

# PRESS RELEASE

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## Reliance Worldwide Quick to Lock in \$165m Order

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And the pincer move begins.

Reliance Worldwide Corp's Munz family - and its brokers JPMorgan and Macquarie Capital - are \$165 million closer to their targeted \$918.8 million initial public offering, thanks to a cornerstone process which has tied up a large bundle of shares.

As part of the pre-marketing process, Reliance's team locked in \$165 million of commitments from institutional investors at the big end of town.

The fundies signed up to pay \$2.50 a share - or 25.6-times 2016 financial year profit - for the right to have a first look and be given priority allocations. The \$165 million cornerstone bid is binding and backed by non-binding commitments at lower levels in the price range.

It's a move designed to build momentum for Reliance and its brokers, reducing the number of shares they need to sell between now and the April 29 listing date.

With at least \$165 million locked up and another 25 per cent of the offer pegged for retail investors, domestic and offshore fundies not already in the book are bidding for about \$500 million worth of stock.

Fundies have seen it before. Most recently, the move helped Healthscope raise \$2.26 billion at towards the top of its price range in mid 2014.

As Street Talk revealed on Monday, Reliance is seeking to raise \$715.1 million to \$918.8 million at \$2.27 to \$2.50 a share. The deal values Reliance's equity at \$1.19 billion to \$1.31 billion.

Reliance began formal marketing in the United States on Monday night, Australian time, and will spend the rest of the week offshore before fronting up to the locals. Americans are familiar with Reliance's story, with 66 per cent of its sales coming in the continent last financial year.

The pitch is all about Reliance's strong earnings growth and margins, with growth coming from its "SharkBite" trademark plumbing products, which can be installed without any welding.

The company expects to make \$534.9 million net sales in the 2016 financial year, increasing to \$587.8 million next year. Profit is expected to be \$51.3 million this year, increasing to \$62.6 million in 2017.

Reliance's brokers - headed by sole global co-ordinator JPMorgan and lead manager Macquarie Capital - also opted for a greenshoe to support the stock in the after market, should it be required.

Existing owners the Munz family, which is represented on Reliance's board by chairman Jonathan Munz, will retain a 30 per cent to 40 per cent stake on listing. Chief executive Health Sharp will own another 0.2 per cent. The shares will be held under a voluntary escrow.

Source: <http://www.afr.com/street-talk/reliance-worldwide-quick-to-lock-in-165m-order-20160410-go37k0>

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