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Operator: Thank you for standing by and welcome to the Reliance Worldwide Corporation half year earnings call. All participants are in a listen only mode. There will be a presentation followed by a question and answer session.

If you wish to ask a question, you will need to press the star key followed by the number 1 on your telephone keypad. I would now like to hand the conference over to Mr Heath Sharp, Chief Executive Officer. Please go ahead.

Heath Sharp: Good morning, everyone. Welcome to RWC's earnings call for the six months ended 31 December 2024. This is Heath Sharp, CEO of RWC. Joining me here in Atlanta is Andrew Johnson, our Chief Financial Officer.

Let's get started on slide 3 with an overview of the first half. Overall, we are pleased to present these results. I'm very proud of the way our team has executed during the half. The environment remains challenging but again, our people did an excellent job to stay focused on those things they can control.

Their sustained efforts delivered another solid outcome and leave us very well positioned as we look forward. From a broad economic perspective, there was no noticeable improvement in our end markets in the first half.

Despite official interest rates easing in the US and the UK, this did not impact underlying demand in these markets. So our performance for the half needs to be assessed against a backdrop of weak home improvement markets and weak residential and commercial new construction markets.

Given these conditions, we are pleased with our financial performance for the half. The resilience of our core, non-discretionary repair and maintenance business underpinned our performance.

We grew our sales ahead of market and delivered a step up in earnings. Continued strong cashflow has enabled us to further repay debt and reduce leverage. A key highlight of the half has been the integration of Holman with RWC.

We are executing well on the revenue opportunities and cost out synergies we identified at the time of acquisition. A good example of this has been the rollout of SharkBite into Bunnings stores.

On the cost front, we rationalised two distribution centres in Australia during the half and have a third DC to address in the current period. We have continued to make good progress on our manufacturing strategy.

Clearly, with the rapidly evolving tariff environment, we have deferred some of this work until we gain greater clarity. I will speak to the issue of tariffs in more detail later. In EMEA, we have had a focus on lifting the operational performance of the business.

We have started to record significant improvements in key operating metrics for the manufacturing business in the UK. We expect this will deliver improved operating margins and customer delivery metrics in the future.

I would also like to make mention of the ERP upgrade to SAP S4/HANA which was completed in the half. ERP projects don't normally warrant a mention but this upgrade program was a clear success.

It was delivered on time and within budget and with minimal operational impact on the business. It is a credit to the capability of the IT team here at RWC and the steadfast support of the finance and operational teams.

Turning to our financial highlights on slide 4. We believe this is a very strong performance given the weak market backdrop I noted previously. Net sales increased 14.8% to $676.5 million.

This result included an initial six month contribution from Holman which we acquired in March 2024. Excluding Holman and the Supply Smart business we exited in 2024, net sales were up 3.8% on the prior period.

Operating earnings were also up strongly, with adjusted EBITDA up 15.2%. Adjusted EPS at $0.098 per share is up 14% on the PCP. Cash generated from operations was $127 million, representing a cash conversion rate above 88%.

For this half, we have increased the interim distribution amount from $0.045 per share to $0.05 per share, split equally between dividend and share buyback. It is pleasing to see the reported EPS result reflecting the positive benefit of the share buyback program undertaken last year.

I'll now hand over to Andrew to step through our financial performance in more detail.

Andrew Johnson: Thank you, Heath, and good morning, everyone. On slide 5 we have set out our performance summary for the first half and there are a few highlights to note. The first of these is that sales were slightly ahead of guidance at the Group level.

Holman was a strong contributor and we are pleased with the progress the team has made in integrating the businesses and delivering a solid earnings result. As Heath as mentioned, we saw strong growth in operating earnings with adjusted EBITDA of 15.2% to $143.8 million.

From an operating margin perspective, excluding Holman, we recorded a 100 basis point increase in EBITDA margin to 22.2% compared with 21.2% in the PCP. This is in line with the guidance we provided last August.

When you include Holman, our adjusted EBITDA margin was up 10 basis points on the prior period to 21.3%. This increase in operating margin was assisted by higher volumes in the Americas and APAC regions and also our cost out programs which all three regions did a really good job in executing.

Cost savings for the half totalled $10.8 million and were driven by procurement savings, prior period restructuring in EMEA and also includes $1 million in early Holman cost synergy realisation.

These savings helped to offset cost inflation, particularly higher copper cost, labour cost, and freight. We incurred $1 million of one-off cost in the period. These related principally to the Holman integration and final cost related to the closure of the two US distribution centres tied to the DC rationalisation work we undertook in 2024.

On slide 6 and onto the Americas, we have set out the Americas' performance highlights. Americas' reported sales were up 3.3%. The prior period included sales from Supply Smart which were closed in the second half of FY24. If you recall, Supply Smart was an online directed consumer business we acquired along with the EZ-FLO acquisition.

When you adjust for Supply Smart, Americas' sales were up 5.4% higher than the PCP. This was ahead of the guidance we gave at the start of the year and this outperformance was driven in part by two issues that resulted in a pull-forward of demand from the second half to the first half.

Firstly, we had a first half load in of appliance connectors linked to a future channel partner marketing initiative. Secondly, the pull-forward in sales was due to the planned upgrade we undertook of our SAP system to S4/HANA.

As their standard practice, some of our larger customers in the US ordered ahead of that upgrade to guard against any disruption of supply. However, as Heath mentioned, the upgrade to S4/HANA has gone extremely well and there was no disruption.

Excluding both pull-forward items, Americas' sales would have been at the top end of our guidance which was flat, to plus/minus low single digits. Americas delivered another strong operating earnings performance with adjusted EBITDA of 8.9% to $92.6 million.

Adjusted EBITDA margin improved 110 basis points to 21% and this was driven by higher volumes, continued cost savings, and operational efficiencies which offset higher input costs.

Turning now to slide 7 and our results for Asia Pacific. The impact of Holman on the APAC business is very evident in the table. Net sales were up 87.4% to AUD$226.7 million, driven by the contribution from Holman of AUD$110.8 million.

Excluding Holman, external sales were up 0.2% on the prior period. We continue to see good sales growth through our wholesale channel in Australia despite a flat volume environment and subdued residential new construction and remodel markets.

Intercompany sales were down a further 16% due to the continued impact of the transfer of SharkBite manufacturing and assembly from Australia to the US. Operating earnings were up 111% with adjusted EBITDA of AUD$27.2 million and 130 basis point expansion in EBITDA margin from 10.7% to 12%.

On slide 8, EMEA's net sales down 7% in local currency. External sales were 4.6% lower than the prior period. This was driven principally by lower sales in the UK plumbing and heating market, down 8.6%.

UK specialty sales were broadly in line with the last year. Sales in Continental Europe were up 2.3% versus the PCP and all markets were higher, with the exception of Germany. Lower sales led to a reduction in operating earnings, with adjusted EBITDA down 5.8% to £27.5 million for the first six months.

However, as a result of the cost reduction initiatives we have undertaken, we recorded a year over year 40 basis point improvement and adjusted EBITDA margin to 29.2%, up from 28.8%.

Turning to slide 9 and looking at our cashflow performance for the half. Cash generated from operations was $127 million, which was 16% lower than the PCP. Operating cash conversion was 88% versus 121% in the prior period. This is consistent with the guidance we gave at the start of the year.

As a reminder, we indicated cash conversion rate in excess of 90% for the full year but that we would be below this rate for the first half due to the normal seasonal inventory bill.

We continued to reduce our net debt levels through cash generation. Consequently, we have seen a further reduction in our leverage ratio, net debt to EBITDA, down to 1.41 times from 1.59 times at the end of June.

Turning to slide 10 and looking at our working capital performance in a little more detail, as I mentioned, we saw an increase in inventories in the first half relative to where we ended 2024 due to the seasonal inventory movement. However, inventory levels were down on the PCP if we exclude Holman. Furthermore, working capital as a percentage of sales has decreased versus the prior year by approximately 270 basis points to 27.4%.

Total capital expenditure for the first half totalled $16.8 million, which represented 2.5% of sales. The most significant CapEx project in the first half was the investment in the S4/HANA upgrade. We are forecasting CapEx for the full year to be in the range of $35 million to $40 million.

With that, let me hand you back to Heath.

Heath Sharp: Thanks Andrew. Let's turn to the outlook for financial year '25 which is detailed on slide 11. At a Group level we expect sales to be up by mid-single digit percentage points on FY24. This includes Holman. Excluding Holman and also Supply Smart, we're expecting Group sales to be broadly flat on last year within the range of plus or minus low single digit percentage points. Essentially we are not expecting a change in trajectory in the second half from what we saw in the first half at a Group level.

From an operating margin perspective, we are targeting an improvement in consolidated EBITDA margin, excluding Holman, relative to FY24. We will achieve this through continuous improvement initiatives and synergy realisation. In terms of regional performance, we expect Americas full year external sales, excluding Supply Smart, to be broadly flat relative to FY24, plus or minus low single digit percentage points. As we have already noted, the pull forward in demand from the second half to the first half led to a relatively stronger half sales performance. We therefore expect a relatively softer second half. To be clear, we expect the underlying business to be largely unchanged across the halves.

In Asia Pacific, we expect full year external sales, excluding Holman, to be up on the prior year by mid-single digit percentage points. EMEA full year external sales are expected to be down by mid-single digit percentage points relative to the PCP.

Turning to slide 12, tariffs, this issue is top of mind for all of us, so it is worth addressing head on. Clearly we're dealing with a high level of uncertainty at the moment with respect

to US tariff policy and potential counter moves by other countries, so it is difficult to be definitive about anything in respect to tariffs. Nonetheless, we believe the issue is manageable. The tools at our disposal are the same ones we utilised successfully to address tariffs in 2018. I would also note that we have a running start this time. Our actions are well underway.

I would remind you that we manufacture a significant amount of product in our own facilities. This shields a significant portion of our COGS from any tariff impact. In some cases, in fact, it provides us with a competitive advantage. We do retain some exposure to tariffs on items imported from China. At this point, that exposure amounts to around $120 million in purchases. This is down significantly from the peak and we have line of sight to further sizeable reductions. Of course our inventory holding means there is a delay in any impact. It is also an incredibly dynamic situation which we anticipate will oscillate during the next six months and beyond. Our manufacturing strategy will need to be flexible to accommodate this.

I would like to take a moment to revisit the mitigation tools I mentioned earlier. These include modifying product design and material selection, leaning on our strong vendor relationships, changing the geographic location of our source and adopting appropriate market pricing. Ultimately it will be a combination of these actions that carries us forward, so we are comfortable that we can navigate the path ahead.

On slide 13 we have set out key operational focus areas for the second half of FY25. These are unchanged from our presentation at the start of the year. Our focus continues to be execution excellence to support our strategic initiatives and to optimally position us for future growth. From a culture perspective, we will continue the progress we have made in the critical area of health and safety. We are developing effective and authentic safety leadership at all levels of the organisation. This remains a clear priority. We will sustain the focus on our culture and our people and maintain our commitment to ensure everyone's safe every day.

In terms of supply chain, we have a Group-wide project centred around strengthening and standardising our sales and ops planning process. The benefit of this will be improving delivery performance to our customers while also optimising our inventory levels. Our strategic sourcing operations ensure that we are leveraging our scale across the Group. We are increasingly taking a global approach to enable us to achieve optimum cost while also maintaining highest quality. Another benefit is increasing supply redundancy and ensuring we can respond quickly to changes in demand and, of course, changes in tariffs.

As we noted earlier, we are continuing to work on our global manufacturing strategy, notwithstanding the new tariff complexities. It is critical that we continue to target the lowest cost of manufacture.

Finally, in terms of innovation, we will continue to work on new product releases and product updates as we do every year. Innovation in the form of new product releases can be lumpy. We had a significant new product launch in '24, whereas '25 will be relatively quiet by comparison. However, our longer-term R&D program continues. We are working on a range of solutions that improve the productivity of our end users and increase the value on the shelves on our distributors.

Finally, to slide 14 and the main message here is that we are tremendously well placed for long-term growth. We have moved to the US the bulk of the manufacturing operations for our core SharkBite fitting range. This optimises our cost base and makes the supply chain more resilient and increases our flexibility in terms of meeting local customer demand. It also, of course, ringfences this product line from tariff impacts. We are very well positioned for demand recovery given our significant operating leverage, particularly in EMEA. Recent capital investment in capacity will allow us to dramatically ramp up production with minimal additional cost.

We have also continuously invested in our processes, business tools and the capabilities of our workforce over the last few years. Our business and our leadership are the strongest they have ever been across all regions. All of this means our earnings growth from operational leverage will be strong once volume recovers. We are tremendously pleased with the Holman acquisition and the opportunities it presents for us going forward. The combined business is yielding multiple new opportunities across our traditional plumbing wholesale distributors.

We are also beginning to realise new opportunities through retail distribution, a segment we believe has, for us, significant runway. Beyond these core channels, the Holman range is opening new channels and new end-use segments that we were not previously able to access. In all, we are very confident we have a long run of above market growth ahead of us. Product is at the core of our growth engine and we remain well placed. Our R&D teams globally continue to yield the regular product improvements and range extensions that drive every period above market growth. Further, we have opportunity to expand into both commercial plumbing and residential new construction markets in all regions.

Finally, the strength of our balance sheet and our strong cash generation means we can pursue inorganic growth opportunities. We will also continue delivering returns to shareholders through dividends and share buybacks. So on all dimensions, we believe we are very well placed for long-term growth.

With that, I would like to open up the call to questions. We will take questions first from those on the conference call line, then Phil will call out any questions that we have received via the webcast.

Operator: Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you're on a speakerphone, please pick up the handset to ask your question. Your first question comes from Daniel Kang with CLSA. Please go ahead.

Daniel Kang: (CLSA, Analyst) Good morning, everyone. I just want to clarify the guidance for mid-single digit revenue growth for the full year. On my calculations, it implies a fall in revenue on a year-on-year basis in the second half. Should we be reading this as a reflection of the strong pull forward impact in the first half or is there a level of conservativism that you're building in here?

Heath Sharp: It's certainly important to consider that pull forward in the first half, which is why we called it out. The timing of some of those things are a little bit unfortunate and the comment I made about drawing a line through the whole year and considering it being the same trajectory I think is quite relevant, for the underlying business is quite relevant in this instance.

Daniel Kang: (CLSA, Analyst) Thanks Heath. Just on cost reduction measures, how much of the $15 million target was achieved in first half?

Andrew Johnston: So Daniel we reported $10.8 million in savings in the first half, $1 million of that was Holman synergy savings, so roughly $9.8 million was our cost out program, so $10.8 million ahead of the $15 million that we expect for the full year.

Daniel Kang: (CLSA, Analyst) Got it, thanks Andrew. Just finally, if I can sneak one more in, on the Americas COGS purchases, or imports, you've estimated purchases from China totalled $120 million, are you able to provide an estimate for the rest of the world?

Heath Sharp: We haven't specifically called that out. At the moment that's the only area where tariffs are applied. We didn't really want to get too far ahead of ourselves in trying to guess what was next really.

Daniel Kang: (CLSA, Analyst) No, that's fair enough. Thanks Heath. I'll pass it on.

Heath Sharp: Thanks Daniel.

Operator: Your next question comes from Lee Power with UBS. Please go ahead.

Lee Power: (UBS, Analyst) Hi Heath, hi Andrew. Heath, obviously as you called out, there's a bunch of different moving parts in the first half. Can you give us an idea of just how you think the general market was tracking through the half and maybe how we've been half to date in the different end regions? Are things getting better or worse in those end markets? Then maybe just as a point of clarification, I'm assuming the FY25 regional outlook is all local currency.

Heath Sharp: So really, we are at an interesting point of time. I would say all of our markets are expectant, if that's the right term. They've been challenged for a while and as we got to the end of the first half, particularly here in the US, I think everyone was ready and expecting for things to start to get moving. Interest rates are critical, of course, as we've discussed a lot. I would say here in the US – so look, expectant, but no movement in demand, so we weren't seeing anything in any region from an order intake or a genuine demand point of view that was changing, it was just the sentiment that felt it was heading in the right direction.

It's been interesting here in the US, I think sentiment's changed pretty rapidly over the last some weeks. It does feel as though the possibility of tariffs and what that might do to inflation and therefore interest rates, I think, have everybody really quite cautious. I think there's certainly still a view that the market will uptick. I think the view on where that will happen has become much more cloudy and we've seen a host of our peers change reasonably positive, even bullish outlooks for '25 to basically plus or minus not much, flat essentially, then even with talk of the second half of '25, helping to achieve that flat result. So that's kind of the world around us.

But through all of that, the actual demand hasn't really changed that much and that's really the core comment I think that we made in the announcement, is we think the trajectory of the business will be pretty similar across halves based on what we can see at the moment. But as you say, a lot of moving pieces here and quite a few things out of our control as we head into the second half.

Andrew Johnson: To your last point, the regional commentary is all local currency.

Lee Power: (UBS, Analyst) Okay, yes, that makes sense. Then a second one, I get your point around tariffs and you're clearly already thinking about mitigation options, it's kind of this weird dynamic where copper's started running again and they're all obviously somewhat related, is it something that you need to have a single set view on some of these moves and go with a single price increase, do you think? Or is there something where particularly the big box channel is kind of willing to accept that you might not have all the answers immediately and you can go through this multi-stage step in pricing? I'm just trying to work out how we think about the mitigation and how long it might take to get the final answer.

Heath Sharp: I would say clarity on what's going to happen is really important in terms of approaching any customer anywhere in the world, frankly. A speculative move on pricing based on what may or may not happen with tariffs I don't think would be particularly well received by any customer, large or small, in any jurisdiction. So I think it's important to note that there are multiple tools at our disposal in terms of dealing with the tariffs, appropriate market pricing is one of them, dealing with our vendors, looking at different geographies, I think are critical in handling the tariffs. They have been since '18, frankly, there's no one tool that we deployed at that point and it'll take a combination this time as well.

Lee Power: (UBS, Analyst) Yes and sorry, so do you think the thing is like – I mean there's obviously some interrelationship between them, but stuff like copper, do you reckon that can be split out? If you need to do other increases that are not necessarily directly tariff related, but clearly have some relationship, is that all bundled into one or is there something if you need to pull the lever on pricing, you can do in multiple steps…

Heath Sharp: No, I think you can – good, fair question, I think you can deal with those things separately. I think the track record, so put tariffs 2018, more recently, as you know Lee, through '21, '22, '23 we would deal with pricing that was due to freight, shipping, copper, plastics, cardboard, you can deal with each of those as you need to.

Lee Power: (UBS, Analyst) Okay, excellent, appreciate the colour, thanks guys.

Heath Sharp: Thanks Lee.

Operator: Your next question comes from Ramoun Lazar with Jefferies. Please go ahead.

Ramoun Lazar: (Jefferies, Analyst) G'day Heath, AJ and Phil, just a couple of questions from me. Just on that Asia Pac guidance for sales to be up in single digit for the full year, just wondering what's going on in the second half. Is there a loading impact from the

SharkBite rollout in the retail channel or is it something else there that you expect to drive that second half number there?

Heath Sharp: There's a whole host of initiatives which are driving that number. That is not an expectation that the market is going to pick up. That is driven by initiatives that we launched anywhere from one month to two or three years ago. Ramoun you'll recall we talked a lot when we were first starting to move SharkBite production from Australia to the US, we talked a lot about the need for Australia to turn its attention to its own markets and to flip over every stone essentially looking for opportunities. They've been very, very active on that and that we are starting to see the benefits of that coming through. That's what's driving that number for the second half in Asia Pac.

Ramoun Lazar: (Jefferies, Analyst) Okay great and just on A-Pac, with Holman can you give us an idea of the seasonality there for sales and earnings versus, I guess, the acquisition case that was made last year? What do you expect…

Heath Sharp: What was the last number we said, Andrew?

Andrew Johnson: Sixty/40.

Heath Sharp: Sixty/40 was the last number we said and look, we're getting to live that right now as we get a feel for it. I think that's 60/40 number is as good as any. Some of those initiatives that I talked about before will come into it, so I'd run with that number, Ramoun, but we'll have a better idea as we finish up the year and take stock of what projects we'll be doing into next year.

Ramoun Lazar: (Jefferies, Analyst) Yes, okay and just one more I guess on EMEA and the UK result, is there anything else to read into that result other than the weak macros there? Something that you see in terms of share or changes in a channel that are impacting your business, Heath? Maybe if you can comment on that and then just an update on the sort of manufacturing changes that are being made there and when that's expected to roll off and the sorts of benefits that you could derive from that?

Heath Sharp: So the issue of share is really important in a market that’s down. As much as that is, it's easy for share to get - share changes to get lost. We have been really, really vigilant in watching what is happening on a volume level, a quantity level with the key products and our key customers. While there's been some minor share shift which kind of happens anyway, I don't think that's unique to the period, but we can see it and we can explain it, there's no major issue there. I don't think we've gained, I don't think we've lost either, but it's something we continue to watch really closely.

I think that leads really though nicely into answering your second part of your question which is what is the impact of the operational changes we're making there. The most important impact is it strengthening the relationships with our customers, so we are having better conversations with them, we've got more transparency with them in terms of how we're performing, they're opening up a whole lot more and prepared to talk about longer-term projects. I mean that ultimately is the benefit of improving delivery performance which we have done over the last six months.

So I think that team in the UK to have their volumes come off as much as they have in the last couple of years and to be holding that EBITDA margin and even to have improved in the last six months I think is a - is frankly a sensational effort. At the same time though, they are improving the business. That improvement is being noticed by the customers. That's really important in the current environment I think.

Ramoun Lazar: (Jefferies, Analyst) Great, thanks, guys, I'll leave it there.

Heath Sharp: Thanks, Ramoun.

Operator: Your next question comes from Peter Stein with Macquarie. Please, go ahead.

Peter Stein: (Macquarie, Analyst) Good afternoon, Heath and Andrew. Thanks very much for your time. Sorry to labour this, but just coming back to the imports coming from China. Really keen to just understand the overhead loading cost that kind of you add to that and what the GP margin profile ultimately on the shelf would be for that product set; whether it's materially different. I guess what I'm trying to get a sense of is ultimately the amount of price that you need at the top line to overcome the implications of tariffs on $120 million.

Heath Sharp: Look, and I don't want to be contrary here, but depends on whether tariffs stay at 10 or go back to zero or end up at another plus 35, to be honest. I think at the moment, Peter, I think it's what we can do on the sourcing side and continue to move products from China to other parts of the world that give us the best advantage. The comment I made before about not really being able to pre-empt where those tariffs end up and where that pricing ends up is - means that they're - we have the pricing power, we know what to do with pricing, but that's not our first tool in this instance.

Peter Stein: (Macquarie, Analyst) Yes, I guess I'm just trying to understand the leverage in the P&L for that product set and whether it's materially different to the rest of your product and so therefore, you've got a relatively easy fix on pricing. I mean I appreciate that that's not all you do, but that's...

Heath Sharp: Yes, I wouldn't - and I'm looking at Andrew here as well, I wouldn't call out the products that are impacted there as having too dramatically a different profile to the average, so...

Peter Stein: (Macquarie, Analyst) Okay, and in - perhaps just quickly coming back to FX impacts and particularly how that influenced your thinking for your full year guide, your - obviously in the context of the movements we have seen with the strengthened US dollar, how that's come through in your reckoning and as you've thought about the second half.

Andrew Johnson: Yes, Peter we had a bit of a tailwind related to translation impacts of FX in the first half. On average across that half, the US dollar was a little bit weaker than it was in the prior period, but of course, that started to change quickly in December. In the second half, that turns to a headwind and that is part of the guidance that we've provided for the second half, but it is something that we'll have to deal with and it's part of that commentary that we provided.

Peter Stein: (Macquarie, Analyst) Got you. Perfect. I may leave it there. Thanks.

Heath Sharp: Thanks, Peter.

Operator: Your next question comes from Niraj Shah with Goldman Sachs. Please, go ahead.

Niraj Shah: (Goldman Sachs, Analyst) Hi, guys, just to round out the tariff discussion even further, how do you think competing products in relevant categories kind of compare with your exposure to China exports?

Heath Sharp: Sorry, Niraj, you're meaning which products do we have an advantage...

Niraj Shah: (Goldman Sachs, Analyst) No, I mean...

Heath Sharp: ...in that we're making them here?

Niraj Shah: (Goldman Sachs, Analyst) Yes, well more - you know, you mentioned that there is scope for this being a competitive advantage. I just wanted to get a sense of how your exposure compares with other key competing products.

Heath Sharp: Okay, sure. Look, I'd say - let's say push-to-connect, pretty important product in the scheme of things. As far as I'm aware, we're the only people making that product in the US. Everything else that I'm aware of is coming in from China. So that would seem to provide us with some advantage there. A lot of the PEX crimp fittings and expansion fittings, we're injection moulding those in Coleman, so again, a product that's

sort of ring-fenced in terms of tariff impact. As you've seen, the PEX-B pipe and the PEX-A pipe that we sell is all made in Coleman.

So again, pretty good buffer for us. When you get into - you're jumping down a little bit now in terms of volume, but still a lot of value add when it comes to our valves and the HoldRite products in the US as well. So how that manifests itself in terms of what we can do with pricing and how to use that advantage in the marketplace, we've - and that's left yet to play out, but I do like the fact that we're making some of those really important products ourselves here.

Niraj Shah: (Goldman Sachs, Analyst) Makes sense and just the second one from me, was there much incremental investment in the new single-family and commercial route to market in the half whether it's boots on the ground or any other OpEx?

Heath Sharp: No, nothing significant.

Niraj Shah: (Goldman Sachs, Analyst) Okay, thank you.

Operator: Your next question comes from Harry Saunders with E&P. Please, go ahead.

Harry Saunders: (Evans and Partners, Analyst) Oh, morning. Thanks for taking my questions. Just wondering, you provided EBITDA margin guidance for the full year, excluding Holman of an improvement. Given you said the same for the first half and then have now delivered a 10 basis point improvement including Holman, do you think a similar improvement for the full-year margin is achievable, particularly seeing as the PCP had four months of Holman in already?

Andrew Johnson: Harry, this is Andrew. It's hard to say. You know, we have given the guidance which was - on margin which was excluding Holman and we are not guiding here at the half margins including Holman. I don't anticipate it to be vastly different, but it is not something that we're going to provide.

Harry Saunders: (Evans and Partners, Analyst) Sorry, just to be clear, don't anticipate it to be vastly different to the PCP in the second half?

Andrew Johnson: Correct.

Harry Saunders: (Evans and Partners, Analyst) Thanks. Also, just wondering in EMEA, competitive price rises of sort of mid-single digits and I've seen you've now put through a 5% to 6% price increase in May. I mean can you just talk through the strong pricing in the context of a weaker market, is that - is this a sign things are expected to pick up there?

Heath Sharp: Oh, I think I wouldn’t jump that far out. I think it's a good sign that the market is accepting the routine of annual pricing moves. I think that's a positive. I don't think though it means you can stretch that all the way to people expecting an uptick. I would also say, as usual, the announced pricing always is subject to some level of negotiation sort of below the headline. Again, normal and pleased that it does feel normal in that sense.

Harry Saunders: (Evans and Partners, Analyst) Got it, thank you and just wanted to clarify, I think you mentioned this, but the full-year guidance, that's not constant currency, that's including sort of FX to date and [SPOT] going forward?

Andrew Johnson: That's correct, Harry.

Harry Saunders: (Evans and Partners, Analyst) Great, thank you.

Heath Sharp: Thanks, Harry.

Operator: Your next question comes from Brook Campbell-Crawford with Barrenjoey. Please, go ahead.

Brook Campbell-Crawford: (Barrenjoey, Analyst) Evening, thanks for taking my question and firstly, just around the Americas guidance for the full year, Andrew you mentioned that in the first half, it would have been about oh, a single-digit growth, excluding those two pull-forward dynamics you saw in the half. Then I guess you're saying for the full year, it'll be roughly flat. I guess by implication, that would suggest the second half would be down year-over-year.

I don't think that's what you're expecting given, Heath, your comments about steady trends. I just wanted to confirm that sort of low single-digit growth excluding those two pull-forward dynamics is probably the likely trend on a year-over-year basis in the second half as well.

Heath Sharp: Look, we're talking pretty small margins at this point, so splitting at 1% or 2%. I'm pretty comfortable that there is no real sort of change that we can see that's going to drive a different result within those half by - the issues that Andrew spelled out. The winter - I think last year was a normal winter. This year is feeling believe it or not like a less than normal winter in terms of volume. That sort of probably plays into it a little bit, but we're really, really at the margins here, Brook.

Brook Campbell-Crawford: (Barrenjoey, Analyst) Yes, understood. No, I appreciate that. I just wanted to clarify. Can you just maybe pass a comment on M&A? I guess it's been a

big focus for yourselves for a long time and you've made clear what you're looking for, but has the tariff [unclear] and changing macro - you know, made you think it's a pause, I guess, at this point on M&A or would you be happy to go ahead and execute despite some of those uncertainties?

Heath Sharp: I think we'd be happy to execute. I think - look, our think our due diligence is pretty thorough anyway. You probably - probably take even an extra look at the numbers at the number as you went through but it's not a massive list in any region of the things that we think could really add to our business. I think if the opportunity came up to look at one of those things that we really think would help us create value we'd look at it for sure.

Brook Campbell-Crawford: (Barrenjoey, Analyst) Understood. Just last one if I can squeeze a third question in? The EMEA sales then 5% in the half I think in late October at the Investor Day you were talking about more low single digit decline. So just I guess a bit of a shortfall there, any sort of colour you could provide there on just helping us understand perhaps why it was a little bit softer than what you thought in October?

Heath Sharp: Well, I think at the - late last year we said that if anything that would be at the softer end of the range, which is kind of where it ended up. The UK market has sort of been the - a bit frustrating as every time we thought we'd hit the bottom it seemed to have a little bit more to move.

I'd like to think that we've stabilised there but I will also acknowledge we've had a few false dawns over the last 12 months or so. So we really want to see that solidify over some several months before we'd be comfortable to say it's heading in the other direction. So I think it's prudent to be a little conservative in that outlook.

Brook Campbell-Crawford: (Barrenjoey, Analyst) Yes. Understood. Thanks.

Heath Sharp: Thanks Brook.

Operator: Your next question comes from Shaurya Visen with Bank of America. Please go ahead.

Shaurya Visen: (Analyst, Bank of America) Hi Heath. Hi Andrew. Thanks for taking my question. Two quick follow-ups, one on tariffs and one on the outlook. I'll start with the tariff question. I understand that there's no P&L impact for '25. That's fine. But how should we be thinking about P&L impact for next year? I understand there will be - there's

obviously a range but how should we be thinking about it? How are you thinking about it internally? Thanks.

Andrew Johnson: Hey, this is Andrew. The China tariffs that have - has gone through, which is another 10%, that went into place on 4 February and so what we're doing we're doing from a mitigation perspective is in flight as we speak. Not all of that gets enacted day 1. It'll be phased.

Some things we're going to be able to capture quicker. Some things are going to take a little bit longer. I think at this point it's a little premature to say what that's going to look like at the end of the process in July and August when that starts hitting the P&L. But I think we can say confidently generally we're fairly confident that we can manage the issue and it shouldn't have a significant impact in FY26.

Shaurya Visen: (Analyst, Bank of America) Thanks Andrew. Just a quick follow-up in that, your comments that most of the key products are manufactured within the region of sale. [Unclear] [and based on] the numbers you've told us, is that number around 70%...

Heath Sharp: I'm sorry Shaurya. You're really breaking up there. we - I can't catch that at all.

Shaurya Visen: (Analyst, Bank of America) Sure. In terms of your key products being manufactured in each region of sale, what's the percentage like of - across your portfolio - how much of that is manufactured within the region of sale?

Heath Sharp: So look, we've - I think the only number we've previously given out is we said on a total basis globally it's around 70%. I think it's fair to say the Americas is less than that. It is though quite a rapidly moving target right now as we move product to different parts of the world, make more it ourselves and so on. So I'm not really in a position to precisely set out that number for you today sorry.

Shaurya Visen: (Analyst, Bank of America) Sure. Thank you. The last is quick follow-up on Americas - just trying to get my numbers right here. So based on your guidance sort of implies that second half revenues down around 3%. Now, I understand your comments - you know, the pull-forward in demand and also the weather. But other part of - you know, it looks a very weak number. Is it just a soft number, as you pointed out too, or there is something within the market that we should be aware of?

Heath Sharp: No, there's nothing particular to call out. I think the world around us was expecting that the first half of calendar '25 was going to really bump up. We sort of hadn't

really called that. Unfortunately I think that appears to be the accurate - at least at this stage look like the accurate assessment, that it's going to continue at the current rate.

Honestly, that feels from a market point of view as though the market in total's flat to down and with product initiatives and new product releases we can do a little bit better than that. But that's - there's nothing to call out as far as we can see in the second half from a market point of view that's going to dramatically change how it's felt for six months to 12 months honestly.

Shaurya Visen: (Analyst, Bank of America) Thank you Heath. Thank you.

Heath Sharp: Thanks Shaurya.

Operator: The next question comes from Rohan Gallagher with Jarden Group. Please go ahead.

Rohan Gallagher: (Analyst, Jarden Group) Good afternoon Heath, Andrew. Good morning everybody. Most questions have been answered. From a capital allocation point of view however, with lower CapEx, significant manufacturing capacity in your key markets, good operating cash flow, Heath, what's the capital allocation priorities of the Company, given that you're now trending below your targeted long-term gearing range? Then, associated with that question, is really what are you seeing the market around M&A and is the willingness or reasonableness around price expectations moderating?

Heath Sharp: I think that's a really fair question, is - look, I - a couple of things. We're only just below the bottom end of our range and, honestly, given the uncertainty that's out there and what a trade war could do to inflation and so on I think we're really comfortable to have a strong balance sheet right now.

That said, is - and we sort of touched on this a little bit before - is we're definitely still looking for acquisition opportunities. I don't think our view on that's really changed. At this point I would say the - we don't anticipate a significant change in terms of valuations or what come to market and I think generally they're still private companies.

The timing of departure is their timing, not our timing, and for circumstances that are their own. So we will simply continue to put ourselves in the position to form relationships with those companies we think would be good additions to the business and see how it plays out.

Rohan Gallagher: (Analyst, Jarden Group) Heath, I'm aware that you've got some select price increases in the market and obviously you'll do everything before further price

increases for tariff risk mitigation, as you've articulated earlier. But for those price increases that you have announced, are you happy to share where you're at at the moment with respect to that?

Heath Sharp: I think the only price we've mentioned is the annual move in the UK. There's nothing beyond that to call out at this point Rohan.

Rohan Gallagher: (Analyst, Jarden Group) Finally if I may, obviously the only certainty we have right now is uncertainty in terms of what's happening in the next - in the short-term. But as you sort of position yourself towards FY26, do you feel with an inevitable recovery, particularly in the US, new margin expansion opportunities, given your manufacturing assets, given your FLEX and what are the sort of permutations around achieving that margin expansion?

Heath Sharp: I think - yes, there's opportunity there for sure. I mean, we talked a lot about volume being the - really the primary determinant of where our margin lands at. That applies to all of the regions. Absolutely it applies to EMEA. So I think in EMEA we would expect an uptick in Asia Pac volumes take-off. We'd expect an uptick there. I think we'd also expect it in America.

There are a couple of initiatives - to one of the questions earlier is to how much had we spent on pursuing commercial and new construction in the period and the answer is quite low. Were volumes to take off here and yield some additional margin we would direct some of that - those additional funds to those initiatives. But I think we'd also see a small increment in margin rate as well.

So I think we're really well-positioned. We've got capacity in all regions. The strengths of the team is really high. We've continued to invest in the business and our capabilities over the last few years. They've been pretty tough years in terms of managing costs and trying to drive the best possible outcome in a declined environment. But I think the teams have done really well to improve the business and the capabilities of the people and - I think we're really well-positioned. I just wish we were talking about it having taken off as opposed to trying to guess when it will. Frustrating, I can tell you - for all of us I know.

Rohan Gallagher: (Analyst, Jarden Group) I appreciate that. Thank you for your time gentleman.

Heath: Thank so much.

Operator: Your next question comes from Sam Seow with Citi. Please go ahead.

Sam Seow: (Analyst, Citi) Good morning guys. Thanks for taking my question. Hey, just want to be a little bit more direct and ask what your full year Group guide would have been at a constant FX? Just trying - I think we're just all trying to figure out or understand the translation headwind you've built into the Group guidance.

Andrew Johnson: So it's - that level of detail Sam is really not something that we're going to provide. What we've given is a range and so you can work out that from an FX standpoint. I mean, that's part of our guidance and that's what gives us the plus minus low single digits to being broadly flat.

Sam Seow: (Analyst, Citi) Okay. Then maybe on APAC - just following on, I think, from Ramon's question there - you've got the guide that implies almost a double-digit second half '25 growth excluding Holman. So just wondering how we should think about the sustainability of those growth rates and the initiatives there.

Heath Sharp: It's a fair question. Certainly there's a lot of those - the initiatives are driving that number. I would not extrapolate that number out forever at that rate. The timing has an impact just in terms of what we think hits in the second half.

Sam Seow: (Analyst, Citi) But presumably that timing rolls through to first half '26 and you get the full year annualization benefit or...

Heath Sharp: Yes, I think...

Sam Seow: (Analyst, Citi) ...even beyond that.

[Over speaking]

Heath Sharp: ...getting the full year of what we started in the first half. There's a little bit of that. But yes, I think there's probably a little bit more of that rolling into '26. We do think there's a lot of things there that we'd still work on in the coming years but it does feel like it will be quite a healthy second half there.

Sam Seow: (Analyst, Citi) That's helpful. Then just to round out the balance sheet, your target - you're obviously below your target now and obviously they're arguably on depressed EBITDA. So just confirming we're ruling out capital management due to the environment but we should think there's firepower there for an upcoming kind of commercial [unclear] transaction? Is that how we should be thinking about the capital allocation?

Heath Sharp: Sure. Sure.

Sam Seow: (Analyst, Citi) Okay. Then just maybe if I could squeeze one in on Europe. Continental Europe looks to have turned positive, interestingly after kind of a 30% fall. I guess in the UK it seems like...

Heath Sharp: Yes.

[Over speaking]

Sam Seow: (Analyst, Citi) ...down 30%. Are you starting to see a trough in the order intake or any kind of correlation or read through from continental...

Heath Sharp: Oh look...

Sam Seow: (Analyst, Citi) ...in regards to the UK?

Heath Sharp: ...I think, as we talked about a few times today, they came off a lot and it was always going to be a matter of starting to lap those really bad comps before we saw an uptick. So volumes aren't obviously back to where they were but happy that there's some action there from the pretty painful lows 12 months and a bit more ago.

Sam Seow: (Analyst, Citi) Okay. Thanks guys. Appreciate the colour.

Heath Sharp: Thanks Sam.

Operator: Your next question comes from Keith Chau with MST Marquee. Please go ahead.

Keith Chau: (Analyst, MST Marquee) Hi Heath. Hi Andrew. I'll try and keep this brief. Just the first part on EMEA, obviously there's some changes following the UK budget last year, principally around minimum wage increases, National Insurance et cetera.

Perhaps Andrew, can you help us understand the impact that that'll have on the business from an earnings standpoint and with the price increases that have been implemented in that region will be enough to offset broader inflationary pressures in addition to the impacts from the changes from the budget please? Thank you.

Andrew Johnson: Hi Keith. Wage inflation was our biggest line item in the first half and I think that probably will continue. I mean, you did have the National Living Wage increase - I think it was '24 is like 10% and I think it's 6.7% coming up in April of '25. So certainly we'll have to deal with that. It's in our planning, it's part of our guidance and we knew that it's going to be a challenge and something that we're going to have to offset.

Keith Chau: (Analyst, MST Marquee) Andrew, do you think price increases will be enough to cover that or will you have to look for more cost efficiencies through the business?

Andrew Johnson: I think it'll take a combination of both.

Keith Chau: (Analyst, MST Marquee) Okay, thank you. Heath, certainly it seems like the UK is the key area which is perhaps led to guidance being a touch softer than the market expected at least. It certainly seems as though the change in demand was quite swift towards the end of last year.

So as we exited calendar '24, was demand erosion accelerating to the downside? Because it certainly seems like the impacted - or the change was quite quick and we're only just starting to see the early parts of erosion in the UK - but please correct me if I'm wrong in assuming that things were worsening at the end of last year and into the start of this year.

Heath Sharp: Sorry, you're assuming it was worsening at the end of last year or that was a - the - you're...

Keith Chau: (Analyst, MST Marquee) Yes, that's right.

Heath Sharp: ...thinking of that as the...

[Over speaking]

Keith Chau: (Analyst, MST Marquee) ...that's right [unclear] worsening into the end of last year.

Heath Sharp: Yes, it's - I'm just really cautious about making any statements of what I think the UK's going to do. It's been a market where every - several times we thought we'd seen it as thought as it was going to be. I think we've seen some positive signs - small positive signs.

I think - I mean, I was there only last week or the week before and I was actually surprised that it wasn't all doom and gloom. I'd kind of braced myself for a really tough visit but it actually ended up feeling a lot better than that. That said, the demand hasn't picked up in terms or orders. But at the moment I'll take sort of a positive sentiment compared to where it was but we're being a little bit cautious and not get ahead or ourselves.

Keith Chau: (Analyst, MST Marquee) Okay. Fair enough. The second question there just - or perhaps Andrew - just any update on the progression of the global manufacturing review? I saw it was noted in the presentation but as you delve deeper into that project are you more or less surprised with the potential benefits you could potentially generate from global manufacturing rationalisation or change?

Heath Sharp: Look, I think there's definitely opportunities there. I would say we really though have diverted a lot of attention away from that sort of long-term activity to trying

to navigate the short-term in terms of what tariffs might look like. That's - we're pretty comfortable we can manage the tariff impact but it's going to take some managing - it's taking some resource there so that's really the focus today. But we've seen enough Keith to know that we'll definitely go back to those activities and we know there's a few things we can get our hands into and we'll provide more information on that when we've got a little bit of breathing space.

Keith Chau: (Analyst, MST Marquee) Okay, understood. Thank you. Just a very quick one to cover off Heath. The discussion on M&A, when you're looking at assets that may potentially come up for sale, are you ruling off offshore manufacturing and focusing on onshore manufacturing or are all acquisitions on the table at this point?

Heath Sharp: I think you've got to stay - there's not a thousand out there Keith so I think you've got to start with all of the ones that fit. You think about, you consider and you may draw a slightly different conclusion now than what you would at other times, but you've got to start with the same broad approach, I think.

Keith Chau: (Analyst, MST Marquee) Okay, thank you. Understood.

Heath Sharp: Thanks, Keith.

Operator: That is all the time we have for phone questions today. I'll now hand back to Mr Heath Sharp.

Moderator: I think we have one question. [Phil]?

Phillip Green: (Tradelink, Analyst) Just a quick one and it concerns the changes that Tradelink here in Australia, do we expect any impact on the APAC business? Have there been any change in our relationship with [unclear] since the new owners took control?

Heath Sharp: I think it's too early to say that there's going to be any – to know what the impact will be. For sure, we're engaged with Tradelink, it's a significant customer, as well as we have been at any point and we'll continue to do so. I don't think there's anything else really to call out at the moment.

Moderator: No more questions online.

Heath Sharp: Okay. Very good. Well, with that, I think we will wrap it up. I appreciate everyone's time to tune in this morning. Thank you very much. Have a good day.

Operator: That does conclude our conference for today. Thank you for participating. You may now disconnect.

End of Transcript