

ASX Announcement

1 May 2020

RWC update on operations

Executives and Directors to take temporary reduction in salary and fees

Reliance Worldwide Corporation Limited (ASX: RWC) (“RWC” or “the Company”) has today provided an update on the impact of COVID-19 on its operations.

RWC’s top priority continues to be the health and safety of our employees and stakeholders. We are continuing to monitor all relevant guidelines and implement measures as appropriate at our facilities globally.

In **Australia**, we have decided to scale back manufacturing operations from 5 days a week to 4 days a week, commencing the week of 11 May 2020. Customer service and warehouse activities will continue to operate on a 5 day per week basis.

While to date there has been no significant deterioration in demand, economic forecasts are indicating that new housing construction in Australia is likely to decline over the next year. We estimate that approximately 50% of RWC sales in Australia are to the residential new construction end-market. In view of the forecast reduction in demand levels, we believe that it is prudent to reduce manufacturing operations by one full day per week.

On 6 April 2020 we announced that over 40% of our **UK** workforce had been placed on furlough (leave of absence). This action has enabled those employees to receive the salary support being offered by the UK Government under the Coronavirus Job Retention Scheme, which the Government has extended until 30 June 2020. Activity in the UK and Continental Europe continues to be subdued and, consequently, some RWC employees in Continental Europe have also now been placed on furlough. Aggregate demand in EMEA is currently running at 35% to 40% of pre-COVID-19 levels with most of our UK channel partners still operating on a restricted and limited service basis.

Our manufacturing operations in **North America** remain unaffected at present. Sales in the US continue to track broadly in line with expectations, however, sales in Canada have been impacted by restrictions on activity in some provinces. We continue to monitor demand trends and will move to reduce shifts in North America should there be a sustained fall in sales and forward orders.



As we previously announced, consolidation of manufacturing at RWC's main site in Alabama with the transfer of operations from Tennessee is being progressed. We had initially targeted a completion date of 30 June 2020 but due to delays arising from COVID-19 restrictions, we now expect this consolidation to be completed by September 2020. In addition, a review of costs and activities within the Americas undertaken earlier in the year has resulted in the disestablishment of approximately 20 permanent roles across RWC's US operations.

In terms of supply chain effects arising from COVID-19, we have worked actively with key suppliers in China and Italy to minimise business disruption. There have been no material impacts to date from delays in sourcing of components or finished goods and our key suppliers are all operating.

Implementation of the ERP upgrade in the UK has been successful with the new system cutover in early March. The ERP upgrade has replaced sixteen legacy systems and was completed on time and on budget.

RWC CEO, Heath Sharp, and executive team members have agreed to a temporary 20% reduction in their base salaries for an initial two-month period from 1 May 2020 to 30 June 2020. In addition, RWC's non-executive directors have also agreed to a temporary 20% reduction in fees for the same initial period. Mr. Sharp said the reduction was an appropriate response to the current trading environment with many RWC employees now either furloughed or working reduced hours as a result of COVID-19 impacts.

Group CEO Heath Sharp and Interim Group CFO Andrew Johnson will host a conference call for investors at 10am AEST today. Details of the call can be found on the following page.

For further enquiries, please contact:

Phil King
Group Investor Relations Director
Tel: +61 (0) 3 8319 6717
Mobile: +61 (0) 499 986 189
Email: phil.king@rwc.com

This document was approved for release by the RWC Board.

Reliance Worldwide Corporation Limited Trading Update

Friday 1 May 2020

10.00am AEST

Conference Call Details

For participants joining by Teleconference:

To join the call, please pre-register at the link below.

You will receive a calendar invite with the dial-in numbers and a unique code which is to be quoted when dialing into the call.

Pre-Registration Link: <https://s1.c-conf.com/DiamondPass/10006406-invite.html>

To ask a question, participants will need to dial “*1” (star, 1) on their telephone keypad.

For participants joining by Webcast:

To join the call via webcast, please use the link below:

<http://www.openbriefing.com/OB/3786.aspx>

To access a replay of the call:

To listen to a recording of the call, please use the link below:

<http://www.openbriefing.com/OB/3786.aspx>