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A deferral of plumbing jobs from New York to London has sunk Reliance Worldwide's earnings

Reliance Worldwide boss Heath Sharp says you can only delay plumbing jobs so long, with the plumbing supplies business ready for an upturn in projects.

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Reliance Worldwise CEO Heath Sharp. Picture: Jeremy Piper

Plumbing supplies maker Reliance Worldwide is not tipping any improvement for its operations this year, but as cash-strapped homes and businesses delay repair and maintenance projects – to see pipes burst and the loss of hot water – there will be an eventual uptick.

Chief executive Heath Sharp said across the US, Britain, Europe and Australia customers were putting off projects, which was especially acute in the UK and Europe, where homeowners were deciding not to install underfloor heating in backyard conservatories or offices were opting against installing beverage dispensers in office kitchenettes.

This was having a flow on effect to demand for Reliance Worldwide's portfolio of plumbing products, from pipes and connectors that carry water and heat, to plastic outlets that deliver water, air and gas.

"We plan that there is no recovery, for the whole calendar year," Mr Sharp said on Monday as Reliance Worldwide posted a 23.4 per cent slide in its interim profit. But he believed "we must be getting pretty close to that point" of where those repair and maintenance jobs to plumbing infrastructure would be vital, at which point Reliance Worldwide, which had restructured parts of its business in light of lower volumes, would be ready to "rock and roll".

The British market remained "the most difficult market" to read, Mr Sharp added, with a recovery in that region possibly not visible until 2025.

The strains on Reliance Worldwide, which last week unveiled the $160m acquisition of manufacturer and distributor Holman Industries to give it a bigger footprint in Australia, showed up in its December half results. It posted a 23.4 per cent slump in its interim profit to $US51m ($A78m) on a 2 per cent fall in sales to $589.5m. Adjusted earnings were down 3 per cent but were ahead of analysts forecasts by as much as 4 per cent, helped by better margins in its US arm.

Shares in Reliance Worldwide rallied 10 per cent on the results to $4.84.

The plumbing supplies company has also rejigged its dividend policy – that in effect will shave the direct payment to shareholders – to adopt a revised distribution policy that will comprise a mix of 50 per cent dividends and 50 per cent on-market share buybacks. The dividend restructure was driven by the dwindling unfranked dividends it had access to as its business and profits expand offshore.

It's only a matter of time before repair and maintenance jobs on plumbing infrastructure becomes vital, according Reliance Worldwide.

To reflect this new policy, Reliance Worldwide on Monday announced a distribution of $US4.5c per share, made up of an unfranked interim dividend of $US2.25c per share (paid on April 5) and on-market share buyback of $US17.8m. This compares to an interim dividend declared for the same period last year of $US4.5c per share.

Reliance Worldwide said it has witnessed continued subdued trading conditions across its key markets in the US and Europe, but was able to bolster its performance with the release of new product sales.

However, the release and rollout of new products such around its popular SharkBite Max brand, distribution expansion for its EZ-Flo gas appliance connectors and the rollout of a new PEX-a pipe and expansion fittings wasn't enough to arrest the slide in its earnings.

In the Americas sales were flat while earnings rose 20 per cent, in the Asia Pacific sales fell 21 per cent and earnings were down by 70 per cent while in Europe and Britain sales fell 7 per cent and earnings fell 21 per cent.

Mr Sharp said Britain remained a particularly tough market, where plumbing and heating sales were down 6 per cent and speciality plumbing supplies sales down 20 per cent. The company had decided to trim its management ranks in Britain by around 10 as it reshaped its business to cope with the slower volumes which were coming from both homeowners and businesses.

“In the UK it's common to have at the back of a house a glass conservatory, and pretty common to put underfloor heating under that, that is a discretionary spend and considering the outlook many probably won’t put underfloor heating. And with beverage dispenser, so dispensers that deliver sparkling water etc, not a lot of companies are investing in sparkling dispensers in their offices.”

Continental Europe sales down 21 per cent, due to lower sales of water filtration and drinks dispensing products.

Reliance Worldwide has stuck to its guidance of low to mid-single digit sales for fiscal 2024 and stabilised earnings margins, although margins are still expected to be lower in the Asia Pacific and Europe/Britain but higher in the US.