



ASX Announcement

15 May 2017

RWC ACQUIRES HOLDRITE – STRATEGICALLY ALIGNED USA BOLT-ON BUSINESS EXPECTED TO ACCELERATE ENTRY INTO RESIDENTIAL AND COMMERCIAL NEW CONSTRUCTION MARKETS

- Supports RWC’s strategy of delivering solutions that help contractors save time and improve efficiency while also creating value for our distribution channel partners.
- Accelerates RWC’s entry into residential and commercial new construction markets in North America.
- Expected to be EPS accretive in the first full year of ownership.
- To be funded with committed financing from existing lenders.

HOLDRITE ACQUISITION

Reliance Worldwide Corporation Limited (ASX: RWC) (“RWC”) announces today that it has entered into a Stock Purchase Agreement to acquire all the issued shares of Securus, Inc. (trading as HOLDRITE) (“HOLDRITE”) for a purchase consideration of US\$92.5 million (\$A125.2 million). Completion, subject to customary conditions and regulatory approvals, is expected to occur before 30 June 2017. A portion of the purchase consideration will be placed in escrow and released to the vendor over a two year period as escrow conditions are satisfied. The acquisition will be funded through committed financing from RWC’s existing lenders.

HOLDRITE is a market leader in providing innovative engineered product solutions to solve the everyday problems of plumbers and contractors and facilitate professional and time saving installations. It has developed a largely patented product portfolio which includes secondary pipe support solutions, acoustic isolation solutions, water heater accessories, fitting restraints and firestop systems, many of which hold market leading positions. It sells its products to the plumbing and mechanical contractor markets, mainly through wholesale distribution channels, for use in the residential and commercial new construction markets and the re-model market. HOLDRITE has a manufacturing facility in Tennessee and distribution centres in Tennessee and Nevada. More than 98 per cent of its product sales occur in the United States and Canada.

The acquisition of HOLDRITE aligns with RWC’s growth strategy of seeking to deliver commercial solutions that make the trade more effective and efficient while also adding value to our distribution channel partners. It builds upon RWC’s and HOLDRITE’s mutual customer base, bringing additional revenue growth opportunities by adding differentiated products that are complementary and adjacent to the current RWC product offering. HOLDRITE’s business will bring scale to RWC America’s Wholesale channel, providing improved channel diversification, and will accelerate RWC’s entry into the residential and commercial new construction and the re-model markets in North America. RWC has developed a plan to integrate HOLDRITE’s and RWC’s operations to leverage these opportunities. The acquisition will also bring valuable new human capital into RWC, enhancing R&D and innovation capability.

HOLDRITE has delivered strong earnings growth, with historical revenue growth (CAGR) of greater than 20% over the 3 years ended 31 December 2016. RWC expects HOLDRITE to generate a pro forma EBITDA in excess of US\$10 million for the 12 months ended 30 June 2017. RWC expects the HOLDRITE business to continue delivering strong revenue and EBITDA growth and to make a solid margin contribution. The acquisition is expected to deliver mid to high single digit EPS accretion in the first full year of ownership.

RWC’s Chief Executive Officer, Mr. Heath Sharp, said: “The acquisition of HOLDRITE is consistent with our strategy of acquiring businesses which deliver products complementary to our existing product range that will benefit from RWC’s extensive distribution channels or provide access for RWC’s product portfolio to new distribution channels.”



“We have always maintained that we would look at opportunities to acquire businesses with clever products which make the contractor’s life easier and where we can amplify growth through our distribution network. HOLDRITE is a well-established business which will bring to RWC a broad product range which we can sell through our extensive global distribution channels. It also has valuable intellectual property and an innovation culture which will further boost RWC in that area. HOLDRITE is very active in the residential and commercial new construction markets which provides us with an opportunity to accelerate sales and distribution for our recently launched EvoPEX system.”

“We are pleased that HOLDRITE’s key management will be staying with the business and look forward to welcoming the HOLDRITE team to RWC.”

Mr. Sharp further commented that there is no change to RWC’s successful ongoing strategy for SharkBite Push-to-Connect fittings and accessories, which primarily focus on the repair and renovation market.

Borrowing facilities

RWC’s Australian borrowing facilities will increase to \$A350 million with existing lenders committing to a \$A100 million increase to the available limits. The maturity date for these facilities has been extended by one year to 30 September 2020.

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