, particularly on copper, which was exacerbated by foreign currency movements. Additional costs incurred in supporting Holman during the implementation of SAP in the second half. Finally, extra costs we incurred in sourcing product due to supply shortages.

While we're disappointed in the second half result, we do expect that a number of these costs will not reoccur in FY26 or will not be as acute. In addition, we have implemented price increases as appropriate in response to the increases in material costs and are actioning further cost reductions.

Looking at the seasonality for the combined RWC and Holman businesses, we estimate the revenue seasonality for the APAC segment overall is around 55% first half, 45% second half. Holman is more first half biased, so that split is going to be more 60/40 first half/second half, due to the [watering] side of that business. Operating earnings will have a greater first half skew due to those fixed cost [bets].

Looking at EMEA on slide 8, EMEA was our most challenging region from a volume perspective, although we did see a slowdown in the pace of decline versus FY24. Total sales and local currency were down 4.2% and our external sales were down 3.5% on the PCP.

In the UK, UK external sales were down 4%, with UK plumbing and heating sales down by 3.8% due to the lower volumes in both repair and remodel and residential new construction margins. Demand did improve in the second half with UK plumbing and heating up almost 1%.

Specialty product sales were down 5% to weaker conditions in the telecommunications sector in particular. Continental European sales for the year were 1.9% lower than the PCP. The sale of our Spanish manufacturing operations impacted reported sales performance and adjusting for this, Continental Europe sales were actually up 1.3% versus PCP.

As a result of the lower UK sales, we did see a further decline in adjusted EBITDA margin from 29.3% to 28.8%. We have continued to remain vigilant on costs to minimise the impact of lower volumes on the business.

Turning to slide 9 and looking at our cash flow performance for the year, this has been another strong year from a cash flow perspective. Cash generated from operations of \$271 million represented an operating cash flow conversion of 97.6%. This strong cash flow performance has enabled us to further reduce our net debt levels, and we finished the year with a net debt to EBITDA ratio of 1.3 times, down from 1.59 times in the previous year.

Given our low leverage, we reduced the total committed borrowing facilities by \$150 million during the year from \$1.05 billion to \$900 million. We also extended the term of our committed bank facilities with an average debt maturity of seven years.

On slide 10, we have set out in a little more detail the movements we saw in working capital balances. Overall net working capital increased very slightly versus PCP. The main movement was an \$18 million increase in inventories. The increase was due principally to the impact of tariffs on the value of inventory, as well as foreign currency movements impacting the translation of inventory held in currencies other than US dollars.

CapEx for the year was \$33.5 million, representing just 2.5% of sales. We have continued to benefit from the past expansion we invested in several years ago, which is enabling us to keep capital expenditure to the lower end of our target range. We are forecasting a slightly lower level again in FY26.

Let me now take you back to Heath to update on tariffs and discuss the outlook for FY25.

Heath Sharp: Thank you, Andrew. Before I discuss the outlook for FY26, I will provide an update on tariffs. On slide 11 we have provided an update on our progress in diversifying product sourcing beyond China. In summary, we are on track to meet the reduction in China-sourced goods for the US market that we outlined back in May. We reduced China-sourced costs by 27% in FY25 and by FY27 we expect to have achieved a further 88%

reduction from FY25 levels. At the end of FY26, we expect that this will be close to zero on a run rate basis.

Looking now at the expected financial impact of tariffs on slide 12, the first point to note is that we have seen considerable movement in tariff rates since we first provided an estimate to the market in May. We have also seen the introduction of additional copper tariffs up on copper and copper derivatives.

Based on the announced tariff rates thus far, we estimate the net impact of US tariffs on FY26 EBITDA will be \$25 million to \$30 million. This investment factors in the initiatives we have underway to diversify sourcing away from China to other countries. It also reflects price increases planned or already implemented.

We are taking a carefully considered strategic approach to market pricing. We believe we are best served by taking a long-term perspective that retains our competitive position while ensuring gross margin dollars are maintained. Based on our mitigation plans, we do not expect a material impact from tariffs on operating earnings from FY27 onwards.

On slide 13, we present our outlook for financial year 2026. For the first half of FY26, we are not anticipating any improvement in activity levels in any of our key markets. As such, we expect consolidated group sales for the first half to be broadly flat to down by low single-digit percentage points.

In the Americas, we expect first-half sales to be down by low single-digit percentage points. This is after adjusting for the pull forward in sales from the second half to the first half in the PCP and the exit of certain product lines in the Canadian market in FY25. In both Asia Pac and EMEA, we expect external sales to be broadly flat on the PCP.

Operating earnings and margin in the first half will be impacted by tariffs. The tariff mitigation initiatives we have underway are phased progressively throughout FY26 as we move product sourcing out of China and realise price increase. We therefore expect to see a disproportionate impact from tariffs on operating earnings and margins in the Americas in the first half of FY26. As a result, we expect the first half consolidated EBITDA margin to be lower than PCP due to lower volumes coupled with the impact of tariffs on operating earnings.

Turning now to slide 14 and I will step through our priorities for FY26. Our people and the RWC culture remain our most valuable asset and so the health and wellbeing of our people remain a clear priority. We will continue the progress we have made in the critical area of

health and safety. We have made great strides in terms of our safety culture over the past five years. We will maintain our efforts to ensure everyone's safe every day.

We will continue to leverage the tremendous talent we have globally to deliver our primary goal of shareholder value creation. Short term, focusing on tariff mitigation will drive the largest benefit in terms of protecting value. Long term, we believe our existing strategy will create the greatest value. As such, this strategy guides our objectives for the year. There are three elements to this.

Firstly, product innovation to deliver solutions for the job site. Second, ensuring a superior customer experience for our distributors and finally, industry-leading execution. To the first point, our innovation takes two forms, incremental and disruptive. Incremental innovation is the long-standing backbone of our growth. This is our continuous process of developing range extension and product updates. This enables us to deliver ongoing product performance improvement. It also protects or improves margins.

The second form is disruptive new product innovation. Our regional in-house product development teams collaborate globally in developing the next generation of products for the plumbing industry. This work is longer term in nature and significant new product releases are periodic. This ongoing pipeline of product innovation is key to RWC's brand and reputation.

Of course, our incremental and disruptive innovation programs are guided by our in-depth knowledge of the job site. This is a differentiator for us. It allows us to deliver products that improve our end users' productivity and profitability. The core of our customer experience is simply making ourselves easy to do business with. Over the last 12 months, we continue to improve delivery performance across all regions and particularly in the UK.

In the new year, we will continue this effort to ensure we have the right inventory in the right place at the right time. We will embrace and enhance the new tools and processes we have implemented globally all with the goal of seamless service; to be the best possible partner, the partner to which our distributors turn for value-creating solutions.

Of course, the foundation of our strategy remains operational excellence. We will continue to optimise our global manufacturing footprint, notwithstanding US tariff uncertainty. The goal, of course, is to ensure at all times that we have the lowest cost of manufacture. We will continue to manufacture high-volume, technically oriented products in-house, while pursuing opportunities to outsource labour-intensive sub-scale processes.

We have significantly strengthened our strategic sourcing operation. We are focused on leveraging our scale across the group to achieve optimum costs while also maintaining highest quality. Further, given the current environment, we are working to create the most robust supply chain and to provide maximum optionality. In summary, we will maintain our execution focus to drive efficiency and reduce costs while ensuring we are ready to capture the upturn in demand when it eventuates.

So I will conclude here on slide 15 before we open to Q&A. The main message here is that we remain tremendously well-placed for long-term growth. I believe we have a truly talented leadership team. Our regional leadership are very focused on executing their respective strategic priorities. Equally, they are strongly aligned around leading and supporting group objectives. The global collaboration as we work through the tariff challenge is a great example.

Our capabilities as an organisation have lifted significantly over the past few years following a very deliberate plan. Strong global alignment and our ability to leverage group expertise are cornerstones of the RWC approach. We saw this with the SAP upgrade to S4/HANA during the year. We are very clear on our growth strategy. Regional new construction and commercial plumbing offer significant potential for future organic and inorganic growth in each of our regions, while our core R&R market continues to provide our foundation.

From a manufacturing capacity point of view, we are extremely well positioned [following our] investment in recent years. As markets and volumes recover, we will benefit from this investment and the corresponding operational leverage. We continue to believe that our core markets are underpinned by strong macro drivers and enduring tailwinds. Aging housing stock and under-build of new homes and pent-up repair and remodel demand for the well for the future.

Finally, RWC has a very strong financial position. This leaves us well-positioned to fund future organic and inorganic growth opportunities in addition to delivering ongoing shareholder returns. With that, I will open up the call for questions. We will take questions first from those on the conference call and then Phil King will read any questions we have received via the webcast. Thank you.

Operator: Thank you. If you wish to ask a question, please press star 1 on your telephone and wait for your name to be announced. If you wish to cancel your request, please press

star 2. If you're on a speakerphone, please pick up the handset to ask your question. The first question comes from Harry Saunders with E&P. Please go ahead.

Harry Saunders: (Evans and Partners, Analyst) Morning, thanks for taking my questions. Firstly, just wondering, is the \$25 million to \$30 million tariff impact incremental on '25, or is it including the \$3.3 million you already experienced in the second half '25?

Andrew Johnson: Thank you, morning, Harry. This is Andrew. It is incremental to what we saw in FY25.

Harry Saunders: (Evans and Partners, Analyst) Great, thank you and can you just maybe give a sense of the underlying margin movement expected in the first half, excluding the tariff impact, just based on that sales guidance? Then also in the second half or full year, say, assuming a flat end market in the second half, please?

Andrew Johnson: Yes. Harry, if you look forward to the first half of FY26, There are two main bridging items that I think you've got to consider. The first is the America's volume and we said on a reported basis we'll be down mid-single digits. We've spoken in the past around how volume impacts the P&L and I would stick to what we said in terms of our fixed variable ratio with 75% of COGS fixed. I'm sorry 75% of COGS variable, 25% fixed and then in SG&A, that turns around with 75% fixed and 25% variable. But anyway, that'll get you to the volume impact.

On the tariff side, we feel like roughly 75% of that tariff number we quoted will hit in the first half. So FY26 is certainly a transition year for us as we deal with the tariffs and most of that's going to be dealt with in the first half. We do have some inflation. We have some cost savings. Those other items just kind of balance out. So to get you to where we think margins will be, it's volume and it's tariff impact.

Harry Saunders: (Evans and Partners, Analyst) Okay, thank you. Are there any initial view of the second half, if it's the first half, any signs of a better end market?

Heath Sharp: I don't think we're guiding at all for second half now based on sort of the level of uncertainty that we're seeing. Certainly, we don't expect any uptick in the first half. I think it's going to be quite tough, especially in the US.

Harry Saunders: (Evans and Partners, Analyst) Great. Thank you.

Heath Sharp: Cheers, Harry.

Operator: The next question comes from Rohan Gallagher with Jarden Group. Please go ahead.

Rohan Gallagher: (Jarden Group, Analyst) Yes, good morning, Heath. Good morning, Andrew. Good morning, everybody. With respect to the tariff mitigation, the quantum of the price increases you're proposing, Heath and the acceptance, the US market that's not used to price increases, particularly the retail guys; what would be the worst-case impact of those price increases not being realised or could you help us out in terms of quantum of price increases that you're looking at, please?

Heath Sharp: Look, we haven't tried to break down the cost-saving, the timing of those projects and the pricing, simply because there's so many moving parts. We'd be here all day to try and set that out. What I would say is that we're heading in the direction that we set out in, in May when we first spoke about tariffs and that is we've broken down our product list by customer and we're considering all aspects of the market, the nature of the product, our position in the market, the nature of our competitors, where we're moving the product to, what the time frame is, all of that factors into where we ultimately need to land on price. There's a lot in that and even some of those decisions have changed based on the rate changes in tariffs by country and then with copper over the last few months. So, you know, short of getting into a 10,000-line spreadsheet, it's a little bit hard to break that down frankly.

Rohan Gallagher: (Jarden Group, Analyst) Okay, and just in terms of - is the earnings impact of exiting the certain product lines in Canada material and is there any work-through being considered around that?

Heath Sharp: No, look, not really. There's a sort of headline revenue impact which is why we called it out. It helps understand the second half result and also the guide for the first half '26. But from a margin point of view, the impact [unclear] which was really the driver of our decision, to be honest.

Rohan Gallagher: (Jarden Group, Analyst) Finally, if I may, just on APAC, obviously Andrew talked about the earnings which sort of held that result back, but you did talk about a material step change or step up in top line sales, which would have included market share gains. Then you sort of deferred that and pushed that out, yet your guidance for the first half is for flat sort of top line sales. Is there anything we're missing there or is

there some products that have been pushed out or didn't see the light of day. Anything you can do to unpack that, that'll be helpful. Thank you.

Andrew Johnson: Yes, well we have pushed some initiatives into the first half of FY26 and those are still going to come through and the guide that we put out there reflects where we think where we think the market will be in the first half. Certainly, we feel like overall, looking at flat reflect both of those aspects with the initiatives coming through and being offset by what we see as a lower market in the first half.

Heath Sharp: So we're encouraged by an uptick in housing commencements, but we have not seen any impact on that yet and really don't expect to in the first half. We're towards the back end of that construction process, so ultimately it's still a pretty challenging market.

Rohan Gallagher: (Jarden Group, Analyst) That's super helpful. Thank you, gentlemen.

Heath Sharp: Thank you.

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

Lee Power: (JP Morgan, Analyst) Hi, team. Just, Heath, on your comments around the pricing, it sounds like it's not yet implemented. Are you at least comfortable with what's been agreed with the Big-box or is this something that's still going to take time to actually get a resolution with some of the things? I know you said there's a lot of moving parts. I'm just trying to work out, given you've talked to timing, how much of the pricing has actually been already implemented or at least agreed to be implemented?

Heath Sharp: Yes, we're comfortable with where we are. Certainly in the framework of what we're doing has been pretty clear for a while. The variability, of course, was where the tariff rate's going to end up for each country and copper. We knew or expected that there was an announcement on copper coming through and that - pretty significant one that's essentially a raw material price, I suppose, more than a tariff, consensually. So we needed that before we could actually move in some cases, but what we had to do and the framework and the discussions are well-developed. So we're comfortable with where we're at.

Lee Power: (JP Morgan, Analyst) Do you think the moving parts around price, like copper, we usually think is something as a more of a - a bit more of a flow-through piece. Do you think something's changed with this whole process that means you don't necessarily give

back price if tariffs get unwound or copper tariffs get unwound? Is this something where you've had your discussions with the channel that they've said we'll give you price but we take it back the moment anything changes or is it going to stick?

Heath Sharp: I think we're in slightly uncharted territory, to be honest. I would say when you get to copper price and copper tariff, that's pretty visible and you need to deal with that quite openly. Look, you have to on tariffs as well. I think there's scope for us in the fullness of time to consider alternative sourcing locations and alternative manufacturing and so on and look, we'll deal with that as necessary. I think though, ultimately, it's all pretty transparent what's driving this pricing, so you have to deal with that accordingly.

Lee Power: (JP Morgan, Analyst) Excellent. I'll go back to the queue. Thank you.

Heath Sharp: Thanks, Lee.

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

Sam Seow: (Citi, Analyst) Oh, hey, guys. Thanks for taking my questions. Just on APAC, ERP, the intent costs to supply disruptions, they sound kind of one-off-ish. Just hoping you can help us to quantify in FY26 what costs should reverse and just to confirm if they all in the second half that they reverse? Thanks.

Heath Sharp: Look, I mean, Sam, we've moved on both cost actions and pricing actions in APAC. There will be a little bit of the impact it carries into this new financial year, but it will be largely mitigated through the coming period. The one project that will take a while of course, is [right side] that manufacturing footprint and that's been clear for a while. I think at the moment, we're loathed to make any big decisions on that footprint. It feels to us to be quite valuable to have that capability at our disposal in the world that's pretty volatile, so we will carry the cost of that footprint if you like for a period to go.

Sam Seow: (Citi, Analyst) Okay, and maybe just on the UK, I mean I wouldn't call it a turnaround, but looking at UK plumbing and heating, it may have actually been positive there in the second half. Could you perhaps talk to the exit rates in EMEA and maybe what gives you confidence to give that flat guidance in that market particularly?

Heath Sharp: So if - we've being really cautious about the UK because that market's just disappointed us a few times for a while. It's been bumbling along at more or less the same level now for about six months, but we're quite happy that we're up - positive. It's only

just positive in the core underlying - in the core plumbing and heating market, but that's a win compared to where we've been.

So I think we're comfortable to project that to continue, but we're not sufficiently bullish to say that - a recovery starts now and the volumes are going to increase. So a bit of a fine line we're walking there, but it feels a little better but it's still a lot of uncertainty.

Sam Seow: (Citi, Analyst) No, that's helpful. But maybe it's just one follow-up on that. So in EMEA on the margin then, given that kind of exit rate, is there any reason to think EMEA margin can't be flat to up in FY26?

Heath Sharp: Look, [unclear] heavily volume dependent. If we get just a little bit of volume uptick, you'll see that, but then there's certainly scope for there to be a little bit of volume decline there as well, which it may get hard to improve those margins. Rest assured though, the team over there are turning over every stone that they can to try and get that margin back. I mean we've said for a while, spoken for a while about how painful it is to see that margin slip under 30%. We really want to get back to there, but ultimately, we will need an uptick in volume to realise that I think.

Sam Seow: (Citi, Analyst) Okay, that's all. Thanks, guys. Appreciate the colour.

Heath Sharp: Thanks, Sam.

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

Peter Stein: (Macquarie, Analyst) Morning, Heath and Andrew. Thanks very much for your time. Sorry, I'm going to go back to pricing, but I wanted to get a bit of a helicopter perspective. You are taking a very strategic view with your customers and channel partners. How is that going down? How are you differentiating yourself versus competitors as a consequence? How is that strengthening relationships and putting you in a better place, in the medium to longer term, in your view?

Heath Sharp: Look, I think, as I said on the call, a key aspect of that customer experience is simply making yourself easy to do business with. So getting that balance right in how many conversations you have, how many times you're talking to your customer, I think we have handled ourselves really well over the last six months with maximum disruption and chaos is ultimately the real word there.

So for us, it's all about assuring our customer that we've got the product, we'll continue to deliver it, we'll optimise our costs, and we'll work with them to ensure that our pricing and

shelf pricing is at the right point to allow the business to keep moving forward. It's a fine line to walk. There's no magic bullet. In all that, you've just got to deal with it customer by customer and the nature of the relationship. I think we've done well through this period quite frankly.

The goal here is to take ourselves out of the complication basket or take ourselves out of the causing pain basket and I think we're doing that and will continue to do that. That's sort of the execution side that I think we do pretty well.

Peter Stein: (Macquarie, Analyst) Thanks, Heath. Then perhaps just sticking to the industry landscape for a second. How do you think the tariff context is playing out for competitors, and more specifically, would it be a M&A opportunity?

Heath Sharp: Although we've been up to our eyeballs in dealing with all this tariff craziness for some months now, it's still got a ways to go I think before the real impact is seen in terms of ultimate pricing, inflation and what, if any, impact on demand that has.

Then in turn, how our peers deal with it. You would have to imagine that there are some companies that are really going to struggle to come through this period. The cash flow implications are pretty significant, aren't they?

So I don't think we've seen anything yet. I suspect it will, over the next six to 12 months, shake out a little bit. There may be some acquisition opportunities that fall out because of that. We will see.

There may be simply some market share gains that we can make if we continue to execute well. I don't think there's anything to call out there, but I think it's got a ways to go, Peter.

Peter Stein: (Macquarie, Analyst) Thank you. It's a useful perspective. I appreciate it. Thanks, gents.

Heath Sharp: Thanks, Peter.

Andrew Johnson: Thanks.

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

Ramoun Lazar: (Jefferies, Analyst) Morning, guys. Just a couple from me, if I may. Maybe if we start on the Americas, just the underlying demand environment. What are you seeing there? What did you see there towards the back end of the half and perhaps the first six weeks of the year?

Maybe if you can talk a little bit or give us a bit of colour around the wholesale versus retail channels? Then also, channel inventories, how they're looking going into the first half.

Heath Sharp: Look, I think on inventory there's nothing to call out there. I also probably wouldn't think there's anything to call out on the differences across channels as well. Everyone's just sort of scrambling to deal with everything that's coming out of them.

I'd say that there was certainly during the second half of '25, there was definitely a softening in demand. You'll remember we were all pretty positive right at the end of calendar '24. That kind of has evaporated during the last six months and it has slowed down.

We're seeing market forecasts for the US as a mid-single digit decline in R&R for the second half of calendar 2025. High single-digit decline on new construction for the second half of calendar 2025.

That feels about right from what we can see in the overall market and the trajectory. I guess I'd come back to our guidance. We're pointing to an underlying low-single digit for our first-half financial '26. That reflects the overall market. Holding our position, maybe picking up a little bit, plus a little bit of tariff pricing. So it all kind of - that's how it all comes together, Ramoun.

Ramoun Lazar: (Jefferies, Analyst) Yes. Okay, that's pretty clear. Then just a couple of housekeeping ones. The \$8 million to \$10 million cost reductions expected in '26, should we assume they're evenly split first half/second half or is there a skew there?

Andrew Johnson: A little bit more in the second half than the first half. So it's not quite 50/50. You know, think more \$4 million first half, \$5 million second half. In that range.

Ramoun Lazar: (Jefferies, Analyst) Yes, okay, that's good. Then just on your guidance for the different divisionals, I'm assuming that's all in US dollar forecast. What's the assumptions for currency there? Is that outlined anywhere?

Andrew Johnson: No, we have not put that out there and it would be, if I understand your question correctly, local currency.

Ramoun Lazar: (Jefferies, Analyst) So the EMEA sales expected to be broadly flat, that's in Sterling, is that right?

Andrew Johnson: Yes, in GBP.

Ramoun Lazar: (Jefferies, Analyst) GDP, okay. Okay. All right, great. Thank you. That's all I had.

Heath Sharp: Thanks, Ramoun.

Operator: Your next question comes from Keith Chau with MST Marquee. Please go ahead.

Keith Chau: (MST Marquee, Analyst) Good morning, Heath and Andrew. First question, just around the configuration of the team. I think at the last result, there was some discussion that there's some changes in the team to deal with some of the tariff impose.

So I think anecdotally speaking, some innovation people helping out with sales and sales helping out in pricing. So it seems like there was some disruption in the team. Just wondering if you can give us an update on how all of that is progressing. Whether there have been further changes?

It seems like execution is still fairly strong, notwithstanding some disruption within the team. So any colour you can provide on that would be useful. Also, as it relates to innovations going forward? Is that pipeline, is that still being filled at the moment given the changes in the team structure?

Heath Sharp: So I don't think there's anything overly significant to call out here. I guess what we've done is just moved some people around within the Americas organisation to make sure we get the appropriate sort of focus and emphasis on tariffs.

I mean that's - we've got to manage that. That's a project worth 10s of millions. I think the US team, led by Will, is doing overall a really good job. We did move Benjamin, who's the Head of Finance in Americas, to be, if you like, our Czar of Paris.

He's completely over all the aspects, all of the moving parts. As you know, that's changing pretty dramatically. Then beyond that, we're just grabbing whatever people we need from wherever in the world to assist on projects.

I mean it's really a case of realising from a global point of view, it's our most significant project. So therefore, what's the best and highest use of relevant people around the world to deploy?

So I would say we're now moving more towards the execution from a sales front end and from an ongoing operational point of view. So I think that it's starting to feel as though we are heading back to the Americas organisation sort of operating. But we've moved people around as we've needed to cope with the magnitude of the project.

Keith Chau: (MST Marquee, Analyst) Okay, thank you. Then a follow up, just looking at the channel in the context of past discussions. I think historically, Heath, you've mentioned that the retail channel is always pretty sharp and hard to negotiate with.

But in some instances, the wholesale channel in OEM is a bit more understanding when it comes to costs and passing them through. Is that still the case? If so, in order of difficulty, how would you rank these three channels to try and pass through costs? Would anything going to change relative to [unclear]?

Heath Sharp: So look, there's certainly nuance in dealing with each of the channels. The OEM, by and large, we're on a copper index price and the tariff is going to have to connect with that.

But honestly, it's also at a situation where you need to step outside that index and renegotiate some base prices, based particularly on the components and where they're coming from. We've done that. Again, that's all pretty visible.

So there's no surprise that we're having to do that. It's going pretty well. There are some slight nuances we've talked about in the past between retail and wholesale. A little more structured in dealing with the retailers. The wholesalers, it varies just a little bit depending on the nature of that organisation.

But again, there's just so much visibility on this and what the impact is, it's become reasonably mechanical across all channels to be honest.

Keith Chau: (MST Marquee, Analyst) That's great. Thanks, Heath. Thaks for the call.

Heath Sharp: Thanks, Keith.

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

Shaurya Visen: (Bank of America, Analyst) Hi, Heath. Hi, Andrew. Thanks for taking my questions. Heath, a quick follow up on your North America revenue guide of low single digit decline in the first half.

Could you just give me a sense that that sort of assumes that the market stays where it is? Or did you say, it sort of - like sort of bakes in some amount of improvement as we move through the half?

Heath Sharp: I think - I mean as we set out in the document we talked about at the half, we had some - it's a really tough comp for us in the first half of '26 based on some projects that got pulled through in the first half of '25. So we've had to adjust for that.

But looking through that at the underlying business, I think we're performing as we'd expect, at or a little bit ahead of market. Which we think our guide for '26 indicates. As I said before, a little bit of tariff pricing coming through in that '26 number, but overall we think we're in a market that's down mid-single digits or worse

That's certainly - it has deteriorated through the course of the first part of '25. We think second part of calendar '25 is going to be difficult and on as we look into '26, it gets really challenging. Calendar '26 gets really challenging.

Shaurya Visen: (Bank of America, Analyst) Sure. That's helpful. Heath, just a quick one. On the [multi] one-off costs that you will incur as you talk about the change in the sourcing agreement?

Heath Sharp: Sorry, Shaurya, can you just say that one again please?

Shaurya Visen: (Bank of America, Analyst) Are there any one-off costs that you will incur? Like one-offs regarding all the changing the source that you're doing?

Heath Sharp: One-off costs in relation to sourcing? I'd say nothing really to call out. We've obviously mobilised a good part of our organisation to deal with moving those products to new locations, considering other options. So there's a little bit of Op-Ex in there, but honestly, nothing that's worth calling out.

Shaurya Visen: (Bank of America, Analyst) Great. Thank you.

Heath Sharp: Thank you.

Operator: The next question comes from Niraj Shah with Goldman Sachs. Please go ahead.

Niraj Shah: (Goldman Sachs, Analyst) Hi, guys. Firstly, just a follow up on the change in sourcing question. I guess what is dictating or driving the timing of that? In particular, I guess, what are the risks around that being faster or slower than what you guys have targeted?

Heath Sharp: So Niraj, thanks for the question. Most of what we're moving from China to somewhere else is in relation or in combination with an existing partner. There's not a whole lot of changes that we are making to someone we haven't dealt with before.

In fact, I'm sitting here struggling to think of any example where that's the case. So there's generally strong relationship, good knowledge of how that sourcing channel works. But moving from one factory to another factory, even if it's owned by the same organisation, it's still a change and you have to work through all of the quality aspects. The set up, the first off samples to check they're conforming.

All of which we can do, I mean that's just normal business, there's just a lot happening at one time. That's back to the question from Pete on people. We've simply had to deploy more people on that. So grabbing people from the UK and Australia to help the Americas team and deploy most of the Americas team on that.

So look, we know what to do there, we know what the process is. But each of those is a project. There's, I don't know, 70 to 80 individual projects that are involved here across a couple of thousand [SCUs].

We just have to work through that. So I don't - look, anytime there's a change, there's a risk. But I think that's all manageable. I think we're fine with that. There is also, in this case, the chance of a delay in some of those projects.

As we've looked at this quite closely, we - from May to now in the outlook, we're still very comfortable in saying we'll be in a good spot for FY27 to have managed the vast majority of those projects through and them to be gross margin dollar neutral from '27 onwards.

Niraj Shah: (Goldman Sachs, Analyst) Understood, thanks. Just a second one. I don't know if you've disclosed it this time, but you have in the past talked about your copper price sensitivity. Given some sort of wild moves out there over the last little while, what is the reference index or what weighting of reference indices should we be using when assessing that?

Andrew Johnson: Hey, Niraj, it's Andrew. We've looked at that. We are seeing higher COMEX pricing versus the LME. However, longer term, we feel like the COMEX price will continue to equal that LME plus tariff. We think that will balance in that direction.

But as you go through, roughly 10% of the copper we use is manufactured in the US. So still quite a bit coming from overseas and being imported. But when you look at it, before tariffs, we're still at that \$900,000 movement in EBITDA per \$100 movement in the LME. That still gets you, from a sensitivity standpoint, still gets you a pretty good gauge.

Niraj Shah: (Goldman Sachs, Analyst) Got it, thank you.

Andrew Johnston: Of course, that's before tariffs.

Niraj Shah: (Goldman Sachs, Analyst) Yes.

Heath Sharp: Thanks, Niraj.

Operator: The next question comes from Nathan Riley with UBS. Please, go ahead.

Nathan Riley: (UBS, Analyst) Yes, thank you. Just a question on CapEx. I appreciate you've guided to a CapEx target in '26. But maybe taking a more medium term view on the capital requirements of the business, maybe just let us know how you're thinking about capital requirements just down the track to support greater levels of that global manufacturing flexibility that you're talking to.

Heath Sharp: Look, I think the current - last couple of years, lower level of CapEx probably continues for the mid-term. I think we're in a pretty good spot for capacity around the world.

UK, for example, we could support, gosh, on the core fittings, as much as a 50% increase in volume there. There's a whole lot of leverage there. So I think we're in a pretty good spot.

We did spend some dollars over the last couple of years on CapEx on IT projects. The amount we're projecting to be lower in '26 versus last year is probably driven by a lower spend in IT.

The underlying sort of growth and maintenance CapEx is going to be pretty constant around - I don't know, Andrew, it's like \$20 million, 22 million is growth and maintenance. I expect that will continue for a couple of years. I don't see any big changes in that fitting in.

Nathan Riley: (UBS, Analyst) Perfect, thanks for that.

Heath Sharp: Thanks, Nathan.

Operator: That's all the time we have for questions today. I'll now hand it back to Mr Sharp for closing remarks. Please go ahead.

Heath Sharp: Thank you. PK, have you got a couple of questions.

Philip King: A couple not answered by the other question. Scope for pricing in the other two markets other than the Americas, the APAC and EMEA?

Heath Sharp: Sure, I would say our view is that UK and EMEA is unchanged from prior years. It feels like an annual process there. I don't see anything changing that at this point.

In Australia, that's always been a market where you move prices as applicable, as necessary, and that also feels unchanged at this point. As we called out earlier, there's a few actions we're taking or have taken and will continue to take on pricing to help offset some of those costs that came from the second half. So nothing particularly to call out that's unusual there.

Philip King: The final question, any thoughts regarding the Holman business about maybe selling off the Garden Products business?

Heath Sharp: No, no thoughts whatsoever on that line. I think that's the basis of the Holman execution capability of Bunnings, which we really need to use to amplify our plumbing sales through Bunnings.

There - it's a strong team, a strong innovation team, there's some really good products coming through there. I think we made a good margin on it. So no, we're happy.

Philip King: Thank you. All we've got time for.

Heath Sharp: Very good. Look, thank you very much. I appreciate everyone taking the time to join us on the call this morning. Thank you and have a good day.

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

End of Transcript