

# PRESS RELEASE

---

## Reliance Worldwide to Raise Up To \$919m For Float

PUBLISHED 11 APRIL 2016

BY TIM BINSTED

THE AUSTRALIAN FINANCIAL REVIEW

--

The Munz family and its bankers are primed for a windfall with plumbing products maker Reliance Worldwide Corporation set to raise up to \$919 million in the local market's biggest float of 2016.

Reliance, which sells valves, water meters, thermostatic controls and other plumbing supplies, will offer between 315 million and 367.5 million shares at \$2.27 to \$2.50 a piece, according to prospectus documents lodged on Monday afternoon.

The Melbourne-based Munz family, the sole shareholder, has owned the business since 1986 and stands to reap hundreds of millions from the float. Munz family interests, via the GSA Group entity, will retain between 30 per cent and 40 per cent of the stock after the selldown.

The Munz family stock will remain in escrow until the 2016-17 result is lodged.

The bookbuild to determine the final price will open on April 27 and the company will commence trading on the ASX on April 29. Assuming it prices at the top end of the offer range, Reliance will hit ASX boards with a market capitalisation of up to \$1.3 billion.

As reported by Street Talk brokers Evans & Partners, Ord Minnett and Morgans will handle the retail component of the offer, while Macquarie and JPMorgan have charge of the institutional offer.

Reliance's brokers are in for a hefty windfall. JPMorgan will bank a fee of \$2 million and all the joint lead managers will split a distribution fee of 1.75 per cent, up to \$16 million, as well as an incentive fees of up to 1.5 per cent of the offer, or up to \$13.8 million.

Lawyers Herbert Smith Freehills have earned a \$1.8 million fee.

### BOON FOR FADING IPO MARKET

The deal is a boon for an IPO market that has been fading. A spate of private equity exits resulted in consecutive bumper years in 2014 and 2015 but the pipeline has thinned considerably since then.

The company expects to generate sales of \$534.9 million in 2015-16 and \$587.8 million in 2016-17.

Sales have grown at a compound annual rate of 13.3 per cent from 2005 to 2015.

It is forecasting earnings before interest, tax, depreciation and amortisation (EBITDA) of \$97.8 million and \$117.7 million, respectively, in each of those years.

Based on the indicative offer range, the IPO is priced at between 11.4 times and 12.5 times enterprise value to EBITDA and a price-to-earnings ratio of 19 to 21 times, based on 2016-17 numbers.

Reliance generates more than three-quarters of its revenue from outside Australia, with 61 per cent of its sales coming from the United States and 23 per cent in Australia.

The group also has operations in Britain, Spain, Canada and New Zealand. It employs more than 800 people and operates 11 manufacturing facilities globally. About 70 per cent of its product sales are manufactured by Reliance.

Earnings in the core US market should be bolstered by the nascent new home building recovery, with new home construction slowly gathering steam after the 2008 financial crises.

Reliance services both residential and commercial markets and has long-standing relationships with distributors such as Home Depot, Rheem, Reece and Tradelink.

Its key brands include Shark Bite, Cash Acme, Auspex, Reliance Water Controls and RMC Water Valves.

In a market where chief executives often serve just five-year terms, Reliance has a lot of longevity in its management team.

Chairman Jonathan Munz, chief executive Heath Sharp and chief financial officer Terry Scott have been with the company for 30, 26 and 26 years, respectively.

The company intends to pay out between 40 and 60 per cent of net profit in dividends

Source: <http://www.afr.com/business/reliance-worldwide-to-raise-up-to-919m-for-float-20160411-go3nza>

---

### Sydney Office

Level 23, Australia Square, 264 George Street, Sydney NSW 2000

**Telephone:** + 61 2 9271 0700 **Facsimile:** +61 2 9271 0777

### Melbourne Office

Level 2, 18 Oliver Lane, Melbourne VIC 3000

**Telephone:** +61 3 9666 3900 **Facsimile:** +61 3 9666 3999

