

22 February 2021

## Results for announcement to the market

### Appendix 4D for the half year ended 31 December 2020

Reliance Worldwide Corporation Limited (ASX: RWC) ("Company") announces the following financial results for the Company and its controlled entities (together "RWC") for the six months ended 31 December 2020.

RWC is a global market leader and manufacturer of water delivery, control and optimisation systems for the modern built environment. RWC pioneers and innovates plumbing products for residential, commercial and industrial applications. RWC's unique end-to-end meter to fixture and floor to ceiling plumbing and heating solutions target the repair, renovation, service, new construction and remodel markets. RWC manufactures and distributes products that disrupt and transform traditional plumbing methods by aiming to make the end user's job quicker and easier. RWC is the leading manufacturer in the world of brass Push-to-Connect ("PTC") plumbing fittings and a global leader in the manufacture and distribution of plastic PTC fittings and accessories.

#### Extracted from the 31 December 2020 Half Year Financial Report which has been reviewed by the Company's auditor

	Six months ended 31 Dec 2020 \$A'000	Six months ended 31 Dec 2019 \$A'000	Change
Revenue from ordinary activities	642,431	569,311	12.8%
Net profit from ordinary activities after tax attributable to members	91,420	50,096	82.4%
Net profit after tax attributable to members	91,420	50,096	82.4%



## Comparison with prior period

Six months ended:	31 December 2020 (\$ million)	31 December 2019 (\$ million)	Variance
<b>Net sales</b>	<b>642.4</b>	569.3	<b>13%</b>
<b>EBITDA<sup>1</sup></b>	<b>166.3</b>	126.3	<b>32%</b>
<b>EBIT<sup>1</sup></b>	<b>137.4</b>	96.4	<b>43%</b>
<b>Reported net profit before tax</b>	<b>131.5</b>	<b>84.7</b>	<b>55%</b>
<b>Tax Expense</b>	(40.1)	(34.6)	16%
<b>Reported net profit after tax</b>	<b>91.4</b>	<b>50.1</b>	<b>82%</b>
<i>Adjusted for:</i>			
- Cash tax benefit of goodwill amortisation for tax purposes	7.9	7.9	n/m
- Prior period tax adjustment <sup>2</sup>	-	5.7	n/m
<b>Adjusted net profit after tax<sup>1</sup></b>	<b>99.3</b>	<b>63.7</b>	<b>56%</b>
Basic earnings per share	<b>11.7 cents</b>	<b>6.4 cents</b>	<b>83%</b>
Adjusted earnings per share <sup>1</sup>	<b>12.7 cents</b>	<b>8.1 cents</b>	<b>57%</b>
Dividend per share	<b>6.0 cents</b>	<b>4.5 cents</b>	<b>33%</b>

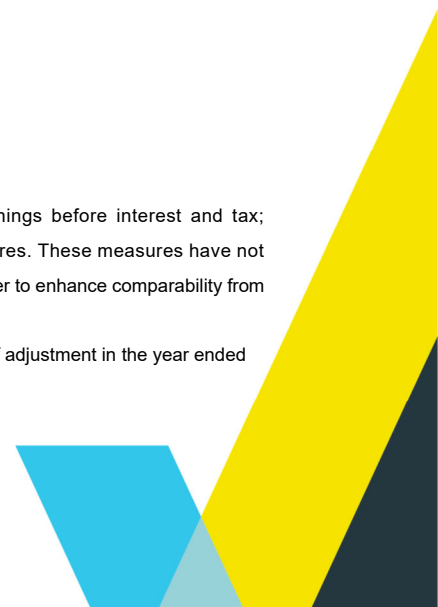
n/m = not meaningful

Please also refer to the accompanying 31 December 2020 Interim Financial Report, Results Announcement and presentation slides released today for further information.

## Earnings per share

Weighted average earnings per share (basic) for the six months ended 31 December 2020 were 11.7 cents (2019 – 6.4 cents). Adjusted earnings per share were 12.7 cents (2019 – 8.1 cents), up 57% on the prior period.

- 1 EBITDA means earnings before interest, tax, depreciation and amortisation; EBIT means earnings before interest and tax; EBITDA, EBIT, Adjusted net profit after tax and Adjusted earnings per share are non-IFRS measures. These measures have not been subject to audit or review. EBITDA and Adjusted net profit after tax are used by RWC in order to enhance comparability from period to period and to assess operating performance.
- 2 Adjustment for the prior period is shown for the purposes of comparison. The \$5.7 million was a one-off adjustment in the year ended 30 June 2020 arising from the reassessment of a number of tax matters relating to prior periods.



#### Dividend for the six months ended 31 December 2020

Six months ended:	31 December 2020	31 December 2019	31 December 2020 Franked amount	31 December 2019 Franked amount
Interim	6.0cps	4.5cps	20%	20%
Amount payable or paid	\$47.4m	\$35.6m		

The record date for entitlement to receive the interim dividend is 11 March 2021. The payment date is 9 April 2021. The Company does not have a dividend reinvestment plan.

An interim dividend for the financial year ended 30 June 2020 of 4.5 cents per share, franked to 20%, was declared by directors on 24 February 2020 with an expected payment date of 9 April 2020. On 25 March 2020, the Company announced that, in view of the need to prudently manage cash resources during a period of uncertainty caused by the COVID-19 pandemic, payment of this interim dividend would be deferred. The interim dividend was paid to eligible shareholders on 9 October 2020.

A final dividend for the 2020 financial year of 2.5 cents per share franked to 20% was paid to eligible shareholders on 9 October 2020.

#### Net Tangible Assets per Share

Net tangible assets per share at 31 December 2020 were \$0.37 (30 June 2020 - \$0.25).

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The remainder of the information requiring disclosure to comply with ASX Listing Rule 4.2A.3 is contained in the 31 December 2020 Interim Financial Report, Results Announcement and presentation slides released today. These documents should be read in conjunction with this and each other document.

#### For further information, please contact:

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Group Investor Relations Director  
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Email: phil.king@rwc.com

This announcement has been authorised for release by the Board of Reliance Worldwide Corporation Limited.



**Reliance Worldwide Corporation Limited**  
**ABN 46 610 855 877**

**Interim Financial Report**

**31 December 2020**

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# Reliance Worldwide Corporation Limited

## Directors' Report

### Half Year Ended 31 December 2020

The Directors present their report together with the consolidated Financial Report comprising Reliance Worldwide Corporation Limited ("the Company") and its controlled entities (together "the Group") for the half year ended 31 December 2020 and the Auditor's report thereon.

#### Directors

The Directors of the Company at all times during and since the end of the reporting period, unless otherwise indicated, were:

Stuart Crosby (Chairman)

Heath Sharp (Group Chief Executive Officer and Managing Director)

Christine Bartlett

Russell Chenu

Ross Dobinson

Sharon McCrohan

Ian Rowden (from 6 July 2020)

#### Review of Operations

The principal activities of the Group are the design, manufacture and supply of high quality, reliable and premium branded water flow control and monitoring products and solutions for the plumbing and heating industry.

A detailed review of the operations of the Group for the half year ended 31 December 2020, the results of those operations and the financial position of the Group at 31 December 2020 ("Operating and Financial Review") is contained in the accompanying Results Announcement dated 22 February 2021.

Net sales for the half year ended 31 December 2020 were \$642.4 million, an increase of 13% over the prior corresponding period ("pcp") and an increase of 17% on a constant currency basis. Earnings before interest, tax, depreciation and amortisation ("EBITDA") was \$166.3 million, an increase of 32% over the pcp<sup>1</sup>. EBITDA margins increased as a result of the strong operational leverage driven by higher volumes with each region reporting margin expansion for the period. At the same time, cost reduction initiatives also helped to lift margins. The Group delivered cost savings in the first half and is on track to meet a target of \$25 million in annual cost savings on a run rate basis by the end of the 2021 financial year.

Net profit after tax for the period was \$91.4 million, an increase of 82% over the pcp.

During the period the UK and European Union ("EU") concluded a Trade and Cooperation Agreement that sets out preferential arrangements in areas such as trade in goods and services between the two regions. The agreement provides for zero tariffs and zero quotas on all goods that comply with the appropriate rules of origin and consequently we anticipate that there will be no direct financial impacts arising from the UK's withdrawal from the EU.

The operations of the Group have been impacted, and continue to be impacted, by the COVID-19 pandemic. The COVID-19 outbreak was declared a pandemic by the 'World Health Organisation' in March 2020. The responses of governments across the world in dealing with the pandemic have impacted business activity levels in countries and markets where the Group operates. The Group took actions to minimise negative impacts on its operations and financial position. Despite the challenges presented by the COVID-19 pandemic, the Group kept all its manufacturing facilities operating and a focus on execution enabled increased demand to be met. Please refer to the Operating and Financial Review for additional information.

Given the continuing uncertainties caused by COVID-19, we caution against extrapolating the first half sales performance or results for the full financial year.

In preparing the interim consolidated financial statements in conformity with Australian Accounting Standards, due consideration has been given to the judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of the consolidated financial statements. At 31 December 2020, the Group has assessed all significant judgements, assumptions and critical estimates included in the interim consolidated financial statements, including but not limited to, provisions against trade debtors and inventory and impairment of non-current assets. Actual results may

1 EBITDA is a non-IFRS measure used by the Group in order to enhance comparability from period to period and to assess operating performance. EBITDA has not been subject to audit or review.

# Reliance Worldwide Corporation Limited

## Directors' Report

### Half Year Ended 31 December 2020

differ from these estimates. Details of the main judgements, estimates and assumptions applied are set out in the notes to the interim consolidated financial statements.

#### Dividends

An interim dividend for the financial year ended 30 June 2020 of 4.5 cents per share, franked to 20%, was declared by directors on 24 February 2020 with an expected payment date of 9 April 2020. On 25 March 2020, the Company announced that, in view of the need to prudently manage cash resources during a period of uncertainty caused by the COVID-19 pandemic, payment of this interim dividend would be deferred. The interim dividend was paid to eligible shareholders on 9 October 2020.

A final dividend for the financial year ended 30 June 2020 of 2.5 cents per share franked to 20% was paid to eligible shareholders on 9 October 2020.

Since the end of the financial period, the directors have resolved to declare an interim dividend of 6.0 cents per share franked to 20%. The dividend will be paid to eligible shareholders on 9 April 2021. The record date for dividend entitlement is 11 March 2021.

The Company does not have a dividend reinvestment plan.

#### Events subsequent to reporting date

The Directors are not aware of any matter or circumstance that has occurred since the end of the financial period which has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods and has not been covered in this report or the interim consolidated financial statements.

#### Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 4 and forms part of this Directors' Report.

#### Rounding off

In accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, values are rounded to the nearest thousand dollars, unless otherwise stated. Where an amount is \$500 or less the amount is rounded to zero, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.



Stuart Crosby  
Chairman



Heath Sharp  
Group Chief Executive Officer  
and Managing Director

Melbourne  
22 February 2021



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Reliance Worldwide Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Reliance Worldwide Corporation Limited for the half-year ended 31 December 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to be 'Tony Romeo', written over a horizontal line.

Tony Romeo  
Partner

Melbourne  
22 February 2021



# Reliance Worldwide Corporation Limited

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2020

	Note	31 December 2020 \$000	31 December 2019 \$000
<b>Revenue</b>			
Revenue from sale of goods	3	642,431	569,311
Cost of sales		(357,138)	(325,215)
<b>Gross profit</b>		<b>285,293</b>	<b>244,096</b>
Other income		530	256
Product development expenses		(8,304)	(12,936)
Selling, warehousing and marketing expenses		(78,061)	(77,935)
Administration expenses		(57,406)	(55,528)
Other expenses		(4,631)	(1,559)
<b>Operating profit</b>		<b>137,421</b>	<b>96,394</b>
Finance income		126	402
Finance costs	12	(6,025)	(12,054)
<b>Net finance costs</b>		<b>(5,899)</b>	<b>(11,652)</b>
<b>Profit before tax</b>		<b>131,522</b>	<b>84,742</b>
Income tax expense	5	(40,102)	(34,646)
<b>Profit for the period attributable to the Owners of the Company</b>		<b>91,420</b>	<b>50,096</b>
<b>Other comprehensive income / (loss)</b>			
Items that may be classified to profit or loss:			
Foreign currency translation differences		(9,638)	53,911
<b>Total comprehensive profit for the period attributable to the Owners of the Company</b>		<b>81,782</b>	<b>104,007</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share</b>			
Basic earnings per share attributable to ordinary equity holders	4	11.7	6.4
Diluted earnings per share attributable to ordinary equity holders	4	11.6	6.4

Reliance Worldwide Corporation Limited  
Consolidated Statement of Financial Position

At 31 December 2020

	Note	31 December 2020 \$000	30 June 2020 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		39,625	82,166
Trade and other receivables		246,950	263,205
Inventories	8	244,149	215,450
Current tax assets		11,211	9,671
Other current assets		16,892	16,066
<b>Total Current Assets</b>		<b>558,827</b>	<b>586,558</b>
<b>Non-Current</b>			
Property, plant and equipment	6	245,189	264,965
Right-of-use assets	12	91,241	99,969
Deferred tax assets		32,404	36,973
Goodwill	9	881,750	897,350
Other intangible assets	9	311,921	325,660
Other non-current assets		1,289	2,052
<b>Total Non-Current Assets</b>		<b>1,563,794</b>	<b>1,626,969</b>
<b>Total Assets</b>		<b>2,122,621</b>	<b>2,213,527</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		196,464	168,426
Current tax liabilities		1,351	5,256
Employee benefits		10,624	16,665
Dividend payable		-	35,554
Other current liabilities	12	14,241	15,335
<b>Total Current Liabilities</b>		<b>222,680</b>	<b>241,236</b>
<b>Non-Current Liabilities</b>			
Borrowings	7	265,660	384,377
Deferred tax liabilities		58,856	68,184
Employee benefits		6,702	6,693
Other non-current liabilities	12	85,334	93,546
<b>Total Non-Current Liabilities</b>		<b>416,552</b>	<b>552,800</b>
<b>Total Liabilities</b>		<b>639,232</b>	<b>794,036</b>
<b>Net Assets</b>		<b>1,483,389</b>	<b>1,419,491</b>
<b>Equity</b>			
Share capital		2,330,256	2,330,533
Reserves		(1,091,721)	(1,084,228)
Retained earnings		244,854	173,186
<b>Total Equity</b>		<b>1,483,389</b>	<b>1,419,491</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Reliance Worldwide Corporation Limited

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2020

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Merger Reserve \$000	Share based Payment Reserve \$000	Hedging Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance at 30 June 2019	2,329,126	21,726	(1,100,943)	8,923	(10,767)	159,392	1,407,457
Profit for the period	-	-	-	-	-	50,096	50,096
Foreign currency translation reserve	-	53,911	-	-	-	-	53,911
<b>Total comprehensive income</b>	<b>-</b>	<b>53,911</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,096</b>	<b>104,007</b>
<b>Transactions with Owners of the Company</b>							
Share based payments	-	-	-	2,953	-	-	2,953
Dividends	-	-	-	-	-	(39,135)	(39,135)
<b>Total transactions with Owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,953</b>	<b>-</b>	<b>(39,135)</b>	<b>(36,182)</b>
<b>Balance at 31 December 2019</b>	<b>2,329,126</b>	<b>75,637</b>	<b>(1,100,943)</b>	<b>11,876</b>	<b>(10,767)</b>	<b>170,353</b>	<b>1,475,282</b>
Balance at 30 June 2020	2,330,533	14,329	(1,100,943)	13,153	(10,767)	173,186	1,419,491
Profit for the period	-	-	-	-	-	91,420	91,420
Foreign currency translation reserve	-	(9,638)	-	-	-	-	(9,638)
<b>Total comprehensive income</b>	<b>-</b>	<b>(9,638)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,420</b>	<b>81,782</b>
<b>Transactions with Owners of the Company</b>							
Purchase of Treasury Shares	(277)	-	-	-	-	-	(277)
Share based payments	-	-	-	2,145	-	-	2,145
Dividends paid	-	-	-	-	-	(19,752)	(19,752)
<b>Total transactions with Owners of the Company</b>	<b>(277)</b>	<b>-</b>	<b>-</b>	<b>2,145</b>	<b>-</b>	<b>(19,752)</b>	<b>(17,884)</b>
<b>Balance at 31 December 2020</b>	<b>2,330,256</b>	<b>4,691</b>	<b>(1,100,943)</b>	<b>15,298</b>	<b>(10,767)</b>	<b>244,854</b>	<b>1,483,389</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Reliance Worldwide Corporation Limited

Consolidated Statement of Cash Flows

For the half year ended 31 December 2020

	31 December 2020 \$000	31 December 2019 \$000
<b>Cash flows from operating activities</b>		
Receipts from customers	648,133	587,047
Payments to suppliers, employees and for customer rebates	(492,547)	(454,210)
Cash generated from operations	155,586	132,837
Income taxes paid	(31,968)	(20,021)
<b>Net cash inflow from operating activities</b>	<b>123,618</b>	<b>112,816</b>
<b>Cash flows from investing activities</b>		
Payments for purchase of property, plant and equipment	(11,700)	(24,097)
Proceeds from sale of property, plant and equipment	1,198	1,235
Payments for intellectual property and other intangible assets acquired	(247)	(1,331)
<b>Net cash outflow from investing activities</b>	<b>(10,749)</b>	<b>(24,193)</b>
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(277)	-
Proceeds from borrowings	34,000	39,000
Repayment of borrowings	(119,336)	(126,103)
Interest received	126	402
Interest paid to other persons and corporations	(4,614)	(9,046)
Dividends paid	(55,307)	(39,135)
Lease payments	(7,971)	(7,902)
<b>Net cash outflow from financing activities</b>	<b>(153,379)</b>	<b>(142,784)</b>
Net change in cash and cash equivalents	(40,510)	(54,161)
Cash and cash equivalents at 1 July	82,166	69,279
Effect of movements in exchange rates on cash held	(2,031)	262
<b>Cash and cash equivalents at 31 December</b>	<b>39,625</b>	<b>15,380</b>
<b>Represented by:</b>		
Cash and cash equivalents	39,625	24,396
Bank overdraft	-	(9,016)
	39,625	15,380

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Reliance Worldwide Corporation Limited  
Notes to the Consolidated Financial Statements  
For the half year ended 31 December 2020

## 1 Basis of preparation

(a)

### Reporting Entity

Reliance Worldwide Corporation Limited ("the Company") is a limited liability company domiciled in Australia. These consolidated interim financial statements comprise the Company and its subsidiaries (together referred to as "the Group").

The Company's registered office is at 28 Chapman Place, Eagle Farm, Queensland 4009, Australia.

The principal activities of the Group are the design, manufacture and supply of high quality, reliable and premium branded water flow, control and monitoring products and solutions for the plumbing and heating industry.

(b)

### Statement of Compliance

These consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting*, the *Corporations Act 2001* and IAS 34 *Interim Financial Reporting*. They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2020. Accordingly, this report is to be read in conjunction with the 30 June 2020 consolidated financial report and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth).

These consolidated interim financial statements:

- have been prepared on a going concern basis using historical cost conventions unless otherwise stated;
- have been prepared in accordance with the Australian Securities and Investments Commission Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191. Values are rounded to the nearest thousand dollars, unless otherwise stated. Where an amount is \$500 or less the amount is rounded to zero, unless otherwise stated;
- adopt all new and amended AASBs and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or before 1 July 2020; and
- do not early adopt any AASBs and Interpretations that have been issued or amended but are not yet effective.

The Company is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the Board of Directors on 22 February 2021.

(c)

### Foreign Currency

The individual financial statements of each entity comprising the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of these consolidated financial statements, Australian dollars is the presentation currency, which is also the functional currency of the Company.

(d)

### Use of estimates and judgements

The preparation of consolidated financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Reliance Worldwide Corporation Limited

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2020

## 1 Basis of preparation (continued)

The significant judgements made by management in applying the RWC group accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements as at and for the year ended 30 June 2020.

(e) **New Standards, interpretations and amendments adopted by the Group**

The accounting policies and methods of computation applied by the Group in this Interim Financial Report are consistent with those applied by the Group in its Financial Report for the year ended 30 June 2020. The Group has adopted all amendments to Australian Accounting Standards which became applicable from 1 July 2020. There have been no new or revised accounting standards which materially impacted the interim financial report.

Standards not yet applicable are not expected to have a material impact on the Group.

(f) **COVID-19 impacts**

The global COVID-19 pandemic and the ongoing restrictions imposed by governments across the world have impacted business activity levels in countries and markets where the Group operates. The Group has managed, and continues to manage, the risks arising from COVID-19 to minimise negative impacts on its operations and financial position. The 2021 financial year has started positively, however the forward visibility for the second half remains limited in most markets due to the ongoing impacts of COVID-19 and the outlook ahead remains cautious.

During the first half of FY2021, the Group has also taken proactive measures to manage liquidity including:

- Extending the maturity of its syndicated bank Facility A of \$250 million from 30 September 2021 to 30 September 2023;
- Prudently managing selling, general and administration costs; and
- Appropriately allocating capital expenditures given the remaining uncertainty.

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these interim financial statements. In determining the appropriateness of its judgements and estimates, the Group has considered the impact of the COVID-19 pandemic as at 31 December 2020 and on its expected operations in future periods.

These financial statements have been prepared on a going concern basis. In the context of the COVID-19 pandemic, scenario modelling and analysis has continued to be undertaken for each business segment based on events currently known and current expectations. The modelling and analysis support the conclusion on going concern, including that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

## 2 Segment reporting

Segment information is presented in a manner which is consistent with internal reporting to the Group Chief Executive Officer, who is the chief operating decision maker in the allocation of resources and assessing the performance of the operating segments of the Group.

The Group's regional segments are based on geographical operation of the business and comprise:

- Americas, including the United States of America and Canada
- Asia Pacific, including Australia, New Zealand, Korea and China
- EMEA, including the United Kingdom, Germany, Spain, Italy, Poland, France and Czech Republic

Segment revenues, expenses, assets and liabilities are reported on a gross basis.

Reliance Worldwide Corporation Limited

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2020

**2 Segment reporting (continued)**

									Elimination of the effect of intersegment transactions		Consolidated Total	
	Americas		Asia Pacific		EMEA		Corporate/Other		31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec				
	2020	2019	2020	2019	2020	2019	2020	2019				
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>												
From external customers	399,711	345,407	78,974	73,122	163,747	150,782	-	-	-	-	642,431	569,311
From other segments	1,062	1,433	59,132	52,247	25,177	22,799	-	-	(85,372)	(76,479)	-	-
<b>Segment revenues</b>	<b>400,773</b>	<b>346,840</b>	<b>138,106</b>	<b>125,369</b>	<b>188,924</b>	<b>173,581</b>	-	-	<b>(85,372)</b>	<b>(76,479)</b>	<b>642,431</b>	<b>569,311</b>
Cost of sales	(254,243)	(223,521)	(92,388)	(89,932)	(95,879)	(88,241)	-	-	85,372	76,479	(357,138)	(325,215)
<b>Gross profit</b>	<b>146,530</b>	<b>123,319</b>	<b>45,718</b>	<b>35,437</b>	<b>93,045</b>	<b>85,340</b>	-	-		-	<b>285,293</b>	<b>244,096</b>
Other income	394	69	59	1,304	77	158	-	(1,275)	-	-	530	256
Product development expenses	(4,909)	(9,623)	(1,686)	(2,322)	(1,709)	(2,266)	-	1,275	-	-	(8,304)	(12,936)
Selling and marketing expenses	(48,156)	(49,369)	(9,409)	(9,713)	(19,694)	(18,131)	(802)	(722)	-	-	(78,061)	(77,935)
Administration expenses	(29,338)	(23,229)	(8,473)	(8,679)	(18,385)	(21,232)	(1,210)	(2,388)	-	-	(57,406)	(55,528)
Other expenses	(161)	(183)	(2,868)	(277)	(957)	(1,172)	(646)	73	-	-	(4,631)	(1,559)
<b>Segment operating profit</b>	<b>64,361</b>	<b>40,984</b>	<b>23,341</b>	<b>15,750</b>	<b>52,377</b>	<b>42,697</b>	<b>(2,658)</b>	<b>(3,037)</b>	-	-	<b>137,421</b>	<b>96,394</b>
	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June
	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Segment assets</b>	<b>819,921</b>	<b>715,204</b>	<b>352,417</b>	<b>362,981</b>	<b>1,107,447</b>	<b>1,143,996</b>	<b>1,310,456</b>	<b>1,430,140</b>	<b>(1,467,620)</b>	<b>(1,438,794)</b>	<b>2,122,621</b>	<b>2,213,527</b>
<b>Segment liabilities</b>	<b>241,419</b>	<b>248,229</b>	<b>186,714</b>	<b>167,300</b>	<b>83,921</b>	<b>74,381</b>	<b>1,594,798</b>	<b>1,742,920</b>	<b>(1,467,620)</b>	<b>(1,438,794)</b>	<b>639,232</b>	<b>794,036</b>

Reliance Worldwide Corporation Limited

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2020

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Segment reporting (continued)

	Americas		Asia Pacific			EMEA	Corporate / Other		Elimination of the effect of intersegment transactions		Consolidated Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
EBITDA	75,809	53,597	29,854	22,765	62,520	52,256	(1,869)	(2,271)	-	-	166,314	126,347
Depreciation of property, plant, equipment & Right-of-use lease assets	(9,767)	(10,141)	(6,020)	(6,501)	(9,182)	(9,190)	(127)	(72)	-	-	(25,096)	(25,904)
Amortisation of intangible assets	(1,681)	(2,472)	(493)	(513)	(961)	(369)	(662)	(694)	-	-	(3,797)	(4,048)
Finance income	82	385	1	-	-	2	43	14	-	-	126	401
Finance costs	(2,010)	(7,075)	(737)	(787)	(157)	(192)	(3,121)	(3,998)	-	-	(6,025)	(12,052)
Income tax expense	(20,978)	(16,093)	(6,518)	(4,255)	(9,947)	(7,648)	(2,659)	(6,650)	-	-	(40,102)	(34,646)



Reliance Worldwide Corporation Limited

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2020

### 3 Revenue

The major products from which the aforementioned segments derive revenue are:

- **Push to Connect Fittings** – brass and plastic push-to-connect plumbing fittings (primarily sold under the SharkBite and JG Speedfit brands) for the installation and repair of water reticulation systems in both domestic and commercial applications;
- **Other Fittings** – brass and plastic crimp fittings, expansion fittings and accessories;
- **Pipe** - coiled and straight length tubing manufactured from cross-linked polyethylene and designed for high temperature and pressure domestic and commercial applications; Polybutylene pipe for domestic water and central heating systems; LLDPE tubing for fluid control applications; Rigid nylon and aluminium piping for Air and Pneumatic systems;
- **Valves** – temperature and pressure relief valves, pressure regulation valves and thermostatic mixing valves that protect and safeguard hot water systems;
- **Fluid Tech** – plastic push-to-connect technologies for drink dispense, pure water, air & pneumatics, blown fibre, automotive, and OEM solutions;
- **Integrated Installation Solutions** – engineered plumbing and mechanical solutions that support the delivery of water and firestop solutions; and
- **Other Products** - including backflow preventers, expansion vessels, underfloor heating components and kit systems, water meters, and water mains connection fittings and repair sleeves.

Revenue by product group for the period ended 31 December 2020 includes:

	31 December 2020 \$000	31 December 2019 \$000
Push to Connect Fittings	297,612	255,266
Other Fittings	62,374	50,369
Pipe	75,227	64,170
Valves	75,508	67,078
Fluid Tech	64,673	67,484
Integrated Installation Solutions	44,224	39,249
Other Products	22,813	25,695
	<b>642,431</b>	<b>569,311</b>

Revenue by geography	31 December 2020 \$000	31 December 2019 \$000
Australia	68,060	61,904
United States of America	376,356	322,938
United Kingdom	125,171	114,551
Other	72,844	69,918
	<b>642,431</b>	<b>569,311</b>

#### Seasonality of operations

The Group's results may be affected by seasonal influences in each segment. In the Americas, sales demand in the quarter ending 31 December is generally strong as retail and wholesale outlets typically build their inventory in anticipation of higher demand for repair and maintenance products during winter. The quarter ending 31 March may be affected by higher demand for repair and maintenance products as a result of unusually colder weather. Milder weather conditions can also result in lower sales during this period as retailers and wholesalers normalise their stock levels.

Reliance Worldwide Corporation Limited

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2020

### 3 Revenue (Continued)

In Asia Pacific, more favourable results can be achieved during the period from August to November when this segment usually increases production volumes to meet the demand for the Americas winter. Typically, the quarter ending 31 March may be slower for Asia Pacific owing to the effect of summer holidays and as demand from the Americas normalises.

The EMEA segment usually derives stronger revenue in the January to June period.

The Group's results for the six months ended 31 December 2020 have been impacted by the continuing uncertainties due to COVID-19 in all of the Group's segments, resulting in business activity which might not reflect normal seasonal influences.

### 4 Earnings per share

#### (a) Basic earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of shares.

	31 December 2020 \$000	31 December 2019 \$000
Profit attributable to ordinary shareholders	91,420	50,096
	<b>Number of shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares at 31 December (basic)		
- Issued ordinary shares	790,094,765	790,094,765
- Treasury shares <sup>1</sup> (weighted average)	(6,957,060)	(7,389,834)
	783,137,705	782,704,931
	<b>Cents 11.7</b>	<b>Cents 6.4</b>
<b>Basic earnings per share</b>		

#### (b) Diluted earnings per share

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of shares after adjustment for the effects of all dilutive potential ordinary shares.

	31 December 2020 \$000	31 December 2019 \$000
Profit attributable to ordinary shareholders	91,420	50,096
	<b>Number of Shares</b>	<b>Number of shares</b>
Weighted average number of ordinary shares at 31 December (diluted)		
- Issued ordinary shares	790,094,765	790,094,765
- Effect of share options on issue	4,000,000	5,307,190
- Treasury shares <sup>1</sup> (weighted average)	(6,957,060)	(7,389,834)
	787,137,705	788,012,121
	<b>Cents 11.6</b>	<b>Cents 6.4</b>
<b>Diluted earnings per share</b>		

1. Details of Treasury shares are provided in Note 17 of the 30 June 2020 consolidated financial report.

Reliance Worldwide Corporation Limited

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2020

## 5 Income tax expense

### Reconciliation of prima facie tax expense to income tax expense recognised in the Consolidated Statement of Profit or Loss

The major components that reconcile the expected income tax expense based on the Australian statutory rate of tax of the Group at 30% to the reported actual income tax expense in the consolidated statement of profit or loss are as follows:

	31 December 2020 \$000	31 December 2019 \$000
Profit before income tax	131,522	84,741
Prima facie income tax expense at 30%	(39,456)	(25,422)
<i>Tax effect of items which (increase) / decrease tax expense:</i>		
Effect of tax rates in foreign jurisdictions	8,445	4,413
Non-deductible expenses	(934)	(1,772)
Foreign income subject to US tax	(9,406)	(8,028)
Net (under) over provision from prior years	(342)	(5,739) *
Other	1,591	1,902
Actual income tax expense reported in the consolidated income statement	<b>(40,102)</b>	<b>(34,646)</b>

\* Primarily relates to the derecognition of foreign tax credits partially offset by the recognition of R&D tax credits and US state tax credits.

## 6 Property, plant and equipment

	31 December 2020 \$000	30 June 2020 \$000
<i>Carrying amounts of:</i>		
Freehold land <sup>1</sup>	30,731	19,128
Buildings <sup>1</sup>	50,057	66,627
Leasehold improvements	7,671	8,451
Plant and equipment	156,730	170,759
	<b>245,189</b>	<b>264,965</b>

<sup>1</sup> As of 1 July 2020, the land element of several UK freehold properties has been reclassified from 'Buildings' to 'Freehold land' for a value of \$12.1million

Reliance Worldwide Corporation Limited

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2020

## 7 Net Debt

(a) Borrowings	31 December 2020 \$000	30 June 2020 \$000
<b>Non-Current</b>		
<i>Secured</i>		
Bank borrowings	265,660	384,377
Total secured borrowings	<b>265,660</b>	<b>384,377</b>

The Company and certain of its subsidiaries are parties to a \$750 million syndicated facility agreement which is available for drawing by way of cash advances ("Facility"). During October 2020, the Company reached an agreement with its lending syndicate to extend the maturity date of the \$250 million Tranche A Facility from 30 September 2021 to 30 September 2023. The Facility will now mature as follows:

- Tranche A: \$250m maturing 30 September 2023
- Tranche B: \$250m maturing 30 September 2022
- Tranche C: \$250m maturing 30 September 2023

The Facility has a variable interest rate which is based on a variable base rate plus a margin. The Facility contains financial covenants which the Company is in compliance with. The security provided to support the Facility is as disclosed in the financial report for the year ended 30 June 2020.

### (b) Net Debt

At 31 Dec 2020	Facility Limit	Borrowings	Cash	Net cash/(debt) Balance
	\$000	\$000	\$000	\$000
Syndicated Facility (Tranche A)	(250,000)	-	-	-
Syndicated Facility (Tranche B)	(250,000)	(214,063)	-	(214,063)
Syndicated Facility (Tranche C)	(250,000)	(51,597)	-	(51,597)
Cash and cash equivalent	-	-	39,625	39,625
<b>Total RWC Group</b>	<b>(750,000)</b>	<b>(265,660)</b>	<b>39,625</b>	<b>(226,035)</b>

### At 30 June 2020

	\$000	\$000	\$000	\$000
Syndicated Facility (Tranche A)	(250,000)	(207,247)	-	(207,247)
Syndicated Facility (Tranche B)	(250,000)	(177,130)	-	(177,130)
Syndicated Facility (Tranche C)	(250,000)	-	-	-
Cash and cash equivalent	-	-	82,166	82,166
<b>Total RWC Group</b>	<b>(750,000)</b>	<b>(384,377)</b>	<b>82,166</b>	<b>(302,211)</b>

Reliance Worldwide Corporation Limited

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2020

## 8 Inventories

	31 December 2020 \$000	30 June 2020 \$000
<i>At cost</i>		
Raw materials and stores	100,144	98,241
Work in progress	24,720	21,860
Finished goods	138,915	113,110
	263,779	233,211
Less: provision for diminution	(19,630)	(17,761)
	<b>244,149</b>	<b>215,450</b>

## 9 Goodwill and intangible assets

	31 December 2020 \$000	30 June 2020 \$000
<i>Carrying value</i>		
Goodwill and unidentified other intangible assets	881,750	897,350
Identified intangible assets		
- Intellectual property, trade names, brand names and trademarks	242,294	248,232
- Product technology	21,976	25,399
- Customer relationships	24,885	25,906
- Licence fees and software and other	22,766	26,123
	311,921	325,660
	<b>1,193,671</b>	<b>1,223,010</b>

The Group assesses whether there are indicators that goodwill and other intangible assets have suffered any impairment at each reporting date and believes that no impairment charge is required for any significant asset or Cash Generating Unit in the half year ended 31 December 2020.

As reported in the 2020 Financial Report, the results of the assessment of impairment testing calculations for the EMEA CGU at 30 June 2020 were most sensitive to the assumed timing of the recovery of the UK economy to pre-COVID-19 levels and the potential impact of the finalisation of the basis of trade arrangements between the UK and EU member nations following Brexit. The EMEA CGU experienced a strong recovery in sales and earnings following the relaxation of the UK government restrictions at the beginning of the period. Revenue and earnings for the six months exceeded scenarios modelled at 30 June 2020 which formed the basis of impairment testing at that date. The UK government has subsequently tightened restrictions again to control further the spread of COVID-19. The Group is currently of the view that the expected full year FY2021 financial performance of the EMEA CGU together with expectations of future revenue growth and earnings for this segment will not negatively impact the recoverable value of the EMEA CGU.

## 10 Contingent liabilities

### Financial guarantees

The Company has agreed to provide guarantees for certain commitments made or entered into by subsidiary entities in the ordinary course of business. The Company does not consider these guarantees to be material in the context of the Group's business.

The Group has provided bank guarantees totalling \$1,312,816.

**Reliance Worldwide Corporation Limited**  
**Notes to the Consolidated Financial Statements**  
**For the half year ended 31 December 2020**

## **10 Contingent liabilities (Continued)**

### **General contingencies**

The Company has entered into a Deed of Cross Guarantee ("Deed") with two of its subsidiaries, Reliance Worldwide Group Holdings Pty Ltd and Reliance Worldwide Corporation (Aust.) Pty Ltd. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of either of these subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. These subsidiaries have also given similar guarantees in the event the Company is wound up.

The Group may be involved in legal claims, administrative actions and proceedings related to the normal conduct of its business including, among other things, general liability, commercial, employment, intellectual property, and products liability matters such as the proceeding listed below. Based upon existing information, it is not possible to predict with certainty the outcome or cost of current legal claims, actions and proceedings. The Group establishes accruals for estimated costs associated with such matters in a manner which complies with applicable accounting standards. The Directors believe that current matters of which they are aware should not significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

The Company is aware of a legal proceeding filed in the United States federal district court in Atlanta, Georgia, against Reliance Worldwide Corporation, a member of the Group, ("RWC USA") purporting to assert a putative class action in connection with alleged product liability claims. At this stage, it is not possible to provide a reasonable or accurate assessment of RWC USA's potential exposure, if any. In any event, RWC USA does not accept any liability and intends to vigorously defend this matter.

The Directors are not aware of any other material contingent liabilities at balance date or arising since the end of the financial period.

## **11 Related Party Transactions**

There were no related party transactions entered into by the Group during the period other than the ongoing trading operations between the Group companies.

## **12 Leases**

The Group leases various properties, equipment and vehicles. Property leases typically are for a period of 5 to 10 years and often have extension options and equipment and vehicle leases are typically for a period of 3 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of financial performance over the lease period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured at present value. The lease payments are discounted using the Group's incremental borrowing rate. The Group has elected not to recognise right of use assets or lease liabilities for payments associated with short-term leases (with a term of 12 months or less) and leases of low-value assets. Payments relating to these items are recognised on a straight-line basis as an expense in the statement of financial performance.

Reliance Worldwide Corporation Limited

Notes to the Consolidated Financial Statements

For the half year ended 31 December 2020

## 12 Leases (Continued)

### Amounts recognised in the statement of financial position

	31 December 2020 \$000	30 June 2020 \$000
<i>Right-of-use assets</i>		
Properties	88,196	96,117
Equipment	2,147	2,854
Vehicles	898	998
<b>Total right-of-use assets</b>	<b>91,241</b>	<b>99,969</b>
<i>Lease liabilities</i>		
Current	14,241	15,335
Non-current	85,334	93,546
<b>Total Lease liabilities</b>	<b>99,575</b>	<b>108,881</b>

### Amounts recognised in the statement of profit or loss

	31 December 2020 \$000	31 December 2019 \$000
<i>Depreciation charge for right-of-use assets</i>		
Properties	6,325	6,639
Equipment	585	537
Vehicles	350	250
<b>Total depreciation charge for right-of-use assets</b>	<b>7,260</b>	<b>7,426</b>
Expense relating to short term and low value leases	1,378	1,364
<i>Finance costs</i>		
Interest expense on lease liabilities	1,832	2,278
Interest expense on syndicated debt facility	4,193	9,776
	<b>6,025</b>	<b>12,054</b>

The statement of cash flows for 31 December 2020 includes cash outflows for lease payments of \$8.0 million (2019 - \$7.9 million) and lease interest of \$1.8 million (2019 - \$2.3 million) within 'Cash flows from financing activities'

## 13 Subsequent events

On 22 February 2021, the directors resolved to declare an interim dividend of 6.0 cents per share franked to 20%. The dividend will be paid to eligible shareholders on 9 April 2021. The record date for dividend entitlement is 11 March 2021. The Company does not have a dividend reinvestment plan.

The Directors are not aware of any other matters or circumstances that have occurred since the end of the financial period that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

## 14 Group entities

John Guest Pacific Limited amalgamated with Reliance Worldwide Corporation (NZ) Limited on 7 December 2020.

# Reliance Worldwide Corporation Limited

## Directors' Declaration

For the half year ended 31 December 2020

In the opinion of the Directors of Reliance Worldwide Corporation Limited ("the Company"):

1. the interim consolidated financial statements and notes that are set out on pages 5 to 19 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the period from 1 July 2020 to 31 December 2020;
  - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Stuart Crosby  
Chairman



Heath Sharp  
Group Chief Executive Officer  
and Managing Director

Melbourne  
22 February 2021



# Independent Auditor's Review Report

To the shareholders of Reliance Worldwide Corporation Limited

## Report on the Interim Financial Report

### Conclusion

We have reviewed the accompanying **Interim Financial Report** of Reliance Worldwide Corporation Limited (the Company).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Reliance Worldwide Corporation Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2020 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2020;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Reliance Worldwide Corporation Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year Period.

### Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Tony Romeo  
Partner  
Melbourne  
22 February 2021