

3 March 2020

Geraldi Mimery
Graduate, Listings Compliance (Melbourne)
ASX Listings Compliance Pty Ltd
Level 4, North Tower, Rialto
525 Collins Street
Melbourne VIC 3000

By email

Dear Geraldi,

Reliance Worldwide Corporation Limited ("RWC"): Aware query

RWC refers to your letter dated 27 February 2020 regarding an aware query.

RWC responds as follows to the questions contained in that letter:

1 Does RWC consider the information contained in the Results Announcements pertaining to:

1.1 The HY Result to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

RWC always considers financial results potentially materially price sensitive information (and flagged its 'Half Year Results Announcement' at 8:02am on 24 February 2020 as materially price sensitive information).

1.2 The Revised NPAT Forecast to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No, RWC would not expect the magnitude of difference in the Revised NPAT Forecast to be information that a reasonable person would expect to have a material effect on the price or value of its securities. The Revised NPAT guidance relates to full year NPAT and RWC's full year results remain uncertain. However, RWC considered that, given the release of its half year results, it was an appropriate time to provide updated full year NPAT guidance.

2 If the answer to question 1.1 and/or 1.2 is "no", please advise the basis for that view.

The Revised NPAT guidance relates to full year NPAT and RWC's full year results remain uncertain. However, RWC considered that, given the release of its half year results, it was an appropriate time to provide updated full year NPAT guidance.

3 If the answer to question 1.1 and/or 1.2 is "yes", when did RWC first become aware of the following information:

3.1 The HY Result would materially differ from the previous corresponding period; and

RWC determined the HY Result at a Board meeting on Sunday 23 February 2020. The

HY Result was released at 8:02am on 24 February 2020 prior to market open.

RWC does not consider the previous corresponding period to be a material consideration as it had provided full year NPAT guidance for the year ending 30 June 2020. RWC confirmed full year NPAT guidance at the Annual General Meeting in the CEO's address on 31 October 2019 (**Previous NPAT Forecast**).

The possibility of the full year results falling outside the Previous NPAT Forecast did not become clear until the process of finalising the half year results was completed (including the process of examining the half year split). This process was completed by the Board at a meeting on 23 February 2020.

RWC agrees with the statement in ASX Guidance Note 8 that 'the preparation of earnings guidance needs to be properly vetted and signed off at a senior level and most likely approved by the board before it is released.' That is the process that RWC followed.

3.2 RWC would not be able to meet the Previous NPAT Forecast.

Not applicable. The NPAT Forecast is in respect of the full year and the outcome still remains relatively uncertain. However, in light of the first half performance and market developments, RWC's own expectations of the likely full year result are now lower than they were previously and in the context of the half year results release RWC considered it appropriate to voluntarily update the market as to RWC's own expectations.

4 If the answer to question 1.1 and / or 1.2 is "yes" and RWC first became aware of the information before the release of the Results Announcements, did RWC make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe RWC was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps RWC took to ensure that the information was released promptly and without delay.

Refer to question 3 above. RWC determined the HY Result at the board meeting on Sunday 23 February 2020. The HY Result was released at 8:02am on 24 February 2020. The Board and management completed its finalisation of the half year results announcement documents, including the HY Result, on Sunday 23 February 2020 and this information was subsequently released to the ASX on 24 February 2020 prior to market open.

5 Please confirm that RWC is complying with the Listing Rules and, in particular, Listing Rule 3.1.

RWC confirms that it is complying with the Listing Rules, and, in particular, Listing Rule 3.1.



- 6 Please confirm that RWC's response to the questions have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of RWC with delegated authority from the board to respond to ASX disclosure matters.**

RWC confirms that its response to the questions have been authorised and approved in accordance with its continuous disclosure policy.

Yours sincerely,



David Neufeld
Company Secretary





27 February 2020

Reference: ODIN14425

Mr David Neufeld
Company Secretary
Reliance Worldwide Corporation Limited
28 Chapman Place
Eagle Farm QLD 4009

By email

Dear Mr Neufeld

Reliance Worldwide Corporation Limited ('RWC'): Aware Query

ASX refers to the following:

- A. RWC's announcements entitled 'Half Year Results Announcement', 'Appendix 4D and Interim Financial Report' and 'Media Release' released on the ASX Market Announcements Platform ('MAP') at 8.02am on 24 February 2020 (together, the 'Results Announcements'), disclosing the following.
- (i) RWC's reported net profit after tax ('NPAT') for the six months ended 31 December 2019 was down 22% to \$50.1 million (the 'HY Result').
 - (ii) RWC now expects the 2020 full-year NPAT to be between \$140-\$150 million (the 'Revised NPAT Forecast').
- B. RWC's assumptions for the Revised NPAT Forecast contained in the Results Announcements, which include the following:
- (i) *Stronger sales performance in the Americas in the second half, including the benefit of specific marketing and promotional activity;*
 - (ii) *Stronger sales in EMEA in the second half consistent with typical seasonal trading patterns;*
 - (iii) *No material adverse impact on EMEA trading performance from the ERP implementation;*
 - (iv) *Flat external sales in APAC;*
 - (v) *Favourable copper price impacts relative to the first half, with the average copper price expected to be no higher than US\$5,900 per ton;*
 - (vi) *Further delivery of continuous improvement initiatives and John Guest synergy realisation benefits;*
 - (vii) *An adjusted effective tax rate in the range of 24% to 25%; and*
 - (viii) *An Australian Dollar to US Dollar exchange rate of US\$0.68.*
- (together, the '2020 Forecast Assumptions')
- C. RWC's previous NPAT forecast of \$150-\$165 million contained in RWC's announcements entitled 'FY2019 Results Announcement', 'FY2019 results presentation' and 'Media Release' released on MAP on 27 August 2019, which was reconfirmed in the 2019 Annual Report released on MAP on 26 September 2019 ('Previous NPAT Forecast').

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- D. The change in RWC's share price following the release of the Results Announcements from a closing price of \$4.65 on Friday, 21 February 2020 to an opening price of \$3.46 on Monday, 24 February 2020, trading in the range of \$3.34 to \$3.64 before closing at \$3.42 on Monday, 24 February 2020.
- E. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

- G. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

- H. Section 4.10 of GN8 which states:

"All other things being equal, an entity is not expected to release the information in a periodic disclosure document ahead of the scheduled release date for that document. Sometimes, however, in the course of preparing a periodic disclosure document, market sensitive information may become apparent that ought to be disclosed immediately under Listing Rule 3.1. Two areas where this issue commonly arises are market sensitive "earnings surprises" and market sensitive material post-balance date events.

If, in the course of preparing a periodic disclosure document, it becomes apparent to an entity that its reported earnings will differ so significantly from market expectations that a reasonable person would expect information about its reported earnings to have a material effect on the price or value of its securities, the entity must disclose that information to ASX immediately under Listing Rule 3.1. It cannot wait until the periodic disclosure document is released. The same is true for information about a material post-balance date event that a reasonable person would expect to have a material effect on the price or value of its securities."

- I. Section 7.1 of GN8 entitled 'Earnings Guidance' which states:

"As a forward looking statement, earnings guidance must have a reasonable basis in fact or else it will be deemed to be misleading, with all the significant legal consequences that entails. For this reason,

appropriate due diligence needs to be applied to the preparation of earnings guidance. The underlying figures and assumptions should be carefully vetted and signed off at a suitably senior level before the guidance is released.”

- J. Section 7.3 of GN8 entitled ‘Market sensitive earnings surprises’.
- K. Section 7.4 of GN8 entitled ‘Correcting analyst forecasts and consensus estimates’.
- L. ASIC’s Regulatory Guide 170: *Prospective financial information*.

Request for Information

Having regard to the above, in particular that ASX considers section 7.1 of GN8 applies to the profit forecasts of RWC, ASX asks RWC to respond separately to each of the following questions and requests for information:

1. Does RWC consider the information contained in the Results Announcements pertaining to:
 - 1.1 The HY Result to be information that a reasonable person would expect to have a material effect on the price or value of its securities?;
 - 1.2 The Revised NPAT Forecast to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1.1 and/or 1.2 is “no”, please advise the basis for that view.
3. If the answer to question 1.1 and/or 1.2 is “yes”, when did RWC first become aware of the following information:
 - 3.1 The HY Result would materially differ from the previous corresponding period; and
 - 3.2 RWC would not be able to meet the Previous NPAT Forecast.
4. If the answer to question 1.1 and/or 1.2 is “yes” and RWC first became aware of the information before the release of the Results Announcements, did RWC make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe RWC was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps RWC took to ensure that the information was released promptly and without delay.
5. Please confirm that RWC is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that RWC’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of RWC with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than 9.30 AM **AEDT Tuesday, 3 March 2020**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, RWC’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require RWC to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

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- the reasons for the trading halt;
 - how long you want the trading halt to last;
 - the event you expect to happen that will end the trading halt;
 - that you are not aware of any reason why the trading halt should not be granted; and
 - any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsComplianceMelbourne@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to RWC's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that RWC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in RWC's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Geraldi Mimery
Graduate, Listings Compliance (Melbourne)