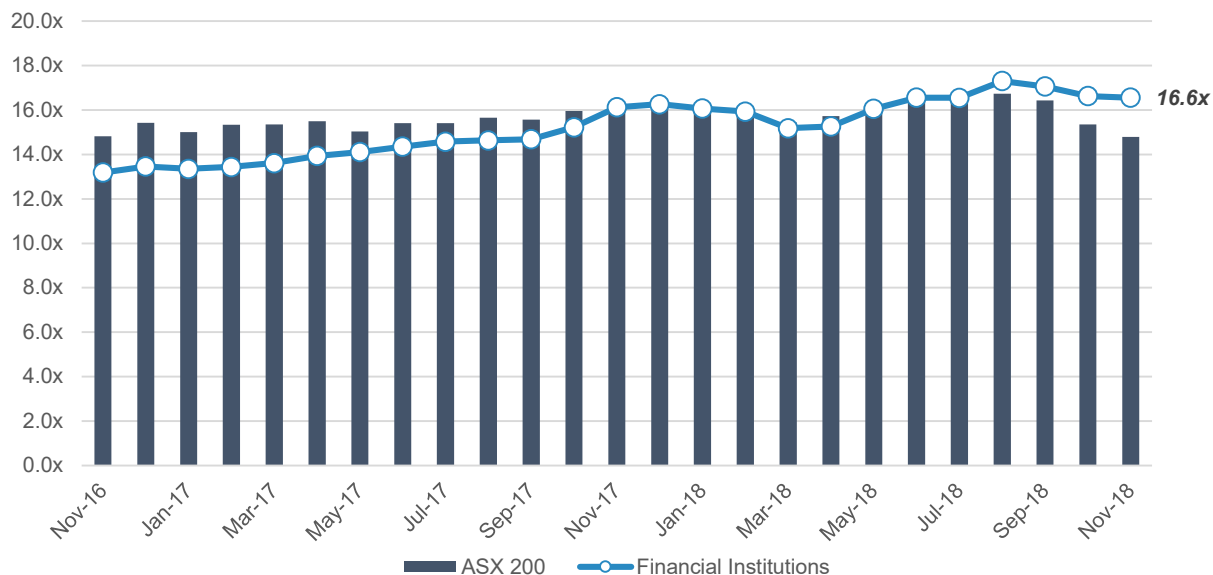


PRICING MULTIPLES

Forward Price Earnings Multiples (monthly to 30/11/2018) Source: FactSet Research Systems Inc.

Multiples in the Financial Institutions sector have remained flat over the period. At the end of November, the sector traded on a forward Price / Earnings multiple of 16.6x, compared to the ASX200 on 14.8x.



Average Values and Trading Multiples (values as at 17/12/2018) Source: FactSet Research Systems Inc.

Subsector	Market Cap (\$m)	Price / Book Value	Price / Earnings FY2019	EPS Growth
Consumer Credit Businesses	2,191	0.5x	10.3x	14.0%
Financial Services Providers	69,281	3.6x	20.4x	21.8%
Insurance & Mortgage Brokers	3,456	2.3x	13.9x	10.8%
Lending Institutions	404,212	1.3x	11.6x	3.3%
Property Developers	1,961	1.0x	8.4x	(0.3%)
REIT	121,443	1.1x	16.9x	6.1%
Financial Institutions	602,545	2.1x	16.5x	11.7%

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2019. Difference in forward PE multiples between Figure and Table are representative of the timing difference between month-end result, and current day result.

MERGER & ACQUISITION NEWS...



Value: \$21m

MAA Group announced that **Columbus Capital Singapore**, a subsidiary of MAA had entered into a Share Sale Agreement with **Consortia Group Holdings** for the disposal of 24,336,000 shares (or 47.95% of the equity) at a total cash consideration of \$21m.



Value: USD 650m

Macquarie Group, will buy **Waypoint Leasing Holdings Ltd.**, an Irish helicopter leasing company, for USD 650m. The acquisition is expected to close in the first quarter of 2019. Waypoint operates more than 160 aircraft in 34 countries. **Macquarie Rotorcraft Leasing** will combine the **Waypoint** helicopter assets and management platform with its own portfolio and employ the **Waypoint** staff.



Value: Not disclosed.

Boston Marks Group, a New Zealand-based company that offers insurance and reinsurance brokerage services to the aviation sector, has been acquired by **Arthur J. Gallagher & Co.**, an Illinois-based insurance brokerage.

INSTITUTIONAL INTELLIGENCE...

- Australian non-bank lender **Liberty Financial** may be preparing for likely asset sales by Australia's major banks next year. Australia's major banks are expected to be ordered to sell assets following the release of a final report by the royal commission into the banking industry next year and **Liberty** is one of several non-bank lenders likely to take a look at those assets. **Liberty** is thought to be preparing to raise \$250m to fund its expanding vehicle loan book.
- **MyState Limited**, an Australian financial services group, looks to make acquisitions for both its banking and wealth management/trustee businesses and wants to build the wealth management business outside of Tasmania. **MyState** was considering options including a sale for its wealth management and trustee business, **Tasmanian Perpetual Trustees (TPT)**, but the companies see a lot of growth opportunities for this business. **TPT** has \$1.15bn in funds under management and \$809m in funds under advice, and achieved 5% growth in FY18.
- **Freedom Insurance Group Ltd.** has terminated the agreement to acquire **Bank of Queensland's St Andrew's Insurance**. The decision to agree to a termination of the **St Andrews** acquisition was reached following consultation with **BOQ** and being unable to agree an extension of the timeframes for satisfaction of transaction conditions precedent including regulatory approvals.
- Australian financial services companies **Silver Chef**, **Axesstoday**, and **IOOF** could interest private equity suitors. Private equity players are believed to be circling assets in the Australian financial services space as they seek to capitalise on the outcome of the country's royal commission into banking. **Affinity Private Equity** and **Lone Star** are believed to be among groups looking at assets in the space.
- **ANZ** is considering available options to take on the planned sale of its wealth business to **IOOF** after the bidder received a notice from the Australian Prudential Regulation Authority in relation to alleged breaches of superannuation laws.
- **NAB** is increasingly expected to choose a sale for its **MLC wealth management** business, rather than a demerger. **MLC's** new Chief Executive, Geoff Lloyd had been expected to lobby for an IPO, but now indicated that a sale may be more likely. However, all options are still under consideration for **MLC**, including a sale, IPO, or demerger.
- **Tower**, a New Zealand-based insurer, could receive a takeover offer from **Bain Capital**. Earlier this year, Vero sold a 19.99% stake in **Tower** to **Bain Capital Credit**. **Tower** has a market cap of \$241m.
- **Auswide Bank**, the Australian bank, sees acquisitions of mutual banks as a key growth opportunity. Queensland bank **Auswide**, headquartered in Bundaberg with an office in Brisbane, is keen to enter Victoria and New South Wales via acquisitions. **Auswide** also remains interested in the fintech space, where it could acquire or take equity stakes in fintech companies. **Auswide**, with an \$223m market capitalization, has assets under management of more than \$3bn and a \$2.9bn loan book.

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- **Liberum**, a UK-based stockbroker, has denied that it is in initial talks with **Macquarie Group** about a potential takeover of the broker. **Macquarie** was thought to be in discussions to acquire **Liberum** for a possible GBP 100m.
 - **SG Fleet** is anticipated to launch a significant equity raising to fund a increased cash offer for the Australian fleet leasing business **Eclix**. **SG Fleet** could submit a new bid by Christmas. **Eclix** has a market capitalization of \$786.3m.
 - **Suncorp** may be considering an offer for **Bendigo** and **Adelaide Bank**. **Suncorp** is thought to have previously offered to buy **Bendigo** at a 21% premium to its trading price, but the offer was ultimately rejected.
 - A management buyout is shaping as the most likely scenario for **Suncorp's** general insurance distribution division **Resilium**. **Suncorp** was thought to be exploring strategic options for **Resilium** in October. Since that time **Steadfast**, **Austbrokers**, and **Coverforce** are thought to have looked at the asset, but an MBO is believed to be the most likely outcome, should **Suncorp** decide to sell.
 - Problems around the opening of **Healthscope's** Northern Beaches Hospital (NBH) are immaterial at this stage and are not concerning **Brookfield** in its \$4.5bn takeover proposal. On 12 November **Healthscope** said it received a proposal from **Brookfield** for a \$2.455 per share off-market offer and a simultaneous \$2.585 per share scheme of arrangement.
 - **Heathley Asset Management** has shelved the IPO of healthcare property owner **Heathley Healthcare REIT** due to volatility in the market. **Heathley** had been seeking to raise \$226.4m in the IPO. **Dexus** was expected to take a 10% stake in the listed entity.
 - **Suncorp** will take full ownership of the Australian smash repairs business **Capital SMART** before moving forward with a sale of the business. The founder and chairman of **Capital SMART**, has agreed to sell his minority stake in the company to Suncorp and leave the business. The parties are hoping that the transaction will make it easier to sell **Capital SMART**.
 - **OFX**, the Australian online FX and payments company, announced with its half year results on 20 November that it is no longer in talks with **Currencies Direct**, a UK-based payments business.
 - **Litigation Capital Management** is making preparations to delist from the stock exchange in Australia, in favor of a London listing. The global litigation-funding market is booming and is also likely to do so in Europe.
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