Reliance Worldwide Corporation Limited
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OPERATING AND FINANCIAL REVIEW

FOR FINANCIAL YEAR ENDED 30 JUNE 2025

The financial results for the year ended 30 June 2025 are set out below. All figures are in US$ unless otherwise indicated.

Group Overview		
Year ended:	**30 June 2025**	**30 June 2024**
US$ million		
Net sales:		
Americas	858.9	877.7
Asia Pacific	272.5	190.3
EMEA	259.4	263.6
Intercompany Sales Eliminations	(76.1)	(85.9)
Net sales	**1,314.7**	**1,245.8**
Adjusted EBITDA[1]:		
Americas	182.3	184.3
Asia Pacific	26.0	22.0
EMEA	74.7	77.3
Corporate & Eliminations	(5.3)	(9.0)
Adjusted EBITDA	**277.7**	**274.6**
Depreciation & Amortisation	(68.8)	(60.0)
Adjusted EBIT[1]	**208.9**	**214.5**
Net finance costs	(26.9)	(30.9)
Adjusted profit before tax	**182.0**	**183.6**
Tax expense on underlying profit	(34.3)	(36.7)
Adjusted net profit after tax[1]	**147.7**	**146.9**
Adjustment items	(8.5)	(27.1)
Tax benefit attributable to adjustment items	1.3	5.8
Tax benefit of goodwill amortisation	(15.5)	(15.5)
Reported net profit after tax	**125.0**	**110.1**
Adjusted earnings per share	**19.0 cents**	**18.7 cents**

Net sales were $1,314.7 million, 5.5% higher than the prior corresponding period (“pcp”). Sales included a full year contribution from Holman Industries (Holman) which was acquired on 1 March 2024. Excluding Holman, and the impact from the closure of the Supply Smart sales model in FY24, sales were 0.5% lower than the pcp. Sales in the Americas were 2.1% lower than pcp, and 0.6% lower excluding Supply Smart. Asia Pacific external sales excluding Holman were up 2.4% on the pcp, and EMEA external sales were 3.5% lower than pcp.

[1] EBITDA (earnings before interest, tax, depreciation, and amortisation), Adjusted EBITDA, 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.

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Remodel and residential new construction markets continued to be relatively weak in the key US and UK markets. The acquisition of Holman combined with organic growth in the Australian market assisted sales growth.

Adjusted EBITDA was $277.7 million, up 1.1% on the pcp reflecting the first full year contribution from Holman, partly offset by the impact of lower volumes in the US and UK. Adjusted EBITDA margin was 21.1% compared with 22.0% in the pcp. Excluding Holman, Adjusted EBITDA margin was 22.3%, consistent with the pcp. Cost savings of $17.4 million were achieved in the period, driven by continuous improvement initiatives together with the benefits of the restructuring in EMEA undertaken in FY24. In addition, $2.3 million in Holman synergies were realised during the year.

Reported NPAT of $125.0 million, which included $7.2 million (post tax) of one -off items, was 13.5% higher than the pcp. The one-off items are summarised in the table below. Adjusting for these one-off items and the cash tax benefit arising from the amortisation of goodwill, NPAT was $147.7 million, up 0.5% on the pcp. Adjusted earnings per share of US19.0 cents per share were 1.6% higher than pcp.

Reconciliation of Reported versus Adjusted Operating Earnings and NPAT

US$ million	EBITDA	EBIT	Tax Expense	NPAT
FY25 Reported	**269.8**	**200.4**	**(48.5)**	**125.0**
Americas: DC rationalisation	0.3	0.8	(0.3)	0.5
EMEA: Manufacturing footprint rationalisation	4.0	4.0	-	4.0
APAC: Holman integration and synergies realisation costs	3.6	3.6	(1.0)	2.7
Total one-off costs	**7.9**	**8.5**	**(1.3)**	**7.2**
Goodwill tax amortisation	-	-	15.5	15.5
FY25 Adjusted	**277.7**	**208.9**	**(34.3)**	**147.7**

SEGMENT REVIEW – *AMERICAS*

Americas sales were $858.9 million, 2.1% lower than pcp. Excluding Supply Smart, which RWC ceased operating in the second half of FY24, sales were 0.6% lower. Weaker demand from discretionary remodel end-markets adversely impacted volumes, partly offset by new product revenues. Existing home turnover in the US, a major driver of remodel activity, continued to be subdued throughout the year and negatively impacted sales. Sales in the second half were negatively impacted by the pull-forward of demand into the first half ahead of the ERP upgrade, the timing of specific customer initiatives, and the decision to exit certain low-margin product lines in the Canadian market.

Adjusted EBITDA of $182.3 million was 1.1% lower than pcp, and Adjusted EBITDA margin was 21.2% compared with 21.0% in the pcp. Cost reduction initiatives positively impacted margins in the period. These initiatives offset lower volumes and the $3.3 million net impact of additional US tariffs introduced in the period. Adjusted EBITDA excludes $0.3 million in final one-off costs for two distribution centres in the US that were closed in FY24.

SEGMENT REVIEW - ***ASIA PACIFIC***

Asia Pacific sales of $272.5 million were up 43.2% on a reported basis (US$) and up 44.6% on a local currency basis (A$) versus the pcp. Sales included $120.3 million (A$184.9 million) in revenue from Holman.

Excluding Holman, external sales were 2.4% higher than pcp on a local currency basis reflecting a stabilisation of new home construction activity in Australia. Total new dwelling units commenced in the 12 months ended 31 March 2025 were up 8.6% on the pcp but were 24% below the recent peak levels recorded in 2021.[2] Sales to RWC's channel partners were higher than the pcp due to new product initiatives.

Intercompany sales were 16.0% lower on a local currency basis following the transfer of some manufacturing and all assembly of SharkBite Max fittings to the Americas in the pcp.

Asia Pacific Adjusted EBITDA was $26.0 million, 18.3% higher than the pcp reflecting the operating earnings contribution from Holman. Adjusted EBITDA margin decreased by 200 basis points from 11.5% to 9.5% due to lower intercompany volumes and higher input costs. Adjusted EBITDA reflects $3.6 million in one-off costs relating to the integration of Holman and synergies realisation costs. A key cost synergy was the rationalisation of the distribution centre network in Australia, with three distribution centres closed in the period.

Operating margins in the second half of FY25 were negatively impacted by:

- Lower internal volumes and manufacturing overhead recoveries.
- Higher costs for raw materials due to inflation and foreign currency appreciation.
- Additional costs arising from the ERP implementation incurred to support the business during the transition phase to the new system.
- Temporary cost increases as a result of supply disruption for certain product categories.

Pricing adjustments have been made to mitigate the impact of higher input costs. RWC continues to assess its manufacturing footprint in APAC given the reduction in volumes arising from the transfer of SharkBite production to the US.

SEGMENT REVIEW - ***EUROPE, MIDDLE EAST, AND AFRICA ("EMEA")***

Reported net sales in EMEA were $259.4 million, 1.6% lower in reported currency (US$) and 4.2% lower in local currency (British Pounds).

External sales in local currency were 3.5% lower than pcp. External sales in the UK were down 4.0% on pcp, with UK plumbing and heating sales down 3.8% in local currency due to lower volumes in residential remodel and residential new construction. Specialty and other product sales were 5.5% lower than pcp.

Continental Europe external sales were 1.9% lower than pcp. In February, RWC completed the sale of its manufacturing operations in Spain, with a consequent reduction in sales from that facility. Adjusting for this, Continental Europe sales were 1.3% higher than pcp.

EMEA Adjusted EBITDA of $74.7 million was 3.4% lower than the pcp, and 5.9% lower in local currency. Adjusted EBITDA margin decreased by 50 basis points on the pcp to 28.8% due to lower volumes partly offset by cost reduction and efficiency initiatives.

[2] Source: Australian Bureau of Statistics

TAXATION

The accounting effective tax rate for the period was 28.0% compared with 29.6% in the pcp. This rate excludes RWC's entitlement 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. The benefit arising from the amortisation of goodwill for cash tax purposes in the period was $15.5 million.

Adjusting for this item and the net tax effect of adjustments to EBITDA from one-off costs referenced earlier, tax expense for the period was $34.3 million, representing an Adjusted effective tax rate of 18.8%.

CASH FLOW

Cash Flow Summary

Year ended:	**30 June 2025**	**30 June 2024**
US$ million		
Cash generated from operations	271.1	314.2
Income tax paid	(38.1)	(39.8)
Net cash outflow from investing activities	(30.0)	(140.2)
Net cash inflow (outflow) from financing activities	(201.4)	(131.5)
Net cash flow	1.6	2.8

Cash generated from operations was $271.1 million and operating cash flow conversion[3] for the period was 97.6% of Adjusted EBITDA.

Capital expenditure payments for plant and equipment acquired in the period totalled $33.5 million compared to $41.3 million in the pcp. Investing activities in the pcp included the $105 million acquisition of Holman Industries.

DEBT POSITION AND CAPITAL STRUCTURE

Net debt[4] at 30 June 2025 was $331.6 million (30 June 2024 - $421.1 million). Net debt to EBITDA was 1.30 times at 30 June 2025 (based on historic EBITDA for a 12-month period ended 30 June 2025) compared with 1.59 times for the pcp.

RWC's weighted average debt maturity was 7.0 years at 30 June 2025, and 70% of total drawn debt was at fixed rates. The weighted average cost of funding was 4.67%.

As a result of strong cash generation during the period, RWC is below the lower end of its target leverage range of 1.5 times to 2.5 times net debt to EBITDA. The Company has assessed that its optimal capital structure will be attained by maintaining its net debt levels to achieve a leverage ratio within this range. As a result of the strong cash generation in the period, RWC has reduced its total committed debt facilities. Committed borrowing facilities at 30 June 2025 totalled $900 million, a reduction of $150 million versus pcp.

RWC expects that it will remain in compliance with all borrowing facilities financial covenants.

[3] FY25: Cash flow from operations to Adjusted EBITDA of $277.7 million.
[4] Excludes lease liabilities

FINAL DIVIDEND AND ON-MARKET SHARE BUY-BACK

The Company's distribution policy is an intention to distribute between 40% and 60% of annual NPAT, with the total distribution amount for a period to be allocated approximately 50% to a cash dividend and 50% to on-market share buy-backs. Dividends are expected to be unfranked.

A final distribution amount of US5.0 cents per share (US$38.7 million) has been declared, comprising an unfranked final cash dividend of US2.5 cents per share and the undertaking of an on-market share buy-back for US$19.4 million (equivalent in total to US2.5 cents per share).

Total distributions declared for the year ended 30 June 2025 were US10.0 cents per share totalling $78.0 million which represents 62% of Reported NPAT and 53% of Adjusted NPAT.

IMPACT OF US TARIFFS

While RWC has a significant manufacturing presence in the US, nearly half of the Americas region's cost of goods sold, including raw materials, components and finished goods, are sourced outside the US. We have been working actively to mitigate the impact of US tariffs on imports into the US. A key area of mitigation has been diversifying product sourcing away from China to other countries. Our aim is to reduce to zero the amount of tariff impacted products sourced from China for sale in the US, and we are targeting to achieve this in FY27.

We have also looked at further cost reduction measures, and at implementing price increases to mitigate the impact of tariffs. We are pursuing mitigating actions that minimise the impact of tariffs on end-users while at the same time ensuring our operating margins are not eroded. Price increases are being carefully implemented through a systematic approach that supports RWC's long term product and market positioning.

As a result of the actions being undertaken to mitigate US tariffs, RWC expects that the net cost impact of tariffs on FY26 operating earnings (EBITDA) will be in the range of $25 million to $30 million. This cost estimate is based on individual country tariff rates in place as at the date of this release, and specific tariffs on copper, steel and aluminium imports. Changes to these rates will impact this estimate.

Beyond FY26, RWC's aim is to maintain gross margin dollars by fully offsetting tariffs through the combined mitigation efforts. As such, based on current tariff levels and continued implementation of mitigating actions, the direct impact of US tariffs on FY27 EBITDA is not expected to be material.[5]

FY26 TRADING OUTLOOK

The outlook for each of RWC's key markets remains uncertain. In the US, long term mortgage rates remain high and are continuing to adversely impact both existing home turnover, a key driver of remodel activity, and new home construction activity. The immediate outlook for interest rates, and any potential impact of tariffs on inflation, is unclear.

In Australia, a modest recovery in new home construction has been observed but overall activity levels remain well below recent peaks and long-run averages. As with the US, the pace and timing of future interest rate reductions, which might help to stimulate an improvement in home building activity, is not certain.

The short-term outlook for the UK economy appears mixed, with recent economic data providing little clarity around near-term prospects. Continued low levels of new home construction orders is an ongoing headwind for overall building activity.

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[5] Guidance assumes no reduction in sales volumes. We are unable to estimate any potential unfavourable impact on sales volumes related to price increases or the overall market environment.

For the first six months of trading in FY26, RWC expects consolidated external sales to be broadly flat to down by low single digit percentage points, relative to the pcp:

- In the Americas, external sales are expected to be down by low-single digit percentage points after adjusting for the pull-forward of sales from the second half to the first half in the pcp and the exit of certain product lines in Canada. Reported sales excluding these adjustments are expected to be down by mid single digit percentage points on the pcp.
- Asia Pacific external sales are expected to be broadly flat on the pcp.
- EMEA external sales are expected to be broadly flat on the pcp.

The imposition of additional US tariffs is expected to disproportionately impact Americas first half operating earnings and margins, due to the phasing of mitigation actions. Consequently, consolidated EBITDA margin in the first half of FY26 is expected to be lower than the pcp due to lower volumes and tariff impacts.

Given the uncertainty around the immediate economic outlook in each of these key markets, RWC is not providing quantitative guidance for overall FY26 full year revenue and earnings expectations.

FINANCIAL METRICS

The following key assumptions are provided for FY26:

- RWC expects operating cash flow conversion in FY26 to be above 90%, consistent with our long-term target.
- Capital expenditure is expected to be in the range of $25 million to $30 million.
- Depreciation and amortisation expense is expected to be in the range of $70 million to $72 million.
- Net interest expense is expected to be in the range of $21 million to $25 million, inclusive of interest expense on lease liabilities.
- The adjusted effective tax rate is expected to be in the range of 18% to 21%.
- Cost reduction measures are expected to deliver approximately $8 million to $10 million in savings for the full year.

Variations in economic conditions, trading conditions, the implementation of additional or new tariffs, or other circumstances may cause these key assumptions to change.

Additional information

Please refer to the Appendix 4E, 2025 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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This document was approved for release by the Board.