

9 May 2018

Reece successfully completes Institutional Placement and Institutional Entitlement Offer

Overview

- Institutional Placement and Institutional Entitlement Offer successfully completed, raising approximately A\$248 million
- Institutional Entitlement Offer was strongly supported by existing institutional shareholders, with over 99% take up from eligible institutional shareholders
- Following strong support from institutional investors, the size of the Placement was increased from A\$139 million to A\$179 million. In combination with the Entitlement Offer, total proceeds under the equity raising will be A\$600 million
- The Placement cleared at a price of A\$10.20, representing a A\$0.90 premium to the Offer Price under the entitlement offer of A\$9.30
- The Placement saw very strong demand from both existing institutional shareholders and new investors

Reece Limited (ASX code: REH, **Reece**) is pleased to announce the successful completion of the institutional component of the equity raising announced on Monday, 7 May 2018 to partially fund the acquisition of MORSCO Inc. and pay associated transaction costs (**Equity Raising**). The fully underwritten institutional placement (**Placement**) and the institutional component of the fully underwritten 1 for 11 pro rata accelerated non-renounceable entitlement offer (**Institutional Entitlement Offer**) together raised approximately A\$248 million.

The Institutional Entitlement Offer attracted strong support from institutional shareholders with take-up by eligible institutional shareholders of over 99%. The Institutional Entitlement Offer raised approximately A\$69 million, at an offer price of A\$9.30 (**Offer Price**) per new fully paid ordinary share issued in Reece (**New Share**). The Placement attracted significant demand from new and existing institutional investors and was increased from A\$139 million to A\$179 million. The Placement cleared at a price of A\$10.20 per New Share, representing a A\$0.90 premium to the Offer Price and a 3.7% discount to the theoretical ex-rights price of A\$10.59 (as calculated at launch). A total of 17,555,578 New Shares will be issued under the Placement. No shareholder approval is required in connection with the issue of New Shares under the Placement.

As a result of the increase in the size of the Placement, Reece's pro-forma net debt / EBITDA¹ as at 31 December 2017 is 2.8x.

Reece Chief Executive Officer, Peter Wilson said: *"We are extremely pleased with the strong support for the Equity Raising from existing institutional shareholders and new investors. We see the success of the Equity Raising as a clear endorsement of the underlying Reece business and MORSCO's compelling strategic fit. This is a unique opportunity for the long term growth of Reece."*

New Shares to be issued under the Placement and Institutional Entitlement Offer will rank equally with existing Reece shares in all respects from the date of issue.

¹ Refer to the Notes on Slide 27 of the Investor Presentation released by Reece to ASX on 7 May 2018 ("Acquisition of MORSCO and A\$560m equity raising") for relevant information as to the basis of calculation of pro-forma net debt / EBITDA as at 31 December 2017.

Settlement of New Shares issued as part of the Placement and Institutional Entitlement Offer is expected to occur on Wednesday, 16 May 2018. The issue of those New Shares is expected to occur on Thursday, 17 May 2018, with ordinary trading commencing on the same day.

The ASX trading halt that was implemented on Monday, 7 May 2018 in relation to Reece shares is expected to be lifted prior to market open today.

Retail Entitlement Offer

The retail component of the fully underwritten 1 for 11 pro rata accelerated non-renounceable entitlement offer (**Retail Entitlement Offer**) is expected to raise approximately A\$352 million, (which includes the A\$300 million that the Wilson Family will subscribe for as part of the Equity Raising). The Retail Entitlement Offer will open at 9.00am (AEST) on Monday, 14 May 2018 and close at 5.00pm (AEST) on Wednesday, 23 May 2018.

Eligible retail shareholders will be able to subscribe for 1 New Share for every 11 existing shares held in Reece as at 7.00pm (AEST) on the record date of Wednesday, 9 May 2018, at the same offer price of A\$9.30 per New Share as the Institutional Entitlement Offer.

Under the Retail Entitlement Offer, eligible retail shareholders who subscribe for their full entitlement to New Shares may also apply for additional New Shares in excess of their entitlement up to a maximum of 45% of their entitlement (**Additional Shares**). Additional Shares will only be available to the extent that there are entitlements that are not taken up by eligible retail shareholders. Reece expects that a sufficient number of Additional Shares will be available for issue to eligible retail shareholders who apply for them, as members of the Wilson family who in aggregate have a 76.0% shareholding in Reece (pre-transaction) will be subscribing for less than their full entitlement to New Shares as part of the entitlement offer. However, allocations for Additional Shares will be determined by Reece in its absolute discretion and any allotment of Additional Shares is not guaranteed.

Eligible retail shareholders are encouraged to carefully read the retail offer booklet for further details relating to the Retail Entitlement Offer (including the timetable for the Retail Entitlement Offer), which Reece expects to lodge with the ASX, send to eligible retail shareholders (with a personalised entitlement and acceptance form) and make available on Reece's website (www.reecegroup.com.au) on or about Monday, 14 May 2018.

Additional information

Further details about the acquisition of MORSCO Inc. and the Equity Raising are set out in the Investor Presentation released to the ASX on Monday, 7 May 2018.

If you have any questions in relation to the Equity Raising, please call your stockbroker, accountant or other professional adviser or the Reece Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8:30am and 5pm (AEST), Monday to Friday from Monday, 14 May 2018 to Tuesday, 5 June 2018.

For further information contact:

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