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ANNUAL GENERAL MEETING

THURSDAY 29 OCTOBER 2020

CHIEF EXECUTIVE OFFICER

Good morning everyone, and greetings from RWC's head office here in Atlanta.

I'd like to echo Stuart's opening remarks and thank our customers, our suppliers and our people for collectively helping us get through the challenges of 2020.

I would like to especially acknowledge the effort of RWC's people throughout the past year. I believe the team has done a tremendous job. They have carried us through the challenges of COVID-19 and as a result of their efforts we have remained focussed on meeting our customer's expectations and keeping ahead of our competition. I really could not be more proud.

Today I will briefly discuss our performance for the 2020 financial year and provide an update on trading in the first quarter of the current financial year. After that I'll touch on our strategy and management priorities for the year ahead.

Turning firstly to our performance for the year ended 30 June 2020.

We reported net sales of $1.16 billion for the FY20 year[1], which were up 5% on the prior year. Stripping out the impact of foreign currency, the constant currency growth in net sales was 0.3%. We were heavily impacted by COVID in the second half, so it is more meaningful to look at each of our regional segments in order to better understand our performance for the year.

The Americas segment recorded 6% net sales growth for the full year and 11% net sales growth in the second half, both on a constant currency basis. This was due to the very strong sales through US retail and hardware channels in the second half. Partly offsetting this was a decline in wholesale channel sales due to restrictions on pro plumber activity in many parts of the US during this period. We estimate that around 3.4% of the growth was due to demand specifically arising from COVID.

In Asia-Pacific, net sales for the year were down 2% on a reported basis and flat in the second half. This primarily reflects lower internal segment sales in the first half. We recorded 3% external sales growth in the second half and 2% for the year overall. In Australia, we didn't see any significant impact from COVID-19 in the second half. We were able to offset the decline in housing commencements with revenues from expanded product offerings.

In EMEA, net sales revenue dropped significantly as a result of COVID-19. The decline started in late March and was very apparent in April and May followed by a recovery part way through June. Our net sales were down 23% in in the second half and down 13% for the full year on a constant currency basis.

[1] Net sales after eliminating intercompany sales

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In response to the impact of COVID-19 in EMEA, we scaled back our manufacturing operations in the UK for a period with over 400 employees furloughed. I want to acknowledge the sacrifice and commitment of the teams in the UK and Continental Europe during what was a very difficult period.

John Guest Integration

We have now owned the John Guest business for just over two years. It's easy to lose sight of the progress we have made with this business amidst the noise of COVID. We have successfully completed the integration of John Guest with our UK and US operations. On top of that we have driven improved operational performance in the UK manufacturing operations in terms of productivity and customer service levels. While some of this progress has been disrupted by COVID, we are now back into normal mode of operation as our teams have returned to work. We are confident that the John Guest business provides us with a strong platform from which to further grow in both the UK and Continental Europe.

Trading Update

While we have not given earnings guidance for the 2021 financial year due to the uncertainty surrounding trading conditions, we have committed to update shareholders on our performance as the year progresses.

The 2021 financial year has started positively, and the first quarter was particularly pleasing from a sales perspective. Group net sales for the quarter ended 30 September 2020 were up 14% on a reported basis and up 17% on a constant currency basis compared with the prior corresponding period[2].

Breaking this down further at a regional level, the results on a constant currency basis were[2]:

- Americas sales were up 22%
- Asia Pacific sales were up 3%
- EMEA sales were up 6%

I would note that the first quarter of FY21 contained one additional trading day relative to the prior corresponding period.

In the US, we have continued to benefit from strong sales growth in both retail and hardware channels, and this has combined with a recovery in both wholesale channels and in the Canadian market.

Within Asia Pacific, the key Australian market has continued to record positive sales growth despite the 13% decline in residential commencements recorded in the year to June 2020. Intercompany sales to the US are up strongly.

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[2] Unaudited results for the quarter ended 30 September 2020. Numbers presented at the Investor Day on 1 October and which were not for the full quarter are now superseded.

In EMEA, we have continued to see a recovery in volumes in the UK and Continental Europe, with markets now reopened. The UK, in particular, has seen improved sales activity partly driven by pent-up demand following the COVID-19 lockdown period, and from channel partners rebuilding inventory levels which were depleted during the lockdown. UK sales in the month of September were up 26% and Continental Europe sales were 7% higher than the same month in the prior year. Inter-company sales were 5% lower due to reduced shipments in the month.

This positive sales momentum has been maintained through October across our three regions. The US market has continued to experience sales growth in line with that recorded in the first quarter of the new financial year. Australian sales are ahead of the same period last year boosted by the ongoing strength of intercompany sales. The recovery in the UK and Continental European markets has continued to drive positive sales growth consistent with the first quarter, while inter-company sales are also up on the same period last year.

Outlook

While we are pleased to have started the year so strongly, forward visibility remains limited in most markets due to the ongoing impacts of COVID-19. Looking ahead, we remain cautious. The US has been boosted by the surge in DIY activity and the return of construction activity to pre-COVID levels, but without further government stimulus measures this growth may slow. We continue to expect some softening in the Australian market as the reduction in new housing construction approvals leads to lower building activity.

In the UK we are uncertain as to where underlying demand levels will settle once the pent-up demand for products and plumbing services has been satisfied. We are also carefully watching for any potential impact the increase in COVID-19 case numbers may have on demand and plumbing activities there and in Continental Europe. We remain fully operational in the UK at this time. Recent Government measures to limit the spread of the virus in the UK have been targeted towards social activities and are not currently impacting manufacturing, distribution or construction activities.

So, I would reiterate that current trading conditions in our regions are somewhat abnormal as a result of COVID. Given this uncertainty around what these conditions will be for the remainder of the financial year, we continue to caution against extrapolating the first quarter's sales performance for the full year.

Strategy

Let me touch briefly on our strategy.

Our overarching goal remains to increase the value of RWC through achieving above market growth and strong margins. Key to this are three distinctive capabilities: product leadership, strong distribution networks and industry leading execution. These capabilities are augmented by two cornerstones which underpin our performance. Firstly, a focus on the needs of our customers that allows us to generate sustainable demand for the products we make. Secondly, a focus on our people. Attracting and retaining the best people in our industry enables us to outperform the competition and sustain our success over the long term.

In terms of product leadership, we are the world leader in the manufacture and distribution of push to connect plumbing solutions with our SharkBite and John Guest branded products, alongside our well-established reputation as a high-quality valve manufacturer. This has been augmented by product extensions including the HoldRite suite of plumbing installation solutions.

Our strong distribution networks and channel partner relationships have ensured that we are able to continue to grow above market.

Similarly, our operational excellence has meant that we were able to continue executing at a high level despite the numerous challenges and supply chain disruptions of COVID-19. In the US that allowed us to maintain delivery service levels approaching 98% in full and on time for our core products to key retail channel partners.

As a testament to this, earlier this month we were awarded Divisional Partner of the Year in the Building Products category by Lowe's Corporation, one of our largest retail channel partners in North America. This is a huge accolade and is validation of our achievements in customer service excellence that we have built over many years.

Priorities for FY21

In FY21 our focus will continue to be on execution - in our factories, with our customers and with our distributors. We will continue to provide industry leading customer service and support and believe these things will assist us in achieving above market growth rates in all our markets.

We will also pursue ongoing margin expansion through continuous improvement initiatives, ongoing supply chain improvements and general cost management.

And finally, we will continue to allocate capital appropriately given the uncertainty. But we will also closely watch demand and adjust our production capacity as necessary. The strength of the volume growth recorded over the past few months has encouraged us to invest in additional capacity in all regions, and as a consequence we now expect our capital expenditure for the year to be close to the top end of the range we indicated in August, of $35 million to $55 million.

Conclusion

In conclusion, RWC's business remains robust. Our markets are resilient, particularly our core repair and maintenance markets focused on plumbing and heating. While there is no clarity around macro-economic conditions in the year ahead, RWC is well positioned and appropriately structured to move through the near-term challenges. We have a clear plan to grow the business and increase profitability and to create value for all stakeholders.

Thank you and now let me hand back to Stuart.