

# PRESS RELEASE

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## Reliance Worldwide IPO Likely to Reach Top End of Range

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Surging demand for up to \$918.8 million worth of shares in plumbing manufacturing juggernaut Reliance Worldwide looks set to leave the largest float of the year covered at the top end of its \$2.27-\$2.50-a-share valuation range when books on the offer open today.

The intense appetite underscores the hunger for growth among international and domestic investors and flies in the face of the sombre mood that has engulfed the local IPO market recently, following a string of high-profile disappointments.

Reliance, a plumbing and manufacturing company that specialises in behind-the-wall, push-to-connect products, has printed compound annual revenue growth of 13 per cent over the past decade and is forecasting a 20 per cent profit uplift for 2016-17.

As concerns about low corporate growth rates escalate, Reliance's projected figures have come as a siren call to investors.

Much of the interest stems from offshore institutions, and in a well-worn tactic on sought-after deals, local, long-only fund managers are likely to find their allocations scaled back in an effort to spur the shares higher when they debut on the ASX next month.

Despite persistent concerns among domestic investors about Reliance's perceived frothy valuation range of 18-22 times forecast earnings, the snowballing demand has prompted expectations the stock may trade at the loftier level of 24 times forward earnings.

One caveat is the company's exposure to exchange rate fluctuations. Reliance derives the bulk of its earnings from the US. A sharp rise in the local currency could trigger an earnings downgrade.

Cornerstone investors have shown strong support for the deal.

The books on Reliance's \$718m-\$919m equity raise open this morning and are due to close tomorrow. If, as expected, the company prices at the peak of its valuation range it will list on the stockmarket at a market capitalisation of \$1.3 billion.

Oaktower Partnership is acting as lead financial adviser to Reliance, together with JPMorgan, sole global co-ordinator to the IPO. Macquarie is joint lead manager.

Source: <http://www.theaustralian.com.au/business/dataroom/reliance-worldwide-ipo-likely-to-reach-top-end-of-range/news-story/c75252439ae04bfd6bf2b8a3796bd684>

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