The Reece Group

Works for you

Acquisition of MORSCO and A$560m equity raising

7 May 2018

reece group™

Important notice and disclaimer

Disclaimer

The following notice and disclaimer applies to this investor presentation (**Presentation**) and you are therefore advised to read this carefully before reading or making any other use of this Presentation or any information contained in this Presentation. By accepting this presentation you represent and warrant that you are entitled to receive the Presentation in accordance with the above restrictions and agree to be bound by the limitations contained herein.

This Presentation has been prepared by Reece Limited (ACN 004 313 133) (**Reece**). This Presentation has been prepared in relation to:

- Reece's acquisition of MORSCO Inc. (**MORSCO**)
- a fully underwritten 1 for 11 pro-rata accelerated non-renounceable entitlement offer of new Reece fully-paid ordinary shares (**New Shares**) (**Entitlement Offer**) to be made under section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73; and
- an institutional placement of New Shares to certain professional and sophisticated investors (**Placement** and together with the Entitlement Offer, the **Offer**).

The Entitlement Offer will be made to eligible retail shareholders of Reece (**Retail Entitlement Offer**) and eligible institutional shareholders of Reece.

Summary information

This Presentation contains summary information about Reece and its activities which is current only as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Reece or that would be required to be included in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

Reece's historical information in this Presentation is, or is based upon, information that has been released to the Australian Securities Exchange (**ASX**). This Presentation should be read in conjunction with Reece's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au. Certain information in this Presentation has been sourced from MORSCO and its associates. While steps have been taken to review that information, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy. Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither Reece nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications.

Not an offer

This Presentation is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with the Australian Securities and Investments Commission (**ASIC**)) or any other law. This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction. The retail offer booklet for the Retail Entitlement Offer will be available following its lodgement with the ASX. Any eligible retail shareholder who wishes to participate in the Retail Entitlement Offer should consider the retail offer booklet in deciding whether to apply under that offer.

The release, publication or distribution of this Presentation (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Presentation, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws. Refer to the 'International Offer Restrictions' section in Part 9 of this Presentation for more information.

Not for release or distribution in the United States of America

This Presentation may not be released or distributed in the United States. This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the New Shares nor the entitlements have been, nor will be, registered under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly neither the New Shares nor the entitlements may be offered or sold, directly or indirectly, in the United States, unless they have been registered under the U.S. Securities Act (which Reece has no obligation to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable United States state securities laws.

Not investment advice

This Presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation by Reece or its advisers to acquire entitlements or New Shares and does not and will not form any part of any contract for the acquisition of entitlements or New Shares. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of Reece and the impact that different future outcomes may have on Reece.

Important notice and disclaimer

Not investment advice (cont.)

This Presentation has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. Reece is not licensed to provide financial product advice in respect of Reece shares.

Future performance

This Presentation contains certain 'forward looking statements', including but not limited to projections, guidance on future revenues, earnings, margin improvement, other estimates, the timing and outcome of the MORSCO acquisition, the outcome and effects of the Entitlement Offer and Placement and the use of proceeds, and the future performance of Reece and MORSCO post-acquisition (the **Combined Group**). Forward looking statements can generally be identified by the use of forward looking words such as, 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' 'outlook', 'guidance', 'potential' and other similar expressions within the meaning of securities laws of applicable jurisdictions. The forward looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Reece, its directors and management, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Refer to the 'Key Risks' section in Part 8 of this Presentation for a summary of certain general, Reece-specific and MORSCO acquisition-specific risk factors that may affect Reece, MORSCO and the Combined Group. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in this Presentation. Investors should consider the forward looking statements contained in this Presentation in light of those disclosures. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this Presentation. The forward looking statements are based on information available to Reece as at the date of this Presentation. Except as required by law or regulation (including the ASX Listing Rules), Reece undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

Investment risk

An investment in Reece shares is subject to known and unknown risks, some of which are beyond the control of Reece. Reece does not guarantee any particular rate of return or the performance of Reece. Investors should have regard to the risk factors outlined in this Presentation, including the 'Key Risks' in Part 8 when making their investment decision.

Financial data

All financial information in this Presentation is in Australian Dollars (A$) unless otherwise stated. Reece has a June financial year end and MORSCO has a December financial year end. The historical information in this Presentation relating to Reece includes information that is, or is based upon, information that has been released to the ASX. This Presentation should be read in conjunction with Reece's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

Investors should note that this Presentation contains pro forma historical and forward looking financial information. In particular, a pro forma balance sheet as at 31 December 2017 has been prepared by Reece based on the half year reviewed Reece and audited MORSCO balance sheets as at that date and certain acquisition adjustments. The pro forma and forward looking financial information, and the historical information, provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Reece's views on its future financial condition and/or performance.

The pro forma financial information has been prepared by Reece in accordance with the recognition and measurement principles, but not the disclosure requirements, of Australian Accounting Standards (**AAS**) and Reece's adopted accounting policies of applicable accounting standards and other mandatory reporting requirements in Australia. The purchase price accounting for the acquisition in this Presentation has been shown on an illustrative basis. Reece will undertake a formal fair value assessment of all of the tangible and intangible assets, liabilities and contingent liabilities of MORSCO post-acquisition, which may give rise to different values to those used for the purposes of the pro forma financial information set out in this Presentation. Investors should also note that the pro forma financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission (**SEC**). Such information does not purport to comply with Article 3-05 of Regulation S-X.

Investors should be aware that certain financial measures included in this Presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under AAS and International Financial Reporting Standards (**IFRS**). The non-IFRS financial information/non-GAAP financial measures include EBITDA, as shown on slides 5, 6, 9, 23, 27 and 29. Reece believes the non-IFRS financial information/non-GAAP financial measures provide useful information to users in measuring the financial performance and conditions of Reece. The non-IFRS financial information/non-GAAP financial measures do not have a standardised meaning prescribed by AAS and IFRS. Therefore, the non-IFRS financial information is not a measure of financial performance, liquidity or value under the IFRS and may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this Presentation. This information is unaudited.

Important notice and disclaimer

Effect of rounding
A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

Past performance
Investors should note that past performance, including past share price performance of Reece and pro-forma historical information in this Presentation, is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future Reece performance including future share price performance. The pro-forma historical information is not represented as being indicative of Reece's views on its future financial condition and/or performance.

Disclaimer
None of the underwriter, nor its or Reece's respective advisers or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees and agents have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, for the avoidance of doubt, and except to the extent referred to in this Presentation, none of them makes or purports to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them.

To the maximum extent permitted by law, Reece, the underwriter and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents exclude and disclaim all liability, including without limitation for negligence or for any expenses, losses, damages or costs incurred by you as a result of your participation in or failure to participate in the Entitlement Offer or the Placement and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

To the maximum extent permitted by law, Reece, the underwriter and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation and, with regards to the underwriter, its advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents take no responsibility for any part of this Presentation or the Entitlement Offer or the Placement.

The underwriter and its advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents make no recommendations as to whether you or your related parties should participate in the Entitlement Offer or the Placement nor do they make any representations or warranties to you concerning the Entitlement Offer or the Placement, and you represent, warrant and agree that you have not relied on any statements made by the underwriter, or any of its advisers, affiliates, related bodies corporate, directors, officers, partners, employees or agents in relation to the Entitlement Offer or the Placement and you further expressly disclaim that you are in a fiduciary relationship with any of them.

Determination of eligibility of investors for the purposes of the institutional and retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Reece and the underwriter. Each of Reece, the underwriter and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law. Statements made in this Presentation are made only as the date of this Presentation. The information in this Presentation remains subject to change without notice.

Acceptance, Withdrawal and Cooling-off
By attending an investor presentation or briefing, or accepting, accessing or reviewing this Presentation you acknowledge and agree to the terms set out in this 'Important Notice and Disclaimer'.

Reece reserves the right to withdraw, or vary the timetable for, the Entitlement Offer or the Placement without notice.

Cooling off rights do not apply to the acquisition of New Shares.

Table of Contents

Overview of the transaction

Acquisition overview

- Reece has entered into a binding agreement to acquire MORSCO Inc. ("MORSCO"), for ~US$1,440m (A$1,910m[1])
- Reece has been engaged with MORSCO and its vendor global private equity firm Advent International for considerable time and entered the binding agreement following a period of exclusive due diligence
- Implied acquisition multiple of 14.4x[2] pro-forma adjusted EBITDA[3] for the 12 months ended 31 December 2017

MORSCO overview

- MORSCO is a leading US distributor of plumbing, waterworks and heating & cooling equipment ("HVAC") products
- Distributes over 125,000 products from 5,000 vendors through its 171 branch network
- MORSCO achieved adjusted sales[4] of US$1,716m (A$2,276m) and pro-forma adjusted EBITDA[4] of approximately US$100m (A$133m) in the 12 months ended 31 December 2017

Strategic rationale

- Strategic platform in the growing US Sun Belt region
- Access to large, growing markets with strong demand drivers
- Experienced management team with deep industry knowledge and a proven track record
- Ability to leverage operational expertise and relationships
- Significant opportunity to drive future organic and acquisition led growth

Note:[1] Fx rate of A$1.00 = US$0.7539 used to convert all US$ metrics in this presentation; [2] Before transaction costs; [3] Pro-forma adjusted MORSCO EBITDA for 12 months ended 31 December 2017; [4] Refer to basis of adjusted sales and pro-forma adjusted EBITDA on page 9 of this presentation

Overview of the transaction

Expected financial impact	∕ Mid-to-high single digit EPS accretion expected in the first full year of ownership on an NPATA basis[1] ∕ Pro-forma for the acquisition, Reece's net debt / EBITDA[2] as at 31 December 2017 was 2.9x. The acquisition is expected to complete in July 2018 ∕ Committed to deleveraging the business and focus on prudent balance sheet management ∕ No cost or operational synergies have been assumed in the acquisition metrics

Funding	∕ The deal will be partially funded through a fully underwritten A$560m dollar equity raising, comprising
	    ∕ A$421m pro-rata accelerated non-renounceable entitlement offer ("Entitlement Offer")
	    ∕ A$139m institutional placement ("Placement")
	∕ The Wilson Family, Reece's major shareholder group, is supportive of the acquisition and will subscribe for A$300m of New Shares as part of the equity raising
	    ∕ Retail shareholders are being offered the opportunity to apply for Additional Shares above their entitlement to enable them to maintain their proportional shareholding as at the record date following completion of the Entitlement Offer and Placement
	∕ US$1,140m 7-year senior secured term loan B facility which will be sold into the US institutional market. The facility is fully underwritten and offers long term, flexible financing with no financial maintenance covenants
	∕ US$100m, 5-year fully underwritten, multi-currency, revolving credit facility

Regulatory and timing	∕ Regulatory approvals (including antitrust) and other customary closing conditions ∕ Anticipated closing in July 2018

Note:[1] Based on NPATA, excluding transaction costs and amortisation of acquired identifiable intangibles. The impact of the purchase price accounting has not been completed, which will impact future depreciation and amortisation charges which will impact on Reece's NPAT. In accordance with AASB 133, Reece standalone EPS has been restated based on an adjustment factor to take into account the bonus element of the Offer; [2] Pro-forma adjusted EBITDA for MergeCo for 12 months ended 31 December 2017 of A$505m

Table of Contents

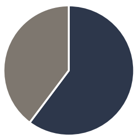
MORSCO overview

/ MORSCO is a leading US distributor of plumbing, waterworks and HVAC products

Operational Platform

/ MORSCO distributes over 125,000 products from 5,000 vendors to more than 275,000 customers

Plumbing

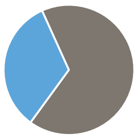


US$1,033m
60% CY17
Sales

/ Plumbing products to trades in residential & commercial

/ 111 branches
/ 10 states
/ ~1,600 employees

Waterworks

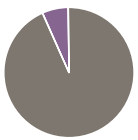


US$570m
33% CY17
Sales

/ Underground water infrastructure products for utility, general and municipal contractors

/ 49 branches
/ 13 states
/ ~600 employees

HVAC



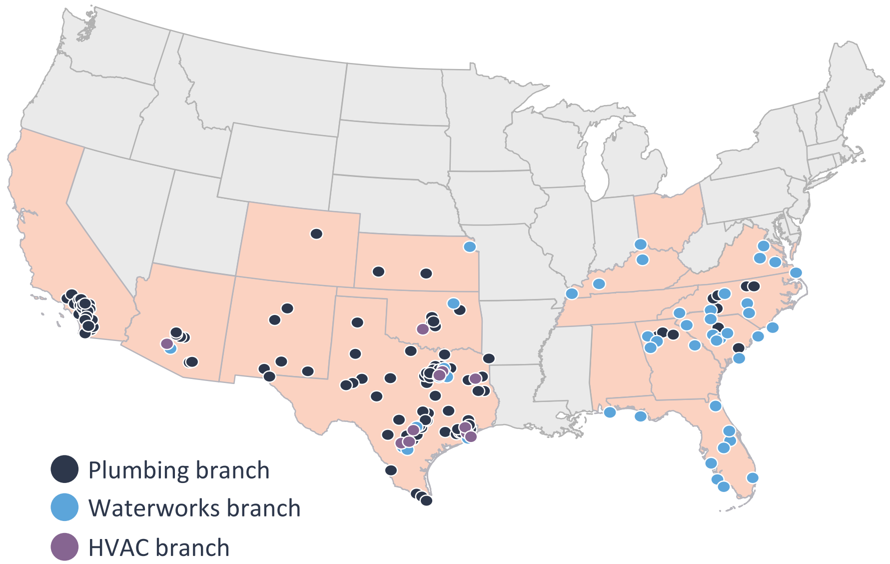
US$112m
7% CY17
Sales

/ HVAC equipment and supplies to HVAC contractors

/ 11 branches
/ 3 states
/ ~150 employees

Distribution Scale

/ Presence in 16 states in the US, with 171 branches and ~2,500 employees[1]

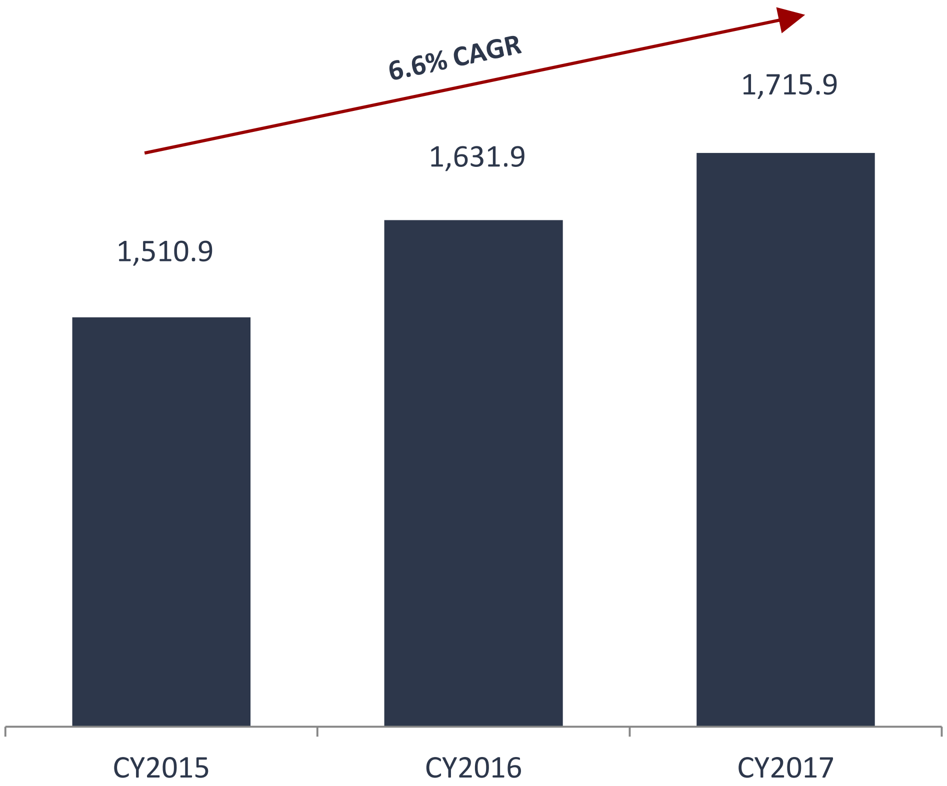


Note: [1] Includes support staff that sit at the MORSCO corporate level, rather than at a division

Attractive financial profile

/ MORSCO has delivered consistent sales and earnings growth

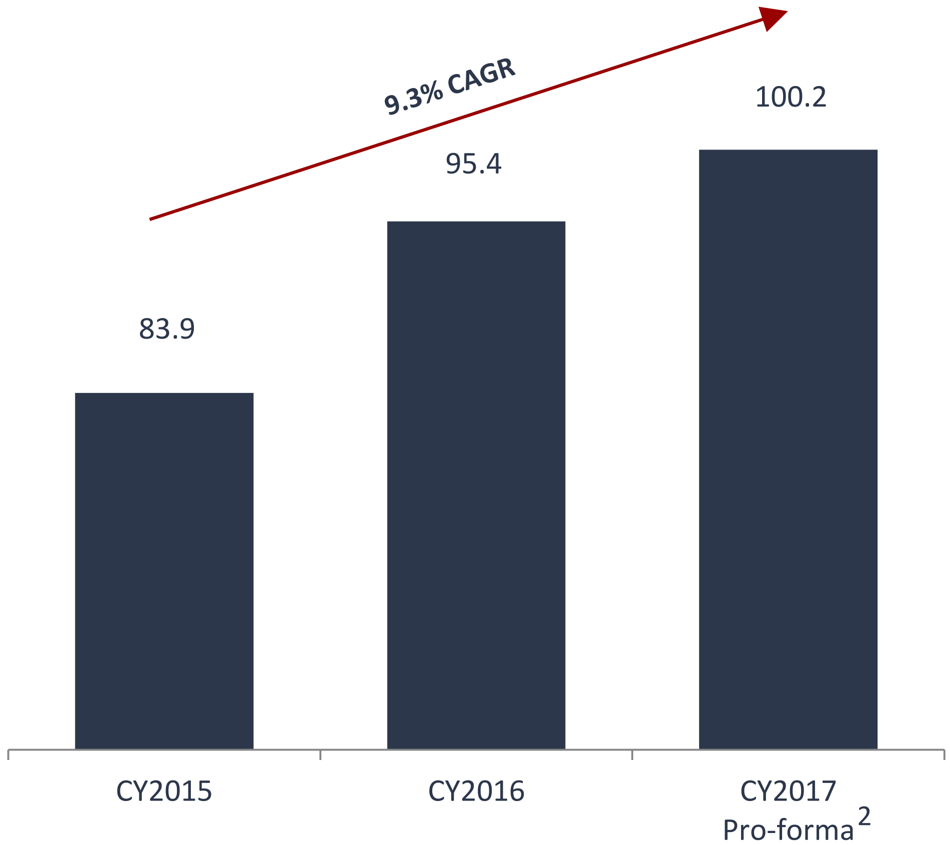
Adjusted sales[1] (US$m) and growth (%)



Growth (%)

CY2015	CY2016	CY2017
	8.0%	*5.1%*

Adjusted EBITDA[1] (US$m) and margin (%)



Margin (%)

CY2015	CY2016	CY2017 Pro-forma[2]
5.6%	*5.8%*	*5.8%*

31 December year end. Note: [1] Adjusted sales and EBITDA reflects MORSCO reported sales and EBITDA adjusted to exclude the impact of certain normalisation items identified during the due diligence; [2] In CY2017, MORCSO made changes to its purchasing function to drive savings in its supply chain. The pro-forma adjusted EBITDA in CY2017 includes the full year anticipated effect of these changes as if they had been in place from the start of the year and is adjusted for startup costs associated with opening new branches during the year

MORSCO – Plumbing overview

Operational strengths and opportunities

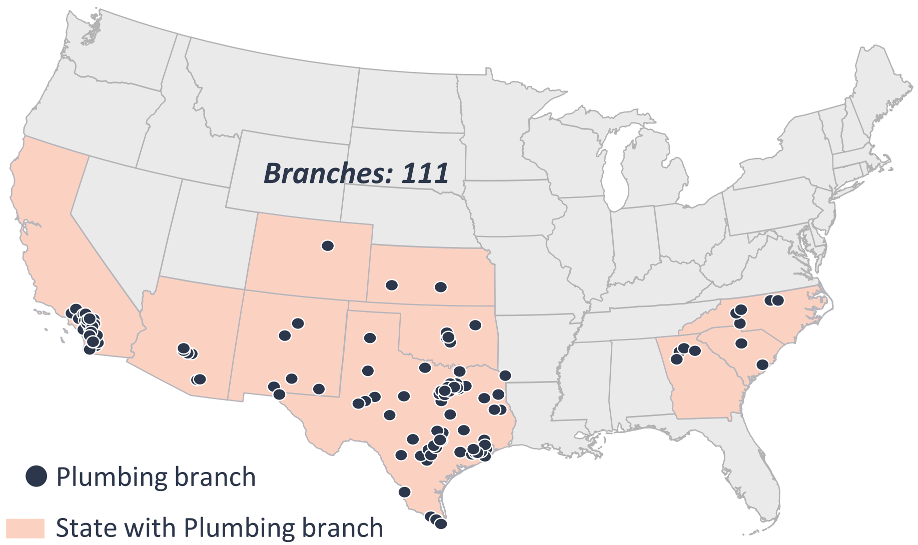
Strengths

- Scalable business with leading market position in the highest growth US states, focused in the Sun Belt region
- Diverse base of over 260,000 active customers, with no individual customer representing >2% of sales in CY17
  - Average tenure for top 10 customers of 13 years
- Long term, deep relationships with suppliers
  - Average tenure for top five suppliers of 30+ years
- Experienced leadership team

Opportunities

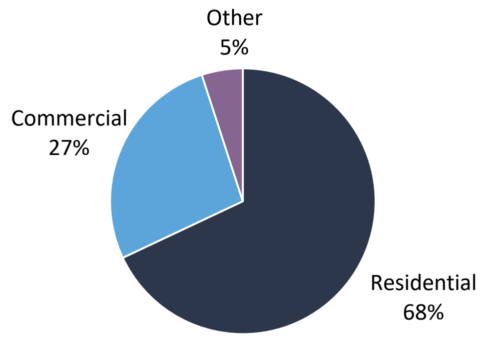
- Access to large US$32bn growing market with consolidation opportunities in a highly fragmented space
- Extensive greenfield pipeline
- Margin expansion from ongoing operational initiatives
- Build on recent business integration of system platforms

Geographic footprint

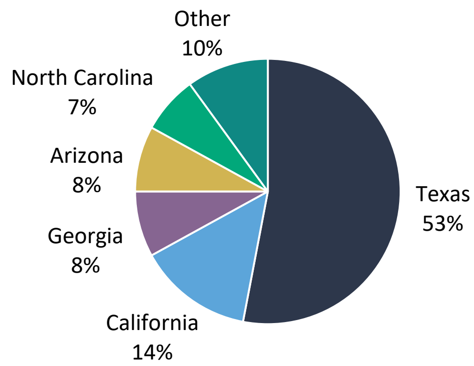


Sales breakdown (CY17)

By end market (CY17)



By state (CY17)



Source: Public information, third party reports and management estimates

MORSCO – Waterworks overview

Operational strengths and opportunities

Strengths

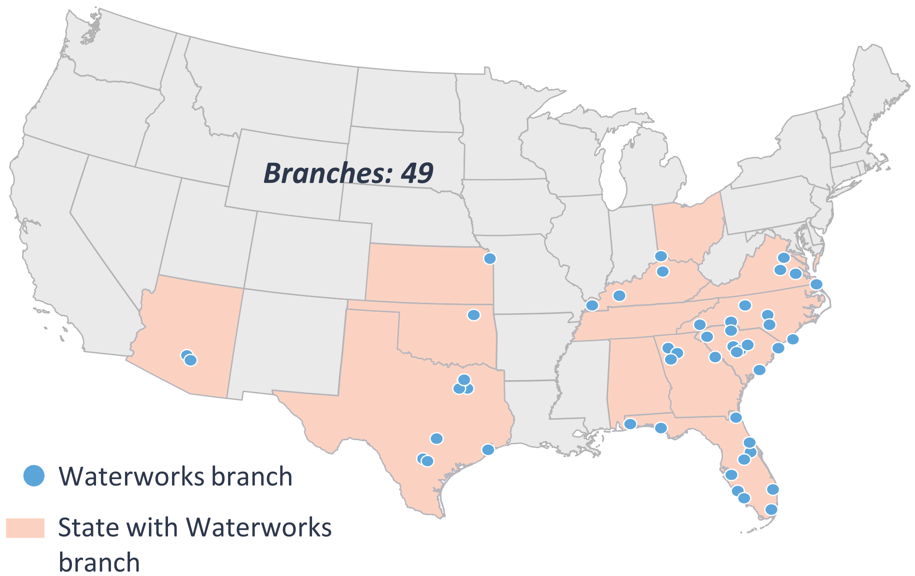
- Market leading distributor of underground water infrastructure products
- Leading position in majority of served areas
- Diversified product mix and balanced exposure across residential, commercial, and public infrastructure construction end markets
- Relationships with over 5,000 active customers, and with no individual customer representing >2% of sales in CY17

Opportunities

- Highly attractive, fast-growing footprint with a backdrop of strong residential demand drivers
- Leveraged to growing, less cyclical, public water infrastructure works
- Strong greenfield pipeline supplemented by consolidation opportunities

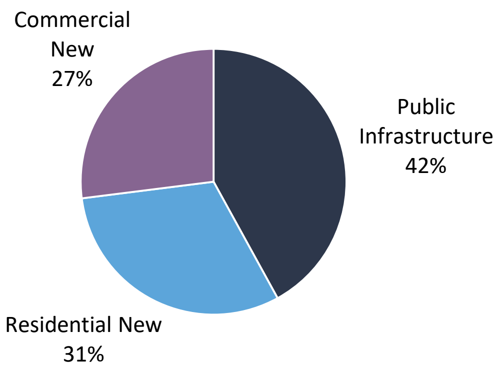
Source: Public information, third party reports and management estimates

Geographic footprint

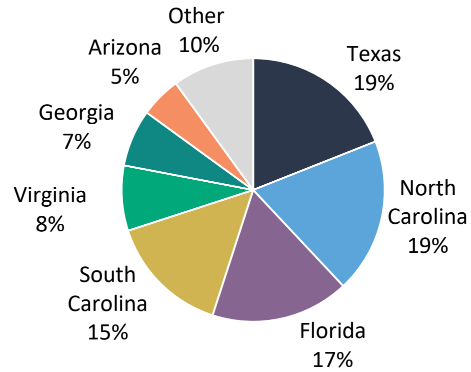


Sales breakdown (CY17)

By end market (CY17)



By state (CY17)



MORSCO – HVAC overview

Operational strengths and opportunities

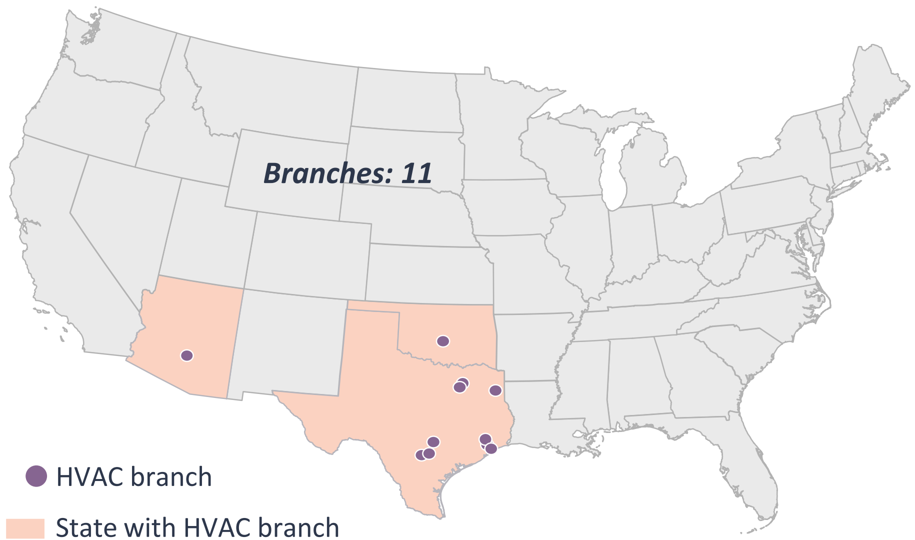
Strengths

- Foundation footprint in five of the top 20 HVAC metropolitan areas in the US
- Diverse base of over 11,500 active customers, with no individual customer representing > 6% of sales in CY17
- Strategic supplier relationships in the HVAC industry
- Established, market recognised brands already in place

Opportunities

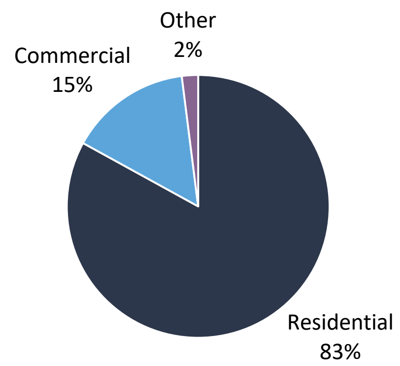
- Positive growth outlook for replacement cycles
- Strategy focused on driving growth in repair and replace
- Leverage MORSCO's successful plumbing network and relationships
- Considerable opportunity to expand footprint through consolidation and greenfield sites

Geographic footprint

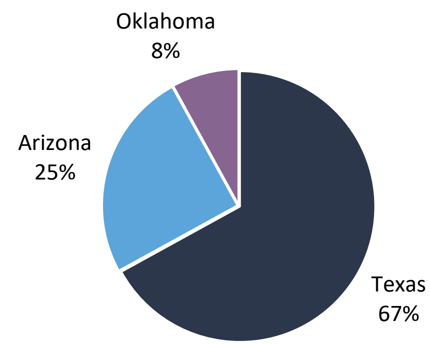


Sales breakdown (CY17)

By end market (CY17)



By state (CY17)



Source: Public information, third party reports and management estimates

Table of Contents

Clear strategic fit with Reece

/ Reece objectives	Expected impact of MORSCO acquisition
1 **Gain exposure to attractive markets**	/ Establish growth exposure to a large and attractive geographic market with positive thematics / Fragmented nature of market provides further consolidation opportunities
2 **Market leadership with strong customer proposition**	/ Top three market position in 85% of market locations / Services over 275,000 customers
3 **Expansion in known industry segments**	/ Overlap in exposure across plumbing, HVAC and civil/waterworks end markets / Ability to undertake best of breed approach, combining both Reece and MORSCO expertise
4 **EPS accretive in first full year of ownership**	/ Mid-to-high single digit EPS accretion expected in first full year of ownership on an NPATA basis[1] / No synergies assumed in the acquisition metrics

Note: [1] Based on NPATA, excluding transaction costs and amortisation of acquired identifiable intangibles. The impact of the purchase price accounting has not been completed, which will impact future depreciation and amortisation charges which will impact on Reece's NPAT. In accordance with AASB 133, Reece standalone EPS has been restated based on an adjustment factor to take into account the bonus element of the Offer.

Compelling strategic rationale

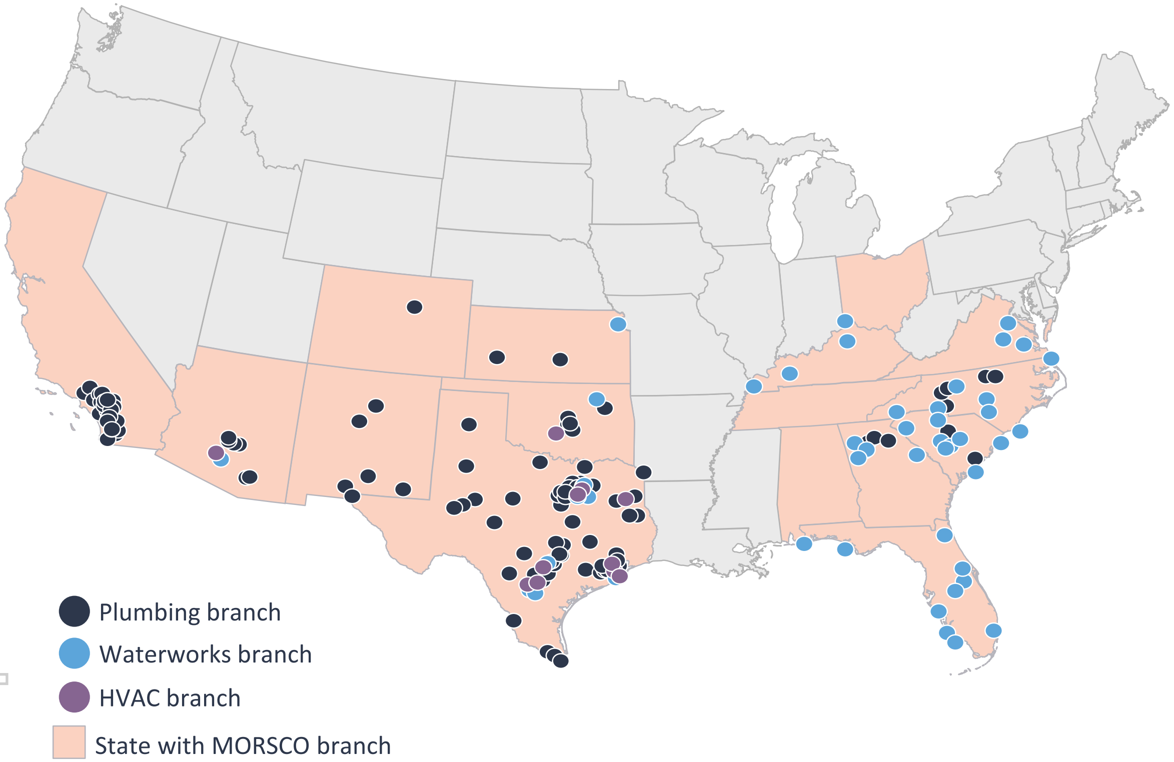
1. **Strategic platform in the growing US Sun Belt region**
2. **Access to large, growing markets with strong demand drivers**
3. **Experienced management team with proven track record**
4. **Ability to leverage operational expertise and relationships**
5. **Significant opportunity to drive future organic and acquisition led growth**

~A$4.8bn[1] sales plumbing, HVAC-R and waterworks distribution business

Note:[1] Pro-forma sales for MergeCo for 12 months ended 31 December 2017

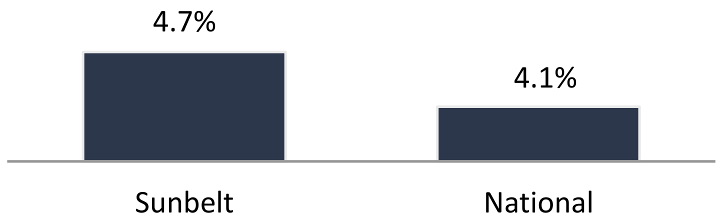
1 MORSCO footprint focused on attractive coast-to-coast Sun Belt region

/ Unique combination of coast-to-coast scale together with local relationships



- Presence in six of the top ten fastest growing US Metropolitan Statistical Areas ("MSAs")[1]
- Exposure to Sun Belt states, which are forecast to generate higher rates of GDP and population growth compared to national forecasts

Nominal GDP growth, FY18E – FY25E CAGR



Population growth, FY18E – FY25E CAGR

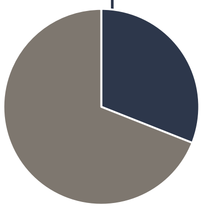
Source: US Census Bureau, third party reports and management estimates
Note: [1] Population growth from 2010 - 2017

2 MORSCO market positioning and growth

	Plumbing	Waterworks	HVAC

Market size and share (national market)

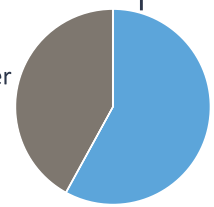
Plumbing



FERGUSON, HAJOCA, Winsupply, MORSCO

Mkt size: US$32bn

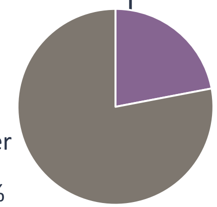
Waterworks



FERGUSON, CORE & MAIN, MORSCO, Winsupply, EJP

Mkt size: US$11bn

HVAC



watsco, FERGUSON, R.E. MICHEL COMPANY, US Airconditioning, Sigler

Mkt size: US$35bn

	Plumbing	Waterworks	HVAC
	/ *55% repair and replace*	/ *40% public infrastructure spend*	/ *80% repair and replace*
MORSCO's positioning	/ Leading supplier with focus on Sun Belt states	/ Leading supplier with attractive positions in local areas	/ New market entrant in highly fragmented market

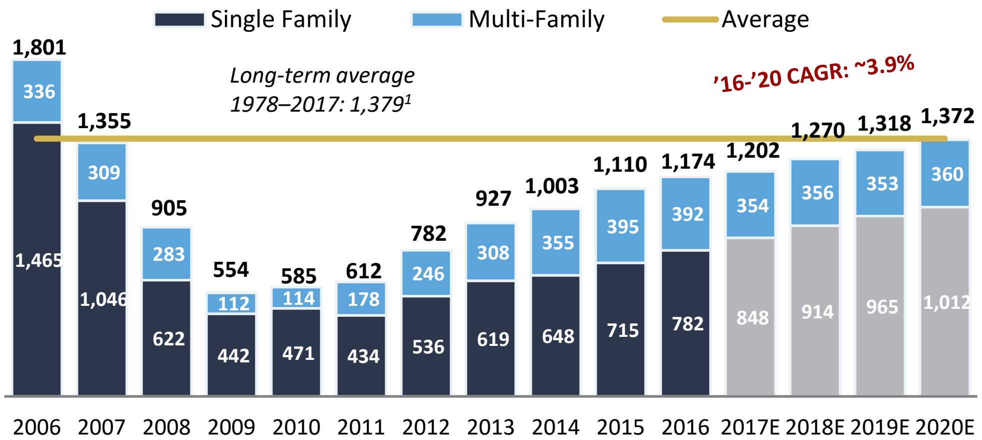
/ Market growth (CAGR 2017-2022)

	Plumbing	Waterworks	HVAC
National market	5.1%	4.9%	4.4%
MORSCO served markets	5.7%	5.2%	5.1%
Drivers	/ Residential and commercial new construction volumes support growth / Repair and replace incorporates non-discretionary spend	/ Infrastructure spend supported by municipalities / Long-term investment required for waterworks infrastructure	/ Positive growth outlook for replacement cycles / Favourable tailwinds from energy efficiency standards

Source: Public information, third party reports and management estimates

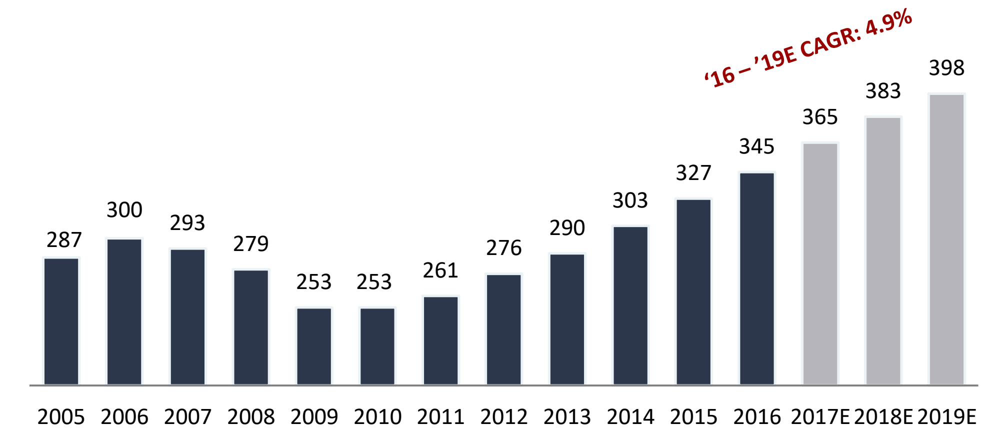
2 Strong momentum in demand drivers for end markets

US new housing starts (‘000 units)



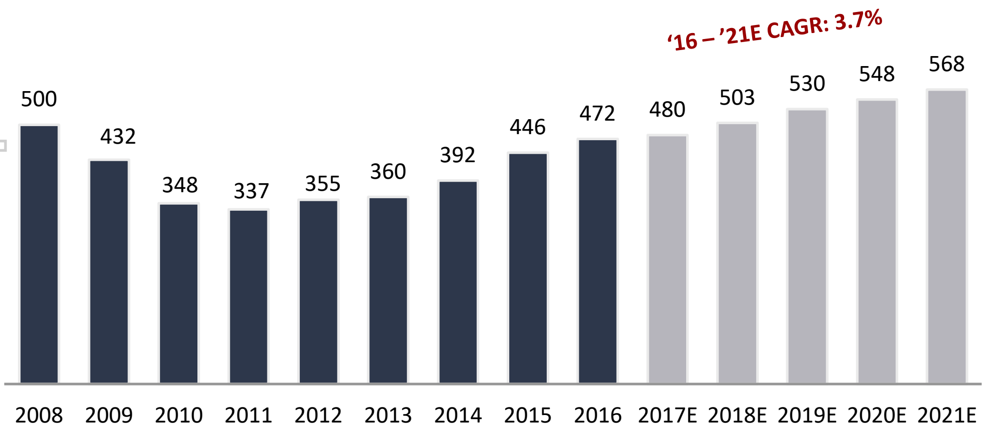
Source: National Association of Realtors as of March 2018; Mortgage Bankers Association, Fannie Mae, National Association of Home Builders, John Burns Consulting as of February (Latest as of 3/09/2018). Note: [1] Long-term average new housing starts (Single and Multi-Family) per US Census data, last 40 years

US repair and remodelling spending (US$bn)



Source: FMI as of Q2 2017

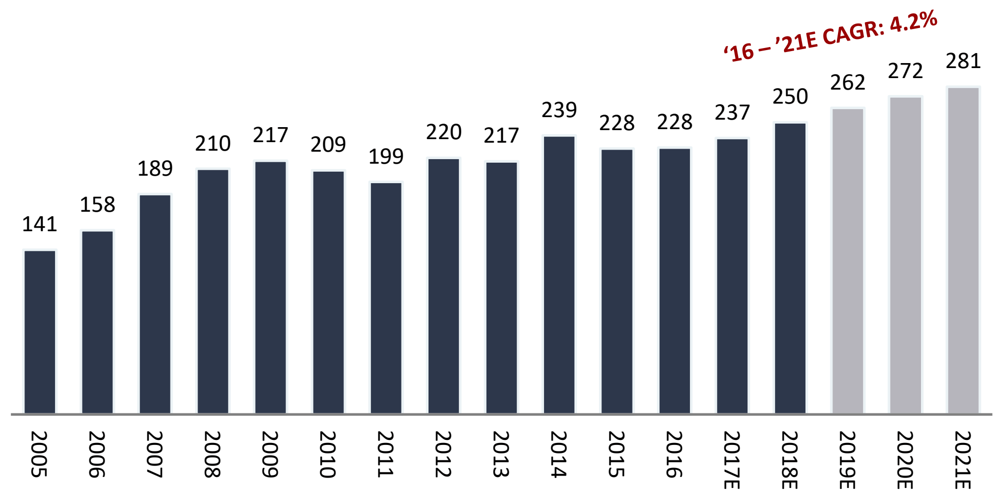
US non-residential construction spending (US$bn)



Source: FMI as of Q4 2017

Note: Includes both private and public expenditure

US Infrastructure construction spending (US$bn)



Source: FMI as of Q2 2017

3 Experienced management with deep industry experience and a proven track record of driving growth

/ MORSCO brings together a skilled and highly qualified management team

		Distribution experience (years)	
Chip Hornsby	CEO	40	Wolseley, Ferguson
Mike Swedick	President, Plumbing and Waterworks	14	ADS, Fortiline Waterworks
Jim Mishler	President, HVAC	30	Watsco, Whirlpool, Goodman, Lennox
Kerry Warren	CFO	21	Rexel, Honeywell, GE
Mark Kirby	VP, Supply Chain	23	Wolseley, Ferguson
Jennifer Alfaro	CHRO	n.a.	Dean Foods, LMI Aerospace
Andrew Pacifico	VP, Strategic Initiatives	6	J.P.Morgan, Barclays

Distribution experience (years)

/ Deep industry experience

- Strong team with distribution industry expertise, led by Chip Hornsby
- Combined 130+ years in market, interacting with suppliers and customers

/ Proven track record

- Built out the business from the original Morrison & Co. business
- Successfully integrated 13 acquisitions

/ Cultural alignment

- Cultural alignment between Reece and MORSCO
- Ability to combine best-in-class organisational learnings

4 Ability to leverage operational expertise and relationships across Reece and MORSCO

Management's operational experience	⁄ The Reece team has built a world-class business with leading EBITDA margins ⁄ Opportunity for the measured implementation of best-in-class operational capability, leveraging Reece management's extensive industry expertise
Increasing customer service value proposition	⁄ Ability to understand customers and their needs to build loyal relationships ⁄ Capability to gather insights to develop innovative and improved customer solutions ⁄ Establishing structures and processes to deliver consistent service standards
Strength of supplier relationships	⁄ Reece and MORSCO have strong supplier relationships, execution expertise with learning opportunities across the product portfolio ⁄ History of building long term, mutually beneficial supplier relationships
Reece technology innovation	⁄ Leading online offering, including mobile apps, inventory availability, pricing transparency and extensive digital product catalogue for trade customers ⁄ Leveraging technology to strengthen our customer service proposition

4 Strong operational alignment between Reece and MORSCO

reece group

Plumbing

- Australia's largest supplier of plumbing and bathroom products
  - Pipes & fittings
  - Bathroom products
  - Valves
  - Hot water units
  - Tools and hardware

Waterworks/Civil

- Services civil contractors and plumbers in the water, gas and telecommunications sector
- Provides industrial and civil plumbing products

HVAC-R

- Australia's largest wholesaler of parts to the refrigeration, air conditioning and allied industries

MORSCO
YOUR LOCAL CONTRACTOR SUPPLY SOURCE

Plumbing

- Distributor of plumbing products to professional plumbers in residential and commercial applications

Waterworks

- Distributor of underground water infrastructure products

HVAC

- Distributor of heating and cooling equipment and solutions to residential and commercial customers

5 Significant opportunity to drive future organic and acquisition led growth

1 Organic Growth

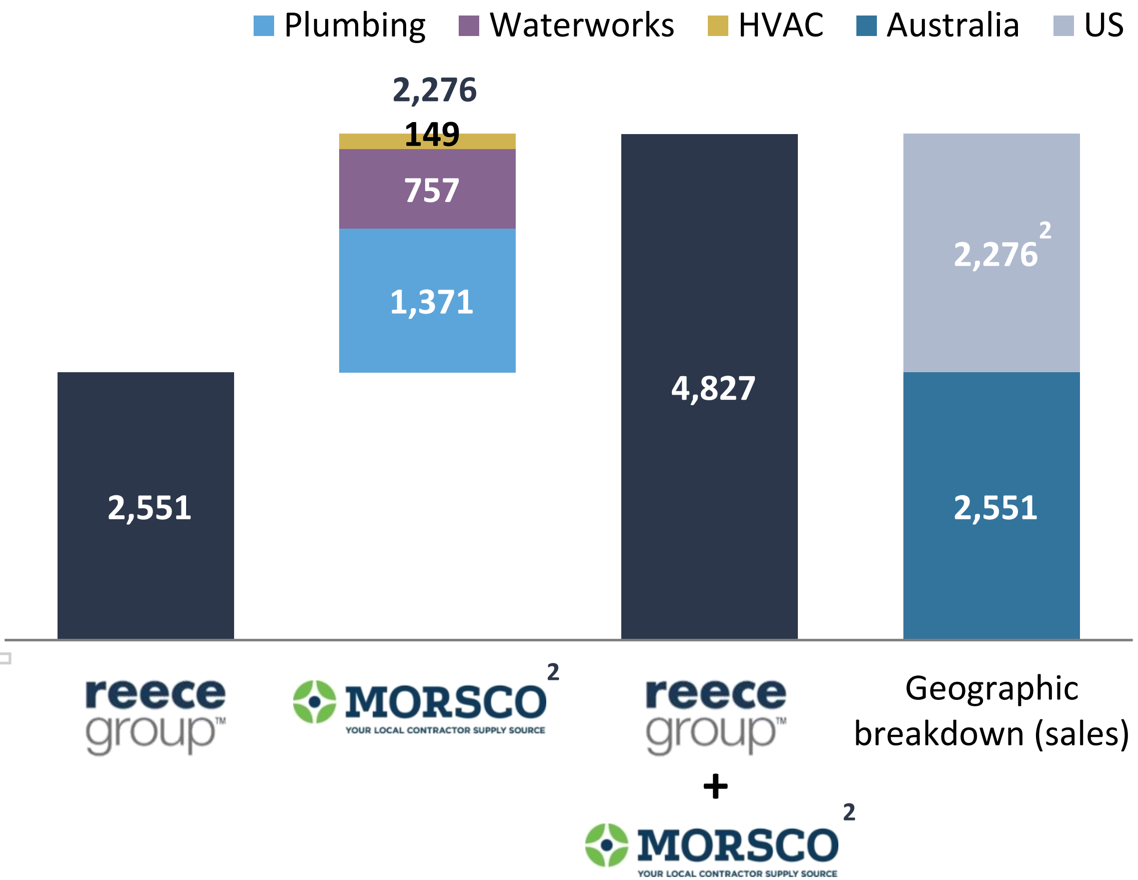
- Benefit from underlying growth in the market
- Improve branch operating efficiency through implementing standard operating practices
- Multiple regions identified for greenfield sites
- Invest in people to grow skills to enhance the customer experience
- Build on the customer relationship management process

2 M&A

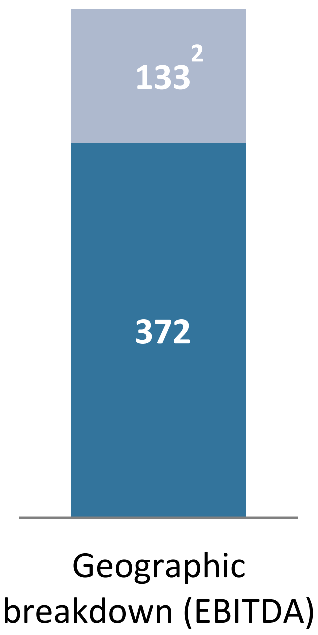
- Disciplined and methodical approach to acquisition assessment
- Large, fragmented markets – numerous potential bolt-on opportunities across plumbing, HVAC and waterworks
- Management team with demonstrated acquisition and integration experience
- Established process to support integration and synergy realisation

Creation of a ~A$4.8bn[1] sales plumbing, HVAC-R and waterworks distribution business

MergeCo pro-forma sales (A$m)[1]



MergeCo pro-forma EBITDA (A$m)[1]



Australia market position

- Number 1 market position in Australia

US market position

- Top three market position in 85% of market locations

Source: [1] Pro-forma sales and EBITDA for MergeCo for 12 months ended 31 December 2017; [2] Please refer to page 9 of this Presentation for the basis of preparation of MORSCO adjusted sales and EBITDA

Approach to the combination will be to leverage both businesses operational expertise

- Reece will take a long term view and make decisions and investments accordingly
- MORSCO represents a strategic platform in the US that is performing well
  - MORSCO management team to remain in current positions under refreshed contractual terms
  - Focused on continuing to develop a deep understanding of business operations
- No cost or operational synergies assumed in the acquisition metrics
- Reece will look to deploy its expertise and capability with the focus being on where operational best practice can be achieved
- Reece support provided with Australian executives deployed in the US to ensure learnings and cross-pollination of operational knowledge
  - CFO Sasha Nikolic to transfer as Project Manager
  - CIO Gavin Street to become CFO (former Reece CFO 2008 – 2016)

Table of Contents

Transaction funding and terms

Purchase price	Total consideration of US$1,440m, equivalent to ~A$1,910m

Funding	Acquisition funded by:
	– A$560m fully underwritten equity raising, comprising::
	  – A$421m Entitlement Offer
	  – A$139m Placement
	– US$1,140m 7-year senior secured term loan B facility which will be sold into the US institutional market. The facility is fully underwritten and offers long term, flexible financing with no financial maintenance covenants
	– US$100m, 5-year fully underwritten, multi-currency, revolving credit facility
	Foreign exchange and interest rate risk being managed

Timing and closing considerations	Regulatory approvals (including antitrust) and other customary closing conditions Anticipated closing in July 2018

/ Sources & uses of funds

(A$m)

Sources of funds	Drawn Amount
US Term Loan B	1,512
Equity raising	560
US$100m revolving credit facility	–
Total Sources of Funds	**2,072**

(A$m)

Uses of Funds	Amount
Acquisition of MORSCO	1,910
Refinance existing Reece debt	100
Transaction costs	58
Cash to balance sheet	4
Total Uses of Funds	**2,072**

Pro-forma balance sheet

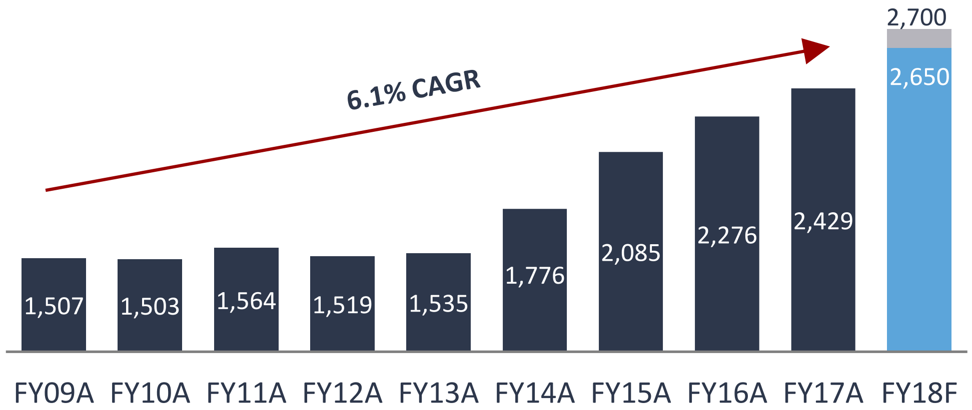
31-Dec-17; A$m	Reece[1]	Adjustments		Pro-forma
		MORSCO[2]	*Transaction[3]*	
Current assets				
Cash and cash equivalents	50	-	4	54
Accounts receivable	363	335	-	698
Inventory	495	280	-	775
Other	-	31	-	31
Total	**908**	**646**	**4**	**1,559**
Non current assets				
Fixed assets	543	88	-	632
Other	37	26	-	63
Intangible assets	222	344	1,147	1,713
Total	**802**	**459**	**1,147**	**2,408**
Total assets	**1,711**	**1,105**	**1,151**	**3,967**
Current liabilities				
Accounts payable	(349)	(202)	-	(551)
Other	(65)	(66)	-	(131)
Total	**(414)**	**(267)**	**-**	**(681)**
Non current liabilities				
Long term debt	(100)	-	(1,412)	(1,512)
Other	(6)	(74)	-	(80)
Total	**(106)**	**(74)**	**(1,412)**	**(1,592)**
Total liabilities	**(520)**	**(342)**	**(1,412)**	**(2,274)**
Total equity	**1,191**	**-**	**502**	**1,693**
Net debt / EBITDA[4]	**0.1x**			**2.9x**

Note: [1] Sourced from the Reece half year reviewed financial statements at 31 December 2017; [2] Sourced from the MORSCO audited financial statements at 31 December 2017, MORSCO audited balance sheet adjusted for cash and debt balances as the transaction is being conducted on a cash free debt free basis; [3] Transaction adjustments represent the premium of the purchase price over the net assets of MORSCO at 31 December 2017, the recognition of borrowings associated with the transaction, equity raised and associated transaction costs. The purchase price accounting for the acquisition has been shown on an illustrative basis by allocating the difference between the purchase consideration and the carrying value of MORSCO's assets and liabilities at 31 December 2017 to Goodwill / Intangibles. The transaction adjustments to reflect the estimated financial effect of the accounting for the business combination are illustrative only. Australian Accounting Standards require an allocation of fair value of assets and liabilities acquired. Reece will undertake a formal allocation of its acquisition subsequent to the date when the transaction completes. Accordingly, that allocation may give rise to material differences in values allocated to the above balance sheet line items. Transaction costs will be offset against equity or expensed based on their nature and have been recorded against equity for the purposes of the pro forma balance sheet; [4] Pro-forma adjusted EBITDA for MergeCo for 12 months ended 31 December 2017 of A$505m

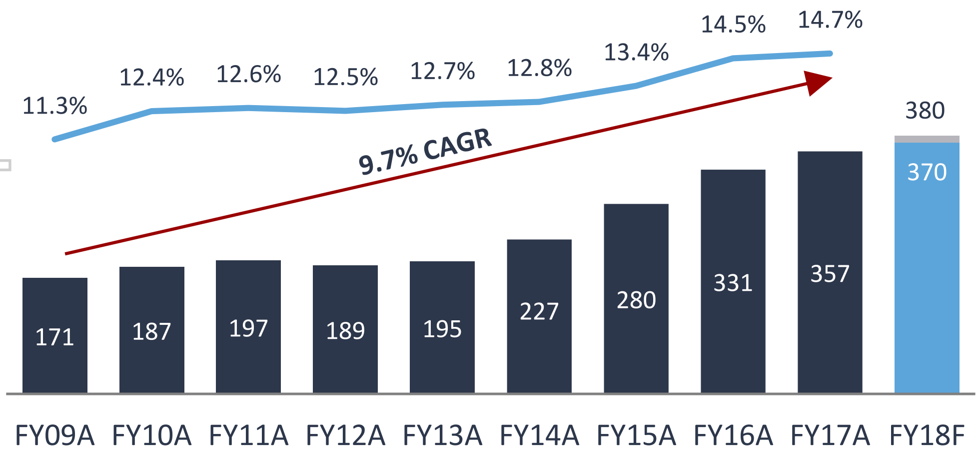
Table of Contents

Reece Group historical financial performance and FY18 guidance

Sales (A$m)



Adjusted EBITDA (A$m) and margin



Record result expected to be delivered for FY18

- Opened 10 new branches plus the additional branches from the Viadux and Heatcraft NZ acquisitions
- Continuing to leverage supply chain to deliver market leading products and services
- Investment continues in the branch network to improve and deliver great customer service
- Enhanced online offering for both trade and retail customers

FY18 guidance[1]

Year ending 30 June 2018	A$m
Sales	2,650 – 2,700
EBITDA	370 – 380
NPAT	223 – 230

- New Shares issued on a pari passu basis and will be eligible for the 2H FY18 dividend, which will be no less than 2H FY17 on a split adjusted per share basis

Note: [1] FY18 guidance range has been prepared based on Reece's nine month trading to 31 March 2018 and consideration of the budget performance for the remaining three months of FY18. The guidance has been provided as a result of the transaction and does not indicate an intention for Reece to provide similar guidance going forward.

Reece Group strategy

/ Reece's growth strategy focuses on initiatives across operational improvement, greenfield development and M&A

1 Operational improvement

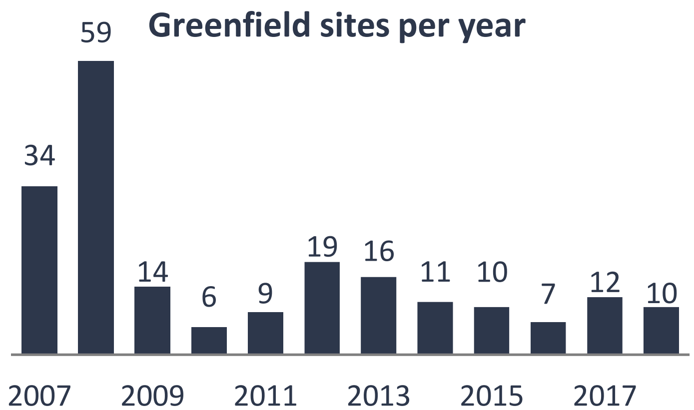
- Culture of great customer service
- Culture of continuous improvement
- Creating an environment where people can discover their best
- Continuing to invest in product innovation and supplier relationships
- Developing technology to drive process improvement and better customer experiences

2 Network expansion

- Strong history of strategic greenfield expansion
- Ensuring we have locations that service the needs of the existing and growing customer segments
- Dedicated property team responsible for the identification and development of new sites

3 M&A

- Strategic and opportunistic M&A in plumbing-related trade distribution
- Ability to make meaningful investment in adjacencies (e.g. HVAC-R: Actrol in 2014, Waterworks/Civil : Viadux in 2017)
- Record of successful integration of acquired businesses



ANZ operations will continue to underpin Reece

/ Reece has multiple organic and acquisition led growth opportunities across Plumbing, HVAC-R and Waterworks / Civil

reece group

reece

- Australia's largest supplier of plumbing and bathroom products
- Includes a number of strategic business units including Irrigation, Onsite and Bathroom Life
- Core ANZ plumbing business benefits from continued investment in branch, product, people and technology

ACTROL metalflex

- Australia's largest distributor of products to the refrigeration, air conditioning and allied industries
- Growth through operational improvement opportunities and exposure to fragmented HVAC-R market

viadux WATER NETWORK SOLUTIONS

- Australia's largest distributor of underground water infrastructure products
- Reece services civil contractors and plumbers in the water, gas and telecommunications sector
- Opportunity to benefit from growing infrastructure spend

Table of Contents

Transaction funding and terms

Offer structure and size	⁄ Fully underwritten 1 for 11 pro-rata accelerated non-renounceable entitlement offer to raise A$421m and a fully underwritten A$139m institutional placement, together raising approximately A$560m ⁄ Approximately 60m New Shares to be issued (equivalent to approximately 12.1% of existing Shares on issue)
Offer price	⁄ Equity raising will be conducted at A$9.30 per New Share ("Offer Price"), representing a: ⁄ 13.5% discount to the last traded price of A$10.75 on 4 May 2018 ⁄ 12.2% discount to TERP of A$10.59 (including placement) ⁄ Placement price will be determined by a bookbuild
Use of proceeds	⁄ Proceeds from the equity raising will be used to partially fund the acquisition of MORSCO and pay associated transaction costs
Retail over subscription	⁄ In addition to each retail shareholder's entitlement under the Entitlement Offer, retail shareholders are being offered the opportunity to apply for Additional Shares (~40% of their entitlement) to enable them to maintain their proportional shareholding as at the record date following completion of the Entitlement Offer and Placement
Ranking	⁄ New Shares issued will rank pari passu with existing Shares and will be eligible for the 2H FY18 dividend
Underwriting	⁄ Offer is fully underwritten by J.P. Morgan Australia Limited, Sole Lead Manager and Bookrunner
Shareholder participation	⁄ The Wilson Family, Reece's major shareholder group, is supportive of the acquisition and will subscribe for A$300m of new Shares as part of the equity raising ⁄ The various Wilson Family shareholders will be offered participation in the retail component of the Entitlement Offer (equal to A$320m) ⁄ The current structure of the Wilson Family's registered shareholdings makes it impractical for them to participate in the Entitlement Offer by taking up their entitlements directly. As a result, the Wilson Family's participation in the Entitlement Offer will come by way of a A$300m sub-underwriting commitment as "sub-underwriters of last relief", so that the first A$300m of any shortfall under the retail component of the Entitlement Offer will be taken up by the Wilson Family sub-underwriters. No fees are payable to the Wilson Family entities acting as sub-underwriters ⁄ Each of the three Wilson Family sub-underwriters is an entity controlled by a different Wilson Family member – Leslie Alan Wilson, John Wilson and Bruce Wilson ⁄ The combination of the Placement and Entitlement Offer, and the participation of the Wilson Family in the Entitlement Offer, will result in the aggregate holding of the various Wilson Family shareholders reducing marginally from 76.0% to 73.6%

Equity raising timetable

Event	Date
Trading halt, announcement of the Transaction, Entitlement Offer and Placement. Institutional Entitlement Offer opens	Monday, 7 May 2018
Institutional Entitlement Offer closes	Tuesday, 8 May 2018
Placement conducted	Tuesday, 8 May 2018
Announcement of results of Institutional Entitlement Offer and Placement	Wednesday, 9 May 2018
Trading halt lifted – Shares recommence trading on ASX on an "ex-entitlement" basis	Wednesday, 9 May 2018
Record Date for Entitlement Offer (7pm)	Wednesday, 9 May 2018
Retail Entitlement Offer opens and Retail Offer Booklet (including Entitlement and Acceptance Form) dispatched	Monday, 14 May 2018
Settlement of Institutional Entitlement Offer and Placement	Wednesday, 16 May 2018
Allotment and commencement of trading of New Shares issued under the Entitlement Offer and Placement	Thursday, 17 May 2018
Retail Entitlement Offer closes	Wednesday, 23 May 2018
Announcement of results of Retail Entitlement Offer	Monday, 28 May 2018
Settlement of New Shares under the Retail Entitlement Offer	Tuesday, 29 May 2018
Allotment of New Shares under the Retail Entitlement Offer	Wednesday, 30 May 2018
Commencement of trading of New Shares issued under the Retail Entitlement Offer	Thursday, 31 May 2018
Dispatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Friday, 1 June 2018

Table of Contents

The MORSCO opportunity allows Reece to write the next chapter of its growth story

Table of Contents

Key risks

This section discusses some of the key risks associated with an investment in shares in Reece. These risks may affect the future operating and financial performance of Reece and the value of Reece shares.

The risks set out below are not listed in order of importance and do not necessarily constitute an exhaustive list of all risks involved with an investment in Reece.

Before investing in Reece, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on Reece (such as that available on the websites of Reece and ASX), carefully consider their personal circumstances (including the possibility that they may lose all or a portion of their investment) and consult their professional advisers before making an investment decision. Additional risks and uncertainties that Reece is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Reece's operating and financial performance.

Nothing in this Presentation is financial product advice and this document has been prepared without taking into account your investment objectives or personal circumstances.

You should note that the occurrence or consequences of many of the risks described in this section are partially or completely outside the control of Reece, its directors and management. Further, you should note that this section focuses on the potentially key risks and does not purport to list every risk that Reece may have now or in the future. It is also important to note that there can be no guarantee that Reece will achieve its stated objectives or that any forward looking statements or forecasts contained in this Presentation will be realised or otherwise eventuate. All potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances and taxation position.

Cooling off rights do not apply to the acquisition of New Shares.

A. Acquisition Risks

Completion risks	Completion of the acquisition of MORSCO (the **Acquisition**) is conditional on certain matters, including satisfaction of certain customary conditions precedent to the Acquisition agreement. With respect to both MORSCO and Reece, these conditions precedent include: (i) having obtained the written consent of the holders of a majority of the outstanding shares of MORSCO common stock approving the transactions (the **Stockholder Approval**), (ii) expiration of the waiting period under the U.S. antitrust laws, and (iii) no order by any governmental body restraining, enjoining or otherwise prohibiting the consummation of the transactions having been enacted. Reece’s obligation to consummate the transactions is additionally subject to (i) MORSCO’s representations and warranties (other than certain “fundamental” representations) being true and correct on the closing date, except for such inaccuracies as would not have a material adverse effect, (ii) certain “fundamental” representations of MORSCO being true and correct on the closing date in all respects, (iii) performance by MORSCO of its obligations under the Acquisition agreement in all material respects, (iv) no material adverse effect having occurred with respect to MORSCO, (v) MORSCO’s having obtained the written consent of 95% of its stockholders approving the transactions, and (vi) delivery by MORSCO of certain other customary closing deliverables. MORSCO’s obligation to consummate the transactions is additionally subject to (i) Reece’s representations and warranties (other than certain “fundamental” representations) being true and correct on the closing date, except for such inaccuracies as would not have a material adverse effect, (ii) certain “fundamental” representations of Reece being true and correct on the closing date in all respects, (iii) performance by Reece of its obligations under the Acquisition agreement in all material respects, and (iv) delivery by Reece of certain other customary closing deliverables. If any of the conditions are not met, the Acquisition may not complete on the current terms and expected timing, or at all. Where the Acquisition is not completed, Reece will need to consider alternative uses for, or ways to return the proceeds of any subscriptions raised from Reece shareholders under the Entitlement Offer and Placement. Failure to complete the Acquisition and/or any action required to be taken to return capital may have a material adverse effect on Reece's financial position, performance and share price. The Acquisition agreement may also be terminated by either Reece or MORSCO in the event that (i) the merger has not been consummated by September 1, 2018 following the signing date, or (ii) any governmental body has entered a final non-appealable order prohibiting the consummation of the transactions. Additionally, Reece may terminate the Acquisition agreement (i) in the event that MORSCO has failed to deliver the Stockholder Approval promptly following the execution of the Acquisition agreement or (ii) in the event that MORSCO has materially breached the Acquisition agreement in such a way as would result in a condition precedent to Reece’s obligation to consummate the transactions to fail to be satisfied, and such material breach is not capable of being cured, or if capable, has not been cured within 30 Business Days after notice of such breach has been given. Additionally, MORSCO may terminate the Acquisition agreement in the event that (i) Reece has materially breached the Acquisition agreement in such a way as would result in a condition precedent to MORSCO’s obligation to consummate the transactions to fail to be satisfied, and such material breach is not capable of being cured, or if capable, has not been cured within 30 Business Days after notice of such breach has been… (cont.)

A. Acquisition Risks (cont.)

Completion risks (cont.)	… given, or (ii) (A) all of Reece's conditions precedent to closing have been satisfied, (B) MORSCO has irrevocably confirmed to Reece in writing that it is ready, willing and able to consummate the transactions, (C) Reece has not consummated the transactions within the time period prescribed in the Acquisition agreement, and (D) Reece fails to consummate the transactions within five Business Days following delivery of MORSCO's notice (such occurrence, a **Reece Failure to Close**). In all circumstances, Reece may incur significant costs and be exposed to material liabilities, however, in the event of a Reece Failure to Close, Reece would be required to pay to MORSCO a reverse termination fee of US$72m, which amount would be the only liability of Reece to MORSCO or its stockholders as a result of the Acquisition agreement.
Historical liabilities risks	If the Acquisition completes, Reece will become directly or indirectly liable for any liabilities that MORSCO has incurred in the past, including liabilities which were not identified by Reece during its due diligence or which are greater than expected, and for which Reece may not have post-closing recourse under the Acquisition agreement. These could include liabilities relating to current or future litigation, regulatory actions, health and safety claims, warranties claims and other liabilities. Such liability may adversely affect the financial position, performance or prospects of Reece post-acquisition.
Risks in relation to due diligence in relation to MORSCO	Reece has undertaken a due diligence process in respect of MORSCO, which relied mostly on the review of financial and other information provided by the vendors of MORSCO. Although Reece considers the due diligence process undertaken to be appropriate, Reece has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, Reece has prepared (and made assumptions in the preparation of) the financial information relating to MORSCO included in this Presentation in reliance on limited financial information and other information provided by the vendors of MORSCO. If any of the data or information provided to and relied upon by Reece in its due diligence process and its preparation of this Presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position, performance and prospects of MORSCO and the combined group may be materially different to the financial position, performance and prospects expected by Reece and reflected in this Presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the Acquisition have been identified. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on Reece. This could adversely affect the financial position, performance or prospects of Reece. Further, the information reviewed by Reece includes forward looking information. While Reece has been able to review some of the foundations for the forward looking information relating to MORSCO, forward looking information is inherently unreliable and based on assumptions that may change in the future.

A. Acquisition Risks (cont.)

Warranty & indemnity insurance risks	Reece has obtained warranty and indemnity insurance to cover claims for breach of certain warranties and indemnities under the Acquisition agreement. Reece's primary remedy for breach of warranties and claims under the relevant indemnities is to make a claim under the warranty and indemnity insurance policy. Reece is prevented from seeking recourse from the vendors of MORSCO except in certain limited circumstances. The warranty and indemnity insurance policy is subject to certain exclusions and limitations on liability. Accordingly, there is a risk that Reece will not be able to fully recover losses arising from a breach of warranty or make claims under the relevant indemnity through the warranty and indemnity insurance, and will not have further recourse to recover from the vendors of MORSCO.
Integration risk	The integration of a business of the size of MORSCO carries risk, including potential delays or costs in implementing necessary changes, and difficulties in integrating various operations that were previously operated independently. The success of the Acquisition will be dependent on the effective and timely integration of MORSCO's business alongside Reece's business following completion of the Acquisition. There is a risk that the integration of MORSCO may encounter unexpected challenges or issues, including: (i) possible difficulties in bringing together the cultures and management styles of both organisations in an effective manner; (ii) disruption to the ongoing operations of both businesses; (iii) higher than anticipated integration costs; (iv) impacts from the increase in scale of the business post acquisition; (v) ability to retain key employees; (vi) integration of accounting and internal controls; (vii) unforeseen costs relating to integration of some systems of the both of the businesses; and (viii) unintended loss of key personnel or expert knowledge or reduced employee productivity due to uncertainty arising as a result of the acquisition A failure to fully integrate the operations of MORSCO as a result of any of the reasons above (or any other reason) could impose unexpected costs that may adversely affect the financial position, performance and prospects of Reece.

A. Acquisition Risks (cont.)

Debt financing risk	Reece has entered into financing arrangements (the **Facilities**) pursuant to which J.P. Morgan Australia Limited, acting as sole lead arranger and sole bookrunner for the Facilities (in such capacities, the **Arranger**) will manage the syndication of the Facilities and underwrite the provision up to US$1,140mm of debt financing for the Acquisition, subject to the terms and conditions of a 7-year senior secured credit facility and a US$100mm 5-year revolving credit facility. If certain conditions are not all satisfied or certain events occur, the Arranger may have the right to terminate the debt arrangements. Termination of the debt financing arrangements would have an adverse impact on Reece's sources of funding for the Acquisition. If the Acquisition occurs, there will be an increase in Reece's debt levels. The use of debt financing to partially fund the Acquisition means that Reece will be more exposed to risks associated with gearing. For example, Reece will be more exposed to any movements in interest rates. In addition, Reece will be more exposed to general risks relating to any refinancing of its debt arrangements. It may be difficult for Reece to refinance all or some of these debt arrangements in the future and an inability to secure new debt arrangements at a similar quantum and cost to existing debt arrangements may adversely affect the financial position, performance and prospects of Reece.
MORSCO specific risks	MORSCO is subject to a number of risks relating to the markets in which it operates. These risks include, without limitation, economic factors specific to the residential and commercial plumbing, waterworks and HVAC industries, an inability to sustain new product growth, decreased demand for MORSCO's products due to changing customer preferences or competing products gaining price advantages, disruption to MORSCO's supply or manufacturing chain, loss of key management personnel, lack of capital for continued growth, liability claims in relation to its products or services, increased transportation costs, a failure to compete effectively or increased competition, information technically failures, and unauthorised use or infringement of MORSCO's intellectual property.
Acquisition accounting risk	In presenting the pro-forma historical combined balance sheet, Reece has used the acquisition cost of A$1,910m and the 31 December 2017 balance sheet provided by MORSCO through the due diligence process. A fair value assessment of the balance sheet has not been performed for the purposes of the pro-forma historical combined balance sheet; however, in accordance with Australian Accounting Standards, Reece will undertake a formal fair value assessment of all of the tangible and intangible assets, liabilities and contingent liabilities of MORSCO post-Acquisition, which may give rise to different values to those used for the purposes of the pro-forma financial information set out in this Presentation. Such a scenario will result in a reallocation of the fair value of assets and liabilities in the Combined Group's balance sheet and may also result in different depreciation and amortisation charges in the Combined Group's income statement (and a corresponding increase or decrease in net profit after tax). To the extent goodwill and identifiable intangible assets are recognised in accounting for the Acquisition, they will be subject to annual impairment testing. Other identifiable intangible assets are amortised and assessed for any indicators of impairment in each reporting period. In the event that the recoverable amount of any intangible assets is impaired, this will result in an additional expense in the consolidated income statement of Reece.

A. Acquisition Risks (cont.)

Change of control risk	As a result of the Acquisition, customers of MORSCO that are not bound by contract or that have rights to terminate their contracts for convenience may elect to terminate their relationship with MORSCO. If any material customers terminate their relationship with MORSCO, it may have an adverse impact on Reece's financial position, performance and prospects.
Analysis of Acquisition risk	Reece has undertaken financial, operational, business and other analysis of MORSCO in order to determine its attractiveness to Reece and whether to pursue the Acquisition. It is possible that such analysis, and the best estimates and assumptions made by Reece, draws conclusions and forecasts which are inaccurate or which are not realised in due course (whether because of flawed methodology or misinterpretation of economic circumstances).To the extent that the actual results achieved by MORSCO are weaker than anticipated, or there any difficulties in integrating the operations of MORSCO, there is a risk that Reece's financial position, performance and prospects may be materially different from the financial information reflected in this Presentation.
Product liability exposure	Reece may, from time to time, experience product defects or other claims relating to its products and services. Defects in products that Reece sells or distributes could be difficult or costly to correct, cause significant customer relations and business reputation problems, harm Reece's financial results and result in damage to or claims by its customers. Any such claim could also result in increased challenges in obtaining insurance on comparatively reasonable terms.
Health and safety	Due to the nature of some of the industries in which Reece operates, there is a risk of accidents or unsafe operations. Notwithstanding the preventative measures which Reece has taken or may take, there can be no assurance that accidents or unsafe operations will not occur and injure Reece's own personnel or third parties. Such events may result in additional costs and fines, and may jeopardise Reece's reputation and credibility.

B. Business Risks

Competition	Reece operates in a business environment which remains highly competitive. This competitive environment can be significantly affected by local market forces, such as new market entrants, and changes in economic conditions and product demand. Any increased competition from new and existing competitors can impact on Reece's ability to generate sales, lead to a loss of market share, and cause a decline in profitability. Such changes to the competitive environment in which Reece operates may have an adverse impact on Reece's financial position, performance and prospects.
Reputation risk	A decline in the high level of loyalty and trust that the Combined Group enjoys with its customers could compromise its market leading position in Australia and adversely affect the Combined Group's operating and financial performance. This could occur as a result of a wide range of factors or events, including: (i) a loss or erosion of the Combined Group's reputation for price leadership and high levels of customer service; (ii) a failing / product liability incident in relation to Combined Group's private label offerings; (iii) a major information security breach of the Combined Group 's IT systems; (iv) a major workplace health and safety incident or customer injury occurring in one of the Combined Group's stores; or (v) a significant breach of regulatory or legislative requirements.
Counterparty risk	There is a risk that counterparties (including customers) may fail to meet their contractual obligations resulting in financial loss to Reece and impacting on Reece's business relationships and operations. Reece cannot guarantee that its counterparties will fulfil these obligations or that Reece will successfully manage counterparty credit risk. While Reece holds insurance products to insure credit-related losses with policy specifications and insured limits that Reece considers are customarily carried for similar businesses, the failure of customers to meet their financial obligations to Reece may adversely impact on Reece's revenue and the financial position, performance and prospects of Reece.

B. Business Risks (cont.)

Third party suppliers	Reece's ability to provide services and products is highly dependent on securing products from third party suppliers. Some of these third party suppliers are key competitors of Reece. The business of Reece would be materially impacted if any of those suppliers were unwilling or unable to provide products as contracted or made a decision to supply products on unfavourable terms. If suppliers failed to supply the products, terminated the contracts connected with the supply of products (or allowed them to expire without renewing them) or changed terms to be less favourable than those currently offered, and Reece was unable to arrange for the supply of replacement products from another supplier on similar terms, this change may materially impact the financial position, performance and prospects of Reece.
Key brands	Reece's success in generating profits and increasing its market share is based on the success of the key brands that it distributes and sells. These include third party branded products as well as products marketed under its own 'Reece' private label. Reliance on key brands makes Reece vulnerable to brand damage from negative publicity, product tampering or recalls, which may increase the risk of stock and asset write downs.
Supply chain and information technology risks	Disruptions to Reece's supply chain may have a material adverse effect on the productivity and results of Reece's operations during the affected period. Any material damage or disruption to Reece's supply chain will impair Reece's ability to provide products and services and result in significant disruption to the business and Reece's customers. In addition, Reece could be adversely impacted by electronic attacks, viruses and other forms of cybercrime, such as attempts by hackers to gain access to or damage Reece's systems and databases. This could cause delays, failures and faults in Reece's supply chain, and cause billing issues and problems for Reece's customers. Any damage to Reece's information technology systems could lead to extended downtime of Reece's retail websites or corporate systems. This could adversely affect Reece's operations and financial position, performance and prospects.
Regulatory risk and changes in law	Changes in the structure and regulation of the industries in which Reece operates in Australia and elsewhere could materially affect Reece and its business. Changes to government policy, law or regulations, or the introduction of new regulatory regimes (for example, in relation to climate change), may lead to an increase in operational costs and may have a materially adverse effect on the operations, financial performance and prospects of Reece. Failure to comply with applicable laws and regulations may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include civil or criminal fines or penalties.

B. Business Risks (cont.)

New technologies / industry change	Markets in which Reece competes, including bathroom, plumbing and HVAC-R products and services, may be subject to disruptive change from new technologies. If Reece is not able to develop or access new technologies and anticipate or respond to disruptions in the markets in which Reece competes, including if there are new or improved products that are (or are perceived) to be superior to those of Reece, then Reece may suffer a decrease in the demand for its goods and services, which may have a material adverse effect on results of Reece's financial position, performance and prospects.
Security or privacy of data	The protection of customer, employee, third party and company data is critical to Reece's operations. Reece has access to a significant amount of customer, employee and third party information, including through its database of customers. The legal and regulatory environment surrounding information security and privacy is increasingly complex and demanding. Customers, employees and third parties such as suppliers also have an expectation that Reece will adequately protect their personal information. A breach of customer, employee, third party or company data could attract significant media attention, damage Reece's reputation and customer or supplier relationships and ultimately result in lost sales, penalties or litigation. This could have a material adverse effect on Reece's future financial position, performance and prospects.
Retention of key personnel	Reece is dependent upon a number of key management personnel and executives to manage the day-to-day requirements of the business. The loss of the services of one or more key management personnel could have an adverse effect on Reece. Reece's ability to operate effectively depends in large parts on the efforts of these individuals. Reece will face competition for qualified personnel, and there can be no assurance that it will be able to attract and retain such personnel.
Future dividends and franking	No assurance can be given in relation to the payment of future dividends. Future determinations as to the payment of dividends by Reece will be at the discretion of the directors and will depend upon the availability of profits, the operating results and financial condition of Reece, future capital requirements, covenants in relevant financing agreements, general business and financial conditions and other factors considered relevant by the directors. No assurance can be given in relation to the level of franking of future dividends. Franking capacity will depend upon the amount of Australian tax paid in the future, the existing balance of franking credits and other factors.
Foreign exchange risk	Post-Acquisition, Reece will have significant operations in Australia, New Zealand and the US. Reece is therefore exposed to the macro-economic conditions in those regions and to movements in various foreign currencies (in particular, to movements in A$:US$ and A$: NZ$ dollar exchange rates). As part of its approach to managing these risks, Reece's utilises a natural hedge (the post-Acquisition debt of Reece will be denominated in US dollars (with the exception of some immaterial Australian facilities), and so receipts by MORSCO in the US will to an extent offset the Combined Group's US debt obligations), and Reece also has foreign exchange hedging instruments in place in order to partially manage against short- to medium-term currency fluctuations.

B. Business Risks (cont.)

Interest rate risk	Reece is subject to the risk of rising interest rates associated with borrowing on a floating rate basis. Reece seeks to manage part of its exposure to adverse fluctuations in floating interest rates through interest rate hedging arrangements, including derivative financial instruments. Such arrangements involve risk, such as the risk that counterparties may fail to honour their obligations under these arrangements, and that such arrangements may not be effective in reducing exposure to movements in interest rates. To the extent that Reece does not hedge effectively (or at all) against movements in interest rates, such interest rate movements may adversely affect Reece's results.
Litigation risk	Disputes or litigation may arise from time to time in the course of the business activities of Reece. There is a risk that any material or costly dispute or litigation could adversely affect Reece's reputation, financial position, performance or prospects.
Insurance risk	Although Reece maintains insurance coverage that it believes is appropriate to protect against major operating and other risks, not all risks are insured or insurable. Reece cannot be sure that adequate insurance coverage for potential losses and liabilities will be available in the future on commercially reasonable terms, and may also carry large deductibles and premiums. If Reece experiences a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses or liabilities to third parties. This may have a materially adverse effect on Reece's financial position, performance and prospects.
Taxation risks	Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of an investment in Reece shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Reece operates (in particular, the US and New Zealand), may impact the future tax liabilities of Reece.
Changes to accounting standards	The Australian Accounting Standards are set by the Australian Accounting Standards Board (**AASB**). Changes to accounting standards issued by AASB could materially adversely affect the financial position and performance reported in Reece's financial statements.

C. Offer Risks

Risks associated with an investment in shares	There are general risks associated with investments in equity capital such as Reece shares. The trading price of Reece shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Offer Price. Generally applicable factors which may affect the market price of shares include: (i) general movements in Australian and international stock markets; (ii) investor sentiment; (iii) Australian and international economic conditions and outlook; (iv) changes in interest rates and the rate of inflation; (v) changes in government legislation and policies, including taxation laws; (vi) announcement of new technologies; (vii) geo-political instability, including international hostilities and acts of terrorism; (viii) demand for and supply of Reece shares; (ix) announcements and results of competitors; and (x) analyst reports. No assurances can be given that the New Shares will trade at or above the Offer Price. None of Reece, its directors or any other person guarantees the market performance of the New Shares. The financial position, performance and prospects of Reece and Reece's share price may be adversely affected by the worsening of general economic conditions in Australia, as well as international market conditions and related factors. It is also possible new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable.

Underwriting risk	Reece has entered into an underwriting agreement under which J.P. Morgan Australia Limited (the **Underwriter**) has agreed to fully underwrite the Entitlement Offer, subject to the terms and conditions of the underwriting agreement between the parties (the **Underwriting Agreement**). The Underwriter's obligation to underwrite the offer is conditional on certain customary matters, including Reece delivering certain shortfall certificates, sign-offs and opinions. Further, if certain events occur, some of which are beyond the control of Reece, the Underwriter may terminate the Underwriting Agreement. Termination of the Underwriting Agreement would have an adverse impact on the amount of proceeds raised under the Offer and Reece's sources of funds for the Acquisition. If the Underwriting Agreement is terminated, Reece will generally not be entitled to terminate the sale and purchase agreement for the Acquisition. In these circumstances, Reece would need to find alternative funding to meet its contractual obligations. Termination of the Underwriting Agreement could materially adversely affect Reece's financial position, performance and prospects. The Underwriter's obligations to underwrite the Entitlement Offer are conditional on certain matters. These matters include that the Acquisition agreement and the agreement in respect of the US$1,140m 7-year senior secured credit facility have not been terminated or rescinded, and have not been varied, altered, amended, breached or failed to be complied with in any material respect. The Underwriting Agreement sets out various events, the occurrence of which will entitle the Underwriter to terminate the Underwriting Agreement, including if: (i) a statement contained in the Offer materials, including in this Presentation, is or becomes misleading or deceptive (including by omission) or likely to mislead or deceive, or the issue or distribution of the Offer materials, or the conduct of the Offer, is misleading or deceptive or likely to mislead to deceive; (ii) any government agency commences, or gives notice of an intention to commence, any investigation, proceedings or hearing in relation to the Offer or the Offer materials; (iii) the Acquisition will not proceed for a number of reasons, including if a condition precedent to the Acquisition agreement or the agreement in respect of the US$1,140m 7-year senior secured credit facility is not capable of being satisfied or if the agreements are terminated, rescinded or repudiated or rendered void, illegal or otherwise unenforceable or amended in a manner which has a material adverse effect, without the prior written consent of the Underwriter; (iv) ASX announces that Reece will be removed from the official list or that the Shares will be removed from official quotation or suspended from quotation by ASX; (v) there are certain delays in the timetable for the Offer without the Underwriter's consent; (vi) Reece withdraws the Offer or indicates in writing to the Underwriter that it does not intend to, or is unable to proceed with, the Offer; (cont.)

C. Offer Risks (cont.)

Underwriting risk (cont.)	(vii) a representation, warranty or undertaking or obligation contained in the Underwriting Agreement on the part of Reece is breached or is or becomes misleading or deceptive or not true or correct; (viii) Reece is or is likely to become insolvent; (ix) any material adverse change, or an event that is likely to result in a material adverse change, occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of Reece; (x) resignation or termination of the Chief Executive Officer, Chief Financial Officer or the Chairman of Reece; and (xi) there is a material market disruption in certain key financial markets or hostilities not presently existing commence or a major escalation in existing hostilities occurs involving certain key countries. In some cases, the ability of the Underwriter to terminate the Underwriting Agreement will depend on whether the event has or is likely to have a materially adverse effect on the success, settlement or marketing of the Offer, or will or is likely to give rise to a contravention by the Underwriter of any applicable law.
Dilution risk	Eligible shareholders who do not participate in the Offer, or do not take up their entitlements under the Entitlement Offer in full, will have their percentage shareholding in Reece diluted. Such shareholders will not be exposed to future increases or decreases in Reece's share price in respect of those New Shares which would have been issued to them had they taken up all of their entitlements. Eligible shareholders who take up their entitlements under the Entitlement Offer in full will have their percentage shareholding in Reece nonetheless diluted as a result of the Placement Offer. However, eligible shareholders who take up all of their entitlements under the Entitlement Offer will have the ability to apply for Additional Shares in excess of their entitlement under the Entitlement Offer, which (for shareholders who receive Additional Shares) will reduce the dilutive effects of the Offer. As the Offer is non-renounceable, shareholders who do not take up all or part of their entitlement will not receive any value for the part not taken up.

Table of Contents

International offer restrictions

This document does not constitute an offer of new ordinary shares (**New Shares**) of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**).

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

International offer restrictions (cont.)

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together **relevant persons**). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.