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RWC RESULTS FOR FINANCIAL YEAR ENDED 30 JUNE 2021:

REPORTED NET PROFIT AFTER TAX RISES 111% TO $188 MILLION[1], SALES 15% HIGHER

Net sales of $1,340.8 million, up 15% on prior year

Net sales up 25% on a constant currency basis

Reported net profit after tax of $188.2 million, up 111%

Adjusted net profit after tax[2] of $211.9 million, up 63%

Reported EBITDA[2] of $340.7 million, up 56%

Adjusted EBITDA[2] of $349.2 million, up 39%

Strong cash generation with cash flow from operating activities up 20% to $334.3 million and operating cash flow conversion at 98% of Reported EBITDA

Net debt reduction of $128.3 million and leverage down to 0.51 times Net Debt to Reported EBITDA

Americas recorded 31% second half constant currency sales growth, up 27% for the year

Asia Pacific constant currency sales up 18% for the year driven by strong Australian residential construction and remodelling activity

UK and European sales recovered strongly post-COVID with 25% constant currency sales growth

Final dividend of 7.0 cents per share, total dividends for FY2021 of 13.0 cents per share

Reliance Worldwide Corporation Limited (ASX: RWC) ("RWC" or "the Company") has today announced its consolidated results for the financial year ended 30 June 2021.

KEY ITEMS

REVENUE

Net sales were $1,340.8 million, up 15% on the prior year. Net sales on a constant currency basis were up 25%. The strong growth in sales was due to heightened levels of repair and remodel activity in all key markets coupled with increased new residential home building activity as well as the impact of the winter freeze event in the US in the second half.

[1] Unless disclosed otherwise, $ refers to Australian Dollars.
[2] EBITDA, Adjusted EBITDA, Adjusted NPAT and Adjusted EPS are non-IFRS measures used by RWC to assess operating performance and have not been subject to audit or audit review. Refer to the Operating and Financial Review section for additional detail.

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- Full year net sales growth in the Americas was 14% (27% on a constant currency basis) driven by the strength of the residential repair and remodelling markets in the US and Canada. A winter freeze impacting Texas and surrounding US states also boosted sales significantly.
- Asia Pacific sales were 13% higher for the year (18% on a constant currency basis) with external sales up 11% reflecting stronger Australian new housing construction and remodel markets. Inter-company sales were up 16% driven by strong demand in the Americas.
- EMEA sales were up 21% (25% higher on a constant currency basis) with a recovery in volumes following the easing of COVID restrictions and the subsequent strength of the UK repair and remodel market.

EARNINGS

- Reported net profit after tax of $188.2 million, up 111%.
- Adjusted net profit after tax of $211.9 million, up 63%. Adjusted net profit after tax reflects adjustments made for the following items:
  - $15.2 million in respect of the amortisation of certain intangibles for taxation purposes under longstanding US tax rules that are not amortised for accounting purposes under accounting standards.
  - One-time costs of $8.5 million incurred to enable the expansion and consolidation of RWC's warehousing and logistics activities in the US and the UK.
- Reported earnings per share of 24.0 cents, up 111% on the prior year.
- Adjusted earnings per share of 27.1 cents, up 63% on the prior year.
- Reported EBITDA of $340.7 million, up 56% on the prior year.
- Adjusted EBITDA of $349.2 million, up 39% on the prior year.

OTHER HIGHLIGHTS

- Record volumes and sales in all regions.
- Delivery of cost reduction savings of $22.3 million for the year, on target for $25 million in annualised cost savings on a run rate basis.
- Operating margin expansion in all regions, with Adjusted EBITDA margin of 26.1% up 450 basis points due to operational leverage from higher volumes coupled with tight cost control.
- Strong cash generation with net cash flow from operations up 20% to $334.3 million.
- Operating cash flow conversion of 98% for the year.
- Net debt of $173.9 million at 30 June 2021, a reduction of $128.3 million since 30 June 2020 after cash dividends paid of $101.8 million.
- Reduction in leverage, with Net Debt to Reported EBITDA ratio down from 1.39 to 0.51 times[3].
- Final dividend of $55.3 million, being 7.0 cents per share. Total dividends declared for FY2021 of $102.7 million, being 13.0 cents per share (FY2020: $55.3 million, being 7.0 cents per share).

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[3] Net debt excludes lease liabilities

OPERATING AND FINANCIAL REVIEW

This Operating and Financial Review forms part of, and should be read in conjunction with, the statutory Directors' Report for the year ended 30 June 2021.

Defined Terms and non-IFRS measures

EBITDA: Earnings before interest, tax, depreciation and amortisation

EBIT: Earnings before interest and tax

NPAT: Net profit after tax

EBITDA, Adjusted EBITDA, Adjusted EBIT, Adjusted net profit after tax and Adjusted earnings per share are non-IFRS measures used by RWC to assess operating performance. These measures have not been subject to audit or audit review.

Review of results for the financial period

Year ended	**30-Jun-21**	**30-Jun-20**	**Variance**
	(A$ million)	**(A$ million)**	
Net sales	**1,340.8**	**1,162.4**	**15%**
Reported EBITDA	**340.7**	**217.9**	**56%**
Adjusted for one-time items:			
- Restructuring and asset impairment charges	8.5	33.4	n/m
Adjusted EBITDA	**349.2**	**251.3**	**39%**
Reported net profit before tax	**272.3**	**135.9**	**100%**
Tax Expense	(84.1)	(46.4)	**81%**
Reported net profit after tax	**188.2**	**89.4**	**111%**
Adjusted for specific tax items:			
- Cash tax benefit of goodwill amortisation for tax purposes	15.2	16.9	n/m
- Prior years tax adjustment	-	4.9	n/m
- Restructuring and asset impairment charges	8.5	25.7	n/m
- CARES Act Benefit	-	(6.6)	n/m
Adjusted net profit after tax	**211.9**	**130.3**	**63%**
Basic earnings per share	24.0 cents	11.4 cents	111%
Adjusted earnings per share	27.1 cents	16.6 cents	63%
Declared dividend per share	13.0 cents	7.0 cents	86%

n/m = not meaningful

Constant Currency Revenue, EBITDA and EBIT Performance

YEAR ENDED	30-Jun-21	30-Jun-20	Variance %	30-Jun-21
	A$ million	A$ million	Constant Currency	A$ million
	Constant Currency			Reported
Net Sales				
Americas	936.1	739.1	27%	843.4
Asia Pacific	289.8	244.8	18%	277.3
EMEA	404.2	324.3	25%	390.8
Eliminations (inter-segment sales)	(182.3)	(145.8)	25%	(170.7)
RWC Group	**1,447.8**	**1,162.4**	**25%**	**1,340.8**
ADJUSTED EBITDA				
Americas	182.2	118.2	54%	162.5
Asia Pacific	66.6	44.3	50%	66.2
EMEA	136.4	93.0	47%	129.1
Corporate/Eliminations	(21.1)	(4.2)	403%	(8.6)
RWC Group	**364.1**	**251.3**	**45%**	**349.2**
ADJUSTED EBIT				
Americas	157.4	92.0	71%	140.2
Asia Pacific	53.7	30.1	78%	53.3
EMEA	116.0	72.8	59%	109.5
Corporate/Eliminations	(22.6)	(5.6)	304%	(10.1)
RWC Group	**304.5**	**189.3**	**61%**	**292.9**

The variation between Reported Sales, EBITDA and EBIT and constant currency figures is explained by movements in foreign exchange rates for translation purposes. For example, the average Australian Dollar / US Dollar exchange rate for translation of Americas financial metrics in FY2021 was US$0.7468 compared with US$0.6708 in FY2020.

Constant Currency Revenue, EBITDA and EBIT Performance

SIX MONTHS ENDED:	30-Jun-21	30-Jun-20	Variance %	30-Jun-21
	A$ million	A$ million	Constant Currency	A$ million
	Constant Currency			Reported
Net Sales				
Americas	513.1	392.3	31%	442.6
Asia Pacific	147.1	119.4	23%	139.1
EMEA	213.3	150.7	42%	201.9
Eliminations (inter-segment sales)	(92.6)	(69.3)	34%	(85.2)
RWC Group	**780.9**	**593.1**	**32%**	**698.4**
Adjusted EBITDA				
Americas	103.5	64.6	60%	86.7
Asia Pacific	32.4	21.5	51%	36.3
EMEA	72.5	40.7	78%	66.5
Corporate/Eliminations	(18.3)	(1.8)	917%	(6.6)
RWC Group	**190.1**	**125.0**	**52%**	**182.9**
Adjusted EBIT				
Americas	90.7	51.1	78%	75.8
Asia Pacific	26.1	14.3	82%	30.0
EMEA	62.5	30.1	108%	57.1
Corporate/Eliminations	(19.2)	(2.6)	639%	(7.5)
RWC Group	**160.1**	**92.9**	**72%**	**155.4**

Net sales for the year ended 30 June 2021 of $1,340.8 million were 15% higher than the prior year. On a constant currency basis, sales were up 25%, with strong growth recorded in all three regions. Sales growth was due to heightened levels of repair and remodel activity in all key markets, driven in part by increased consumer spending on home improvements during the COVID pandemic, and by increased new residential home building activity. In the Americas, constant currency sales were up 31% in the second half with significantly increased demand arising as a result of a winter freeze event in Texas and surrounding US states.

Reported EBITDA for the year was $340.7 million, an increase of 56% on the prior year. Included in reported EBITDA are one-time costs of $8.5 million incurred to enable the expansion and consolidation of RWC's warehousing and logistics activities in the US and the UK. Adjusting for these costs, EBITDA was $349.2 million, an increase of 39% on Adjusted EBITDA for the prior year. The increase in operating earnings was driven by double digit sales growth in each region for the year, with constant currency sales in the Americas up 27%, Asia Pacific up 18% and EMEA 25% higher.

Cost savings from restructuring initiatives totalling $22.3 million were delivered in the year, and we achieved our targeted cost reduction run rate at the end of the year of $25 million on an annualised basis.

Higher commodity prices for copper, resins and steel resulted in higher manufacturing input costs. The average copper cost in FY2021 was US$6,600 per tonne compared with US$6,000 per tonne in the previous year, and was US$7,400 per tonne in the second half. These increased materials costs together with higher packaging and freight costs, negatively impacted earnings by $16.9 million. Price increases were implemented across a number of product categories during the second half in all regions to mitigate the impact of these higher costs.

Disruptions arising from the incidence of COVID cases in the UK, Europe and the US put additional pressure on our operations due to increased employee sickness and absenteeism as well as supply chain and logistics disruptions. Factory layout and materials flow changes to ensure social distancing requirements were met adversely impacted efficiencies and delivery performance. It is estimated that $6.2 million in direct COVID-related costs were incurred during the year. All major RWC manufacturing sites were operational throughout the year and a focus on execution enabled the Group to meet the heightened demand, particularly in the US following the winter freeze event.

Other major factors which impacted earnings were:

- Increased overhead recoveries due to higher manufacturing and sales volumes in all regions
- Carryover procurement and other continuous improvement savings of $7.0 million.
- Adverse foreign exchange impacts of $14.9 million.
- Savings in travel, entertainment, advertising and promotions of $7.0 million as a result of lower activity across these expenditure categories due to COVID.

Reported net profit after tax ("NPAT") was $188.2 million, an increase of 111% on the prior year. Adjusting for the restructuring charges and tax items referenced earlier, net profit after tax was $211.9 million, up 63% on the prior year.

Segment Review
Americas

Year ended:	30-Jun-21 (A$ million)	30-Jun-20 (A$ million)	Variance
Net sales	**843.4**	**739.1**	**14%**
Reported Segment EBITDA	**156.2**	**96.8**	**61%**
Margin	*18.5%*	*13.1%*	*540 bps*
Adjusted for one-time items:			
- Restructuring and asset impairment charges	6.3	21.4	n/m
Adjusted EBITDA	**162.5**	**118.2**	**37%**
Adjusted Margin	*19.3%*	*16.0%*	*330 bps*

Six months ended:	30-Jun-21 (A$ million)	30-Jun-20 (A$ million)	Variance
Net sales	**442.6**	**392.3**	**13%**
Reported Segment EBITDA	**80.4**	**43.2**	**86%**
Margin	*18.2%*	*11.0%*	*720 bps*
Adjusted for one-time items:			
- Restructuring and asset impairment charges	6.3	21.4	n/m
Adjusted EBITDA	**86.7**	**64.6**	**34%**
Adjusted Margin	*19.6%*	*16.5%*	*310 bps*

Americas segment sales were up 14% for the year and 13% for the second half. Reported sales were negatively impacted by Australian dollar strength during the year. On a constant currency basis, sales were 27% higher for the year and 31% higher in the second half.

The strong sales growth was driven by the strength of the residential repair and remodelling markets in the US and Canada. The trend for increased spending on home improvement was first evidenced following the outbreak of the COVID pandemic in the fourth quarter of FY2020 and was aided by several government stimulus programs as well as a reduction in spending on other discretionary activities. This trend continued throughout FY2021. All sales channels recorded strong growth for the year. Retail and hardware channels experienced strong sales growth throughout the year, while wholesale channels saw an improving trend in sales growth with sales early in the year adversely impacted by shelter in place restrictions in certain parts of the US and a slower recovery in commercial construction activity.

A winter freeze event in February 2021 in Texas and surrounding states in the US boosted sales significantly and partly explains the very strong constant currency sales growth recorded in the second half of the year. We estimate that approximately 8.5 percentage points of the constant currency sales growth of 27% in the Americas was due to the impact of the freeze (approximately US$42 million sales impact).

Constant currency sales growth excluding the freeze is estimated to have been 19% for the year, from a combination of overall growth in market activity, increased demand due to COVID, new customer and product initiatives, and market share gains.

Reported EBITDA for the Americas segment was $156.2 million, 61% higher than the prior year. Reported EBITDA included one-off costs relating to the expansion and rationalisation of warehouse and logistics operations in the US of $6.3 million. The lease of a new purpose-built distribution centre in Alabama will significantly expand our capacity and allow us to consolidate our warehousing operations in Alabama onto one site. This will align our distribution network with our long-term growth needs, improve operational efficiencies and further lower the fixed cost base. Excluding these costs, and $21.4 million of restructuring costs and impairment charges included in prior year EBITDA, Adjusted EBITDA was 37% higher than the prior year.

The principal drivers of EBITDA performance are summarised in the following table:

AMERICAS			
Year Ended: **(A$ million)**	**30 June 2021**	**$ Change over prior year**	**Commentary**
Gross Profit	303.1	43.0	• $71.9 million: volume growth impact • ($34.4 million): foreign currency translation impact • ($10.7 million): higher materials costs • $12.8 million: continuous improvement initiatives • Other impacts: higher freight costs, wage inflation, depreciation and amortisation charges
Product development expenses	9.4	9.7	• Savings due to restructuring in FY20 resulting in lower employee costs, marketing and product development costs and amortisation
Selling and marketing expenses	100.6	3.1	• $15.8 million: foreign currency translation impacts • Other impacts: increased marketing costs associated with higher volumes
Administration expenses	54.0	(1.5)	• $3.3 million: foreign currency translation impacts
Other expenses	6.4	7.7	• Prior year included impairment of intangible assets and costs associated with Tennessee plant closure

Segment Review
Asia Pacific

Year ended:	30-Jun-21 (A$ million)	30-Jun-20 (A$ million)	Variance
Net sales	**277.3**	**244.8**	**13%**
Reported Segment EBITDA	**66.2**	**44.3**	**50%**
Margin	*23.9%*	*18.1%*	*580 bps*
Adjusted EBITDA	**66.2**	**44.3**	**50%**
Adjusted Margin	*23.9%*	*18.1%*	*580 bps*

Six months ended:	30-Jun-21 (A$ million)	30-Jun-20 (A$ million)	Variance
Net sales	**139.1**	**119.4**	**17%**
Reported Segment EBITDA	**36.3**	**21.5**	**69%**
Margin	*26.1%*	*18.0%*	*810 bps*
Adjusted EBITDA	**36.3**	**21.5**	**69%**
Adjusted Margin	*26.1%*	*18.0%*	*810 bps*

Asia Pacific sales were 13% higher for the year and up 18% on a constant currency basis. External sales were up 11% reflecting stronger Australian new housing construction and remodel markets and inter-company sales were up 29% on a constant currency basis due to the strength of demand in the Americas.

New housing commencements in Australia increased 7% in the year to 31 March 2021 with new detached commencements up 20%, while multi-family commencements were 11% lower. A significant proportion of RWC’s external net sales in Australia are made in the more cyclical new residential construction market.

Asia Pacific Reported EBITDA for the year was $66.2 million, an increase of 50% on the prior year. EBITDA was impacted by higher volumes in the Australian market and higher sales to the Americas segment, with favourable impacts on overhead recoveries. EBITDA was also positively impacted by $10.9 million from realisation of profit in stock, of which $1.8 million related to inventory realisation and $9.1 million to foreign exchange translation impacts.

The principal drivers of EBITDA performance are summarised in the following table:

ASIA PACIFIC			
Year Ended (A$ million)	**30 June 2021**	**$ Change over prior year**	**Commentary**
Gross Profit	92.2	23.8	• $14.0 million: volume growth impact • $9.1 million: foreign currency translation impact • $2.8 million: continuous improvement initiatives • $1.8 million: realisation of profit in stock • Other impacts: higher overhead recoveries, higher input costs
Administration expenses	14.3	3.8	• $2.5 million: lower corporate charges

Segment Review
Europe, Middle East and Africa (EMEA)

Year ended:	30-Jun-21 (A$ million)	30-Jun-20 (A$ million)	Variance
Net sales	**390.8**	**324.3**	**21%**
Reported Segment EBITDA	**126.8**	**81.1**	**56%**
Margin	*32.4%*	*25.0%*	*740 bps*
Adjusted for one-time items:			
- Restructuring and asset impairment charges	2.2	11.9	n/m
Adjusted EBITDA	**129.0**	**93.0**	**39%**
Adjusted Margin	*33.0%*	*28.7%*	*430 bps*

Six months ended:	30-Jun-21 (A$ million)	30-Jun-20 (A$ million)	Variance
Net sales	**201.9**	**150.7**	**34%**
Reported Segment EBITDA	**64.3**	**28.8**	**123%**
Margin	*31.8%*	*19.1%*	*1,270 bps*
Adjusted for one-time items:			
- Restructuring and asset impairment charges	2.2	11.9	n/m
Adjusted EBITDA	**66.5**	**40.7**	**63%**
Adjusted Margin	*32.9%*	*27.0%*	*590 bps*

Reported net sales in EMEA were up 21% to $390.8 million, while sales in constant currency were up 25%.

Sales volumes recovered early in the year following easing of government COVID restrictions in the UK and Continental Europe, with sales growth initially driven by pent-up demand as channel partners rebuilt inventory levels. In the UK, the recovery in sales activity was driven in particular by the strength of the repair and remodel market. Sales in Continental Europe also improved through the course of the year as markets recovered from COVID impacts.

Reported EBITDA was $126.8 million, up 56% on the prior year. EBITDA included $2.2 million of restructuring costs for the outsourcing of warehousing and logistics operations to a third-party logistics provider. This will enable the consolidation of five warehouses into one centrally located distribution facility with future expansion capacity. We will also migrate our current truck and trailer fleet to a more efficient outsourced fleet of vehicles. The prior year included $11.9 million of restructuring costs and asset impairment charges related to RWC's Spanish manufacturing operations. Adjusting for these items, EBITDA was 39% higher than for the prior year.

Adjusted EBITDA margin increased by 430 basis points to 33.0% for the year. The increase was due to higher volumes, better operational leverage, the positive impact of synergies continuing to be delivered through the integration of the John Guest and RWC businesses since acquisition, along with the restructure of both manufacturing and administrative and support functions in the UK undertaken at the start of the FY21 year.

EBITDA performance drivers are summarised below:

EMEA			
Year Ended (A$ million)	30 June 2021	**$ Change over prior year**	**Commentary**
Gross Profit	195.1	46.3	• $44.0 million: Impact of higher volumes • ($8.0 million): foreign currency translation impact • $7.5 million: continuous improvement initiatives • ($1.3 million): higher raw materials
Selling and marketing expenses	40.8	(4.0)	• $1.6 million: foreign currency translation impact
Other expenses	3.8	2.8	• Prior year included $5.9 million for impairment of Spain plant and equipment

GROUP PERFORMANCE REVIEW

DIVIDEND

A partially franked final dividend of 7.0 cents per share has been declared. Total dividends declared for the year ended 30 June 2021 are 13.0 cents per share totalling $102.7 million which represents 55% of Reported NPAT and 48% of Adjusted NPAT. The company's intended pay-out range remains between 40% and 60% of annual NPAT.

Both FY21 interim and final dividends are 20% franked. As previously disclosed, future dividends are also likely to be only partially franked given recent changes in the company's geographic mix of earnings following acquisitions. It is currently expected that future dividends will be less than 30% franked.

The record date for entitlement to the final dividend is 10 September 2021. The payment date is 8 October 2021.

Year ended:	**30 June 2021**	**30 June 2020**	**30 June 2021** ***% Franked***	**30 June 2020** ***% Franked***
Interim	6.0cps	4.5cps	20%	20%
Final	7.0cps	2.5cps	20%	20%
Amount payable or paid	$102.7m	$55.3m		

CAPITAL EXPENDITURE

Capital expenditure payments for property, plant and equipment acquired during the year totalled $48.8 million compared with $43.4 million in the prior year. Growth capital expenditure was $26.3 million with projects oriented primarily to increase manufacturing capacity in the Americas and EMEA. $22.5 million was incurred on maintenance capital expenditure.

WORKING CAPITAL AND CASH FLOW

Reported net cash inflow from operating activities for the year was $334.3 million, an increase of 20% on the prior year as a result of higher sales and operating earnings. Cash flow conversion[4] was 98% of Reported EBITDA, ahead of the 90% target and reflecting continuing tight working capital management.

BALANCE SHEET

Net cash generation during the year has enabled RWC to maintain a strong balance sheet and conservative financial position. Net debt at 30 June 2021 was $173.9 million, a reduction of $128.3 million during the year (30 June 2020 - $302.2 million). Net debt to Reported EBITDA was 0.51 times[5] at 30 June 2021 compared with 1.39 times at the end of the prior year.

[4] FY21: Cash flow from operations to Reported EBITDA of $340.7 million.
[5] Excludes leases

RWC continues to have significant funding lines available, with cash on deposit and undrawn committed debt funding of $583 million available as of 30 June 2021. The group's principal source of funding is a $750 million syndicated facility agreement. During the year, the maturity date of a $250 million tranche of this facility was extended by two years. As a result, this facility has one tranche of $250 million with a maturity date of 30 September 2022 and two tranches totalling $500 million having a maturity date of 30 September 2023. Group companies in the US and Australia also have access to committed overdraft facilities of US$15 million and A$15 million respectively.

RWC expects that it will remain in compliance with all financial covenants in the syndicated facility agreement.

CAPITAL MANAGEMENT

RWC's balance sheet has been strengthened considerably over the past two years due to strong operating cash flow generation. The Company has assessed that its optimal capital structure will be achieved by maintaining its net debt levels to achieve a leverage ratio (net debt to EBITDA) in the range of 1.5 to 2.5 times. Sustaining a level of debt within this range over the long term will ensure the Company minimises its cost of capital whilst at the same time continues to have investment grade equivalent credit metrics. This will ensure it is continually able to access long term debt markets and have acceptably low refinancing risk of its debt facilities. RWC's leverage is currently below this range as a result of very strong cash generation over the past two financial years. The Company continues to look for future investment opportunities both for organic growth and M&A and is comfortable maintaining a lower level of debt while these opportunities are being explored.

To the extent that the Company is generating excess cash flows beyond what is required to fund maintenance and growth capital expenditure and pursue M&A and other inorganic growth opportunities, RWC's principal means of distributing cash to shareholders will be through dividends. The Company will continue to pursue its policy of distributing between 40% and 60% of annual NPAT by way of dividends each year. It is noted that the Company is only able to pay partially franked dividends for Australian taxation purposes due to the geographic mix of its earnings beyond Australia.

Beyond paying dividends to shareholders, the Company has determined that the purchase of RWC shares through an on-market share buyback has the potential to be the most effective means of distributing excess cash. The Company believes a share buyback would be value enhancing for shareholders as it would contribute to positive earnings accretion on an Earnings Per Share (EPS) basis as well as improve return on equity. The Company will consider share buybacks in the future having regard to its level of earnings, operating performance, economic outlook, and its capital requirements to support organic growth and other investment opportunities including M&A.

TAXATION

The accounting effective tax rate for the period was 30.9%. This rate excludes RWC's entitlement to claim amortisation of certain intangibles for taxation purposes under longstanding tax concessions available in the US. 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 $15.2 million.

Adjusting for this item, tax expense for the period was $68.9 million, representing an Adjusted effective tax rate of 25.3%. Adjusted effective tax rate best represents the rate of tax paid by the Group. RWC expects that the Adjusted effective rate will be in the range 24% to 26% in FY2022.

HEALTH AND SAFETY

The well-being of RWC employees continued to be the priority during COVID. Every RWC facility continued to implement safety measures in accordance with local regulatory requirements and employed best practice to reduce the impact on employees whilst at the facility. Facilities maintained practices established at the onset of the pandemic including telecommuting, on-site social distancing, distribution of hand sanitisers and personal protective equipment. Each region continues to monitor the impacts of COVID and respond as required to changes in positive case rates.

Health and safety ownership throughout RWC at all levels in the operations functions has increased through leaders and employees reporting of hazardous conditions, near-miss events, and peer to peer safety conversations through the implementation of behaviour-based safety activities. Facilities have increased employee health and safety engagement from 24% at the start of FY2021 to 41% at year end. These activities are led by the manufacturing and distribution facilities in all regions. During FY2021 nearly 10,000 safety observations, near-miss events, and hazards were reported by employees directly impacting the incident rate improvements.

RWC had a reportable incident rate of 1.21 per 100 employees at the end of FY2021 year compared to 1.23 in FY2020. Regions continue to support global initiatives by increasing employee engagement activities such as site safety committees and the safety observations process. Health and safety leaders from each region collaborate monthly to share general knowledge and identify best practices to implement.

Operations have started to implement additional internal audit processes led by first level leaders in the manufacturing facilities. This audit process is allowing leaders to identify health and safety risks, assign corrective actions and track these tasks to completion. These regular "safety walks" by site managers will help to minimise risks in the manufacturing facilities as well as demonstrate our commitment to the safety of our people. In FY2022, these safety walks will expand to include regional and global executives each time they visit manufacturing and distribution locations.

Regional and global executives review reportable and lost time injuries monthly, together with details of specific incidents. Findings of injury inquiries are shared globally to increase learnings and adoption of best practices. Data is regularly reviewed by the Board. In addition to metrics such as reportable injury rate and lost time injury rate, all regions monitor leading indicator reporting and employee engagement each month.

FY2022 OUTLOOK

The outlook for RWC's key markets in FY2022 is positive, with market fundamentals currently signalling steady demand. Economic conditions look to be broadly favourable, underpinned by significant government stimulus measures.

COVID has undoubtedly prompted a step change in remodelling activity in RWC's major markets, and it is uncertain the extent to which potential changes in consumer spending away from home projects post-COVID will be offset by a longer-term trend of increased expenditure on homes. Despite this uncertainty, however, it is expected that a backlog of work with plumbing contractors is likely to have a smoothing effect on overall activity levels, thereby helping to prolong current demand levels.

Managing cost inflation, and commodity input costs in particular, will remain a challenge in FY2022 and a dynamic pricing environment is likely to ensure any cost increases can be offset with commensurate price adjustments. As a result of price increases on a range of products announced in FY2021, average prices in FY2022 are forecast to be 6% higher than FY2021. Price increases may be margin dilutive by up to 1% where they are applied to offset equivalent cost increases with no net contribution to gross margins.

While RWC expects its core end-markets to remain resilient, given that repair and maintenance activities are essential services that are not significantly impacted by economic cycles, the operational and financial performance of the business could be adversely affected by COVID-related factors. These include potential disruptions to our supply chain, government restrictions on plumbing and construction works and the economic performance of the key countries in which we operate. The duration of the pandemic and its impact on the business remains uncertain.

AMERICAS

The US economy has been relatively healthy with a COVID recovery positively impacting segments and consumer behaviour, although recent increases in COVID cases represent an ongoing risk to economic performance. Home remodelling activity is expected to remain strong given the fundamentals in core US residential segments. The ongoing strength in existing and new home sales, house price appreciation, and new residential construction activity, together with positive consumer sentiment and a low-interest rate environment should remain supportive of demand levels in FY2022.

Weakness in non-residential activity is likely to continue in FY2022 with lower investment in retail shopping malls, commercial office space, hospitality, healthcare, educational facilities and high-rise multi-family developments.

In Canada, the vaccine roll-out has alleviated fear of long-term economic impact of lockdown restrictions experienced in FY2021.

Looking forward, the levers of growth for the Americas remain unchanged from those we have presented in recent years. The first element will be market growth. Sales growth rates are expected to moderate significantly following the exceptionally strong levels recorded in FY2021. For FY2022, the market growth rate will be determined primarily by the sustainability of the COVID volume uplift of the last twelve months. We cannot know for certain the extent to which the increase in demand brought about by COVID will be sustained.

Beyond market growth, we will be aiming to deliver customer and product initiatives in FY2022 to drive sales growth. Sales activity will also be partly determined by winter weather conditions, as evidenced in FY2021 with the strong demand generated by the US winter freeze event.

Key indicators for the year ahead we will be tracking include trends in channel sales volume and inventory levels, and any signs that current buoyant conditions are easing, trends in non-residential construction activity, and changes in US consumer sentiment.

ASIA PACIFIC

In Australia, current economic indicators signal a stable demand outlook for FY2022 with increases in residential dwelling approvals expected to translate into ongoing strong construction activity levels. House price appreciation and low interest rates should remain supportive of continued momentum in the repair and remodelling sector. Longer term, the removal of specific government stimulus programmes and lower immigration levels and foreign student enrolments, may adversely impact the demand outlook.

EMEA

In EMEA, economic signals continue to indicate positive demand conditions amid the easing of COVID restrictions. In the UK, short-term housing demand and economic indicators remain favourable, pointing to continued strong demand. Repair and remodel activity has been the strongest performing sector within the UK residential construction segment, with the level of activity higher than pre-pandemic levels. As in other markets, however, there is uncertainty around post-COVID consumer behaviour and the potential for a shift in spending from home improvement to entertainment and leisure.

While the recovery in Continental Europe started later than the UK, it is anticipated that demand will continue to improve with increased vaccine availability and economies opening up further.

CHANGE IN REPORTING CURRENCY

RWC has changed its reporting currency from Australian dollars to US dollars with effect from 1 July 2021. Consolidated financial results for the 2022 financial year, including half year earnings, will be reported in US dollars. This change better reflects RWC's business revenue, cost base and earnings mix, with the US market the largest in terms of sales revenue and operating earnings.

Selected historical financial data translated into US dollars is attached in Appendix 2.

EARNINGS GUIDANCE

Due to the ongoing uncertainty surrounding market conditions and any potential impacts of further COVID outbreaks, RWC will not provide earnings guidance for FY2022 at this time. We will update investors each quarter on trading conditions in the three regions, including sales and operating earnings. The next scheduled update on trading conditions will be at the annual general meeting on 28 October 2021. In terms of specific cost items, the following key assumptions are provided for FY22:

- Capital expenditure is expected to be approximately US$60 million to US$70 million (A$78 million to A$90 million).
- Further cost reduction initiatives are expected to deliver US$12 million (A$16 million) in cost savings.
- Depreciation and amortisation expense is expected to be in the range of US$46 million to US$48 million (A$59 million to A$62 million).
- Net interest expense is expected to be in the range of US$7 million to US$9 million (A$9 million to A$12 million).
- We expect an adjusted effective tax rate in the range of 24% to 26%.
- The average copper price is assumed to be US$10,000 per tonne. RWC estimates that its earnings sensitivity to changes in the cost of copper is such that a US$100 per tonne movement in the copper price would impact EBITDA by US$1.1 million p.a.
- The average Australian Dollar/ US Dollar exchange rate in FY2021 for earnings translation was US$ 0.7468 .
- The average Australian Dollar / Pound Sterling rate in FY21 for earnings translation was GBP 0.5547.

Variations in economic conditions, trading conditions or other circumstances may cause these key assumptions to change.

COMMENTARY ON TRADING CONDITIONS SINCE 30 JUNE 2021

In July, positive sales growth over the same month in the prior year was experienced in all three regions with reported net sales up 9% overall and 6% on a constant currency basis. The rate of growth was lower than for FY2021, reflecting the very strong sales growth in the Americas at the start of FY2021 and the strong recovery in volumes experienced in the UK from July 2021 onwards. Australian sales maintained their growth momentum supported by growth in residential construction activity. These trends have continued broadly in August.

Underlying demand remains strong but sales are being constrained by ongoing supply chain disruption including raw materials availability, shipping delays, and a shortage of labour in plumbing trades.

Trading results can vary month by month and care should be taken not to extrapolate one month's performance.

Additional information

Please refer to the Appendix 4E, 2021 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.

Appendix 1:

About RWC

RWC is a global market leader and manufacturer of water delivery, control and optimisation systems for the modern built environment. Established as a small private tooling and manufacturing shop in Brisbane, Australia in 1949, today RWC continues to pioneer and innovate plumbing products for residential, commercial and industrial plumbing applications. Its unique end-to-end meter to fixture and floor to ceiling plumbing solutions target the repair and re-model, renovation service and new construction markets.

RWC is a preferred supplier of high-quality products, including its brass and plastic Push-to-Connect ("PTC") fittings, PEX pipes, valves, manifolds, underfloor heating components and various accessories to the plumbing and heating, ventilation and air conditioning (HVAC) industry globally. RWC markets its products under industry-trusted brands such as SharkBite, Cash Acme, Reliance Water Controls, RMC Water Valves, Holdrite, JG Speedfit, Polar Clean and ProLock to the wholesale, OEM and retail channels via well-established partner companies.

RWC established the global market for brass PTC products and today is the largest manufacturer in the world of brass PTC products; SharkBite is the number one brass PTC brand. The SharkBite PTC business in North America has been at the core of the RWC growth story. Since its introduction in 2004, SharkBite has grown to in excess of 10% of the USA fittings market by volume. PTC systems disrupt and replace the traditional labour-intensive crimp and expansion PEX systems and copper solder fittings, significantly increasing job throughput for contractors and satisfaction ratings from end users. The majority of SharkBite PTC sales are in the defensive repair, maintenance and renovation end markets.

Historically, RWC has achieved sales growth on top of broader market growth through a combination of selected price increases, end user conversion from more traditional methods to RWC's products and systems, market share gains, distribution expansion, new products introduced to the market and acquisitions. While distribution expansion opportunities in the core USA, UK and Australian markets are more limited now given the strength of the distribution networks that have been developed in each of these markets, these gains in distribution have created a strong platform that can be leveraged to accelerate growth of new or newly acquired products.

RWC continues to focus on product development as a central part of its longer-term strategic plan. Our objective is to positively disrupt sectors within which we operate through developing and launching innovative, differentiated solutions that improve the productivity of our professional trade customers and end users. With commercialisation of new products becoming increasingly costly, particularly for entirely new product categories, RWC has continued to explore M&A, focused on acquiring products that add to RWC's range and growth.

The acquisition of HoldRite in 2017 provided RWC with an expanded product portfolio and enabled it to broaden its offering to the commercial construction market. Holdrite products, including engineered plumbing support systems, fire stops, water heater accessories and acoustic pipe isolation solutions are complementary to RWC's traditional products. They are designed for both residential and commercial new construction market segments and generally sold and installed alongside RWC's traditional products.

The John Guest group is the largest manufacturer in the world of plastic PTC products. RWC acquired John Guest in June 2018, to become the global leader in plastic as well as brass PTC fittings technology. Based in the UK, John Guest is a leading manufacturer of plastic PTC fittings and pipe for a diverse range of industries, including plumbing and heating, water quality and fluid dispense and other PTC applications. John Guest is a clear market leader in the UK and has a solid European distribution platform together with operations in the USA and Asia Pacific.

The combined business has a greater global footprint and manufacturing capabilities to reach more markets and customers with an enhanced portfolio of complementary products. RWC, following the acquisition of John Guest, has 16 manufacturing facilities, 23 distribution centres and 5 R&D locations across its Americas, Asia Pacific and EMEA operating segments. The combined business employs over 2,000 people.

Appendix 2

Segment Reporting in US Dollars

These Segment Reports in US$ have not been subject to audit or audit review.

Segment Reporting US$

Year Ended 30 June	Asia Pacific		Americas		EMEA		Corporate/Other		Elimination of the effect of intersegment transactions		Consolidated Total	
	30 Jun 2021 $'000	30 Jun 2020 $'000	30 Jun 2021 $'000	30 Jun 2020 $'000	30 Jun 2021 $'000	30 Jun 2020 $'000	30 Jun 2021 $'000	30 Jun 2020 $'000	30 Jun 2021 $'000	30 Jun 2020 $'000	30 Jun 2021 $'000	30 Jun 2020 $'000
Revenue												
From external customers	120,853	97,625	627,579	494,032	253,124	188,088	-	-	-	-	1,001,556	779,745
From other segments	86,211	66,557	2,375	1,769	38,868	29,452	-	-	(127,454)	(97,777)	-	-
Segment revenues	**207,064**	**164,182**	**629,955**	**495,800**	**291,991**	**217,540**	**-**	**-**	**(127,454)**	**(97,777)**	**1,001,556**	**779,745**
Cost of sales	(138,224)	(118,303)	(403,722)	(321,372)	(146,075)	(117,694)	-	-	127,454	97,777	(560,567)	(459,592)
Gross profit	**68,840**	**45,879**	**226,232**	**174,428**	**145,916**	**99,846**	**-**	**-**	**-**	**-**	**440,989**	**320,153**
Other income	(1,765)	2,414	(3,822)	(9,445)	(2,421)	(4,467)	(842)	(1,824)	-	-	(8,850)	(13,322)
Product development expenses	(2,406)	(3,053)	(7,022)	(12,781)	(2,592)	(3,012)	-	1,462	-	-	(12,020)	(17,384)
Selling and marketing expenses	(14,147)	(12,955)	(75,134)	(69,561)	(30,533)	(24,694)	(999)	(980)	-	-	(120,813)	(108,190)
Administration expenses	(10,628)	(12,120)	(40,256)	(35,260)	(30,315)	(26,786)	(5,864)	(2,516)	-	-	(87,063)	(76,681)
Other expenses	(0)	0	(0)	(0)	2	(0)	(0)	-			2	0
Segment operating profit	**39,894**	**20,165**	**99,997**	**47,382**	**80,059**	**40,887**	**(7,705)**	**(3,858)**	**-**	**-**	**212,245**	**104,576**
EBITDA	49,524	29,692	116,626	64,925	94,676	54,379	(6,535)	(2,812)			254,291	146,184
Depreciation of property, plant and equipment	(8,891)	(8,841)	(14,132)	(14,210)	(13,203)	(12,756)	(185)	(135)			(36,411)	(35,943)
Amortisation of intangible assets	(739)	(686)	(2,497)	(3,333)	(1,414)	(736)	(985)	(911)			(5,635)	(5,666)
Finance income	(2)	(215)	(23,645)	(51,548)	13	2	23,768	52,194	-	-	135	433
Finance costs	(1,072)	(1,043)	(3,081)	(7,605)	(273)	(271)	(4,688)	(4,951)	-	-	(9,115)	(13,869)
Income tax expense	(9,327)	(5,698)	(34,340)	(8,448)	(15,448)	(6,753)	(3,268)	(10,243)	-	-	(62,382)	(31,142)
Net Income	29,493	13,209	38,931	(20,219)	64,351	33,864	8,108	33,143	-	-	140,883	59,997
Adj EBITDA	49,524	29,692	122,906	86,325	96,916	66,270	(6,535)	(2,663)	-	-	262,811	179,624
Adj EBIT	39,894	20,165	106,277	68,782	82,299	52,778	(7,705)	(3,709)	-	-	220,765	138,016

Segment Reporting US$

6 Months Ended 31 December	Asia Pacific		Americas		EMEA		Corporate/Other		Elimination of the effect of intersegment transactions		Consolidated Total	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue												
From external customers	57,029	50,059	288,874	236,465	118,285	103,226	-	-	-	-	464,189	389,750
From other segments	42,718	35,769	768	981	18,208	15,608	-	-	(61,694)	(52,358)	-	-
Segment revenues	**99,748**	**85,828**	**289,642**	**237,446**	**136,493**	**118,834**	**-**	**-**	**(61,694)**	**(52,358)**	**464,189**	**389,750**
Cost of sales	(66,738)	(61,568)	(183,794)	(153,022)	(69,326)	(60,411)	-	-	61,694	52,358	(258,163)	(222,642)
Gross profit	**33,010**	**24,260**	**105,848**	**84,424**	**67,168**	**58,424**	**-**	**-**	**-**	**-**	**206,026**	**167,108**
Other income	43	893	81	47	54	109	-	(873)	-	-	178	175
Product development expenses	(1,219)	(1,590)	(3,547)	(6,588)	(1,234)	(1,551)	-	873	-	-	(6,000)	(8,856)
Selling and marketing expenses	(6,798)	(6,650)	(34,803)	(33,798)	(14,263)	(12,412)	(580)	(494)	-	-	(56,443)	(53,354)
Administration expenses	(6,132)	(5,942)	(21,189)	(15,903)	(13,278)	(14,536)	(897)	(1,635)	-	-	(41,496)	(38,015)
Other expenses	(2,093)	(190)	87	(125)	(694)	(802)	(453)	50			(3,153)	(1,067)
Segment operating profit	**16,810**	**10,783**	**46,477**	**28,057**	**37,753**	**29,231**	**(1,929)**	**(2,079)**	**-**	**-**	**99,112**	**65,992**
EBITDA	21,519	15,585	54,751	36,692	45,094	35,774	(1,360)	(1,555)			120,005	86,497
Depreciation of property, plant and equipment	(4,352)	(4,451)	(7,059)	(6,942)	(6,646)	(6,291)	(92)	(49)			(18,149)	(17,734)
Amortisation of intangible assets	(357)	(351)	(1,215)	(1,693)	(695)	(252)	(478)	(475)			(2,744)	(2,771)
Finance income	(6)	(154)	(12,064)	(26,173)	0	1	12,160	26,600	-	-	91	275
Finance costs	(533)	(540)	(1,452)	(4,844)	(114)	(131)	(2,248)	(2,737)	-	-	(4,348)	(8,252)
Income tax expense	(4,687)	(2,913)	(15,151)	(11,017)	(7,147)	(5,236)	(1,957)	(4,552)	-	-	(28,942)	(23,718)
Net Income	11,584	7,176	17,810	(13,977)	30,492	23,865	6,026	17,232	-	-	65,913	34,295
Adj EBITDA	21,519	15,585	54,751	36,692	45,094	35,774	(1,360)	(1,555)	-	-	120,005	86,497
Adj EBIT	16,810	10,783	46,477	28,057	37,753	29,231	(1,929)	(2,079)	-	-	99,112	65,992

Segment Reporting
US$

6 Months Ended 30 June	Asia Pacific		Americas		EMEA		Corporate/Other		Elimination of the effect of intersegment transactions		Consolidated Total	
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue												
From external customers	63,824	47,566	338,705	257,566	134,838	84,862	-	-	-	-	537,367	389,995
From other segments	43,493	30,788	1,607	787	20,660	13,844	-	-	(65,760)	(45,419)	-	-
Segment revenues	**107,316**	**78,354**	**340,313**	**258,354**	**155,498**	**98,706**	**-**	**-**	**(65,760)**	**(45,419)**	**537,367**	**389,995**
Cost of sales	(71,486)	(56,735)	(219,929)	(168,350)	(76,749)	(57,284)	-	-	65,760	45,419	(302,404)	(236,950)
Gross profit	**35,830**	**21,619**	**120,384**	**90,004**	**78,749**	**41,422**	**-**	**-**	**-**	**-**	**234,963**	**153,045**
Other income	(1,808)	1,522	(3,904)	(9,492)	(2,475)	(4,576)	(842)	(951)	-	-	(9,028)	(13,497)
Product development expenses	(1,187)	(1,464)	(3,474)	(6,192)	(1,358)	(1,461)	-	589	-	-	(6,020)	(8,528)
Selling and marketing expenses	(7,348)	(6,305)	(40,332)	(35,763)	(16,270)	(12,282)	(419)	(486)	-	-	(64,369)	(54,836)
Administration expenses	(4,496)	(6,179)	(19,068)	(19,357)	(17,036)	(12,250)	(4,967)	(881)	-	-	(45,567)	(38,667)
Other expenses	2,093	190	(87)	125	696	802	453	(50)	-	-	3,155	1,067
Segment operating profit	**23,084**	**9,382**	**53,520**	**19,325**	**42,306**	**11,656**	**(5,776)**	**(1,778)**	**-**	**-**	**113,133**	**38,584**
EBITDA	28,005	14,107	61,875	28,233	49,582	18,605	(5,175)	(1,257)	-	-	134,286	59,687
Depreciation of property, plant											-	-
and equipment	(4,539)	(4,390)	(7,073)	(7,267)	(6,557)	(6,465)	(94)	(86)	-	-	(18,263)	(18,209)
Amortisation of intangible assets	(382)	(334)	(1,282)	(1,640)	(719)	(483)	(507)	(436)	-	-	(2,890)	(2,894)
Finance income	3	(61)	(11,581)	(25,375)	13	1	11,608	25,593	-	-	44	158
Finance costs	(539)	(502)	(1,629)	(2,761)	(160)	(140)	(2,439)	(2,214)	-	-	(4,767)	(5,617)
Income tax expense	(4,639)	(2,785)	(19,189)	2,569	(8,301)	(1,517)	(1,311)	(5,691)	-	-	(33,440)	(7,424)
Net Income	17,909	6,034	21,120	(6,242)	33,859	10,000	2,082	15,911	-	-	74,970	25,702
Adj EBITDA	28,005	14,107	68,155	49,633	51,822	30,496	(5,175)	(1,108)	-	-	142,806	93,127
Adj EBIT	23,084	9,382	59,800	40,725	44,546	23,547	(5,776)	(1,629)	-	-	121,653	72,024